

## No. 0902

### Central Pastoral Office for Hispanic Ministries

Rev. Dr. Huberto Pimentel, *National Pastor for Hispanic Ministries*  
Mrs. Gloria Feliciano, *Administrative Assistant*  
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[www.obrahispana.org](http://www.obrahispana.org)

#### 2008 Report

#### **I. Mission:**

The *Central Pastoral Office for Hispanic Ministries'* (CPOHM) mission is threefold: to offer pastoral care to Hispanic ministers and congregations; to advice and counsel the different manifestations of our denomination about Hispanic ministries; and to be an advocate for Hispanic people, congregations and issues.

#### **II. Personnel**

During 2008 the CPOHM experienced a change in personnel. Mrs. Hilda M. Robles resigned as *Administrative Associate* effective October 18, 2008. CPOHM hired Mrs. Gloria Feliciano as *Administrative Assistant* beginning on October 13, 2008.

#### **III. Pastoral Commission for Hispanic Ministries Members (08-9)**

The members of the Pastoral Commission for Hispanic Ministries are:

##### **Manuel Collazo**

*Moderator, National Hispanic and Bilingual Fellowship (NHBF)*

##### **Lyndon Rogers**

*Past Moderator, NHBF*

##### **Xose Escamilla**

*Moderator Elect, NHBF*

##### **Jairo Garcia**

*First Vice-Moderator*

##### **Rafael Rivera Rosa**

*Second Vice-Moderator, NHBF*

##### **Rosy Castillo-Ricart**

*Secretary, NHBF*

##### **Joel Saucedo**

*Pro-Secretary, NHBF*

##### **Waleska Acevedo**

*Representative at Large*

##### **Jose Cisneros**

*Representative at Large*

##### **Manuel Collazo**

*Moderator, SE Convention*

##### **Alicia Rodriguez**

*Representative, SE Convention*

##### **Vanessa Rivera**

*Moderator, MW Convention*

##### **Vacant**

*Representative, MW Convention*

##### **Johnny Escobar**

*Moderator, NE Convention*

##### **Irma Diaz**

*Representative, NE Convention*

##### **Silvia Tiznado**

*Moderator AZ Convention*

##### **Francisco Alonso Rosas Hurtado**

*Representative AZ Convention*

##### **Rogelio Martinez**

*Moderator Pacific Convention*

##### **Rose Garcia**

*Representative Pacific Convention*

##### **Wanda Alejandro Gonzalez**

*Moderator SW Convention*

##### **Ely Dorado**

*Representative SW Convention*

##### **David Vargas**

*Honorary Member*

##### General Board Representatives

##### **John P. Mobley**

*Regional Minister, NW/FL Alabama*

##### **Catherine Hubbard**

*Regional Minister, Canada/Ontario Area Minister*

##### **Linda Hernandez-Williams**

*Pacific Southwest Region*

##### **Ruben Cruz**

*Illinois-Wisconsin Region*

##### **Luis Ferrer**

*Representative of the Pastoral Commission to the General Board*

##### Ex-Officio Members

##### **Sharon Watkins**

*General Minister and President CCDC in USA and Canada*

##### **Huberto Pimentel**

*National Pastor for Hispanic Ministries*

#### **IV. Youth**

CPOHM asked Rev. Samuel Robles Jr. to write a proposal for promoting leadership and fostering the call to ministry to Oreon E. Scott Foundation. The Foundation approved CPOHM a grant of \$13,000 for the Event. CPOHM budgeted \$ 6,000 and DHM committed to a \$9,600 scholarship. This Youth & Young Adult Leadership Seminar is the first step towards developing leadership and involving the youth in our next two main Assemblies: *The General Assembly of 2009, and the Hispanic Bilingual Assembly of 2010 which will be dedicated to the Family and to the Youth.* The Theme of the Young Adult Leadership Seminar was the **Hospitality in Ministry**. CPOHM awarded scholarships to 24 youth and young adults from all the Hispanic Conventions. Other General Units like DOM and HELM contributed to this event by sponsoring meals and speakers. The Florida Region also sponsored a lunch and the Regional Minister spoke about the Regional Ministry within the CCDC. This event was celebrated with great success in January 16 to 19 of 2009.

#### **V. Theological Education**

CPOHM in joined partnership with Brite Divinity has celebrated the following program:

CPOHM co-sponsored the 2008 session of the *Brite Institute for Latino/a Ministries*, which was held on June 1-6, 2008. Over 95 students participated in this event. One important goal in the Summer Latina/o Program is to better equip lay pastors with theological and practical pastoral studies that will help them comply with the new study requirements for all licensed pastors in the Christian Church (Disciples of Christ). This is a four day and three hour class module. Students will accumulate in one class a total of 12 hours of continuous studies. The Summer Latino Program was structured in 3 courses opportunities in the morning session and 2 courses opportunities in the afternoon session.

CPOHM is committed to grant scholarships for M.Div seminarians

CPOHM has allocated \$12,000 for scholarship support. Each seminarian under the care of a Commission on Ministry is granted \$40.00 per credit hour in an ATS Seminary. There are 23 Hispanic Seminarians studying in Disciples Seminaries and other ATS Seminaries where there is no Disciples Seminary presence.

#### **VI. The CPOHM & the Church-at-Large**

CPOHM supported the goals and vision of our Church:

1. Pro-Reconciliation: The National Pastor is part of the *Reconciliation Commission*. We will be in dialogue with the Reconciliation Minister, Rev. April Johnson of the OGMP, to explore the possibility of a meeting event for Hispanics in 2009. CPOHM has designated funds for a Reconciliation activity.
2. New Church: CPOHM supports the growing number of Hispanic new congregations and networking with *New Church Ministries*. We are requesting from NC Ministries a conversation on how to improve and make clear the transition of new Hispanic Churches to the Obra Hispana.
3. Transforming congregations: The different educational ventures of the CPOHM seek to empower and transform our existing congregations, particularly by helping our ministers to be better pastoral leaders.
4. Forming and reforming leadership: CPOHM continues its emphasis on leadership development, as demonstrated by the programs developed in 2008. CPOHM also organizes and resources ministerial retreats, workshops and assemblies for Latino and Latina ministers. Many of these workshops and Seminars take place during Hispanic Convention Assemblies and others during pastoral visits from the National Pastor where some Hispanic churches group together for a Saturday Workshop.

#### **VII. Audited Annual Financial Statements**

CPOHM contracted the services of Blue & Co; LLC to audit the financial statements of CPOHM for the years ended December 31, 2006, 2007 and 2008. The 2006 and 2007 audits were completed in 2008 and the Pastoral Commission Board received and approved the audit reports from Blue & Co. at their December 2008 meeting. Those parties interested in the financial statements of CPOHM attach the 2007 audit for review.

Since 2006 was the first audit of the CPOHM, the audit management letter addressed several internal control concerns mostly due to the few employees in the Hispanic office to do all the financial functions.

To correct the internal control concerns addressed in the 2006 audit, CPOHM contracted with the Division of Overseas Ministries (DOM) to provide financial and accounting services for CPOHM. In June 2008, DOM began to take over the financial aspects of CPOHM and to establish the internal controls and accountability for financial reporting of CPOHM. The changes in internal controls will be reflected in the 2008 audit scheduled for May 2009. It is anticipated that the 2008 audit will reflect an improvement in the financial process of the CPOHM. Some of the auditor's recommendations that will be reflected in the 2008 audit are: a written conflict of interest policy, a gift acceptance policy, an accounting and procedure manual and a system of checks and balances to insure the assets of CPOHM are properly reported and accounted for.

CPOHM is committed to financial integrity and accountability to the whole church. The audits have used a significant amount of the CPOHM operating budget. In 2008, \$12,000 was spent on the 2006 and 2007 audits. The 2008 audit is projected to cost the CPOHM \$8,000 of the 2009 operating budget. For an office that receives less than \$300,000 a year for operations, this is a significant commitment to insure the financial integrity of CPOHM.

### ***VIII. Conclusion***

CPOHM is committed to serve the growing Hispanic Disciples constituency. We are confident the changes in leadership will energize our ministry, enabling the CPOHM to better serve our Church as a whole.

### **RECOMMENDED ACTION:**

That the General Board receives the report of the Central Pastoral Office for Hispanic Ministries

Blue & Co., LLC  
12800 North Meridian Street, Suite 400  
Carmel, Indiana 46032

Ladies and Gentlemen:

We are providing this letter in connection with your audits of the statements of financial position of Central Pastoral Office for Hispanic Ministries of the Christian Church (Disciples of Christ) (the "Organization") as of December 31, 2007 and 2006 and the related statements of activities and cash flows for the years then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, changes in net assets, and cash flows of Central Pastoral Office for Hispanic Ministries of the Christian Church (Disciples of Christ) in conformity with U.S. generally accepted accounting principles. We confirm that we are responsible for the fair presentation in the financial statements of financial position, changes in net assets, and cash flows in conformity with generally accepted accounting principles. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, and preventing and detecting fraud.

We confirm, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audits.

1. The financial statements referred to above are fairly presented in conformity with U.S. generally accepted accounting principles and include all assets and liabilities under the Organization's control.
2. We have made available to you all—
  - a) Financial records and related data.
  - b) Minutes of the meetings of Pastoral Commission or summaries of actions of recent meetings for which minutes have not yet been prepared.
3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
4. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
5. We believe the effects of the uncorrected financial statement misstatements summarized in the attached schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.
6. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
7. We have no knowledge of any fraud or suspected fraud affecting the Organization involving—
  - a) Management,
  - b) Employees who have significant roles in internal control, or
  - c) Others where the fraud could have a material effect on the financial statements.

8. We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization received in communications from employees, former employees, grantors, regulators, or others.
9. The Organization has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or net asset balances.
10. The following, if any, have been properly recorded or disclosed in the financial statements:
  - a) Related party transactions, including revenues, expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
  - b) Guarantees, whether written or oral, under which the Organization is contingently liable (there are no such guarantees).
  - c) All accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates, and we believe the estimates are reasonable in the circumstances.
11. There are no estimates that may be subject to a material change in the near term that have not been properly disclosed in the financial statements. We understand that *near term* means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations existing at the date of the financial statements that make the organization vulnerable to the risk of severe impact that have not been properly disclosed in the financial statements.
12. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
13. Central Pastoral Office for Hispanic Ministries is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. We are aware of no activities that would jeopardize the Organization's tax-exempt status, nor are we aware of any activities subject to tax on unrelated business income or excise or other tax. All required filings with tax authorities are up-to-date.
14. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with Statement of Financial Accounting Standards No. 5, and we have not consulted a lawyer concerning litigation, claims, or assessments.
15. There are no designations of net assets disclosed to you that were not properly authorized and approved, or reclassifications of net assets that have not been properly reflected in the financial statements.
16. The Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged, except for those already disclosed to you.
17. We have complied with all restrictions on resources (including donor restrictions) and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions.
18. No events have occurred subsequent to the statement of financial position date and through the date of this letter that would require adjustment to, or disclosure in, the financial statements.
19. We represent that any Hispanic Assembly revenues in excess of related expenses have been designated by the Pastoral Commission to be used for future Hispanic Assemblies.
20. We are responsible for management decisions and functions, and for designating a competent employee to oversee any bookkeeping services, payroll services, tax services, profit-sharing

services, and other services you provide. We are responsible for evaluating the adequacy and results of these services performed and accepting responsibility for these services. We are responsible for establishing and maintaining internal controls, including monitoring ongoing services.

21. As part of preparing the financial statements you have proposed standard, adjusting or correcting journal entries to our financial statements. We have reviewed the entries and understand that nature of any proposed entries and the impact they have on the financial statements. Further, we have designated a qualified management-level individual to be responsible and accountable for overseeing these services. We believe the effects of the uncorrected financial statement misstatements summarized in the attached schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, Blue & Co, LLC has recommended adjusting journal entries that have been posted to the Company's accounts. We are in agreement with these adjustments.

Very truly yours,

CENTRAL PASTORAL OFFICE FOR HISPANIC MINISTRIES OF THE CHRISTIAN CHURCH  
(DISCIPLES OF CHRIST)

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Huberto Pimentel, National Pastor

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Enrique Ocasio, Treasurer



Central Pastoral Office for Hispanic Ministries  
of the Christian Church (Disciples of Christ)

FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006

*CPAs / ADVISORS*

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**CENTRAL PASTORAL OFFICE FOR HISPANIC MINISTRIES  
OF THE CHRISTIAN CHURCH (DISCIPLES OF CHRIST)**

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DECEMBER 31, 2007 AND 2006**

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Blue & Co., LLC / 12800 N. Meridian Street, Suite 400 / Carmel, IN 46032  
main 317.848.8920 fax 317.573.2458 email blue@blueandco.com

## REPORT OF INDEPENDENT AUDITORS

The Pastoral Commission for Hispanic Ministries  
Central Pastoral Office for Hispanic Ministries  
of the Christian Church (Disciples of Christ)  
Indianapolis, Indiana

We have audited the accompanying statements of financial position of Central Pastoral Office for Hispanic Ministries of the Christian Church (Disciples of Christ) (the "Organization") as of December 31, 2007 and 2006, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Central Pastoral Office for Hispanic Ministries of the Christian Church (Disciples of Christ) at December 31, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

*Blue & Co., LLC*

January 29, 2009

**CENTRAL PASTORAL OFFICE FOR HISPANIC MINISTRIES  
OF THE CHRISTIAN CHURCH (DISCIPLES OF CHRIST)**

STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2007 AND 2006

**ASSETS**

	2007	2006 (Restated)
Cash	\$ 39,430	\$ 28,007
Contributions receivable, net	3,583	-0-
Other receivables	150	3,825
Due from related organization	22,824	26,827
Funds held for others	14,168	9,656
Investments	246,870	187,765
Property and equipment, net	24,600	26,421
	\$ 351,625	\$ 282,501

**LIABILITIES AND NET ASSETS**

Liabilities		
Accounts payable	\$ 13,314	\$ 12,608
Accrued expenses	18,548	8,616
Funds held for others	14,168	9,656
Capital lease obligations	13,356	15,885
Total liabilities	59,386	46,765
Net assets		
Unrestricted	124,665	84,917
Temporarily restricted	66,789	66,542
Permanently restricted	100,785	84,277
Total net assets	292,239	235,736
	\$ 351,625	\$ 282,501

*See accompanying notes to financial statements.*

**CENTRAL PASTORAL OFFICE FOR HISPANIC MINISTRIES  
OF THE CHRISTIAN CHURCH (DISCIPLES OF CHRIST)**

**STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2007  
(With Comparative Total for the Year Ended December 31, 2006)**

	2007					2006 (Restated)	
	General Fund	Programs Designated Fund	National Hispanic Assembly Fund	Domingo Rodriguez Scholarship Fund	Ferdinand Garcia Fund	Total	Total
<b>Change in unrestricted net assets</b>							
Support and revenue:							
Contributions	\$ 275,031	\$ 5,000	\$ 20,000	\$ -0-	\$ -0-	\$ 300,031	\$ 248,248
Investment return	7,893	-0-	-0-	-0-	3,013	10,906	13,915
Registration fees	-0-	-0-	-0-	-0-	-0-	-0-	19,188
Other income	6,373	-0-	479	-0-	-0-	6,852	7,159
Net assets released from restrictions	122	5,000	-0-	-0-	-0-	5,122	1,118
Total support and revenue	289,419	10,000	20,479	-0-	3,013	322,911	289,628
Expenses:							
Salaries and related benefits	127,595	-0-	-0-	-0-	-0-	127,595	133,419
Board meetings and National Assembly	28,409	-0-	491	-0-	-0-	28,900	42,141
Leadership development, lay, and clergy	19,630	5,000	-0-	-0-	-0-	24,630	27,718
Travel expenses	32,669	-0-	-0-	-0-	-0-	32,669	23,904
Administrative charges	19,528	-0-	-0-	-0-	-0-	19,528	23,029
Office expenses	8,519	-0-	-0-	-0-	-0-	8,519	7,908
Depreciation	5,804	-0-	-0-	-0-	-0-	5,804	1,946
Bad debts	3,874	-0-	-0-	-0-	-0-	3,874	-0-
Insurance	3,473	-0-	-0-	-0-	-0-	3,473	-0-
Publications	4,907	-0-	-0-	-0-	-0-	4,907	525
Women and youth ministries	3,288	-0-	-0-	-0-	-0-	3,288	2,893
Professional fees	15,081	-0-	-0-	-0-	-0-	15,081	1,873
Other	4,895	-0-	-0-	-0-	-0-	4,895	1,581
Total expenses	277,672	5,000	491	-0-	-0-	283,163	266,937
Change in unrestricted net assets	11,747	5,000	19,988	-0-	3,013	39,748	22,691
<b>Change in temporarily restricted net assets</b>							
Contributions	122	-0-	3,000	-0-	-0-	3,122	1,118
Investment return	-0-	-0-	-0-	2,247	-0-	2,247	3,110
Net assets released from restrictions	(122)	(5,000)	-0-	-0-	-0-	(5,122)	(1,118)
Change in temporarily restricted net asse	-0-	(5,000)	3,000	2,247	-0-	247	3,110
<b>Change in permanently restricted net assets</b>							
Contributions	-0-	-0-	-0-	10,849	5,659	16,508	14,895
Total change in net assets	11,747	-0-	22,988	13,096	8,672	56,503	40,696
<b>Net assets, beginning of year, as restated</b>	75,881	56,942	-0-	43,642	59,271	235,736	195,040
<b>Net assets, end of year</b>	<u>\$ 87,628</u>	<u>\$ 56,942</u>	<u>\$ 22,988</u>	<u>\$ 56,738</u>	<u>\$ 67,943</u>	<u>\$ 292,239</u>	<u>\$ 235,736</u>

*See accompanying notes to financial statements.*

**CENTRAL PASTORAL OFFICE FOR HISPANIC MINISTRIES  
OF THE CHRISTIAN CHURCH (DISCIPLES OF CHRIST)**

**STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2006 (RESTATED)**

	General Fund	Programs Designated Fund	National Hispanic Assembly Fund	Urban Ministries Project Fund	Domingo Rodriguez Scholarship Fund	Ferdinand Garcia Fund	Total
<b>Change in unrestricted net assets</b>							
Support and revenue:							
Contributions	\$ 248,248	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 248,248
Investment return	9,406	-0-	-0-	-0-	-0-	4,509	13,915
Registration fees	-0-	-0-	19,188	-0-	-0-	-0-	19,188
Other income	7,159	-0-	-0-	-0-	-0-	-0-	7,159
Net assets released from restrictions	1,118	-0-	-0-	-0-	-0-	-0-	1,118
Total support and revenue	265,931	-0-	19,188	-0-	-0-	4,509	289,628
Expenses:							
Salaries and related benefits	133,419	-0-	-0-	-0-	-0-	-0-	133,419
Board meetings and National Assembly	15,396	-0-	26,745	-0-	-0-	-0-	42,141
Leadership development, lay, and clergy	10,908	5,615	-0-	11,195	-0-	-0-	27,718
Travel expenses	23,904	-0-	-0-	-0-	-0-	-0-	23,904
Administrative charges	23,029	-0-	-0-	-0-	-0-	-0-	23,029
Office expenses	7,908	-0-	-0-	-0-	-0-	-0-	7,908
Depreciation	1,946	-0-	-0-	-0-	-0-	-0-	1,946
Publications	525	-0-	-0-	-0-	-0-	-0-	525
Women and youth ministries	2,893	-0-	-0-	-0-	-0-	-0-	2,893
Professional fees	1,873	-0-	-0-	-0-	-0-	-0-	1,873
Other	1,581	-0-	-0-	-0-	-0-	-0-	1,581
Total expenses	223,382	5,615	26,745	11,195	-0-	-0-	266,937
Interfund transfers	(681)	-0-	681	-0-	-0-	-0-	-0-
Change in unrestricted net assets	41,868	(5,615)	(6,876)	(11,195)	-0-	4,509	22,691
<b>Change in temporarily restricted net assets</b>							
Contributions	1,118	-0-	-0-	-0-	-0-	-0-	1,118
Investment return	-0-	-0-	-0-	-0-	3,110	-0-	3,110
Net assets released from restrictions	(1,118)	-0-	-0-	-0-	-0-	-0-	(1,118)
Change in temporarily restricted net assets	-0-	-0-	-0-	-0-	3,110	-0-	3,110
<b>Change in permanently restricted net assets</b>							
Contributions	-0-	-0-	-0-	-0-	7,292	7,603	14,895
Total change in net assets	41,868	(5,615)	(6,876)	(11,195)	10,402	12,112	40,696
<b>Net assets, beginning of year</b>	34,013	62,557	6,876	11,195	33,240	47,159	195,040
<b>Net assets, end of year</b>	\$ 75,881	\$ 56,942	\$ -0-	\$ -0-	\$ 43,642	\$ 59,271	\$ 235,736

*See accompanying notes to financial statements.*

**CENTRAL PASTORAL OFFICE FOR HISPANIC MINISTRIES  
OF THE CHRISTIAN CHURCH (DISCIPLES OF CHRIST)**

STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2007 AND 2006

	2007	2006 (Restated)
<b>Operating activities</b>		
Change in net assets	\$ 56,503	\$ 40,696
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Unrealized gain on investments	(9,812)	(12,175)
Loss on disposal of equipment	-0-	385
Depreciation	5,804	1,946
Bad debts related to other receivables	3,874	-0-
Change in unamortized discount on contributions receivable	821	-0-
Changes in assets and liabilities		
Contributions receivable	(4,404)	-0-
Other receivables	(199)	(890)
Due from related organization	4,003	171
Accounts payable	706	(5,944)
Accrued expenses	9,932	4,774
Net cash flows from operating activities	67,228	28,963
<b>Investing activities</b>		
Capital expenditures	(3,983)	(2,939)
Change in investments	(49,293)	(101,244)
Net cash flows from investing activities	(53,276)	(104,183)
<b>Financing activities</b>		
Principal payments under capital lease obligations	(2,529)	(2,158)
Net change in cash	11,423	(77,378)
<b>Cash, beginning of year</b>	28,007	105,385
<b>Cash, end of year</b>	\$ 39,430	\$ 28,007
<b>Supplemental disclosure of cash flow information</b>		
Cash payments for interest	\$ 1,189	\$ 208
<b>Supplemental disclosure of non-cash investing and financing activities</b>		
Equipment acquired through capital lease obligation	\$ -0-	\$ 15,500

*See accompanying notes to financial statements.*

# CENTRAL PASTORAL OFFICE FOR HISPANIC MINISTRIES OF THE CHRISTIAN CHURCH (DISCIPLES OF CHRIST)

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006

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## 1. NATURE OF ACTIVITIES

The Central Pastoral Office for Hispanic Ministries of the Christian Church (Disciples of Christ) (the "Organization") functions under the direction of and is accountable to the Pastoral Commission for Hispanic Ministries who in turn reports to the Christian Church (Disciples of Christ) (the "Church"). The primary purpose is to provide leadership and resources to the Hispanic and Bilingual congregations of the Church in the United States and Canada in collaboration with other Regions and Units of the Church. A significant portion of the Organization's support comes from Church member congregations and from related Church organizations.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of Presentation

Net assets, support, revenue, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed restrictions.

Temporarily restricted net assets - Net assets subject to donor-imposed restrictions that will be met either by specific action of the Organization and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

Expirations of temporary restrictions on net assets (i.e. the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

The Organization still maintains the use of fund accounting for internal recordkeeping purposes. The six funds maintained by the Organization consist of:

General Fund - This fund accounts for support and revenue collected and expenses incurred to support the general operations and programs of the Organization.

Programs Designated Fund - This fund accounts for contributions received to support the Organization's Shepherding the Shepherds, Hispanic Summit,

# CENTRAL PASTORAL OFFICE FOR HISPANIC MINISTRIES OF THE CHRISTIAN CHURCH (DISCIPLES OF CHRIST)

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2007 AND 2006

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Reconciliation Planning, Border to Border, New Church Ministries Training, and Christian Video Library programs.

National Hispanic Assembly Fund – This fund accounts for registration fees collected and other contributions received to support the National Hispanic Assembly that is held every even year. Any monies collected that exceed related expenses have been designated by the Board to be used to support future assemblies.

Urban Ministries Project Fund – This temporarily restricted fund accounted for a grant received to support the Urban Ministries Project.

Domingo Rodriguez Scholarship Fund – The Organization established this endowment fund to collect gifts to support the Domingo Rodriguez Ministerial Scholarship Fund. Gifts collected are permanently restricted and invested in an account managed by the Christian Church Foundation. Investment return earned on these gifts is reported as temporarily restricted and can be used to fund future scholarships.

Ferdinand Garcia Fund – The Organization established this endowment fund to collect gifts to support the Organization's future operations. Gifts collected are permanently restricted and invested in an account managed by the Christian Church Foundation. Investment return earned on these gifts is reported as unrestricted and can be used to support the Organization's general operations.

### Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenue, and expenses during the reporting period. Actual results could differ from those estimates.

Significant areas involving the use of estimates and assumptions include the collectability of contributions and accounts receivable, the net present value calculation on contributions receivable, the depreciation of property and equipment, and the functional allocation of expenses.

### Receivables

Management estimates an allowance for doubtful receivables based on current economic conditions, historical trends, and past experience with their donors and

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other constituents. At December 31, 2007 and 2006, management determined that no allowance was necessary.

Due from Related Organization

The due from related organization consists of contributions to be distributed to the Organization by Church Finance Council, Inc., the central receiving unit of the Church.

Funds Held for Others

Funds held for others represent assets held by the Organization in a trustee capacity.

Investments and Investment Return

Investments held by the Organization are carried at market value for financial reporting purposes. Changes in unrealized appreciation or depreciation of those investments are reflected in the Statement of Activities as investment return in the period such changes occur, as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by donors to a specified purpose or future period.

Property and Equipment

The Organization capitalizes all significant purchases of property and equipment at cost, including expenditures that substantially increase the useful lives of existing assets. Costs of ordinary maintenance and repairs are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives ranging from 5 to 10 years.

Contributions

Contributions, which include unconditional promises to give, are recognized as support in the period the contribution is received or the promise is made. Support that is not restricted by the donor is reported as an increase in unrestricted net assets. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

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Federal Income Taxes

The Organization is a not-for-profit organization that is exempt from the payment of Federal income tax under Section 501(c)(3) of the Internal Revenue Code as an integral part of the Christian Church (Disciples of Christ).

Reclassifications

Certain amounts in the 2006 Statement of Activities have been reclassified herein in order to conform to the 2007 presentation.

**3. CONTRIBUTIONS RECEIVABLE**

The Organization has recognized all material unconditional promises to give as contributions receivable. Unconditional contributions that are expected to be collected in future years are recorded at their net present value.

There were no unconditional contributions receivable at December 31, 2006. Unconditional contributions receivable consist of the following at December 31, 2007:

Domingo Rodriguez Scholarship Fund	\$ 2,202
Ferdinand Garcia Fund	<u>2,202</u>
Total contributions receivable	4,404
Less unamortized discount at 5%	<u>(821)</u>
Net contributions receivable	<u><u>\$ 3,583</u></u>
Amounts due in:	
Less than one year	\$ 1,996
One to five years	<u>2,408</u>
	<u><u>\$ 4,404</u></u>

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**4. INVESTMENTS**

Investments are held with related Church organizations and are composed of the following at December 31:

	2007	2006
Board of Church Extension - investment certificates	\$ 10,871	\$ 10,272
Christian Church Foundation - pooled investments	235,999	177,493
	\$ 246,870	\$ 187,765

The market value of investments is provided to the Organization by the related Church organizations. At December 31, 2007, approximately 83% of the Organization's Christian Church Foundation pooled investments are invested in the Common Balanced Fund, with the remaining balance invested in a money market fund.

The following tabulation summarizes the return on cash and investments during the years ended December 31:

	2007	2006
Interest income	\$ 3,341	\$ 4,850
Unrealized gains	9,812	12,175
Investment return	\$ 13,153	\$ 17,025

The investment return is reported in the Statements of Activities for the years ended December 31:

	2007	2006
Unrestricted	\$ 10,906	\$ 13,915
Temporarily restricted	2,247	3,110
	\$ 13,153	\$ 17,025

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5. PROPERTY AND EQUIPMENT

Property and equipment primarily consist of office furniture and equipment with a total cost of \$66,518 and \$62,535 and accumulated depreciation totaling \$41,918 and \$36,114 at December 31, 2007 and 2006, respectively.

6. CAPITAL LEASES

The Organization leases a copier (and computer equipment in 2006) under leases which have been capitalized and are included in property and equipment with a cost of \$15,500 and \$22,932 and accumulated depreciation of \$3,100 and \$2,768, respectively, at December 31, 2007 and 2006.

Future minimum lease payments at December 31, 2007 under the terms of the capital leases are summarized below:

<u>Year Ending December 31,</u>	
2008	\$ 3,312
2009	3,312
2010	3,312
2011	3,312
2012	<u>2,877</u>
Total minimum lease payments	16,125
Less amount representing interest (8%)	<u>(2,769)</u>
Present value of minimum lease payments	<u>\$ 13,356</u>

7. RETIREMENT PLANS

Defined Benefit Plan

All employees of the Organization, who meet certain eligibility requirements, may participate in a defined benefit retirement plan sponsored by the Church. The Organization will contribute to the plan 14% of eligible compensation for lay and clergy employees. The Organization made contributions to the plan during the years ended December 31, 2007 and 2006 of \$11,869 and \$9,645, respectively.

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403(b) Tax Deferred Retirement Plan

All employees of the Organization, who meet certain eligibility requirements, may participate in a 403(b) tax deferred retirement plan sponsored by the Church. The Organization made contributions on behalf of certain participants to the plan during the years ended December 31, 2007 and 2006 of \$1,320 and \$1,200, respectively.

**8. NET ASSET RESTRICTIONS**

Unrestricted, temporarily, and permanently restricted net assets are available for the following purposes at December 31, 2007 and 2006:

	2007			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
General operations	\$ 87,628	\$ -0-	\$ -0-	\$ 87,628
Sponsored programs (Programs Designated)	5,000	51,942	-0-	56,942
National Hispanic Assembly	19,988	3,000	-0-	22,988
Scholarships (Domingo Rodriguez)	-0-	11,847	44,891	56,738
Future operations (Ferdinand Garcia)	12,049	-0-	55,894	67,943
	\$ 124,665	\$ 66,789	\$ 100,785	\$ 292,239
	2006 (Restated)			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
General operations	\$ 75,881	\$ -0-	\$ -0-	\$ 75,881
Sponsored programs (Programs Designated)	-0-	56,942	-0-	56,942
Scholarships (Domingo Rodriguez)	-0-	9,600	34,042	43,642
Future operations (Ferdinand Garcia)	9,036	-0-	50,235	59,271
	\$ 84,917	\$ 66,542	\$ 84,277	\$ 235,736

**9. NET ASSETS RELEASED FROM RESTRICTIONS**

During 2007 and 2006, temporarily restricted net assets totaling \$5,122 and \$1,118, respectively, were released to fund scholarships and Shepherding the Shepherds.

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10. RESTATEMENT

The accompanying financial statements for the year ended December 31, 2006 have been restated to increase the General Fund's board meetings and National Assembly expense and increase accounts payable by \$8,070 for errors previously made in recording expenses related to the 2006 Hispanic Caucus.

11. OTHER RELATED PARTY TRANSACTIONS

In 2007 and 2006, the Organization paid \$23,672 and \$25,275, respectively, in office rent and other administrative services to Christian Church Services, Inc. These services are paid on a month to month basis with no formal agreement. In 2007 and 2006, the Organization reimbursed the Office of General Minister and President for salaries totaling \$90,346 and \$92,613, respectively, and the Christian Church (Disciples of Christ) Health Care Benefit Trust of the Pension Fund for health benefits totaling \$22,846 and \$17,545, respectively. Contributions from the Mission Imperative initiative of the Office of General Minister and President amounted to \$72,720 and \$68,077 for 2007 and 2006, respectively. Contributions from the Council of General Ministries amounted to \$25,000 for 2007. All of these organizations are affiliated with the Christian Church (Disciples of Christ).

12. FUNCTIONAL EXPENSES

Expenses by program and supporting activities are as follows for the years ended December 31:

	<u>2007</u>	<u>2006 (Restated)</u>
Program services	\$ 118,432	\$ 131,627
Fundraising	100,671	81,167
Management and general	64,060	54,143
	<u>\$ 283,163</u>	<u>\$ 266,937</u>

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**13. RISKS AND UNCERTAINTIES**

The Organization's investments (Note 4) are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with these securities and the level of uncertainty related to changes in the value, it is at least reasonably possible that changes in the various risk factors will occur in the near term that could materially affect the amounts reported in the accompanying financial statements.

**14. CONCENTRATIONS**

The Organization maintains its cash in a bank deposit account, which at times may exceed federally insured limits.