

**AMERICAN BAPTIST CHURCHES  
OF THE ROCKY MOUNTAINS**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

AMERICAN BAPTIST CHURCHES OF THE ROCKY MOUNTAINS

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006

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Taylor, Roth and Company, PLLC  
Certified Public Accountants  
working exclusively with nonprofit organizations

May 23, 2007

Independent Auditors' Report

Board of Directors  
American Baptist Churches of the Rocky Mountains  
Denver, Colorado

We have audited the accompanying statement of financial position of American Baptist Churches of the Rocky Mountains (a Colorado nonprofit corporation) as of December 31, 2006, and the related statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of American Baptist Churches of the Rocky Mountains' management. Our responsibility is to express an opinion on these financial statements based on our audit. Information for the year ended December 31, 2005, is presented for comparative purposes only and was extracted from the financial statements presented by net asset class for that year, on which an unqualified audit opinion dated June 16, 2006, was expressed.

We conducted our audit 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 audit provides 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 American Baptist Churches of the Rocky Mountains as of December 31, 2006, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Cash Activity - United Missions Agency Account and the Schedule of United Missions Agency Account Distributions are presented for purposes of additional analysis, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Taylor, Roth and Company, PLLC*  
TAYLOR, ROTH AND COMPANY, PLLC  
CERTIFIED PUBLIC ACCOUNTANTS

AMERICAN BAPTIST CHURCHES OF THE ROCKY MOUNTAINS

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2006

(WITH COMPARATIVE TOTALS FOR 2005)

	<u>2006</u>	<u>2005</u>
<u>Assets</u>		
Cash and cash equivalents - unrestricted	\$ 114,275	\$ 140,131
Missions receivable	47,831	-
Employee advances	5,484	9,634
Prepaid expenses	9,735	7,344
Investments (Note 3)	14,804,111	14,206,966
Other assets (Note 4)	22,798	28,078
Property and equipment (Note 5)	294,428	343,743
Total assets	<u>\$15,298,662</u>	<u>\$14,735,896</u>
<u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts payable	\$ 25,760	\$ 5,244
Accrued payroll costs	30,211	-
Commitments (Note 6)	-	-
Total liabilities	<u>55,971</u>	<u>5,244</u>
Net assets		-
<u>Unrestricted</u>		
Operating	383,429	984,805
Board designated youth fund (Note 3)	2,240,744	2,057,800
Board designated mission/ministry fund (Note 3)	12,324,090	11,317,900
Net investment in fixed assets	294,428	370,147
Total net assets	<u>15,242,691</u>	<u>14,730,652</u>
Total liabilities and net assets	<u>\$15,298,662</u>	<u>\$14,735,896</u>

The accompanying notes are an integral part of these financial statements

AMERICAN BAPTIST CHURCHES OF THE ROCKY MOUNTAINS

STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED DECEMBER 31, 2006  
 (WITH COMPARATIVE TOTALS FOR 2005)

	2006			2005
	Unrestricted	Temporarily Restricted	Total	Total
<u>Revenue and other support</u>				
Investment earnings available for operations	\$ 650,000	\$ -	\$ 650,000	\$ -
Contributions	291,557	3,400	294,957	369,788
Camp Wyoba fees	51,871	-	51,871	51,060
Investment income - operating	28,650	-	28,650	-
Black Forest Camp fees	-	-	-	387,656
All other	27,468	-	27,468	7,387
Net assets released from restrictions (Note 7)	3,400	(3,400)	-	-
Total revenue and other support	<u>1,052,946</u>	<u>-</u>	<u>1,052,946</u>	<u>815,891</u>
<u>Expense</u>				
Region Support	805,891	-	805,891	589,528
Cooperative Ministries	256,034	-	256,034	98,763
Camp Wyoba	91,027	-	91,027	65,970
Black Forest Camp	-	-	-	523,054
Total expense	<u>1,152,952</u>	<u>-</u>	<u>1,152,952</u>	<u>1,277,315</u>
Change in net assets before other activities	(100,006)	-	(100,006)	(461,424)
Investment income, net of allocation to operations	539,144	-	539,144	389,068
Gain on sale of property (Note 8)	72,901	-	72,901	13,603,270
Change in net assets	512,039	-	512,039	13,530,914
Net assets, beginning of year	<u>14,730,652</u>	<u>-</u>	<u>14,730,652</u>	<u>1,199,738</u>
Net assets, end of year	<u>\$15,242,691</u>	<u>\$ -</u>	<u>\$15,242,691</u>	<u>\$14,730,652</u>

The accompanying notes are an integral part of these financial statements

AMERICAN BAPTIST CHURCHES OF THE ROCKY MOUNTAINS

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(WITH COMPARATIVE TOTALS FOR 2005)

	2006	2005
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 512,039	\$ 13,530,914
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	49,315	69,876
Net (gains)losses on investments	(544,132)	(52,514)
Net (gains)losses on sale of assets	(72,901)	(13,603,270)
<u>Changes in operating assets and liabilities</u>		
(Increase)decrease in missions receivable	(47,831)	42,894
(Increase)decrease in employee receivable	4,150	(7,822)
(Increase)decrease in prepaid expenses	(2,391)	(209)
Increase(decrease) in accounts payable	20,516	(32,459)
Increase(decrease) in payroll accruals	30,211	(9,451)
Increase(decrease) in deferred revenue	-	(20,537)
Net cash provided(used) by operating activities	(51,024)	(82,578)
<u>Cash flows from investing activities</u>		
(Reinvestment) of earnings	(672,009)	(14,583,423)
Withdrawals from investments	618,996	436,804
Proceeds from sale of assets	78,181	15,756,814
(Additions) to fixed assets	-	-
Net cash provided(used) by investing activities	25,168	1,610,195
<u>Cash flows from financing activities</u>		
(Repayments) on notes payable	-	(1,408,770)
(Repayments) on capital lease	-	(2,817)
Net cash provided(used) by financing activities	-	(1,411,587)
Net increase(decrease) in cash and cash equivalents	(25,856)	116,030
Cash and cash equivalents, beginning of year	140,131	24,101
Cash and cash equivalents, end of year	\$ 114,275	\$ 140,131
<u>Supplemental disclosure of information</u>		
Cash paid during the period for interest	\$ -	\$ 32,752

The accompanying notes are an integral part of these financial statements

AMERICAN BAPTIST CHURCHES OF THE ROCKY MOUNTAINS

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 1 - NATURE OF ACTIVITIES

American Baptist Churches of the Rocky Mountains (Organization) is a nonprofit corporation, incorporated under the laws of the State of Colorado. The Organization operates as the regional office for congregations of American Baptist Churches of Colorado, Wyoming, New Mexico and a portion of Utah. The Organization provides pastoral assistance and guidance to member congregations, assistance with development of church sites, support of various mission programs and ecumenical objectives, and educational activities. The Organization owned and operated a camp and conference center (Black Forest) and a youth camp (Camp Wyoba). During 2005, Black Forest Camp was sold. Cooperative Ministries are an outreach and mission programs that are at times shared with churches and community organizations. The Organization primarily is supported by members of the American Baptist churches within its region and by investment income.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

1. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

2. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standard (SFAS) No. 117, "Financial Statement of Not-for-Profit Organizations." Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

3. Cash and Cash Equivalents

The Organization considers all unrestricted liquid investments with an initial maturity of three months or less to be cash equivalents.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Continued)

4. Donations

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities, as net assets released from restrictions.

The Organization reports gifts of long-lived assets as unrestricted support unless the explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent donor stipulations regarding how long those long-lived assets must be maintained, The Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

5. Capitalization and Depreciation

The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$1,000. The fair value of donated assets is similarly capitalized. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

6. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

7. Income Taxes

The Organization has received an Internal Revenue Service exemption from federal income taxes under Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements.

8. Summarized Prior-Year Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2005, from which the summarized information was derived.

NOTE 3 - INVESTMENTS

At year-end, investments consist of:

<u>Description</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Cash and cash equivalents	\$ 20,306	\$ 20,306	\$ 0
Blended funds	9,624,153	10,038,591	414,438
Equity funds	2,636,163	2,797,530	161,367
Bond funds	1,730,113	1,728,713	(1,400)
Certificates of deposit	<u>219,000</u>	<u>218,971</u>	<u>(29)</u>
Total	<u>\$ 14,229,735</u>	<u>\$ 14,804,111</u>	<u>\$ 574,376</u>

Investment income is summarized as follows:

<u>Description</u>	<u>Amount</u>
Interest and dividend income	\$ 672,009
Change in unrealized/realized gains	<u>544,132</u>
Net investment return	<u>\$ 1,216,141</u>

Additionally, the Organization earned interest on operating accounts of \$1,653.

As part of the Black Forest camp sale in 2005, the organization designated \$2,000,000 for the Carl Bennett Youth fund and \$11,000,000 for the Ministry/Mission fund. 5% of the average asset market value of the twelve preceding calendar quarters may be used to support ABCRM programs. For 2006, \$100,000 of earnings from the Carl Bennett fund was designated for camping and youth programs and \$550,000 of the earnings from the Ministry/Mission fund was designated to support ABCRM missions and programs totaling \$650,000 for 2006.

NOTE 4 - OTHER ASSETS

At year-end, other assets consisted of:

<u>Description</u>	<u>Amount</u>
Real Estate - Curtis Park	\$ 20,042
Other	<u>2,756</u>
Total	<u>\$ 22,798</u>

NOTE 5 - PROPERTY AND EQUIPMENT

At year-end, the cost of fixed assets and their related accumulated depreciation was:

<u>Description</u>	<u>Amount</u>
Camp Wyoba – land, buildings and equipment	\$ 428,519
Vehicles	104,608
Furniture and equipment	<u>56,391</u>
Total	589,518
Less: accumulated depreciation	<u>(295,090)</u>
Net property and equipment	<u>\$ 294,428</u>

Depreciation expense for the year was \$49,315.

NOTE 6 - COMMITMENTS

The Organization has entered into a lease for office space. Under the terms of the agreement, they are obligated for future lease payments of:

<u>Year</u>	<u>Amount</u>
2007	\$ 26,293
2008	27,094
2009	<u>4,836</u>
Total	<u>\$ 78,223</u>

The Organization has entered into an operating lease for a copier. Under the terms of the agreement, they are obligated for future lease payments of:

<u>Year</u>	<u>Amount</u>
2007	<u>\$ 3,732</u>

Rental expense for 2006 for the office and copier were \$41,347 and \$7,464 respectively.

NOTE 7 - NET ASSETS RELEASED FROM RESTRICTIONS

During the year, net assets were released from donor restrictions by incurring expenses or returning funds to donors satisfying the restricted program purposes:

<u>Description</u>	<u>Amount</u>
Staff immigration	\$ 3,000
Ordination	<u>400</u>
Total	<u>\$ 3,400</u>

NOTE 8 - GAIN ON SALE OF PROPERTIES

During 2006, properties in Glenwood Springs Colorado and Rio Rancho New Mexico were sold. The church near Glenwood Springs was sold and repaid the Organization for a loan which had previously been written off. The gain on the sale of the Rio Rancho property is represented by the purchase price, less closing costs, less the carrying amount of the property. The gains on these sales totaled \$72,901 for 2006.

NOTE 9 - RETIREMENT PLAN

The Organization's employees participate in a defined contribution retirement plan sponsored by The Ministers and Missionaries Benefit Board of American Baptist Churches. All employees scheduled to work thirty or more hours per week by the Organization are eligible for participation as a member of the plan. The employer may contribute, if so elected. Total benefit plan contributions for the year were \$57,989.

NOTE 10 - CONCENTRATIONS OF CREDIT RISK

The Organization has significant investments, which are subject to fluctuations in market value from year to year.

**SUPPLEMENTAL INFORMATION**

AMERICAN BAPTIST CHURCHES OF THE ROCKY MOUNTAINS  
SCHEDULE OF CASH ACTIVITY - UNITED MISSIONS AGENCY ACCOUNT  
FOR THE YEAR ENDED DECEMBER 31, 2006

<u>Description</u>	<u>Amount</u>
Balance as of January 1, 2006	\$ 4,047
Interest income	17
Contributions - cash basis	748,071
Less : distributions	<u>(717,574)</u>
Balance as of December 31, 2006	<u>\$ 34,561</u>

The Organization acts as a collections agent for United Missions offerings in its jurisdiction. Amounts collected and remitted to American Baptist Churches USA are not considered revenue to the Organization.

**AMERICAN BAPTIST CHURCHES OF THE ROCKY MOUNTAINS**  
**SCHEDULE OF UNITED MISSIONS AGENCY ACCOUNT DISTRIBUTIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

Description	Deposits		Distributions		As noted
	Total Remitted	ABC Rocky Mountain	ABC Ministries National		
January	\$ 32,512	\$ 15,389	\$ 17,123		
February	44,223	21,196	23,027		
March	63,684	28,542	35,142		
April	60,915	26,913	33,993		9 (A)
May	44,314	20,913	23,401		
June	59,836	23,127	36,709		
July	46,608	17,522	31,541		(2,455) (B)
August	75,385	35,493	39,892		
September	51,877	25,455	26,422		
October	41,100	10,000	25,040		6,060 (C)
November	112,245	14,126	85,360		12,759 (C)
December	87,881	25,333	62,548		
Total - accrual basis	720,580	264,009	440,198		16,373
Add: December 2005 remitted January 2006	100,456	37,714	63,537		(795)
Less: December 2006 remitted January 2007	(72,965)	(25,333)	(62,551)		14,919
Total - cash basis	\$ 748,071	\$ 276,390	\$ 441,184		\$ 30,497

(A) Unlocated difference to report.

(B) The amount of \$2,455 is a difference between the monthly reports and the deposits in the 2005. During 2006, after a transfer to ABC Rocky Mountains operating account, the Organization distributed \$1,788 to ABC Ministries National and \$667 to ABC Rocky Mountains.

(C) The amount of \$6,060 and \$12,759 were differences between the monthly reports and the deposits for the months of October and November. These amounts are due to ABC Rocky Mountains and were paid later in 2007.