

**AMERICAN BAPTIST CHURCHES
OF THE ROCKY MOUNTAINS**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2007

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

AMERICAN BAPTIST CHURCHES OF THE ROCKY MOUNTAINS

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CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Notes to Financial Statements	5
Supplemental Information	10
Schedule of Cash Activity – United Missions Agency Account	11
Schedule of United Missions Agency Account Distributions	12

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

May 14, 2008

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, 2007, 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, 2006, 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 May 23, 2007, 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, 2007, 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, 2007

(WITH COMPARATIVE TOTALS FOR 2006)

	<u>2007</u>	<u>2006</u>
<u>Assets</u>		
Cash and cash equivalents - unrestricted	\$ 365,798	\$ 114,275
Missions receivable	36,143	47,831
Employee advances	519	5,484
Prepaid expenses	13,138	9,735
Investments (Note 3)	15,003,453	14,804,111
Other assets (Note 4)	45,976	22,798
Property and equipment (Note 5)	256,568	294,428
Total assets	<u>\$ 15,721,595</u>	<u>\$ 15,298,662</u>
 <u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts payable	\$ 37,013	\$ 25,760
Accrued payroll costs	4,227	30,211
Commitments (Note 6)	-	-
Total liabilities	<u>41,240</u>	<u>55,971</u>
 <u>Net assets</u>		
Unrestricted		-
Operating	413,274	383,429
Board designated youth fund (Note 3)	2,288,223	2,240,744
Board designated mission/ministry fund (Note 3)	12,585,229	12,324,090
Board designated new church development (Note 3)	137,061	-
Net investment in fixed assets	256,568	294,428
Total net assets	<u>15,680,355</u>	<u>15,242,691</u>
 Total liabilities and net assets	 <u>\$ 15,721,595</u>	 <u>\$ 15,298,662</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, 2007
 (WITH COMPARATIVE TOTALS FOR 2006)

	2007			2006
	Unrestricted	Temporarily Restricted	Total	Total
<u>Revenue and other support</u>				
Investment earnings available for operations	\$ 668,000	\$ -	\$ 668,000	\$ 650,000
Contributions	235,896	2,496	238,392	284,826
Camp Wyoba fees and donations	69,557	-	69,557	62,002
Mission program fees	28,363	-	28,363	-
Interest income - operating	13,207	-	13,207	28,650
All other	-	-	-	27,468
Net assets released from restrictions (Note 7)	2,496	(2,496)	-	-
Total revenue and other support	1,017,519	-	1,017,519	1,052,946
<u>Expense</u>				
Region Support	671,044	-	671,044	805,891
Cooperative Ministries	256,598	-	256,598	243,259
Camp Wyoba	75,173	-	75,173	91,027
Total expense	1,002,815	-	1,002,815	1,140,177
Change in net assets before other activities	14,704	-	14,704	(87,231)
Investment income, net of allocation to operator	328,988	-	328,988	539,144
Gain on sale of property (Note 8)	141,944	-	141,944	72,901
Less: Church property expenses	(47,972)	-	(47,972)	(12,775)
Change in net assets	437,664	-	437,664	512,039
Net assets, beginning of year	15,242,691	-	15,242,691	14,730,652
Net assets, end of year	\$ 15,680,355	\$ -	\$ 15,680,355	\$ 15,242,691

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, 2007
 (WITH COMPARATIVE TOTALS FOR 2006)

	<u>2007</u>	<u>2006</u>
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 437,664	\$ 512,039
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	52,785	49,315
Net (gains)losses on investments	(258,914)	(544,132)
Net (gains)losses on sale of assets	-	(72,901)
<u>Changes in operating assets and liabilities</u>		
(Increase)decrease in missions receivable	11,688	(47,831)
(Increase)decrease in employee receivable	4,965	4,150
(Increase)decrease in prepaid expenses	(3,403)	(2,391)
Increase(decrease) in accounts payable	11,253	20,516
Increase(decrease) in payroll accruals	(25,984)	30,211
Net cash provided(used) by operating activities	<u>230,054</u>	<u>(51,024)</u>
<u>Cash flows from investing activities</u>		
(Reinvestment) of earnings	(1,010,658)	(672,009)
Withdrawals from investments	1,070,230	618,996
(Purchase) proceeds of other assets	(23,178)	78,181
(Additions) to fixed assets	(14,925)	-
Net cash provided(used) by investing activities	<u>21,469</u>	<u>25,168</u>
Net increase(decrease) in cash and cash equivalents	251,523	(25,856)
Cash and cash equivalents, beginning of year	<u>114,275</u>	<u>140,131</u>
Cash and cash equivalents, end of year	<u>\$ 365,798</u>	<u>\$ 114,275</u>

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, 2007

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. Cooperative Ministries is an outreach and mission program that is 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, 2006, 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>
Blended funds	\$ 9,598,467	\$ 10,109,212	\$ 510,745
Equity funds	2,790,604	2,910,142	119,538
Bond funds	1,847,441	1,854,099	6,658
Certificates of deposit	130,000	130,000	-
Total	<u>\$ 14,366,512</u>	<u>\$ 15,003,453</u>	<u>\$ 636,941</u>

Investment income is summarized as follows:

<u>Description</u>	<u>Amount</u>
Interest and dividend income	\$ 750,658
Change in unrealized/realized gains	<u>258,914</u>
Net investment return	<u>\$ 1,009,572</u>

Additionally, the Organization earned interest on operating accounts of \$623.

NOTE 3 - INVESTMENTS - CONTINUED

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. At year-end, the organization had the following board designated amounts:

<u>Description</u>	<u>Amount</u>
Ministry/Mission fund	\$ 12,585,229
Carl Bennett youth fund	2,288,223
New church development	<u>137,061</u>
Total	<u>\$ 15,010,513</u>

NOTE 4 - OTHER ASSETS

At year-end, other assets consisted of:

<u>Description</u>	<u>Amount</u>
Real Estate – Curtis Park	\$ 43,217
Other	<u>2,759</u>
Total	<u>\$ 45,976</u>

The Curtis Park property is encumbered by the American Baptist Home Mission Society (ABHMS) – ABCRM “will never sell, convey, mortgage, transfer or otherwise dispose of the above-described property without the written consent of The American Baptist Home Mission Society, first and obtained.” Because of operating difficulties encountered by Curtis Park Community Center, which is an independent 501(c)3 organization which runs the programs at the property, that organization is contemplating dissolving. ABCRM has obtained written permission from ABHMS to pursue a sale of the property to another Christian organization.

Subsequent to fieldwork, research was underway to determine the ownership status of Hillcrest Baptist Church of Arvada, Colorado. It appears that the land was obtained by the Colorado Baptist Convention on behalf of Hillcrest Baptist Church in 1963, but the title to the property has not been transferred to the church because the debt has not been paid. When the research concerning this issue is completed, the land will be added to Other Assets at the value of purchase.

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	94,138
Furniture and equipment	<u>65,566</u>
Total	588,223
Less: accumulated depreciation	<u>(331,655)</u>
Net property and equipment	<u>\$ 256,568</u>

Depreciation expense for the year was \$52,785.

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>
2008	\$ 39,113
2009	40,288
2010	<u>30,877</u>
Total	<u>\$ 110,278</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>
2008	\$ 3,564
2009	3,564
2010	<u>2,376</u>
Total	<u>\$ 9,504</u>

Rental expense for 2007 for the office and copier were \$42,306 and \$5,491 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>
New church development	<u>\$ 2,496</u>

NOTE 8 - GAIN ON SALE OF PROPERTIES

During 2007, property in Green River Wyoming reverted back to ABCRM and was sold. The gain on the sale of the Green River property is represented by the purchase price of \$150,000, less closing costs of \$8,056. The gain on this sale totaled \$141,944 for 2007.

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 \$48,630.

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, 2007

<u>Description</u>	<u>Amount</u>
Balance as of January 1, 2007	\$ 34,561
Interest income	17
Contributions – cash basis	646,149
Less : distributions	<u>(655,587)</u>
Balance as of December 31, 2007	<u>\$ 25,140</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, 2007

Description	Deposits		Distributions		As noted
	Total Remitted	ABC Ministries National	ABC Rocky Mountains		
January	\$ 33,030	\$ 16,493	\$ 16,537		
February	47,655	28,295	19,360		
March	49,593	27,574	22,019		
April	51,787	33,984	17,803		
May	53,885	30,381	23,504		
June	55,013	39,181	16,032		(200) (B)
July	49,992	28,376	21,616		
August	59,523	47,286	12,237		
September	28,012	11,826	16,186		
October	74,103	46,855	27,248		
November	46,092	31,598	14,494		
December	104,389	77,367	27,022		
Total - accrual basis	653,074	419,216	234,058		(200)
Add: December 2006 remitted January 2007	72,966	62,551	25,332		
Remitted 2007 for 2006			18,819		(A)
Less: December 2007 remitted January 2008	(79,891)	(77,367)	(27,022)		
Total - cash basis	\$ 646,149	\$ 404,400	\$ 251,187		\$(200)

(A) To correct prior year amounts due to ABC Rocky Mountains.

(B) This represents a check that contained camp fees; it was deposited into the missions account and was later disbursed.