

**AMERICAN BAPTIST CHURCHES
OF THE ROCKY MOUNTAINS**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008

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	11
Schedule of Cash Activity - United Missions Agency Account	12
Schedule of United Missions Agency Account Distributions	13

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

July 24, 2009

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, 2008, 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, 2007, 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 14, 2008, 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, 2008, 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, 2008
(WITH COMPARATIVE TOTALS FOR 2007)

	<u>2008</u>	<u>2007</u>
<u>Assets</u>		
Cash and cash equivalents - unrestricted	\$ 255,409	\$ 365,798
Missions receivable	23,005	36,143
Employee advances	13,626	519
Prepaid expenses	19,483	13,138
Investments (Note 3)	11,640,562	15,003,453
Other assets (Note 4)	75,979	75,976
Property and equipment (Note 5)	210,381	256,568
Total assets	<u>\$ 12,238,445</u>	<u>\$ 15,751,595</u>
 <u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts payable	\$ 26,252	\$ 37,013
Accrued payroll costs	6,533	4,227
Commitments (Note 6)	-	-
Total liabilities	<u>32,785</u>	<u>41,240</u>
 <u>Net assets</u>		
Unrestricted		-
Operating	212,793	443,274
Board designated youth fund (Note 3)	1,663,529	2,288,223
Board designated mission/ministry fund (Note 3)	9,149,408	12,585,229
Board designated new church development (Note 3)	795,799	137,061
Board designated unused interest allocation (Note 3)	173,750	-
Net investment in fixed assets	210,381	256,568
Total net assets	<u>12,205,660</u>	<u>15,710,355</u>
Total liabilities and net assets	<u>\$ 12,238,445</u>	<u>\$ 15,751,595</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, 2008
(WITH COMPARATIVE TOTALS FOR 2007)**

	2008			2007
	Unrestricted	Temporarily Restricted	Total	Total
<u>Revenue and other support</u>				
Investment earnings available for operations	\$ 521,250	\$ -	\$ 521,250	\$ 668,000
Contributions	163,095	400	163,495	215,201
Camp Wyoba fees and donations	81,596	-	81,596	69,557
Mission program fees	41,168	-	41,168	44,799
Interest income - operating	15,059	-	15,059	20,324
Net assets released from restrictions (Note 7)	400	(400)	-	-
Total revenue and other support	<u>822,568</u>	<u>-</u>	<u>822,568</u>	<u>1,017,881</u>
<u>Expense</u>				
Region Support	625,943	-	625,943	671,044
Cooperative Ministries	235,406	-	235,406	256,598
Camp Wyoba	65,568	-	65,568	75,173
Total expense	<u>926,917</u>	<u>-</u>	<u>926,917</u>	<u>1,002,815</u>
Change in net assets before other activities	(104,349)	-	(104,349)	15,066
Investment income, net of allocation to operations	(4,131,989)	-	(4,131,989)	328,626
Gain on sale of property (Note 8)	838,486	-	838,486	141,944
Less: Church property expenses	<u>(106,843)</u>	<u>-</u>	<u>(106,843)</u>	<u>(47,972)</u>
Change in net assets	(3,504,695)	-	(3,504,695)	437,664
Net assets, beginning of year	<u>15,710,355</u>	<u>-</u>	<u>15,710,355</u>	<u>15,272,691</u>
Net assets, end of year	<u>\$ 12,205,660</u>	<u>\$ -</u>	<u>\$12,205,660</u>	<u>\$15,710,355</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, 2008
(WITH COMPARATIVE TOTALS FOR 2007)**

	<u>2008</u>	<u>2007</u>
<u>Cash flows from operating activities</u>		
Change in net assets	\$ (3,504,695)	\$ 437,664
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	47,516	52,785
Net (gains)losses on investments	4,356,731	(258,914)
Net (gains)losses on sale of assets	-	-
<u>Changes in operating assets and liabilities</u>		
(Increase)decrease in missions receivable	13,138	11,688
(Increase)decrease in employee receivable	(13,107)	4,965
(Increase)decrease in prepaid expenses	(6,345)	(3,403)
Increase(decrease) in accounts payable	(10,761)	11,253
Increase(decrease) in payroll accruals	2,306	(25,984)
Net cash provided(used) by operating activities	<u>884,783</u>	<u>230,054</u>
<u>Cash flows from investing activities</u>		
(Reinvestment) of earnings	(1,515,090)	(1,010,658)
Withdrawals from investments	521,250	1,070,230
(Purchase) proceeds of other assets	(3)	(23,178)
(Additions) to fixed assets	(1,329)	(14,925)
Net cash provided(used) by investing activities	<u>(995,172)</u>	<u>21,469</u>
Net increase(decrease) in cash and cash equivalents	(110,389)	251,523
Cash and cash equivalents, beginning of year	<u>365,798</u>	<u>114,275</u>
Cash and cash equivalents, end of year	<u>\$ 255,409</u>	<u>\$ 365,798</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, 2008**

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 investment income and by members of the American Baptist churches within its region.

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, 2007, from which the summarized information was derived.

9. Reclassifications

Certain prior year balances have been reclassified to conform to the current year financial statement presentation

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	\$ 60,514	\$ 60,514	\$ -
Blended funds	9,711,519	7,296,076	(2,415,443)
Equity funds	3,330,121	2,239,048	(1,091,073)
Bond funds	1,895,327	1,705,119	(190,208)
Fixed income	110,796	102,060	(8,736)
Annuity	142,099	142,099	-
Certificates of deposit	<u>95,646</u>	<u>95,646</u>	<u>-</u>
Total	<u>\$ 15,346,022</u>	<u>\$ 11,640,562</u>	<u>\$ (3,705,460)</u>

Investment income is summarized as follows:

<u>Description</u>	<u>Amount</u>
Interest and dividend income	\$ 745,090
Change in unrealized/realized gains	<u>(4,356,731)</u>
Net investment return	<u>\$ (3,611,641)</u>

Additionally, the Organization earned interest on operating accounts of \$ 15,961.

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 2008, \$173,750 of the board designated allocation of \$695,000 was not allocated for operations.

In 2007, the board designated funds from the sale of closed church properties be used for the development of new churches, church transformation and carrying costs for closed properties. At year-end, the balance of the new church development fund was \$795,799 in 2008 and \$137,061 in 2007.

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

<u>Description</u>	<u>Amount</u>
Ministry/Mission fund	\$ 9,149,408
Carl Bennett youth fund	1,663,529
New church development	795,799
Unused interest allocation	<u>173,750</u>
Total	<u>\$ 11,782,486</u>

NOTE 4 - OTHER ASSETS - PRIOR PERIOD ADJUSTMENT

At year-end, other assets consisted of:

<u>Description</u>	<u>Amount</u>
Real Estate - Curtis Park	\$ 43,217
Real Estate - Hillcrest	30,000
Other	<u>2,762</u>
Total	<u>\$ 75,979</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 was an independent 501(c)3 organization which ran the programs at the property, that organization is no longer operating.. ABCRM has obtained written permission from ABHMS to pursue a sale of the property to another Christian organization.

Hillcrest Baptist Church of Arvada, Colorado is located on property that is owned by the Colorado Baptist Convention. This property was purchased in 1965 for \$30,000 and assets on the financial statements were inadvertently understated. The current financial statements have been restated to include the property.

On December 31, 2007, Aurora Community Baptist Church of Aurora, Colorado voted to dissolve. On May 16, 2008, a Certificate of Non-compliance was filed with Adams County, which transferred the ownership of the property to the Colorado Baptist Convention. Due to the nature of the transfer, fair value of the property is not easily determinable. No amount has been included as an asset for these financial statements.

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	\$ 429,679
Vehicles	94,138
Furniture and equipment	<u>64,498</u>
Total	588,315
Less: accumulated depreciation	<u>(377,934)</u>
Net property and equipment	<u>\$ 210,381</u>

Depreciation expense for the year was \$47,516.

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>
2009	\$ 40,288
2010	<u>30,877</u>
Total	<u>\$ 71,165</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>
2009	\$ 3,564
2010	<u>2,376</u>
Total	<u>\$ 5,940</u>

Rental expense for 2008 for the office and copier were \$40,884 and \$5,067 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>\$ 400</u>

NOTE 8 - GAIN ON SALE OF PROPERTIES

During 2008, property in Wheat Ridge, Colorado was sold. The gain on the sale of the property is represented by the purchase price of \$905,207, less closing costs of \$66,721. The gain on this sale totaled \$838,486 for 2008. The proceeds from this sale less property carrying costs will be used for new church development and church transformation.

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.

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 \$44,369.

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, 2008

<u>Description</u>	<u>Amount</u>
Balance as of January 1, 2008	\$ 25,140
Interest income	49
Contributions - cash basis	588,078
Less : distributions	<u>(598,900)</u>
Balance as of December 31, 2008	<u>\$ 14,367</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, 2008

<u>Description</u>	<u>Deposits</u>		<u>Distributions</u>	
	Total Remitted	ABC Ministries National	ABC Rocky Mountains	As noted
January	\$ 27,419	\$ 16,224	\$ 11,195	
February	36,793	24,092	12,701	
March	54,246	33,192	21,054	
April	66,646	53,496	13,150	
May	44,200	26,022	18,178	
June	26,464	17,735	8,729	
July	42,572	30,170	12,402	
August	27,645	17,593	10,052	
September	59,040	33,698	25,342	
October	67,581	39,997	27,584	
November	41,905	22,573	19,332	
December	66,551	45,357	21,194	
Total - accrual basis	561,062	360,149	200,913	
Add: December 2007 remitted January 2008	79,890	77,367	27,022	
Less: December 2008 remitted January 2009	(52,874)	(45,357)	(21,194)	
Total - cash basis	\$ 588,078	\$ 392,159	\$ 206,741	