

**AMERICAN BAPTIST CHURCHES
OF THE ROCKY MOUNTAINS**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2009

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

AMERICAN BAPTIST CHURCHES OF THE ROCKY MOUNTAINS

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

June 14, 2010

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, 2009, and the related statements of activities, functional expenses, 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, 2008, 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 July 24, 2009, 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, 2009, 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, 2009

(WITH COMPARATIVE TOTALS FOR 2008)

	<u>2009</u>	<u>2008</u>
<u>Assets</u>		
Cash and cash equivalents - unrestricted	\$ 73,911	\$ 255,409
Missions receivable	31,699	23,005
Employee advances (Note 3)	10,843	13,626
Prepaid expenses	20,135	19,483
Investments (Note 4)	13,151,294	11,640,562
Other assets (Note 5)	75,981	75,979
Property and equipment (Note 6)	244,943	210,381
Total assets	<u>\$ 13,608,806</u>	<u>\$ 12,238,445</u>
 <u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts payable	\$ 13,897	\$ 26,252
Accrued payroll costs	10,582	6,533
Commitments (Note 7)	-	-
Total liabilities	<u>24,479</u>	<u>32,785</u>
 <u>Net assets</u>		
<u>Unrestricted</u>		
Operating	(88,339)	212,793
Board designated youth fund	1,888,931	1,663,529
Board designated mission/ministry fund	10,389,124	9,149,408
Board designated new church development	746,751	795,799
Board designated unused interest allocation	392,917	173,750
Board designated master ministry scholarship fund	10,000	-
Net investment in fixed assets	244,943	210,381
Total net assets	<u>13,584,327</u>	<u>12,205,660</u>
Total liabilities and net assets	<u>\$ 13,608,806</u>	<u>\$ 12,238,445</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, 2009
(WITH COMPARATIVE TOTALS FOR 2008)**

	2009			2008
	Unrestricted	Temporarily Restricted	Total	Total
<u>Revenue and other support</u>				
Investment earnings available for operations	\$ 490,833	\$ -	\$ 490,833	\$ 521,250
Contributions	163,662	-	163,662	163,495
Interest income - operating	125,460	-	125,460	15,059
Camp Wyoba fees and donations	89,424	-	89,424	81,596
Mission program fees	75,263	-	75,263	41,168
Total revenue and other support	944,642	-	944,642	822,568
<u>Expense</u>				
Church support	217,260	-	217,260	192,410
Pastoral support	166,816	-	166,816	159,940
Missions	113,156	-	113,156	93,325
Youth	194,946	-	194,946	183,784
Other ministries	223,101	-	223,101	212,820
<u>Supporting services</u>				
Administration	101,389	-	101,389	84,638
Total expense	1,016,668	-	1,016,668	926,917
Change in net assets				
From operating activities	(72,026)	-	(72,026)	(104,349)
Investment income, net of allocation to operations	1,463,019	-	1,463,019	(4,131,989)
Gain on sale of property	-	-	-	838,486
Less: Church property expenses (Note 8)	(12,326)	-	(12,326)	(106,843)
Change in net assets	1,378,667	-	1,378,667	(3,504,695)
Net assets, beginning of year	12,205,660	-	12,205,660	15,710,355
Net assets, end of year	\$ 13,584,327	\$ -	\$ 13,584,327	\$ 12,205,660

The accompanying notes are an integral part of these financial statements

AMERICAN BAPTIST CHURCHES OF THE ROCKIES

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2009
(WITH COMPARATIVE TOTALS FOR 2008)

	2009						2008		
	Program Services						Manage- ment and General	Total	Total
	Church Support	Pastoral Support	Missions	Youth	Other Ministries	Total Program			
Salaries	\$ 99,728	\$ 71,681	\$ 33,150	\$ 33,625	\$ 111,833	\$ 350,018	\$ 45,572	\$ 395,590	\$ 335,776
Payroll taxes and benefits	38,901	27,960	12,931	13,116	43,623	136,531	17,776	154,307	139,242
Campsite rental	-	-	-	51,750	-	51,750	-	51,750	51,750
Office rent	11,232	8,073	3,734	3,787	12,595	39,421	5,133	44,554	40,884
Travel	10,175	7,313	3,382	3,431	11,409	35,710	4,649	40,359	24,799
Conference and dinners	8,991	6,462	16,103	-	-	31,556	4,109	35,665	22,036
Professional and legal fees	21,365	-	-	-	-	21,365	10,581	31,946	42,899
Equipment and maintenance	3,193	2,295	1,061	15,641	3,581	25,771	2,537	28,308	25,273
Pastoral development	-	26,014	-	-	-	26,014	-	26,014	50,116
Supplies	5,463	3,927	1,816	1,842	6,126	19,175	2,496	21,671	9,759
Camping supplies	-	-	-	21,625	-	21,625	-	21,625	17,163
Youth events	-	-	-	19,000	-	19,000	-	19,000	-
Continuing education and development	4,735	3,403	1,574	1,596	5,310	16,618	2,164	18,782	14,293
Board meetings	4,714	3,388	1,567	1,590	5,286	16,546	2,154	18,700	12,266
Donations to missionaries	-	-	18,500	-	-	18,500	-	18,500	10,000
Mission trips	-	-	16,425	-	-	16,425	-	16,425	23,122
Ministries	-	-	-	-	13,510	13,510	-	13,510	12,500
Utilities	-	-	-	10,438	-	10,438	-	10,438	4,080
Insurance	1,013	728	337	5,070	1,136	8,285	463	8,748	4,598
Telephone	1,658	1,191	551	559	1,859	5,818	757	6,575	7,025
Postage	1,322	950	439	446	1,482	4,639	604	5,243	3,874
Membership dues	541	389	180	182	606	1,898	247	2,145	2,027
Property taxes	-	-	-	-	-	-	214	214	283
Program events	-	-	-	-	-	-	-	-	10,000
All other	1,297	932	431	437	1,454	4,551	592	5,143	15,636
	214,327	164,708	112,181	184,135	219,812	895,162	100,049	995,211	879,401
Depreciation	2,933	2,108	975	10,812	3,289	20,117	1,340	21,457	47,516
Total	217,260	166,816	113,156	194,946	223,101	915,279	101,389	1,016,668	926,917

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, 2009
(WITH COMPARATIVE TOTALS FOR 2008)

	2009	2008
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 1,378,667	\$(3,504,695)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	21,457	47,516
Net (gains)losses on investments	(1,466,089)	4,356,731
<u>Changes in operating assets and liabilities</u>		
(Increase)decrease in missions receivable	(8,694)	13,138
(Increase)decrease in employee receivable	2,783	(13,107)
(Increase)decrease in prepaid expenses	(652)	(6,345)
Increase(decrease) in accounts payable	(12,357)	(10,761)
Increase(decrease) in payroll accruals	4,049	2,306
Net cash provided(used) by operating activities	(80,836)	884,783
<u>Cash flows from investing activities</u>		
(Reinvestment) of earnings	(604,853)	(1,515,090)
Withdrawals from investments	560,210	521,250
(Purchase) proceeds of other assets	3,500	(3)
(Additions) to fixed assets	(59,519)	(1,329)
Net cash provided(used) by investing activities	(100,662)	(995,172)
Net increase(decrease) in cash and cash equivalents	(181,498)	(110,389)
Cash and cash equivalents, beginning of year	255,409	365,798
Cash and cash equivalents, end of year	\$ 73,911	\$ 255,409

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, 2009

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 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

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.

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.

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

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, 2008, 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.

10. Subsequent Events

Management has evaluated subsequent events through June 14, 2010, the date the financial statements were available to be issued.

NOTE 3 - EMPLOYEE RECEIVABLE

In 2008, the Organization approved a loan to an employee for moving and relocation expenses.

NOTE 4 - 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	\$ 40,748	\$ 40,748	\$ -
Blended funds	9,879,519	8,174,827	(1,704,692)
Equity funds	3,330,121	2,779,772	(550,349)
Bond funds	1,895,327	1,837,070	(58,257)
Fixed income	110,796	121,315	10,517
Annuity	148,066	148,066	-
Certificates of deposit	<u>49,496</u>	<u>49,496</u>	<u>-</u>
Total	<u>\$ 15,454,073</u>	<u>\$ 13,151,294</u>	<u>\$ (2,302,779)</u>

Investment income is summarized as follows:

<u>Description</u>	<u>Amount</u>
Interest and dividend income	\$ 604,853
Change in unrealized/realized gains	<u>1,466,090</u>
Net investment return	<u>\$ 2,070,943</u>

Additionally, the Organization earned interest on operating accounts of \$10,069.

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 last three years may be used to support ABCRM programs. For 2009, \$219,167 of the board designated allocation of \$710,000 was not used 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. For the years ending 2009 and 2008, the balance in the new church development fund was \$746,751 and \$795,799 in 2008, respectively.

NOTE 5 - OTHER ASSETS

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>2,764</u>
Total	<u>\$ 75,981</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.” 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 owned by the Colorado Baptist Convention. This property was purchased in 1965 for \$30,000, but was not included on the financial statements until 2008. The current financial statements include the property.

On January 23, 2009, First Baptist Church of Monte Vista sold and quitclaimed their church to ABCRM. 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 6 - 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	105,753
Furniture and equipment	<u>83,307</u>
Total	618,739
Less: accumulated depreciation	<u>(373,796)</u>
Net property and equipment	<u>\$ 244,943</u>

Depreciation expense for the year was \$21,457.

NOTE 7 - 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>
2010	<u>\$ 30,877</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>
2010	<u>\$ 2,376</u>

Rental expense for 2009 for the office and copier were \$44,554 and \$4,040 respectively.

NOTE 8 - CHURCH PROPERTY EXPENSES

The Organization incurred carrying costs from Curtis Park, Aurora Community Baptist Church and other owned property which are not primary to the operation of the Region.

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. The employer may contribute, if so elected. Total benefit plan contributions for the year were \$51,407.

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, 2009

<u>Description</u>	<u>Amount</u>
Balance as of January 1, 2009	\$ 14,328
Contributions – cash basis	530,170
Less : distributions	<u>(529,661)</u>
Balance as of December 31, 2009	<u>\$ 14,837</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, 2009

<u>Description</u>	<u>Deposits</u>	<u>Distributions</u>		<u>Difference</u>
	Total Remitted	ABC Ministries National	ABC Rocky Mountains	As noted
January	\$ 39,113	\$ 26,304	\$ 12,809	
February	35,089	23,271	11,818	
March	78,049	62,255	15,794	
April	45,745	25,336	20,409	
May	25,922	14,309	11,613	
June	39,639	27,503	12,136	
July	47,527	31,671	15,856	
August	27,801	14,184	13,617	
September	28,856	14,673	14,183	
October	51,834	36,369	15,465	
November	43,535	18,222	25,313	
December	58,973	42,477	16,496	
Total - accrual basis	522,083	336,574	185,509	
Add: December 2008 remitted January 2009	52,874	45,357	21,194	
Less: December 2009 remitted January 2010	(44,787)	(42,477)	(16,496)	
Total - cash basis	\$ 530,170	\$ 339,454	\$ 190,207	