

AUDITED FINANCIAL STATEMENTS OF
THE HISTORICAL FOUNDATION OF
THE CUMBERLAND PRESBYTERIAN CHURCH
AND THE CUMBERLAND PRESBYTERIAN CHURCH IN AMERICA

MEMPHIS, TENNESSEE
DECEMBER 31, 2004

THE HISTORICAL FOUNDATION
OF THE CUMBERLAND PRESBYTERIAN CHURCH
AND THE CUMBERLAND PRESBYTERIAN CHURCH IN AMERICA

TABLE OF CONTENTS
DECEMBER 31, 2004

	PAGE
Independent Auditor's Report	1
Statement of Financial Position	2
Statement of Activity	3 - 4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 7

Jimmie D. Fouts, CPA
Don W. Morgan, CPA
Douglas A. Garner, CPA
J. Donald Short, CPA
Michael T. Odom, CPA
Randal L. Gregory, CPA

F. Michael Terhune, CPA
Israel C. Katz, CPA



FOUTS & MORGAN

Certified Public Accountants, P.C.

• 5100 Sanderlin Road • Suite 2001
• Memphis, Tennessee 38117
cpa@foutsandmorgan.com
www.foutsandmorgan.com
Phone (901) 761-2110
FAX (901) 761-2149

The Historical Foundation of
The Cumberland Presbyterian Church and
The Cumberland Presbyterian Church in America
Memphis, Tennessee

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statement of financial position of The Historical Foundation of The Cumberland Presbyterian Church and The Cumberland Presbyterian Church in America as of December 31, 2004, and the related statements of activities and cash flows for the year 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 audit.

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 The Historical Foundation of The Cumberland Presbyterian Church and The Cumberland Presbyterian Church in America as of December 31, 2004, 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.

FOUTS & MORGAN
Certified Public Accountants

Memphis, Tennessee
June 17, 2005

THE HISTORICAL FOUNDATION
OF THE CUMBERLAND PRESBYTERIAN CHURCH
AND THE CUMBERLAND PRESBYTERIAN CHURCH IN AMERICA

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2004

ASSETS	
Current Fund:	
Cash—unrestricted	\$ 25,143
Cash—temporarily restricted	112,939
Due from Our United Outreach	9,516
Investments—permanently restricted	919,909
Real Estate—permanently restricted	<u>38,755</u>
Total Assets	<u>\$ 1,106,262</u>
LIABILITIES AND NET ASSETS	
Liabilities:	
Accounts payable	\$ 20,772
Total liabilities	<u>20,772</u>
Net Assets:	
Unrestricted	13,887
Temporarily restricted	112,939
Permanently restricted	958,664
Total net assets	<u>1,085,490</u>
Total Liabilities and Net Assets	<u>\$ 1,106,262</u>

THE HISTORICAL FOUNDATION
OF THE CUMBERLAND PRESBYTERIAN CHURCH
AND THE CUMBERLAND PRESBYTERIAN CHURCH IN AMERICA

STATEMENT OF ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2004

Changes in Unrestricted Net Assets:	
Revenues, gains, and other support:	
Endowment earnings	\$ 25,325
Gifts	20,456
Our United Outreach	77,908
Net assets released from restrictions	15,131
	<u>138,820</u>
Expenses:	
Board Expenses:	
Meeting and travel	1,869
Liability insurance	454
	<u>2,323</u>
Office Expenses:	
Auditing	700
Rent	1,200
Supplies/equipment/postage/miscellaneous	1,693
Insurance	3,400
Telephone/Internet	923
	<u>7,916</u>
Personnel Expenses:	
Salaries	66,784
Social security/medicare	5,109
Health insurance	5,284
Retirement	6,168
	<u>83,345</u>
Archival Expenses:	
Awards	63
Books/binding	1,417
Birthplace shrine	3,663
Equipment	472
Photocopying/photography	437
Postage/shipping	6
Rent	19,440
Supplies	491
Travel	1,244
	<u>27,233</u>
Records Project Expenses:	
Records	11,468
	<u>11,468</u>
Total Expenses	<u>132,285</u>
Increase in unrestricted assets	6,535

THE HISTORICAL FOUNDATION
OF THE CUMBERLAND PRESBYTERIAN CHURCH
AND THE CUMBERLAND PRESBYTERIAN CHURCH IN AMERICA

STATEMENT OF ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2004

Changes in Temporarily Restricted Net Assets:	
Contributions and gifts	\$ 61,344
Interest	1,698
Endowment income	9,029
Net assets released from restriction	<u>(15,131)</u>
Increase in temporarily restricted assets	56,940
Changes in Permanently Restricted Net Assets:	
Contributions and gifts	15,393
Reinvested	66
Net unrealized and realized gain on investments	<u>26,399</u>
Increase in permanently restricted net assets	<u>41,858</u>
Change in net assets	105,333
Net assets at beginning of year	<u>980,157</u>
Net assets at end of year	<u>\$ 1,085,490</u>

THE HISTORICAL FOUNDATION
OF THE CUMBERLAND PRESBYTERIAN CHURCH
AND THE CUMBERLAND PRESBYTERIAN CHURCH IN AMERICA

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2004

Cash Flows From Operating Activities:		
Increase in net assets	\$	105,333
Adjustments to reconcile net assets to net cash provided by operating activities:		
Net unrealized and realized gain on investments		(26,399)
Increase in accounts receivable		(2,596)
Increase in accounts payable		8,568
Total adjustments		<u>(20,427)</u>
Net cash provided by (used in) operating activities		84,906
Cash Flows From Investing Activities:		
Contributions to endowment program		(15,644)
Reinvestments in endowment program		<u>(66)</u>
Net cash provided by (used in) investing activities		<u>(15,710)</u>
Net increase in cash and cash equivalents		69,196
Cash at the beginning of the period		<u>68,886</u>
Cash at the end of the period	\$	<u><u>138,082</u></u>

See accompanying notes.

THE HISTORICAL FOUNDATION
OF THE CUMBERLAND PRESBYTERIAN CHURCH
AND THE CUMBERLAND PRESBYTERIAN CHURCH IN AMERICA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

Note A—Nature of Activities and Significant Accounting Policies

Nature of Activities—The Historical Foundation of the Cumberland Presbyterian Church and the Cumberland Presbyterian Church in America (the Foundation) was created by action of the 150th General Assembly of the Cumberland Presbyterian Church meeting in Evansville, Indiana in June of 1980. The charter was granted by the State of Tennessee on November 3, 1980. The purpose of the Foundation is to collect and preserve the materials of and to promote the knowledge of the history of the churches, institutions, and people of the Cumberland Presbyterian Church.

Contributions—Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. 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.

Donated Equipment and Services—Donated equipment is reflected as contributions in the accompanying financial statements at their estimated values at the date of receipt. No equipment was donated to the Foundation during the year ended December 31, 2004. No amounts have been reflected in the statements for donated services because they did not meet the criteria for recognition under SFAS No. 116.

Use of Estimates—The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Promises to Give—Unconditional promises to give are recognized as revenue or gains in the period received and as assets, decrease of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The Foundation has no promises to give at December 31, 2004.

Investments—The reported value of all investments are measured by quoted prices in an active market. Realized and unrealized gains and losses are reflected in the statement of activities.

Income Tax Status—The Foundation is a not-for-profit organization exempt from federal income taxes under Internal Revenue Code (IRC) Section 501(c)(3). Accordingly, no provision for federal income taxes has been made.

Cash and Cash Equivalents—For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less are considered to be cash equivalents.

NOTES CONTINUED

Note B — Investments

The investments are in the custody of the Endowment Program of the Cumberland Presbyterian Church and are managed with the funds of other boards and agencies. The total funds being administered by the Endowment Program consist of cash, marketable securities, mortgage notes receivable, and real estate. All endowment assets are presented at fair market value. The approximate cost of the assets at December 31, 2004 is \$847,234.

Note C — Cash-Temporarily Restricted

Cash considered temporarily restricted is in the custody of the Cumberland Presbyterian Church Investment Loan Program, Inc. and is managed with the funds of other boards and agencies. The total funds being administered by the Cash Funds Management fund consist of cash, mortgage backed securities, and U.S. Treasury securities. All CPC Investment Loan assets are presented at market value. The approximate cost of the CPC Investment Loan assets at December 31, 2004 is \$118,732. The Historical Foundation and the Cumberland Presbyterian Church Investment Loan Program are entities under the common control of the General Assembly of the Cumberland Presbyterian Church.

Note D — Cash Flow Statement

There is zero interest and income taxes paid for the year ended December 31, 2004.