

117th Stated Meeting
of the Presbytery of Arkansas
June 4, 2011
Trinity Presbyterian, Little Rock, AR

For Your Information Financials

Financial Reports dated April 30, 2011
Report of Certified Public Accountants for
December 31, 2010

Note:

Two other packets, "Addenda Packet" containing late reports from presbytery committees and "For Your Information: Flyers" containing flyers about opportunities and events around the presbytery, are also posted on the website.

THE PRESBYTERY OF ARKANSAS

Balance Sheet

April 30, 2011

ASSETS

| | | |
|--------------------------------|----|----------------------------|
| Current Assets | | |
| Pledge Receivables | \$ | 615,121.89 |
| TPF Accounts | | 2,500,827.59 |
| Arvest Central Bank | | 1,057,304.08 |
| Prepaid Expenses | | 2,534.32 |
| | | <hr/> |
| Total Current Assets | | 4,175,787.88 |
| Property and Equipment | | |
| Furn. & Fixtures Presby.Office | | 53,687.95 |
| Land | | 484,709.00 |
| Accumulated Depreciation | | (187,495.35) |
| Buildings | | 771,516.12 |
| | | <hr/> |
| Total Property and Equipment | | 1,122,417.72 |
| Other Assets | | |
| N/R Ministers | | 75,529.93 |
| N/R Churches | | 60,581.99 |
| TPF Mark to Market-52190 | | 344,242.20 |
| | | <hr/> |
| Total Other Assets | | 480,354.12 |
| | | <hr/> |
| Total Assets | \$ | <u><u>5,778,559.72</u></u> |

LIABILITIES AND CAPITAL

| | | |
|-----------------------------|----|----------------------------|
| Current Liabilities | | |
| Unearned Pledges | \$ | 615,121.89 |
| | | <hr/> |
| Total Current Liabilities | | 615,121.89 |
| Long-Term Liabilities | | |
| | | <hr/> |
| Total Long-Term Liabilities | | 0.00 |
| | | <hr/> |
| Total Liabilities | | 615,121.89 |
| Capital | | |
| Equity Beginning Balance | | 4,497,787.31 |
| Fund Balance | | 218,251.75 |
| Unrealized Gains/Losses | | 196,529.95 |
| Net Income | | 250,868.82 |
| | | <hr/> |
| Total Capital | | 5,163,437.83 |
| | | <hr/> |
| Total Liabilities & Capital | \$ | <u><u>5,778,559.72</u></u> |

Presbytery of Arkansas
Operating Budget for Four Months Ending April 30, 2011

| | | Current Month Actual | Year to Date Actual | 2011 Budget | Remaining Budget |
|----------------------|---|-------------------------|------------------------|-------------------|---------------------|
| Revenues | | | | | |
| 6000-01 | Mission Acceptance | \$ 44,234.07 | \$ 141,122.11 | 841,764.00 | 700,641.89 |
| 6045-00-1-000 | Income from Investments | 0.00 | 0.00 | 117,089.98 | 117,089.98 |
| 6001-00-1-000 | Miscellaneous Revenue | 377.00 | 2,459.55 | 4,000.00 | 1,540.45 |
| 6000-01-1-101 | Previous Year Pledges | 0.00 | 31,264.01 | 22,000.00 | (9,264.01) |
| | Total Revenues | 44,611.07 | 174,845.67 | 984,853.98 | 810,008.31 |
| Cost of Sales | | | | | |
| | Total Cost of Sales | 0.00 | 0.00 | 0.00 | 0.00 |
| | Gross Profit | 44,611.07 | 174,845.67 | 984,853.98 | 810,008.31 |
| Expenses | | | | | |
| 7000 | General Council | 500.53 | 1,156.55 | 8,500.00 | 7,343.45 |
| 7100 | Committee on Administration | 30.78 | 1,077.94 | 12,500.00 | 11,422.06 |
| 7200 | Cmte. on Care & Nurture of Church Professionals | 0.00 | 115.25 | 8,700.00 | 8,584.75 |
| 7300 | Committee on Christian Education & Nurture | 3,777.25 | 40,603.26 | 164,322.65 | 123,719.39 |
| 7400 | Committee on Clusters | 0.00 | 0.00 | 650.00 | 650.00 |
| 7500 | Cmte. on Congregational Care & Development | 9,142.47 | 21,390.90 | 90,850.00 | 69,459.10 |
| 7600 | Committee on Mission | 2,500.00 | 10,079.20 | 51,400.00 | 41,320.80 |
| 7700 | Committee on Ministry | 518.83 | 2,238.10 | 9,000.00 | 6,761.90 |
| 7800 | Committee on Nominations | 217.60 | 217.60 | 800.00 | 582.40 |
| 8100 | Committee on Representation | 0.00 | 0.00 | 75.00 | 75.00 |
| 8300 | Presbyterian Women | 97.30 | 97.30 | 5,300.00 | 5,202.70 |
| 8400 | Presbytery Office | 38,381.00 | 148,768.05 | 464,944.43 | 316,176.38 |
| 8600-01-1-000 | PCUSA-Mission | 2,211.71 | 7,056.11 | 42,088.20 | 35,032.09 |
| 8700-01-1-000 | GA Per Capita | 8,031.29 | 32,125.16 | 96,375.50 | 64,250.34 |
| 8800-01-1-000 | Synod of the Sun | 2,056.11 | 2,056.11 | 37,088.20 | 35,032.09 |
| 9400-00-2-000 | Cmte. on Disaster Preparedness & Response | 0.00 | 179.70 | 1,000.00 | 820.30 |
| | Total Expenses | 67,464.87 | 267,161.23 | 993,593.98 | 726,432.75 |
| | | (\$ 22,853.80) | (\$ 92,315.56) | (8,740.00) | 83,575.56 |
| | Funds from Reserve | - | - | 8,740.00 | 8,740.00 |
| | Net Income | (22,853.80) | (92,315.56) | - | 92,315.56 |

THE PRESBYTERY OF ARKANSAS
Pass Thru Income Statment
For the Four Months Ending April 30, 2011

| | | Current | | Year to Date |
|--------------------------|--------------------------------|-----------------|----|------------------|
| Revenues | | | | |
| 6000-02 | Joy Gift | 0.00 | \$ | 21,160.03 |
| 6000-03 | One Great Hour | 1,397.75 | | 2,121.90 |
| 6000-04 | Peacemaking | 0.00 | | 1,901.99 |
| 6000-05 | Theological Education | 400.00 | | 1,975.00 |
| 6000-06 | Pentecost | 0.00 | | 295.50 |
| 6000-07 | Other | 2,675.83 | | 8,882.32 |
| 6061-00-3-000 | Installation/Ordination Offeri | 0.00 | | 25.00 |
| 6084-00-3-000 | Presbytery Meeting Offerings | 0.00 | | 1,857.00 |
| | Total Revenues | <u>4,473.58</u> | | <u>38,218.74</u> |
| Cost of Sales | | | | |
| | Total Cost of Sales | <u>0.00</u> | | <u>0.00</u> |
| | Gross Profit | <u>4,473.58</u> | | <u>38,218.74</u> |
| Expenses | | | | |
| 9304-00-2-000 | Peacemaking | 0.00 | | 1,901.99 |
| 9388-00-3-000 | Other Expenses | 2,675.83 | | 10,764.32 |
| 9389-00-3-000 | Joy Gift | 0.00 | | 21,160.03 |
| 9390-00-3-000 | Pentecost | 0.00 | | 295.50 |
| 9391-00-3-000 | Theological Education | 400.00 | | 1,975.00 |
| 9393-00-3-000 | One Great Hour | 1,397.75 | | 2,121.90 |
| | Total Expenses | <u>4,473.58</u> | | <u>38,218.74</u> |
| | Net Income | <u>0.00</u> | \$ | <u>0.00</u> |

Presbytery of Arkansas
Benevolence/Pledge Report for Four Months Ending April 30, 2011

| LOCATION | 2009 Contribution to Congregation from Members | 2011 Asking by Presbytery | 2010 Estimate of Givings to Presbytery | 2011 Estimate of Givings to Presbytery | 2011 Benevolence Year-to-Date | 2011 Remaining Estimate of Givings |
|----------------------------|---|------------------------------|--|--|-------------------------------------|---------------------------------------|
| Alma | \$ 25,232 | 2,523 | \$ 550 | | 0.00 | - |
| Amity | \$ 14,704 | 1,470 | \$ 1,400 | 1,414.00 | 707.00 | 707.00 |
| Arkadelphia, First | \$ 166,675 | 16,667 | \$ 6,500 | 6,500.00 | 2,000.00 | 4,500.00 |
| Arkadelphia, West End | \$ 28,000 | 2,800 | \$ 1,050 | 1,050.00 | 13.39 | 1,036.61 |
| Atkins | \$ 21,898 | 2,189 | \$ 1,000 | 600.00 | 0.00 | 600.00 |
| Batesville | \$ 253,085 | 25,308 | \$ 10,000 | 10,400.00 | 0.00 | 10,400.00 |
| Beebe | \$ 43,560 | 4,356 | \$ 2,400 | 2,400.00 | 600.00 | 1,800.00 |
| Bella Vista | \$ 404,627 | 40,462 | \$ 30,000 | 30,000.00 | 10,000.00 | 20,000.00 |
| Benton | \$ 161,300 | 16,130 | \$ 6,000 | 6,500.00 | 1,625.00 | 4,875.00 |
| Bentonville, First | \$ 628,539 | 62,853 | \$ 40,284 | 20,000.00 | 0.00 | 20,000.00 |
| Bentonville, Vaughn | \$ 38,900 | 3,890 | \$ - | | 0.00 | - |
| Berryville | \$ 46,820 | 4,682 | \$ - | | 0.00 | - |
| Brinkley | \$ 17,650 | 1,765 | \$ - | 200.00 | 200.00 | - |
| Bull Shoals | \$ 63,078 | 6,307 | \$ 5,328 | 1,950.00 | 487.50 | 1,462.50 |
| Cane Hill | \$ - | | \$ 350 | | 0.00 | - |
| Clarksville, First | \$ 149,926 | 14,992 | \$ 5,000 | 2,500.00 | 0.00 | 2,500.00 |
| Clarksville, Harmony | \$ 27,786 | 2,778 | \$ 1,000 | 1,000.00 | 1,000.00 | - |
| Coal Hill, Ferguson | | | | | 0.00 | - |
| Conway | \$ 486,575 | 48,657 | \$ 14,400 | 14,400.00 | 3,600.00 | 10,800.00 |
| Dardanelle | \$ 79,904 | 7,990 | \$ 5,250 | 5,250.00 | 1,575.00 | 3,675.00 |
| Elkins | \$ 13,222 | 1,322 | \$ 1,000 | 1,000.00 | 0.00 | 1,000.00 |
| Eureka Springs | \$ 43,000 | 4,300 | \$ 4,200 | 4,200.00 | 1,400.00 | 2,800.00 |
| Fairfield Bay | \$ 145,500 | 14,550 | \$ 10,000 | 10,000.00 | 3,833.00 | 6,167.00 |
| Farmington | \$ 7,700 | 770 | \$ - | | 0.00 | - |
| Fayetteville, First United | \$ 472,362 | 47,236 | \$ 27,960 | 30,000.00 | 7,500.00 | 22,500.00 |
| Fayetteville, Mt. Comfort | \$ 65,828 | 6,582 | \$ 2,000 | 2,000.00 | 0.00 | 2,000.00 |
| Forrest City | \$ 178,289 | 17,828 | \$ 13,200 | 14,000.00 | 4,670.68 | 9,329.32 |
| Ft. Smith, Central | \$ 320,097 | 32,009 | \$ 18,280 | 18,480.00 | 9,240.00 | 9,240.00 |
| Ft. Smith, First | \$ 789,510 | 78,951 | \$ 49,682.40 | 27,000.00 | 9,066.72 | 17,933.28 |
| Gamaliel | \$ - | | \$ 1,700 | 1,500.00 | 0.00 | 1,500.00 |
| Gravette | \$ - | | \$ - | | 0.00 | - |
| Greenwood | \$ 20,000 | 2,000 | \$ 1,000 | 1,600.00 | 800.00 | 800.00 |
| Gurdon | \$ 20,000 | 2,000 | \$ 1,255 | 1,200.00 | 0.00 | 1,200.00 |
| Hardy | \$ 67,004 | 6,700 | \$ 4,500 | 4,960.00 | 1,240.00 | 3,720.00 |
| Harrison | \$ 386,576 | 38,657 | \$ 20,000 | 15,000.00 | 2,500.00 | 12,500.00 |
| Heber Springs | \$ 100,309 | 10,030 | \$ 2,500 | 2,500.00 | 625.00 | 1,875.00 |
| Helena | \$ 85,382 | 8,538 | \$ 1,000 | 1,000.00 | 333.32 | 666.68 |
| Holiday Island | \$ 118,900 | 11,890 | \$ 4,500 | 4,500.00 | 1,100.00 | 3,400.00 |
| Holly Grove | \$ 40,740 | 4,074 | \$ 2,000 | 2,000.00 | 2,000.00 | - |
| Horseshoe Bend | \$ 81,390 | 8,139 | \$ 2,100 | 2,100.00 | 0.00 | 2,100.00 |
| HSV, Kirk | \$ 493,468 | 49,346 | \$ 27,000 | 29,270.00 | 6,817.50 | 22,452.50 |
| HSV, Woodlands | \$ 254,500 | 25,450 | \$ - | | 0.00 | - |
| H.Springs, First | \$ 212,914 | 21,291 | \$ 17,000 | 18,000.00 | 4,500.00 | 13,500.00 |
| H.Springs, Highland | | | | | 0.00 | - |
| H. Springs, Westminster | \$ 391,703 | 39,170 | \$ 33,920 | 24,000.00 | 8,000.00 | 16,000.00 |
| Huntsville | \$ 57,206 | 5,720 | \$ 6,030 | 1,200.00 | 400.00 | 800.00 |
| Jacksonville | \$ 115,531 | 11,553 | \$ - | | 0.00 | - |
| Jonesboro | \$ 236,321 | 23,632 | \$ 12,000 | 12,000.00 | 3,273.73 | 8,726.27 |

Presbytery of Arkansas
Benevolence/Pledge Report for Four Months Ending April 30, 2011

| LOCATION | 2009 Contribution to Congregation from Members | 2011 Asking by Presbytery | 2010 Estimate of Givings to Presbytery | 2011 Estimate of Givings to Presbytery | 2011 Benevolence Year-to-Date | 2011 Remaining Estimate of Givings |
|---|---|------------------------------|--|--|-------------------------------------|---------------------------------------|
| Lincoln | \$ 72,838 | 7,283 | \$ 3,100 | 3,100.00 | 0.00 | 3,100.00 |
| LR, Allison | \$ 94,107 | 9,410 | \$ 6,500 | | 13.23 | (13.23) |
| LR, First | \$ 158,830 | 15,883 | \$ 8,000 | 10,000.00 | 0.00 | 10,000.00 |
| LR, Grace | \$ 190,834 | 19,083 | \$ 7,000 | 7,500.00 | 3,750.00 | 3,750.00 |
| LR, Pulaski Heights | \$ 126,004 | 12,600 | \$ 1,200 | 1,212.00 | 303.00 | 909.00 |
| Little Rock, Second | \$ 2,086,986 | 208,698 | \$ 200,000 | 200,000.00 | 0.00 | 200,000.00 |
| LR, Trinity | \$ 336,361 | 33,636 | \$ 7,000 | 7,000.00 | 1,750.00 | 5,250.00 |
| LR, Westminster | \$ 49,011 | 4,901 | \$ 400 | 600.00 | 150.00 | 450.00 |
| LR, Westover Hills | \$ 339,200 | 33,920 | \$ 19,767 | 20,132.00 | 0.00 | 20,132.00 |
| Lonoke | \$ - | 5,250 | \$ 5,250 | 5,400.00 | 1,800.00 | 3,600.00 |
| Malvern | \$ 86,301 | 8,630 | \$ 12,120 | 12,241.00 | 0.00 | 12,241.00 |
| Marianna | \$ 38,118 | 3,811 | \$ 1,000 | 1,000.00 | 250.00 | 750.00 |
| Mena | \$ 89,527 | 8,952 | \$ - | 5,300.00 | 1,325.00 | 3,975.00 |
| Morrilton, First | \$ 178,205 | 17,820 | \$ - | | 2,000.00 | (2,000.00) |
| Morrilton, Hopewell | \$ - | - | \$ 105 | 105.00 | 0.00 | 105.00 |
| Mountain Home | \$ 141,619 | 14,161 | \$ 1,600 | 2,000.00 | 500.00 | 1,500.00 |
| Mountainburg | \$ 105,095 | 10,509 | \$ 5,000 | 5,050.00 | 1,300.00 | 3,750.00 |
| Newport | \$ 102,335 | 10,233 | \$ 3,996 | 4,000.00 | 1,332.00 | 2,668.00 |
| Norman | \$ 38,570 | 3,857 | \$ 1,800 | | 0.00 | - |
| No. Little Rock, First | \$ 25,839 | 2,583 | \$ 2,000 | 1,000.00 | 0.00 | 1,000.00 |
| N.Little Rock, Pk. Hill | \$ 241,572 | 24,157 | \$ 23,000 | 24,500.00 | 5,970.01 | 18,529.99 |
| Ozark | \$ 40,728 | 4,072 | \$ 350 | 385.00 | 0.00 | 385.00 |
| Paragould, First | \$ - | - | \$ 3,200 | 3,200.00 | 1,600.00 | 1,600.00 |
| Pea Ridge | \$ 67,100 | 6,710 | \$ 2,400 | 2,400.00 | 600.00 | 1,800.00 |
| Pine Bluff, Central | \$ 101,017 | 10,101 | \$ 10,100 | 10,200.00 | 2,550.00 | 7,650.00 |
| Pine Bluff, Faith | \$ - | - | \$ - | | 0.00 | - |
| Pine Bluff, First | \$ 402,146 | 40,214 | \$ 10,000 | 10,000.00 | 3,333.33 | 6,666.67 |
| Pocahontas | \$ - | - | \$ - | | 0.00 | - |
| Prairie Grove | \$ 64,962 | 6,496 | \$ 9,036 | 9,048.00 | 3,016.00 | 6,032.00 |
| Rogers | \$ 250,660 | 25,066 | \$ 19,000 | 19,000.00 | 3,166.70 | 15,833.30 |
| Russellville | \$ 285,738 | 28,573 | \$ 16,000 | 16,000.00 | 0.00 | 16,000.00 |
| Searcy | \$ 137,860 | 13,786 | \$ 4,620 | 2,200.00 | 0.00 | 2,200.00 |
| Siloam Springs | \$ 156,400 | 15,640 | \$ 3,000 | 3,000.00 | 750.00 | 2,250.00 |
| Springdale | \$ 335,168 | 33,516 | \$ 31,659 | 30,000.00 | 10,000.00 | 20,000.00 |
| Stuttgart | \$ 54,915 | 5,491 | \$ 1,200 | 1,200.00 | 300.00 | 900.00 |
| Van Buren | \$ 106,000 | 10,600 | \$ 6,000 | 6,000.00 | 1,500.00 | 4,500.00 |
| Walnut Ridge | \$ 72,613 | 7,261 | \$ 2,000 | 2,000.00 | 0.00 | 2,000.00 |
| West Fork | \$ 33,000 | 3,300 | \$ 800 | 1,000.00 | 300.00 | 700.00 |
| West Helena | \$ 22,790 | 2,279 | \$ - | | 0.00 | - |
| Wynne | \$ 141,239 | 14,123 | \$ 15,000 | 15,300.00 | 3,825.00 | 11,475.00 |
| Yellville | \$ 98,000 | 9,800 | \$ 7,700 | 7,777.00 | 0.00 | 7,777.00 |
| McGehee | \$ 97,777 | 9,777 | \$ 2,500 | 2,520.00 | 630.00 | 1,890.00 |
| Springdale/Hispanic Ministry | | | \$ 12,900 | 11,800.00 | 0.00 | 11,800.00 |
| | \$ 14,345,176 | \$ 1,439,739 | \$ 859,642 | 783,044.00 | 141,122.11 | 641,921.89 |
| Key: Bold-Italic Paying but not pledged. | | | | | | |

PRESBYTERY OF ARKANSAS

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2010 AND 2009

with

**REPORT OF INDEPENDENT CERTIFIED
PUBLIC ACCOUNTANTS**

CONTENTS

| | <u>PAGE</u> |
|---|-------------|
| Report of independent certified public accountants | 1 |
| Financial statements: | |
| Statements of assets, liabilities and net assets - modified cash basis | 2 |
| Statements of revenues, expenses and changes in net assets - modified cash basis | 3 |
| Statements of cash flows - modified cash basis | 4 |
| Notes to financial statements | 5 - 8 |
| Supplementary information: | |
| Schedules of designated revenues and expenses - modified cash basis | 9 - 10 |



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Committee on Administration
Presbytery of Arkansas
Little Rock, Arkansas

We have audited the accompanying statement of assets, liabilities and net assets - modified cash basis of Presbytery of Arkansas (a nonprofit organization) as of December 31, 2010 and the related statements of revenues, expenses and changes in net assets - modified cash basis, and cash flows - modified cash basis for the year then ended. 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 Presbytery of Arkansas as of December 31, 2010, and the changes in its net assets and cash flows for the year then ended, in conformity with the modified cash basis of accounting, which is a comprehensive basis of accounting other than 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 accompanying supplementary information on page 9 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The 2009 financial statements were reviewed by us, and our report thereon, dated May 24, 2010, stated we were not aware of any material modifications that should be made to those statements for them to be in conformity with the modified cash basis of accounting. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements as a whole. In addition, the supplementary information for the year ended December 31, 2009 on page 10 is presented only for purposes of additional analysis and has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we are not aware of any material modifications that should be made to thereto.

Hudson, Cisne & Co. LLP

May 10, 2011

PRESBYTERY OF ARKANSAS

**STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS -
MODIFIED CASH BASIS**

DECEMBER 31, 2010 AND 2009

ASSETS

| | (Audited) | (Reviewed) |
|--|------------------|-------------------|
| | 2010 | 2009 |
| | | |
| Current assets: | | |
| Cash and cash equivalents - unrestricted | \$ 412,063 | \$ 405,295 |
| - designated | 689,625 | 447,901 |
| Investments - unrestricted | 1,128,843 | 1,223,683 |
| - designated | 1,402,800 | 1,017,373 |
| Notes receivable | 144,844 | 171,372 |
| Prepaid expenses | 3,465 | 1,756 |
| Total current assets | 3,781,640 | 3,267,380 |
| Property and equipment: | | |
| Buildings | 771,516 | 771,516 |
| Office equipment | 53,688 | 50,385 |
| Land | 484,709 | 484,709 |
| | 1,309,913 | 1,306,610 |
| Accumulated depreciation | (178,985) | (154,402) |
| Net property and equipment | 1,130,928 | 1,152,208 |
| Total assets | \$ 4,912,568 | \$ 4,419,588 |

NET ASSETS

| | | |
|------------------------|--------------|--------------|
| Net assets: | | |
| Unrestricted | \$ 4,711,139 | \$ 4,138,045 |
| Temporarily restricted | 201,429 | 281,543 |
| Total net assets | \$ 4,912,568 | \$ 4,419,588 |

See accompanying notes.

| (Reviewed) | | |
|---------------------|-----------------------------------|---------------------|
| 2009 | | |
| <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
| \$ 902,037 | \$ - | \$ 902,037 |
| 370,547 | 26,000 | 396,547 |
| 7,004 | - | 7,004 |
| 476,215 | - | 476,215 |
| (1,050) | - | (1,050) |
| (13,761) | - | (13,761) |
| <u>1,740,992</u> | <u>26,000</u> | <u>1,766,992</u> |
| 104,132 | (104,132) | - |
| 9,226 | - | 9,226 |
| 9,292 | - | 9,292 |
| 166,077 | - | 166,077 |
| 637 | - | 637 |
| 81,531 | - | 81,531 |
| 462,584 | - | 462,584 |
| 137,363 | - | 137,363 |
| 6,611 | - | 6,611 |
| 8,671 | - | 8,671 |
| 478 | - | 478 |
| 46,591 | - | 46,591 |
| 755 | - | 755 |
| 1,091 | - | 1,091 |
| 3,481 | - | 3,481 |
| 449,948 | - | 449,948 |
| 27 | - | 27 |
| 37,979 | - | 37,979 |
| <u>1,422,342</u> | <u>-</u> | <u>1,422,342</u> |
| 422,782 | (78,132) | 344,650 |
| <u>3,715,263</u> | <u>359,675</u> | <u>4,074,938</u> |
| <u>\$ 4,138,045</u> | <u>\$ 281,543</u> | <u>\$ 4,419,588</u> |

PRESBYTERY OF ARKANSAS

STATEMENTS OF CASH FLOWS -
MODIFIED CASH BASIS

YEARS ENDED DECEMBER 31, 2010 AND 2009

| | <u>(Audited)</u> <u>2010</u> | <u>(Reviewed)</u> <u>2009</u> |
|---|---------------------------------|----------------------------------|
| Cash flows from operating activities: | | |
| Increase in net assets | \$ 492,980 | \$ 344,650 |
| Depreciation | 24,584 | 25,416 |
| (Gain) loss on disposal of assets | (309,621) | 1,050 |
| Realized (gain) loss on sale of investments | (17,102) | 13,761 |
| Unrealized gain on investments | (176,816) | (355,461) |
| Adjustments to reconcile change in net assets to net cash from operating activities: | | |
| Prepaid expenses | <u>(1,709)</u> | <u>(19)</u> |
| Net cash provided by operating activities | 12,316 | 29,397 |
| Cash flows from investing activities: | | |
| Collections on notes receivable | 26,528 | 29,083 |
| Purchase of fixed assets | (3,304) | (3,037) |
| Proceeds from disposal of assets | 309,621 | - |
| Purchase of investments | (246,480) | (157,979) |
| Proceeds from sale of investments | <u>149,811</u> | <u>66,341</u> |
| Net cash provided by (used in) investing activities | 236,176 | (65,592) |
| Net change in cash | 248,492 | (36,195) |
| Cash and cash equivalents - January 1 | <u>853,196</u> | <u>889,391</u> |
| Cash and cash equivalents - December 31 | <u>\$ 1,101,688</u> | <u>\$ 853,196</u> |

See accompanying notes.

PRESBYTERY OF ARKANSAS
NOTES TO FINANCIAL STATEMENTS

Note 1: Summary of significant accounting policies

Nature of activities

The Presbytery of Arkansas (the "Organization") exists as a religious entity under the Constitution of The Presbyterian Church (U.S.A.). As such, their mission is to inspire, challenge, and help the congregations, agencies, ministers, and leaders to fulfill the call to service as faithful followers of Jesus Christ.

The Organization is made up of 90 Presbyterian Churches located throughout Arkansas. Its principal revenues are from benevolences received from these churches. All of the organization expenditures are for the programs which benefit these churches and members.

Basis of accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. That basis differs from generally accepted accounting principles in that revenues are recognized when received instead of when earned and certain expenses are recognized when paid rather than when the obligation is incurred. Consequently, the Organization has not recognized accounts receivable or accounts payable and their related effects on earnings in the accompanying financial statements.

Statement of cash flows

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of three months or less. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Concentrations of credit risk

The cash and investments on deposit with Texas Presbyterian Foundation in the amount of \$2,728,375 for the year ended December 31, 2010 was not insured. However, the Company does not believe that it is subject to any unusual risk beyond the normal credit risk associated with other commercial banking relationships. Also, it is the opinion of management that the solvency of Texas Presbyterian Foundation is not of particular concern at this time.

Notes receivable

Notes receivable consist of unsecured loans to ministers and churches within the region governed by the Organization. The notes are due on demand and bear interest at rates ranging from 4 - 7%.

Property, equipment and depreciation

Office equipment and property are stated at cost or, if donated, at the approximate fair value at the date of donation. Expenditures for equipment in excess of \$1,000 are capitalized. Depreciation of these assets is calculated using straight-line methods over the estimated useful lives of the assets. Depreciation expense for 2010 and 2009 was \$24,584 and \$25,416, respectively.

Revenue recognition

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

PRESBYTERY OF ARKANSAS
NOTES TO FINANCIAL STATEMENTS

Note 1: Summary of significant accounting policies (continued)

Revenue recognition (continued)

All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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 revenues, expenses and changes in net assets – modified cash basis as net assets released from restrictions. Contributions that are received and for which donor restrictions expire in the same period are recorded as unrestricted support.

Contributed services

The Organization receives a substantial amount of services donated by its members in carrying out the Organization's ministry. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under the ASC.

Income taxes

The Organization is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code (the "Code") and comparable state law, and contributions to it are tax deductible within the limitations prescribed by the Code. The Organization has been classified as a publicly supported organization which is not a private foundation under Section 509(a) of the Code.

Use of estimates

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

Subsequent events

The Subsequent Events Topic of the ASC establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. The Organization has evaluated all subsequent events for potential recognition and disclosure through May 10, 2011, the date these financial statements were available to be issued.

Note 2: Investments

The Organization invests its funds in the Balanced Pooled Fund administered by the Texas Presbyterian Foundation. The Foundation manages the assets and maintains separate accounts for each participating entity. The Fund is a balanced fund and assets may be invested in equities, fixed income and cash equivalent securities.

Investments are comprised of the following at December 31:

| | <u>2010</u> | <u>2009</u> |
|----------------------------|-------------------|--------------------|
| Balanced Pooled Fund: | | |
| Cost | \$ 2,354,827 | \$ 2,260,770 |
| Market value | <u>2,531,643</u> | <u>2,241,056</u> |
| Net unrealized gain (loss) | <u>\$ 176,816</u> | <u>\$ (19,714)</u> |

PRESBYTERY OF ARKANSAS
NOTES TO FINANCIAL STATEMENTS

Note 2: Investments (continued)

Investment income for the years ending December 31, is summarized as follows:

| | <u>2010</u> | <u>2009</u> |
|------------------------|-------------------|-------------------|
| Interest and dividends | \$ 106,656 | \$ 110,828 |
| Unrealized gains | 196,530 | 355,461 |
| Other interest | 9,371 | 9,926 |
| | <u>\$ 312,557</u> | <u>\$ 476,215</u> |

Note 3: Fair value

Accounting standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. They also establish a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Following are the three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices in active markets for identical assets or liabilities

Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

The following table presents the Organization's hierarchy for its assets measured at fair value on a recurring basis as of December 31, 2010:

| | <u>Total</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
|---------------------------|---------------------|---------------------|----------------|----------------|
| Cash and cash equivalents | \$ 1,101,688 | \$ 1,101,688 | \$ - | \$ - |
| Investments | 2,531,643 | 2,531,643 | - | - |
| | <u>\$ 3,633,331</u> | <u>\$ 3,633,331</u> | <u>\$ -</u> | <u>\$ -</u> |

The following table presents the Organization's hierarchy for its assets measured at fair value on a recurring basis as of December 31, 2009:

| | <u>Total</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
|---------------------------|---------------------|---------------------|----------------|----------------|
| Cash and cash equivalents | \$ 853,196 | \$ 853,196 | \$ - | \$ - |
| Investments | 2,241,056 | 2,241,056 | - | - |
| | <u>\$ 3,094,252</u> | <u>\$ 3,094,252</u> | <u>\$ -</u> | <u>\$ -</u> |

PRESBYTERY OF ARKANSAS
NOTES TO FINANCIAL STATEMENTS

Note 3: Fair value (continued)

The following section describes the valuation methodologies the Organization uses to measure financial instruments at fair value:

Cash and cash equivalents – Cash is measured as a Level 1 input and reflected at its stated value.

Investments – The underlying investments of the balanced pooled funds are exchange traded securities generally valued based on quoted prices from the exchange. Valuation adjustments are not applied and they are categorized in Level 1 of the fair value hierarchy.

Note 4: Intentions to give

Each year, the Organization asks the member churches to submit pledge cards indicating the donations the churches intend to give for various special projects during the upcoming year. The pledge cards clearly indicate that the information is to be used only for the Organization's budgetary purposes and that the members may rescind the pledges at any time. Since these pledges do not meet the criteria for revenue recognition under the ASC, they are not reflected as contributions in the statement of revenues, expenses and changes in net assets until the pledges are collected. Total intentions to give pledges totaled \$862,764 and \$868,440 for 2010 and 2009, respectively.

Note 5: Retirement arrangement with staff employees

The staff of the Organization participates in the Benefits Plan of the Presbyterian Church (U.S.A.). Contributions are based on a percentage of salary. The expense to the Organization under this arrangement for 2010 and 2009 was \$27,379 and \$30,910, respectively.

Note 6: Operating leases

The Organization leases office equipment under operating leases. Total rental expense payments for the office equipment totaled \$12,182 for 2010 and \$12,206 for 2009.

The future minimum lease payments at December 31, 2010 are:

| | | |
|------|----|--------|
| 2011 | \$ | 12,175 |
| 2012 | | 5,479 |
| 2013 | | 696 |
| 2014 | | 348 |
| | | 18,698 |
| | \$ | 18,698 |

Note 7: Commitments and contingencies

The Organization is a guarantor on two term loans totaling \$493,300 from the national affiliate to two churches. The loans are secured by a first mortgage on the real estate owned by the respective churches. This guarantee would require the Organization to make the required loan payments to the bank in the event the churches are unable to do so. Upon default however, the real estate would revert to the Organization, who could sell the property to pay off the outstanding loan balance. As of December 31, 2010 and 2009, the total outstanding balance was \$427,227 and \$468,871, respectively. The churches were current with the required payments at December 31, 2010 and 2009.

SUPPLEMENTARY INFORMATION

PRESBYTERY OF ARKANSAS

SCHEDULE OF DESIGNATED REVENUES AND EXPENSES -
MODIFIED CASH BASIS

YEAR ENDED DECEMBER 31, 2010

| | <u>Revenues</u> | <u>Expenses</u> |
|----------------------------|-------------------|-------------------|
| Special designated: | | |
| One Great Hour | \$ 44,844 | \$ 44,844 |
| Disaster Relief | 65,262 | 82,206 |
| Joy Offering | 28,321 | 28,321 |
| Theological Education | 27,098 | 27,098 |
| Highland Synod | 21,746 | 14,220 |
| Interfaith Hospitality | 6,417 | 6,417 |
| Montreat | 20,200 | 20,000 |
| Jr. High Quake | 14,750 | 14,593 |
| Sr. High Youthquake | 9,997 | 9,997 |
| Witness | 8,685 | 8,685 |
| Two Cents a Meal | 8,263 | 9,099 |
| Peacemaking | 8,202 | 8,202 |
| CLP Training | 4,860 | 3,744 |
| Peacemaking - 25% | 2,733 | - |
| Ministers Retreat | 2,082 | 2,082 |
| Jr. High Jubilee | 6,000 | 5,800 |
| Installation / Ordination | 3,689 | 3,689 |
| COPM Emergency Fund | 1,216 | - |
| Other | 63,814 | 48,410 |
| | <u>348,179</u> | <u>337,407</u> |
| Other designated: | | |
| New Church Development | - | 78,347 |
| Hispanic Ministry | 19,433 | 21,200 |
| | <u>19,433</u> | <u>99,547</u> |
| | <u>\$ 367,612</u> | <u>\$ 436,954</u> |

PRESBYTERY OF ARKANSAS

SCHEDULE OF DESIGNATED REVENUES AND EXPENSES -
MODIFIED CASH BASIS

YEAR ENDED DECEMBER 31, 2009

| | <u>Revenues</u> | <u>Expenses</u> |
|----------------------------|-------------------|-------------------|
| Special designated: | | |
| One Great Hour | \$ 52,954 | \$ 52,950 |
| Disaster Relief | 41,679 | 25,939 |
| Joy Offering | 34,229 | 34,226 |
| Theological Education | 31,068 | 31,067 |
| Highland Synod | 24,521 | 24,521 |
| Interfaith Hospitality | 17,000 | 17,000 |
| Montreat | 13,115 | 14,635 |
| Jr. High Quake | 10,520 | 10,330 |
| Sr. High Youthquake | 8,765 | 8,765 |
| Witness | 8,186 | 8,187 |
| Two Cents a Meal | 8,182 | 8,211 |
| Peacemaking | 8,041 | 13,811 |
| CLP Training | 5,600 | 5,494 |
| Peacemaking - 25% | 2,680 | - |
| Ministers Retreat | 2,129 | 2,107 |
| Jr. High Jubilee | 1,900 | 1,900 |
| Installation / Ordination | 1,015 | 429 |
| COPM Emergency Fund | - | 500 |
| Other | 98,963 | 98,380 |
| | <u>370,547</u> | <u>358,452</u> |
| Other designated: | | |
| New Church Development | - | 78,132 |
| Hispanic Ministry | 26,000 | 26,000 |
| | <u>26,000</u> | <u>104,132</u> |
| | <u>\$ 396,547</u> | <u>\$ 462,584</u> |