

**Hermano Pablo Ministries**

Compiled Financial Statements

For the Years Ended December 31, 2010 and 2009

# **HERMANO PABLO MINISTRIES**

For The Years Ended December 31, 2010 and 2009

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FOLKERS, CHOI  
& ASSOCIATES  
*An Accountancy Corporation*

To the Board of Directors  
Hermano Pablo Ministries  
Costa Mesa, California

We have compiled the accompanying statements of financial position - cash basis of Hermano Pablo Ministries (A Nonprofit Corporation) as of December 31, 2010 and 2009 and the related statements of activities - cash basis, and cash flows - cash basis for the years then ended, and the accompanying supplementary information contained in the schedules of operating expenses - cash basis, which are presented only for supplementary analysis purposes in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and supplementary information and, accordingly, do not express an opinion or any other form of assurance on them.

*Folkers, Choi & Associates*  
Folkers, Choi and Associates  
*An accountancy corporation*

February 18, 2011

## Hermano Pablo Ministries

### STATEMENTS OF FINANCIAL POSITION

Cash Basis

December 31, 2010 and 2009

#### ASSETS

	<u>2010</u>	<u>2009</u>
<b>Current assets</b>		
Cash and cash equivalents	\$ 10,141	\$ 10,580
Prepaid Expenses	<u>-</u>	<u>1,250</u>
Total Current assets	<u>10,141</u>	<u>11,830</u>
<b>Property and equipment</b>		
Land	80,200	80,200
Building	90,786	90,786
Building Improvements	153,569	153,569
Furniture and fixtures	25,840	25,840
Equipments	<u>79,723</u>	<u>78,192</u>
Total property and equipment	430,118	428,587
Less: accumulated depreciation	<u>(239,464)</u>	<u>(222,274)</u>
Net property and equipment	<u>190,654</u>	<u>206,313</u>
Total assets	<u>\$ 200,795</u>	<u>\$ 218,143</u>

#### LIABILITIES AND NET ASSETS

<b>Current liabilities</b>		
Line of credit	\$ <u>8,000</u>	\$ <u>14,000</u>
Total liabilities	<u>8,000</u>	<u>14,000</u>
<b>Net Assets</b>		
Fund balance - beginning of year	204,143	247,060
Excess (Deficit) of support and revenues over expenses	<u>(11,348)</u>	<u>(42,917)</u>
Unrestricted Net Assets	<u>192,795</u>	<u>204,143</u>
Total liabilities and net assets	<u>\$ 200,795</u>	<u>\$ 218,143</u>

See Accompanying Notes and Accountants' Compilation Report.

# Hermano Pablo Ministries

## STATEMENTS OF ACTIVITIES

Cash Basis

For the Years Ended December 31, 2010 and 2009

	2010		2009	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<b>Support</b>				
Contributions	\$ 204,093	61.44	\$ 205,690	60.08
Church Offerings	<u>33,927</u>	<u>10.21</u>	<u>34,699</u>	<u>10.12</u>
Total support	<u>238,020</u>	<u>71.65</u>	<u>240,389</u>	<u>70.21</u>
<b>Other Revenues</b>				
Property rent income	26,995	8.13	41,580	12.14
Offers Income	9,055	2.73	4,829	1.41
A/G World Missions	43,588	13.12	39,868	11.64
Alpha Caption	12,375	3.73	13,846	4.04
Miscellaneous	<u>2,170</u>	<u>0.66</u>	<u>1,869</u>	<u>0.55</u>
Total other revenues	<u>94,183</u>	<u>28.35</u>	<u>101,992</u>	<u>29.79</u>
Total support and other revenues	<u>332,203</u>	<u>100.00</u>	<u>342,381</u>	<u>100.00</u>
<b>Operating expenses (see schedule)</b>	<u>343,551</u>	<u>103.42</u>	<u>385,298</u>	<u>112.53</u>
(Decrease) in unrestricted Net Assets	<u>\$ (11,348)</u>	<u>(3.42)</u>	<u>\$ (42,917)</u>	<u>(12.53)</u>

See Accompanying Notes and Accountants' Compilation Report.

## Hermano Pablo Ministries

### STATEMENTS OF CASH FLOWS

Cash Basis

For The Years Ended December 31, 2010 and 2009

	2010	2009
<b>Cash flows from operating activities:</b>		
Decrease in unrestricted net assets	\$ (11,348)	\$ (42,917)
Adjustments to reconcile increase in net assets to cash provided by operating activities:		
Depreciation	17,189	24,005
Prepaid expenses	<u>1,250</u>	<u>(1,250)</u>
Net cash flows provided by operating activities	<u>7,091</u>	<u>(20,162)</u>
<b>Cash flows from investing activities:</b>		
Purchase of capital assets	<u>(1,530)</u>	<u>-</u>
Net cash flows used by investing activities	<u>(1,530)</u>	<u>-</u>
<b>Cash flow from (used by) financing activities:</b>		
Line of credit	<u>(6,000)</u>	<u>14,000</u>
Net cash flows from (used by) financing activities	<u>(6,000)</u>	<u>14,000</u>
Net (decrease) in cash and cash equivalents	(439)	(6,162)
<b>Cash and cash equivalents:</b>		
Beginning of year	<u>10,580</u>	<u>16,742</u>
End of year	<u>\$ 10,141</u>	<u>\$ 10,580</u>

See Accompanying Notes and Accountants' Compilation Report

**HERMANO PABLO MINISTRIES**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2010 AND 2009

**Note 1: Nature of Organization**

Hermano Pablo Ministries (the Organization) was incorporated in the state of California and adopted an operating year ending December 31. The organization has been recognized as a religious exempt organization under the IRC. 501(c)(3). The Organization operates a Christian radio ministry and broadcasts worldwide.

**Note 2: Summary of Significant Accounting Policies**

**Basis of Accounting:** The accompanying financial statements have been prepared on the 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 primarily because the Organization records revenue when received and expenses when paid.

**Cash and Cash Equivalents:** Cash and cash equivalents include all moneys held in banks as well as all highly liquid investments with a maturity date of three months or less.

**Concentration of Credit Risk:** At times throughout the year, the Organization may maintain certain bank accounts in excess of federal deposit insurance limits. Management does not believe that it is exposed to significant credit risk in connection with cash and cash equivalents.

**Property and Equipment:** The Organization follows the practice of capitalizing all expenditures in excess of \$1,000 for property and equipment. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Routine repairs and maintenance are expensed as incurred. Depreciation expense for the years ended December 31, 2010 and 2009 was \$17,189 and \$24,005 respectively, and is included in operating expenses.

**Use of Estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**Income Taxes:** The Organization is exempt from Federal and California income tax under Internal Revenue Code Section 501(c)(3). The Organization is subject, however, to Federal and California income tax on unrelated business income as stipulated in Internal Revenue Code Section 511 and Regulation Section 1.511. The Organization has no activities unrelated to its exempt purpose, and therefore, incurred no tax liability due to unrelated business income for the years ended December 31, 2009 and 2008.

**Note 3: Retirement Plan**

The Organization maintains a 403(b) retirement plan for employees who work 20 or more hours per week and have completed two years of employment. Under the terms of the plan, the employees are entitled to contribute a portion of their compensation within limitations established by the Internal Revenue Service code section. The Organization provides additional contributions based on length of employment. The employer contributions for the year ended December 31, 2010 and 2009 were \$6,000.00 and \$6,000.00 respectively.

## Hermano Pablo Ministries

### SCHEDULES OF OPERATING EXPENSES

Cash Basis

For the Years Ended December 31, 2010 and 2009

	<u>2010</u>		<u>2009</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Auto expense	\$ 491	0.15	\$ 994	0.30
Bank charges	919	0.28	1,041	0.31
Benevolence	64	0.02	100	0.03
Building security service	765	0.23	1,400	0.42
Business Meals and Entertainments	1,005	0.30	-	-
Computer software	2,496	0.75	510	0.15
Conventions and seminars	384	0.12	-	-
Depreciation	17,189	5.17	24,005	7.23
Dues and subscriptions	255	0.08	460	0.14
Employee Benefits	-	0.00	6,579	1.98
Equipment Expenses	2,829	0.85	-	0.00
Films and tapes	25,313	7.62	16,760	5.05
Health and dental insurance	13,679	4.12	14,102	4.24
Housing Allowance	24,000	7.22	24,000	7.22
Insurance - building	4,006	1.21	4,246	1.28
Insurance - workers' compensation	1,397	0.42	1,533	0.46
Interest	360	0.11	731	0.22
Ministry Supports	1,100	0.33	1,140	0.34
Miscellaneous	626	0.19	206	0.06
Offers	344	0.10	176	0.05
Office supplies	2,486	0.75	1,606	0.48
Outside services	10,346	3.11	12,400	3.73
Paper supplies	3,355	1.01	6,978	2.10
Payroll taxes	10,177	3.06	12,215	3.68
Postage and delivery	23,328	7.02	24,576	7.40
Printing	5,507	1.66	6,401	1.93
Production - On location	-	-	8,238	2.48
Professional services	4,041	1.22	3,366	1.01
Promotional Expense	415	0.12	23	0.01
Property taxes	5,157	1.55	2,621	0.79
Publications and books	-	-	59	0.02
Rental of equipment	-	-	579	0.17
Repairs and maintenance	5,599	1.69	11,291	3.40
Retirement plan	6,000	1.81	6,000	1.81
Salaries and wages	148,198	44.61	169,310	50.97
Telephone	10,165	3.06	8,914	2.68
Travel and Meal expenses	-	-	849	0.26
Utilities	10,335	3.11	10,682	3.22
Volunteers	1,220	0.37	1,207	0.36
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total operating expenses	\$ 343,551	103.43	\$ 385,298	115.99

See Accompanying Notes and Accountants' Compilation Report