

**Hermano Pablo Ministries**

Compiled Financial Statements

For the Years Ended December 31, 2011 and 2010

# **HERMANO PABLO MINISTRIES**

For The Years Ended December 31, 2011 and 2010

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## **INDEPENDENT ACCOUNTANTS' COMPILATION REPORT**

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, 2011 and 2010 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. We have not audited or reviewed the accompanying financial statements and supplementary schedules and, accordingly, do not express an opinion or provide any assurance about whether the financial statements and supplementary schedules are in accordance with the cash basis of accounting.

Management is responsible for the preparation and fair presentation of the financial statements and supplementary schedules in accordance with the cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements and supplementary schedules.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements and supplementary schedules without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements and supplementary schedules.

*Folkers, Choi & Associates*

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

February 07, 2012

## Hermano Pablo Ministries

### STATEMENTS OF FINANCIAL POSITION

Cash Basis

December 31, 2011 and 2010

#### ASSETS

	<u>2011</u>	<u>2010</u>
<b>Current assets</b>		
Cash and cash equivalents	\$ 39,399	\$ 10,141
Prepaid Expenses	-	-
Total Current assets	<u>39,399</u>	<u>10,141</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>70,126</u>	<u>79,723</u>
Total property and equipment	420,521	430,118
Less: accumulated depreciation	<u>(240,286)</u>	<u>(239,464)</u>
Net property and equipment	<u>180,235</u>	<u>190,654</u>
Total assets	<u>\$ 219,634</u>	<u>\$ 200,795</u>

#### LIABILITIES AND NET ASSETS

<b>Current liabilities</b>		
Line of credit	\$ 14,000	\$ 8,000
Total liabilities	<u>14,000</u>	<u>8,000</u>
<b>Net Assets</b>		
Net Assets - beginning of year	192,795	204,143
Excess (Deficit) of support and revenues over expenses	<u>12,839</u>	<u>(11,348)</u>
Unrestricted Net Assets	<u>205,634</u>	<u>192,795</u>
Total liabilities and net assets	<u>\$ 219,634</u>	<u>\$ 200,795</u>

See Independent Accountants' Compilation Report.

# Hermano Pablo Ministries

## STATEMENTS OF ACTIVITIES

Cash Basis

For the Years Ended December 31, 2011 and 2010

	<u>2011</u>		<u>2010</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<b>Support</b>				
Contributions	\$ 227,634	63.90	\$ 204,093	61.44
Church Offerings	<u>23,830</u>	<u>6.69</u>	<u>33,927</u>	<u>10.20</u>
Total support	<u>251,464</u>	<u>70.59</u>	<u>238,020</u>	<u>71.65</u>
<b>Other Revenues</b>				
Property rent income	31,903	8.96	26,995	8.13
Offers Income	3,893	1.09	9,055	2.73
A/G World Missions	61,000	17.12	43,588	13.12
Alpha Caption	7,268	2.04	12,375	3.73
Miscellaneous	<u>692</u>	<u>0.20</u>	<u>2,170</u>	<u>0.65</u>
Total other revenues	<u>104,756</u>	<u>29.41</u>	<u>94,183</u>	<u>28.35</u>
Total support and other revenues	<u>356,220</u>	<u>100.00</u>	<u>332,203</u>	<u>100.00</u>
<b>Operating expenses (see schedule)</b>	<u>343,381</u>	<u>96.40</u>	<u>343,551</u>	<u>103.42</u>
(Decrease) in unrestricted Net Assets	<u>\$ 12,839</u>	<u>3.60</u>	<u>\$ (11,348)</u>	<u>(3.42)</u>

See Independant Accountants' Compilation Report.

## Hermano Pablo Ministries

### STATEMENTS OF CASH FLOWS

Cash Basis

For The Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<b>Cash flows from operating activities:</b>		
Decrease in unrestricted net assets	\$ 12,839	\$ (11,348)
Adjustments to reconcile increase in net assets to cash provided by operating activities:		
Depreciation	12,578	17,189
Prepaid expenses	<u>-</u>	<u>1,250</u>
Net cash flows provided by operating activities	<u>25,417</u>	<u>7,091</u>
<b>Cash flows from investing activities:</b>		
Purchase of capital assets	<u>(2,159)</u>	<u>(1,530)</u>
Net cash flows used by investing activities	<u>(2,159)</u>	<u>(1,530)</u>
<b>Cash flow from (used by) financing activities:</b>		
Line of credit	<u>6,000</u>	<u>(6,000)</u>
Net cash flows from (used by) financing activities	<u>6,000</u>	<u>(6,000)</u>
Net (decrease) in cash and cash equivalents	29,258	(439)
<b>Cash and cash equivalents:</b>		
Beginning of year	<u>10,141</u>	<u>10,580</u>
End of year	<u>\$ 39,399</u>	<u>\$ 10,141</u>

See Independent Accountants' Compilation Report

## HERMANO PABLO MINISTRIES

### NOTES TO FINANCIAL STATEMENTS

December 31, 2011 AND 2010

#### 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. This 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, 2011 and 2010 was \$12,578 and \$17,189 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, 2011 and 2010.

#### 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, 2011 and 2010 were \$6,725.00 and \$6,000.00 respectively.

## Hermano Pablo Ministries

### SCHEDULES OF OPERATING EXPENSES

Cash Basis

For the Years Ended December 31, 2011 and 2010

	<u>2011</u>		<u>2010</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Auto expense	\$ 340	0.10	\$ 491	0.15
Bank charges	958	0.27	919	0.28
Benevolence	16	0.00	64	0.02
Building security service	600	0.17	765	0.23
Business Meals and Entertainments	999	0.28	1,005	0.30
Computer software	2,361	0.66	2,496	0.75
Conventions and seminars	293	0.08	384	0.12
Depreciation	12,578	3.53	17,189	5.17
Dues and subscriptions	100	0.03	255	0.08
Equipment Expenses	1,340	0.38	2,829	0.85
Films and tapes	20,003	5.62	25,313	7.62
Health and dental insurance	13,615	3.82	13,679	4.12
Housing Allowance	24,000	6.74	24,000	7.22
Insurance - building	4,503	1.26	4,006	1.21
Insurance - workers' compensation	1,224	0.34	1,397	0.42
Interest	334	0.09	360	0.11
Ministry Supports	124	0.03	1,100	0.33
Miscellaneous	144	0.04	626	0.19
Offers	177	0.05	344	0.10
Office supplies	2,329	0.65	2,486	0.75
Outside services	11,077	3.11	10,346	3.11
Paper supplies	861	0.24	3,355	1.01
Payroll taxes	10,558	2.96	10,177	3.06
Postage and delivery	23,591	6.62	23,328	7.02
Printing	4,692	1.32	5,507	1.66
Professional services	3,530	0.99	4,041	1.22
Promotional Expense	328	0.09	415	0.12
Property taxes	5,010	1.41	5,157	1.55
Publications and books	32	0.01	-	-
Repairs and maintenance	14,558	4.09	5,599	1.69
Retirement plan	6,725	1.89	6,000	1.81
Salaries and wages	152,985	42.95	148,198	44.61
Staff Training	2,443	0.69	-	-
Telephone	9,741	2.73	10,165	3.06
Travel and Meal expenses	72	0.02	-	-
Utilities	9,608	2.70	10,335	3.11
Volunteers	1,532	0.43	1,220	0.37
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total operating expenses	\$ 343,381	96.40	\$ 343,551	103.42

See Independent Accountants' Compilation Report