

**NATIONAL CONVOCATION OF THE CHRISTIAN CHURCH  
(DISCIPLES OF CHRIST)  
INDEPENDENT AUDITORS' REPORT  
AND FINANCIAL STATEMENTS  
FOR THE YEARS ENDED**

**DECEMBER 31, 2018 AND DECEMBER 31, 2017(RESTATED)**

**NATIONAL CONVOCATION OF THE CHRISTIAN CHURCH  
(DISCIPLES OF CHRIST)**

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# HOSKINS & COMPANY

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CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT

To The Board of Trustees  
National Convocation of the Christian Church (Disciples of Christ)  
1099 N. Meridian Street  
Indianapolis, Indiana 46204

We have audited the accompanying financial statements of The National Convocation of the Christian Church (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2018 and the related statements of activities, statement of cash flows and statement of functional expenses for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The National Convocation of the Christian Church as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Report on Summarized Comparative Information***

We have previously audited The National Convocation of the Christian Church's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 31, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Hoskins & Company  
Nashville, TN  
August 7, 2019

**NATIONAL CONVOCATION OF THE CHRISTIAN CHURCH  
(DISCIPLES OF CHRIST)  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2018 AND DECEMBER 31, 2017 (RESTATED)**

<b>Assets</b>	<u>2018</u>	<u>2017</u>
Current assets		
Cash and cash equivalents	\$ 295,255	\$ 250,245
Investments (Note 2)	50,254	57,638
Accounts receivable	8,394	-
	<u>353,903</u>	<u>307,883</u>
<b>Total assets</b>	<b>\$ 353,903</b>	<b>\$ 307,883</b>
<b>Liabilities and net assets</b>		
Current liabilities		
Accounts payable	\$ 5,870	\$ -
Total current liabilities	5,870	-
	<u>5,870</u>	<u>-</u>
<b>Total liabilities</b>	<b>5,870</b>	<b>-</b>
Net assets		
Without donor restrictions (Note 4)	348,033	307,883
	<u>348,033</u>	<u>307,883</u>
<b>Total liabilities and net assets</b>	<b>\$ 353,903</b>	<b>\$ 307,883</b>

The accompanying notes are an integral part of these financial statements.

**NATIONAL CONVOCATION OF THE CHRISTIAN CHURCH  
(DISCIPLES OF CHRIST)  
STATEMENT OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND DECEMBER 31, 2017  
(RESTATED)**

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<b>Revenue and support</b>	<u>2018</u>	<u>2017</u>
Contributions	\$ 86,560	\$ 103,060
Investment return, net	-	6,662
National Christian Missionary Convention, Inc. investment income transfers	57,848	56,404
Biennial session/ assemblies	156,910	690
Fellowship funds	<u>1,526</u>	<u>132</u>
<b>Total revenue and support</b>	<u>302,844</u>	<u>166,948</u>
 <b>Expenses</b>		
BDEF	17,590	16,685
Biennial session	139,754	4,465
Investment return, net	3,561	-
General and admin	<u>101,789</u>	<u>56,275</u>
<b>Total expenses</b>	<u>262,694</u>	<u>77,425</u>
 Increase in net assets	 40,150	 89,523
Net assets without donor restriction, beginning of year	<u>307,883</u>	<u>218,360</u>
<b>Net assets without donor restriction, end of year</b>	<u><u>\$ 348,033</u></u>	<u><u>\$ 307,883</u></u>

The accompanying notes are an integral part of these financial statements.

**NATIONAL CONVOCATION OF THE CHRISTIAN CHURCH  
(DISCIPLES OF CHRIST)  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND DECEMBER 31, 2017 (RESTATED)**

	<b>2018</b>	<b>2017</b>
<b>Cash flows from operating activities</b>		
Increase in net assets	\$ 40,150	\$ 89,523
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Increase in accounts receivable	(8,394)	-
Decrease in star supporter fund	-	(5,106)
Decrease in deferred income	-	(3,419)
Increase (decrease) in accounts payable	5,870	(12,286)
Decrease in agency deposits	-	(40,278)
Net cash provided by operating activities	37,626	28,434
<b>Cash flows from investing activities</b>		
Change in investment value	7,384	(6,417)
Net cash used in investment activities	7,384	(6,417)
<b>Cash flows from financing activities</b>	-	-
Net cash used in financing activities	-	-
Net increase in cash and cash equivalents	45,010	22,017
Cash and cash equivalents, beginning of year	250,245	228,228
<b>Cash and cash equivalents, end of year</b>	\$ 295,255	\$ 250,245

The accompanying notes are an integral part of these financial statements.

NATIONAL CONVOCATION OF THE CHRISTIAN CHURCH  
(DISCIPLES OF CHRIST)  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND DECEMBER 31, 2017

	General and Admin	Biennial Session	BDEF	2018 Total	2017 Total
Merchant Fund Expenses	\$ 14,354	\$ -	\$ -	\$ 14,354	\$ 10,000
Bank Service Charges	155	-	-	155	1,276
Admin Secretary Trans	13,307	-	-	13,307	10,070
Board of Trustees Meetings	1,229	-	-	1,229	-
Board of Trustee Trans	5,444	-	-	5,444	9,405
Board Lodging	12,689	-	-	12,689	1,420
Board Meals	7,863	-	-	7,863	3,027
Executive Committee Meeting	3,546	-	-	3,546	-
Executive Committee Travel	-	-	-	-	2,310
Convocation President's Travel	1,548	-	-	1,548	-
Convocation Vice President's Travel	-	-	-	-	673
Staff Travel	-	-	-	-	1,083
Ghana Well	-	-	-	-	100
General Assembly Booth and Promo	-	-	-	-	900
Solah Distribution and Reproduction	-	-	-	-	3,310
Treasury Services	11,476	-	-	11,476	111
Year Book & Docket	211	-	-	211	207
Accounting Services	990	-	-	990	260
Legal Fees	20	-	-	20	41
Nat'l Convocation Phone	138	-	-	138	156
Nat'l Convocation Postage	40	-	-	40	100
Nat'l Convo Ofc. Supplies	28	-	-	28	499
Nat'l Con Subscrip/dues	140	-	-	140	225
Media/Marketing & Web Page	4,606	-	-	4,606	161
Nat'l Convo Misc. Expense	2,625	-	-	2,625	2,019
Advertising/ Promotional	-	-	-	-	676
Historical Project	39	-	-	39	1,480
Convention Center Hotel	-	50,975	-	50,975	-
Registration & Favors	-	3,344	-	3,344	-
Promotional Materials....	-	1,280	-	1,280	150
Media & Marketing & Web Page	-	135	-	135	290
Speakers Travel	-	862	-	862	-
Awards	-	1,825	-	1,825	-
Honorariums	-	7,450	-	7,450	750
Music Leadership/Material	-	5,201	-	5,201	-
Exhibit Company	-	5,886	-	5,886	-
AV Equipment Sound/Light	-	26,113	-	26,113	-
Executive Committee Bd Mtg.	3,334	-	-	3,334	-
Local Arrang Comm Dinner	-	3,451	-	3,451	-
Postage	179	-	-	179	112
Mobile Phone	498	-	-	498	785
Office Supplies	3,137	-	-	3,137	118
Program Book Art Design..	-	1,500	-	1,500	-
Program Book Printing....	-	12,526	-	12,526	-
Credit Card Processing Fee	-	4,871	-	4,871	-
LAC Admin Sec Expenses	-	82	-	82	-
LAC Chair Expense	-	353	-	353	-
LAC Operations Expense..	-	10,991	-	10,991	1,222
Miscellaneous	841	-	-	841	1,355
Website Management	135	-	-	135	150
CMF Lunch	-	-	-	-	196
Opening Worship Offering	-	2,909	-	2,909	-
BDEF - Other	-	-	3,221	3,221	4,525
BDEF TRAVEL	-	-	2,020	2,020	1,789
BDEF LODGING & MEALS	-	-	4,849	4,849	371
BDEF GRANT	-	-	7,500	7,500	10,000
Minister's Wives & Husband's F/S Exp	4,500	-	-	4,500	-
CWF Other Expenses.	97	-	-	97	-
Star Supporter Fund Contributions	8,620	-	-	8,620	6,103
<b>Total</b>	<u>\$ 101,789</u>	<u>\$ 139,754</u>	<u>\$ 17,590</u>	<u>\$ 259,133</u>	<u>\$ 77,425</u>

The accompanying notes are an integral part of these financial statements.



**NATIONAL CONVOCATION OF THE CHRISTIAN CHURCH  
(DISCIPLES OF CHRIST)  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND DECEMBER 31, 2017(RESTATED)**

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**NOTE 1--NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The National Convocation of the Christian Church (the "Convocation") operates as the Office of the General Minister and President of the Christian Church (Disciples of Christ) (OGMP). The activities of the Convocation are carried out by employees of OGMP, who utilize equipment and the office space of OGMP. No personnel costs, equipment usage or rent is allocated to the Convocation. Although the primary goal of the Disciples of Christ is to help assure the full empowerment of the Black Disciples of Christ as persons in the church and in the community, its long-range goal is to strengthen the efforts of Christian people everywhere to enable the dispossessed to achieve full human reconciliation and liberation in the spirit of Jesus, the Christ.

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting and accordingly revenue is recognized when earned, support and promises to give are recognized when received and expenses are recorded when incurred.

The financial statements presentation follows the recommendations of the Financial Accounting Standard Board's Accounting Standard Codification (FASB ASC 958), Financial Statements of Not-for-Profit Organizations. Under FASB ASC 958, the Church is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions.

Financial position and activities are classified based on the existence or absence of donor restrictions as follows:

Net Assets Without Donor Restrictions — Net assets that are not restricted by purpose or time either temporarily or perpetually restricted by explicit donor stipulations or by law.

Net Assets With Donor Restrictions — Net assets that are restricted by purpose or time either temporarily or perpetually by explicit donor stipulations or by law.

As of December 31, 2018 and December 31, 2017, the Convocation had no net assets with donor restrictions.

Income Taxes

The Disciples of Christ is operated as a tax-exempt entity as described under Section 501(c) (3) of the Internal Revenue Code and is therefore exempt from Federal and State income taxes. Accordingly, no provisions for income taxes have been recorded.

**NATIONAL CONVOCATION OF THE CHRISTIAN CHURCH  
(DISCIPLES OF CHRIST)  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND DECEMBER 31, 2017(RESTATED)**

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**NOTE 1—NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Support and Revenue (including amounts classified as “Due from the National Christian Missionary Convention (NCMC)”)

Contributions received consist of amounts that were classified as unconditionally promised to the Convocation. Unconditional promises to give are recorded as received in writing. Unconditional promises to give due in the next year are reflected as current promises to give and recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using interest rates estimated to be applicable to the years in which the promises are received to discount the amounts.

Investments

Investments, which include certificates held by the Board of Church Extension as well as pooled investments held by the Christian Church Foundation Inc., and related church organizations, are reported on the Statement of Financial Position at fair value. The fair value of investments is provided to the Convocation by the related church organizations (See note 2)

Changes in the unrealized appreciation or depreciation of those investments are reflected in the Statement of Activities as investment returns in the period such change occurs.

Agency Deposits

The Convocation entered into an agreement with a third party organization, NCMC, to receive, invest, and manage their contributed funds. In accordance with ASC 958-605-25-24, the Convocation reports a liability for this money since the NCMC has the unilateral right to withdraw or otherwise redirect the use of those funds. There is no effect on the change in net assets of the Disciples of Christ.

Investment Income Transferred from NCMC

Investment income received from NCMC investments is transferred to the Convocation for operating purposes.

Biennial Session/Assemblies

It is the practice of the Convocation to hold a biennial session every two years. In the intervening year, a general assembly is held. All related income and expenses are reported in the year of the program, and as deferred revenue or prepaid expenses as applicable in the year preceding the respective event.

Use of Estimates

The financial statements are prepared in conformity with generally accepted accounting principles. Management is required to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying disclosures. Actual results could differ from those estimates.

**NATIONAL CONVOCATION OF THE CHRISTIAN CHURCH  
(DISCIPLES OF CHRIST)  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND DECEMBER 31, 2017(RESTATED)**

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**NOTE 1--NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking and money market accounts. The carrying amount reported in the statement of financial position for cash and cash equivalents approximates its fair value. Management believes the Convocation is not exposed to any significant credit risk on cash and cash equivalents.

Functional Expenses

Management allocates expenses among its various functional areas according to the purpose or function for which they are incurred. Expenses that are identifiable with a specific program are assigned directly to the specific program by natural expenditure classification. Other expenses that are common to several programs and supporting activities are allocated based on objective, reasonable, rational and systematic established methodology.

**NOTE 2---INVESTMENTS**

The Disciples of Christ report investments under FASB ASC 820-10-50, Fair Value Measurements and Disclosure, which provides a comprehensive framework for measuring fair value and expounds upon required disclosures concerning fair value measurements. Specifically, this standard sets forth a definition of fair value and establishes a hierarchy prioritizing the inputs to valuation techniques, giving the highest priority to quoted prices in active markets for identical assets and liabilities. The lowest priority is given to unobservable value inputs. FASB ASC 820-10-50 applies to all financial instruments that are being measured and reported at the fair value basis on a recurring basis.

FASB ASC 820-10-50 defines the appropriate levels as follows:

- Level 1 – Unadjusted quoted prices for identical assets and liabilities in active markets that the Convocation has the ability to access
- Level 2 – Quoted prices for similar assets and liabilities in active markets (other than those included in Level 1) which are observable for the asset or liability, either directly or indirectly
- Level 3 - Valuations derived from valuation techniques in which one or more significant input or significant value driver are unobservable

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

**NATIONAL CONVOCATION OF THE CHRISTIAN CHURCH  
(DISCIPLES OF CHRIST)  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND DECEMBER 31, 2017(RESTATED)**

**NOTE 2---INVESTMENTS (CONTINUED)**

Investments with related church organizations are reported at fair value. This method has the ability to produce a fair value calculation that may, or may not, be indicative of the net realizable value or reflective of future fair values. Although the Convocation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies, or assumptions, to determine the fair values could result in different fair value measurements at the reporting date.

The following table sets forth financial assets measured at fair value in the statement of financial position, and the respective levels to which the fair value measurements are classified within the fair value hierarchy as of December 31, 2018 and December 31, 2017:

	Carrying Value at December 31, 2018	Level 2	Level 3
Investments with related Church organizations:			
Pooled investments	\$ -	\$ -	\$ -
Investment certificates	50,254	50,254	-
	<u>\$50,254</u>	<u>\$50,254</u>	<u>\$ -</u>

	Carrying Value at December 31, 2017	Level 2	Level 3
Investments with related Church organizations:			
Pooled investments	\$ 3,788	\$ 3,788	\$ -
Investment certificates	53,850	53,850	-
	<u>\$57,638</u>	<u>\$57,638</u>	<u>\$ -</u>

The following table summarizes the return on cash and investments during the years ended December 31, 2018 and December 31, 2017:

	2018	2017
Interest and dividend income	\$ 2,070	\$ 2,294
Unrealized (loss) gain	<u>(5,631)</u>	<u>4,368</u>
Total	<u>\$ (3,561)</u>	<u>\$ 6,662</u>

**NATIONAL CONVOCATION OF THE CHRISTIAN CHURCH  
(DISCIPLES OF CHRIST)  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND DECEMBER 31, 2017(RESTATED)**

**NOTE 3--CONCENTRATION OF REVENUES**

The Convocation receives a considerable portion of its revenues and support from investments, contributions for General Assemblies, and Biennial Sessions from churches and individuals. A significant decrease in this support could have an adverse impact on the Convocation's operations.

**NOTE 4---FELLOWSHIP FUNDS**

Fellowship Funds include the following at December 31, 2018 and December 31, 2017:

	<b>Christian Women Fellowship Fund</b>	<b>National Ministers Fellowship Fund</b>	<b>Minister Spouses Fellowship Fund</b>	<b>Christian Men Fellowship Fund</b>	<b>Youth Fellowship Fund</b>	<b>Total</b>
Net assets, beginning of year (2018)	\$ 3,170	\$ 561	\$ 12,961	\$ (1,045)	\$ 2,394	\$ 18,041
Support	-	-	791	549	-	1,340
Expenses	-	-	-	-	-	-
Net assets, end of year (2018)	<u>\$ 3,170</u>	<u>\$ 561</u>	<u>\$ 13,752</u>	<u>\$ (496)</u>	<u>\$ 2,394</u>	<u>\$ 19,381</u>

	<b>Christian Women Fellowship Fund</b>	<b>National Ministers Fellowship Fund</b>	<b>Minister Spouses Fellowship Fund</b>	<b>Christian Men Fellowship Fund</b>	<b>Youth Fellowship Fund</b>	<b>Total</b>
Net assets, beginning of year (2017)	\$ 3,063	\$ 561	\$ 12,936	\$ (849)	\$ 2,394	\$ 18,105
Support	107	-	25	-	-	132
Expenses	-	-	-	(196)	-	(196)
Net assets, end of year (2017)	<u>\$ 3,170</u>	<u>\$ 561</u>	<u>\$ 12,961</u>	<u>\$ (1,045)</u>	<u>\$ 2,394</u>	<u>\$ 18,041</u>

This balance is included in the Net Assets Without Donor Restrictions. The total net assets balance as of December 31, 2018 and December 31, 2017 was \$352,401 and \$307,883 respectively.

**NATIONAL CONVOCATION OF THE CHRISTIAN CHURCH  
(DISCIPLES OF CHRIST)  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND DECEMBER 31, 2017(RESTATED)**

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**NOTE 5---RELATED PARTY TRANSACTIONS**

The National Christian Missionary Convention, Inc., (NMC) is a separate, but related entity of the Convocation. The Board of Trustees of NMC has decided to transfer investment income to the Convocation to support the general operations of the Convocation. Investment income earned directly from NMC's investments which was transferred to the Convocation during the years ended December 31, 2018 and December 31, 2017 was \$57,848 and \$56,404 respectively, and is reported as "National Christian Missionary Convention, Inc., investment income transfers" on the Statement of Activities.

Disciples Mission Fund

The Disciples Mission Fund (DMF) is a common mission fund of the Christian Church (Disciples of Christ) supported by local congregations and various church groups. DMF is the common receipt and distribution system, funding 90 ministries of the church. Since 2006, the Convocation has been receiving distributions from DMF for use as deemed appropriate by the Convocation. These distributions have been made in equal proportions to North American Pacific Asian Disciples and the Central Pastoral Office for Hispanic Ministries, the racial ethnic ministries of the Christian Church (Disciples of Christ). Total support received by the Convocation, which is included in the contributions revenue, from DMF for the years ended December 31, 2018 and December 31, 2017 was \$33,294 and \$40,893 respectively:

**NOTE 6---RESTATEMENT**

The Convocation restated the 2017 financial statements to remove related party balances pertaining to the star supporter fund, agency deposits, accounts payable, deferred income, and prepaid expenses. The net effect is an increase in net assets without donor restriction in the amount of \$49,810.

**NOTE 7---SUBSEQUENT EVENTS**

There were no subsequent events requiring disclosure as of August 7, 2019, the date management evaluated such events. August 7, 2019 is the date the financial statements were available to be issued.