

***Faktorow, Barnett
& Brunner, L.L.C.***

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Church Benefits Association
15000 Commerce Parkway – Suite C
Mt. Laurel, NJ 08054

We have audited the accompanying statements of financial position of Church Benefits Association (a nonprofit association) as of December 31, 2007 and 2006, and the related statements of activities, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of the association'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 Church Benefits Association as of December 31, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

FAKTOROW, BARNETT & BRUNNER, L.L.C.

Faktorow, Barnett & Brunner, L.L.C.

Certified Public Accountants
February 18, 2008

CHURCH BENEFITS ASSOCIATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31,

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE
FINANCIAL STATEMENTS.

	2007	2006
ASSETS		
CURRENT ASSETS		
Cash	\$ 91,254	\$ 93,932
Accounts receivable	6,737	9,675
Prepaid expenses	<u>9,587</u>	<u>11,967</u>
TOTAL ASSETS	<u>\$ 107,578</u>	<u>\$ 115,574</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 4,042	\$ 3,087
Accrued expenses	2,350	18,396
Deferred revenue	<u>-</u>	<u>1,250</u>
TOTAL CURRENT LIABILITIES	<u>6,392</u>	<u>22,733</u>
NET ASSETS		
Unrestricted	<u>101,186</u>	<u>92,841</u>
TOTAL NET ASSETS	<u>101,186</u>	<u>92,841</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 107,578</u>	<u>\$ 115,574</u>

CHURCH BENEFITS ASSOCIATION
 STATEMENT OF ACTIVITIES
 FOR THE YEARS ENDED DECEMBER 31,

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE
 FINANCIAL STATEMENTS.

	2007	2006
REVENUES AND OTHER SUPPORT		
Conference	\$ 49,795	\$ 55,373
Workshop	24,110	24,200
Interest income	4,684	331
Miscellaneous	-	147
Membership dues	<u>140,755</u>	<u>140,250</u>
TOTAL REVENUES AND OTHER SUPPORT	<u>219,344</u>	<u>220,301</u>
EXPENSES		
Program services		
Conferences	125,821	114,334
Workshop	25,201	22,573
Support services	<u>59,977</u>	<u>60,493</u>
TOTAL EXPENSES	<u>210,999</u>	<u>197,400</u>
INCREASE IN NET ASSETS	8,345	22,901
NET ASSETS, beginning of year	<u>92,841</u>	<u>69,940</u>
NET ASSETS, end of year	<u>\$ 101,186</u>	<u>\$ 92,841</u>

CHURCH BENEFITS ASSOCIATION
 STATEMENT OF CASH FLOWS
 FOR THE YEARS ENDED DECEMBER 31,

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE
 FINANCIAL STATEMENTS.

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 8,345	\$ 22,901
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Increase in operating assets:		
Accounts receivable	2,938	(3,267)
Prepaid expenses	2,380	(4,738)
Increase (decrease) in operating liabilities:		
Accounts payable	955	(26,378)
Accrued expenses	(16,046)	17,942
Deferred revenue	<u>(1,250)</u>	<u>1,250</u>
Net cash provided (used) by operating activities	<u>(2,678)</u>	<u>7,710</u>
Net increase (decrease) in cash	(2,678)	7,710
Cash at beginning of year	<u>93,932</u>	<u>86,222</u>
Cash at end of year	<u>\$ 91,254</u>	<u>\$ 93,932</u>
 Supplemental disclosures of cash payments made:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -

CHURCH BENEFITS ASSOCIATION
 STATEMENT OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED DECEMBER 31, 2007

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE
 FINANCIAL STATEMENTS.

	PROGRAM SERVICES		SUPPORT SERVICES	TOTAL
	Conferences	Workshop		
Audiovisual	\$ 12,416	\$ 1,973	\$ -	\$ 14,389
Board and committee	-	-	12,574	12,574
Credit card and bank fees	-	-	153	153
Duplicating	-	-	340	340
Event food & beverage	35,984	14,011	-	49,995
Insurance	576	-	2,572	3,148
Management fees	46,509	-	29,798	76,307
Miscellaneous	1,113	136	2,524	3,773
Newsletter	-	-	976	976
Other program expenses	12,563	4,677	-	17,240
Postage	1,131	844	810	2,785
Printing	3,964	-	-	3,964
Professional services	-	-	4,600	4,600
Registration	-	-	-	-
Speaker	6,285	-	-	6,285
Telephone	282	243	184	709
Travel	4,998	3,317	4,665	12,980
Website	-	-	781	781
	<u>\$ 125,821</u>	<u>\$ 25,201</u>	<u>\$ 59,977</u>	<u>\$210,999</u>

CHURCH BENEFITS ASSOCIATION
 STATEMENT OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED DECEMBER 31, 2006

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE
 FINANCIAL STATEMENTS.

	PROGRAM SERVICES		SUPPORT SERVICES	TOTAL
	Conferences	Workshop		
Audiovisual	\$ 12,780	\$ 1,380	\$ -	\$ 14,160
Board and committee	-	-	13,191	13,191
Credit card and bank fees	-	-	122	122
Duplicating	-	-	490	490
Event food & beverage	31,990	12,048	-	44,038
Insurance	1,618	-	1,530	3,148
Management fees	44,720	-	28,652	73,372
Miscellaneous	1,069	122	2,495	3,686
Newsletter	-	-	3,396	3,396
Other program expenses	7,209	2,294	-	9,503
Postage	1,321	738	185	2,244
Printing	4,663	-	-	4,663
Professional services	-	-	4,258	4,258
Registration	4,290	-	-	4,290
Speaker	2,752	-	-	2,752
Telephone	509	89	219	817
Travel	1,413	5,902	5,212	12,527
Website	-	-	743	743
	<u>\$ 114,334</u>	<u>\$ 22,573</u>	<u>\$ 60,493</u>	<u>\$ 197,400</u>

CHURCH BENEFITS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

NATURE OF ACTIVITIES AND CREDIT CONCENTRATION

CHURCH BENEFITS ASSOCIATION is a nonprofit organization exempt from income tax under Sections 501(c)(3) and 509(a)(3) of the Internal Revenue Code. The Association receives membership dues and provides members with program services that serve as a forum for the dissemination, study, discussion and communication of information of interest and/or relating to church employee benefits programs and the administration of those programs.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising

The Company follows the policy of charging the costs of advertising to expense as incurred.

Membership Dues

Amounts received for memberships are recognized over the periods to which they relate.

Deferred Revenue

Amounts received for memberships are deferred and recognized over the periods to which they relate.

Contributed Services

During the current period, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

Functional Expenses

The Association allocates its expenses on a functional basis among its various programs and supporting activities. Expenses that can be identified with a specific program or supporting activity are allocated directly according to their natural expenditure classification.

CHURCH BENEFITS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation

The Association has adopted Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. In addition, the Association is required to present a statement of cash flows.

The three classes of net assets are defined as follows:

Unrestricted net assets are resources not subject to donor-imposed restrictions. These net assets are available to the Association for the purposes specified in its articles of incorporation or bylaws.

Temporarily restricted net assets are resources restricted by the donor for a specific purpose or time period. Fulfillment of a temporary restriction causes the net assets to be reclassified as unrestricted.

Permanently restricted net assets are resources donated with the stipulation that the assets be used for a specific purpose, be preserved and not sold, or be invested to provide a permanent source of income.

As of December 31, 2007 and 2006, the Association has no temporarily restricted net assets.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Association considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

CONCENTRATION OF CREDIT RISK ARISING FROM CASH DEPOSITS IN EXCESS OF INSURED LIMITS

The Association maintains its checking and savings accounts in several financial institutions. Cash in these accounts at times exceeds \$100,000. These accounts are secured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. At December 31, 2007 there is no uninsured balance.

CHURCH BENEFITS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

MANAGEMENT AGREEMENT

The Association has entered into an agreement with Association Headquarters, Inc. (AH), under which AH will provide the Association with management services and headquarters ending December 2008. The annualized management fee under this agreement for the years ended December 31, 2007 and 2006 was \$76,307 and \$73,372, respectively. The agreed upon management fee for the year ended December 31, 2008 is \$79,650.

COMMITMENTS AND CONTINGENCIES

The Association has entered into an agreement with a facility for its annual meeting. It is anticipated that this event will be held as scheduled.