

#### Disclaimer

The presenter recognizes the very large audience present today has a wide variety of financial and accounting expertise – or a lack thereof. In addition, although many countries are coalescing toward the use of a common standard referred to as International Financial Reporting Standards (IFRS), it is known that accounting regulations of each country do vary.

Terms and definitions provided should be understood to represent a best effort to explain certain financial concepts in simple terms for people without formal accounting training. If a perceived conflict is present, please refer to IFRS and the SDA Accounting Manual for clarification.

#### Goal

To equip you, as a newly elected leader, with basic knowledge of how to <u>read</u> and <u>understand</u> financial statements.

## Why?

 To enable you to fulfil your administrative responsibilities and fiduciary duties which you accepted when the mantel of leadership was placed on your shoulders.

## Fiduciary Duties

- Duty of Care
  - Good faith
  - Care of a reasonable person in similar position
  - Reasonable belief decisions are in the best interest of the organization
- Duty of Loyalty
  - Examples of breach include
    - Self-dealing
    - Improper use of organization's assets
    - Transferring organization's assets to third-party or relative
- Duty of Obedience
  - Legal compliance
  - Church financial policies

## Management and Oversigh Boards and Committees,

- Transparency
  - Nonprofit organizations generally have less oversight

don't meddle in day-to-

- Responsibility conferred by constituents/members
- Accountability
  - Maintain a strong mission-focus
  - Ensure financial alignment with agreed strategy
  - Monitor key financial indicators

## Reading Financial Statements

#### **Preliminaries**

- Seventh-day Adventist Accounting Framework
  - Based on International Financial Reporting Standards (IFRS),
  - Standard format for comparability and transparency
- Specific examples used are from the Seventh-day Adventist Accounting Manual released in 2011
  - A new manual is being prepared

## Types of Financial Statements

Interim

- Prepared by Management
- Monthly
  - For Management -- At least 9 times per year\*
  - For Executive Committee At least 4 times per year\*

Audited

- Prepared by Management
- Annually
- Auditor's Opinion

How did we get here?

Where we are now?

Where are we going?

History

**Budget comparison** 

Statement of Financial Activity

Statement of Changes in Net Assets

Statement of Cash Flows Statement of Financial Position Statement of Financial Activity

#### SAMPLE UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

Illustrative Operating Fund Financial Report (International Model)

31 December 20X1 and 20X0

The reporting currency is the [name of local currency]

#### Financial Statements

- Statement of Financial Position
- Statement of Financial Activity
- Statement of Changes in Net Assets
- Statement of Cash Flows

### Financial Statements

- Statement of Financial Position
- Statement of Financial Activity
- Statement of Changes in Net Assets
- Statement of Cash Flows

ST December 20AT and 20AU			
	Supporting	Operating	Fund
ASSETS	Schedule	20X1	20X0
Current Assets			
Cash and Cash Equivalents	S-1	1,702,642	1,599,670
Investments	S-2	8,571,777	5,840,869
Accounts Receivable, net	S-3	9,069,178	8,042,572
Cash Held for Agency	S-1	546,956	672,581
Loans Receivable - Current Portion	S-4	886,033	750,000
Supplies and Prepaid Expense	S-5	241,995	337,914
Total Current Assets		21,018,581	17,243,606
Other Assets			5
Due From Plant Fund		2,000	(
Restricted Currency Receivable	S-10	180,000	86,000
Loans Receivable - Noncurrent	S-4	4,276,542	5,803,827
Miscellaneous Other Assets	S-6	0	(
Total Other Assets		4,458,542	5,889,827
Total Assets		25,477,123	23,133,433
LIABILITIES		-	
Current Liabilities			
Accounts Payable	S-7	955,057	820,057
Offering and Agency Accounts	S-8	7,200,452	4,526,233
Loans Payable - Current Portion	S-9	697,450	435,456
Total Current Liabilities		8,852,959	5,781,746
Other Liabilities			
Due to Plant Fund		0	20,000
Restricted Currency Payable	S-10	180,000	86,000
Loans Payable - Noncurrent	S-9	2,140,744	2,375,000
Miscellaneous Other Liabilities	S-12	0	(
Total Other Liabilities		2,320,744	2,481,000
Total Liabilities		11,173,703	8,262,746
NET ASSETS		©: ₹	80
Unallocated Tithe Fund		3,041,556	3,280,762
Unallocated Non-tithe Fund		3,462,935	3,067,025
Allocated Funds		7,798,929	8,522,900
Total Net Assets		14,303,420	14,870,687
Total Liabilities & Net Assets		25,477,123	23,133,433

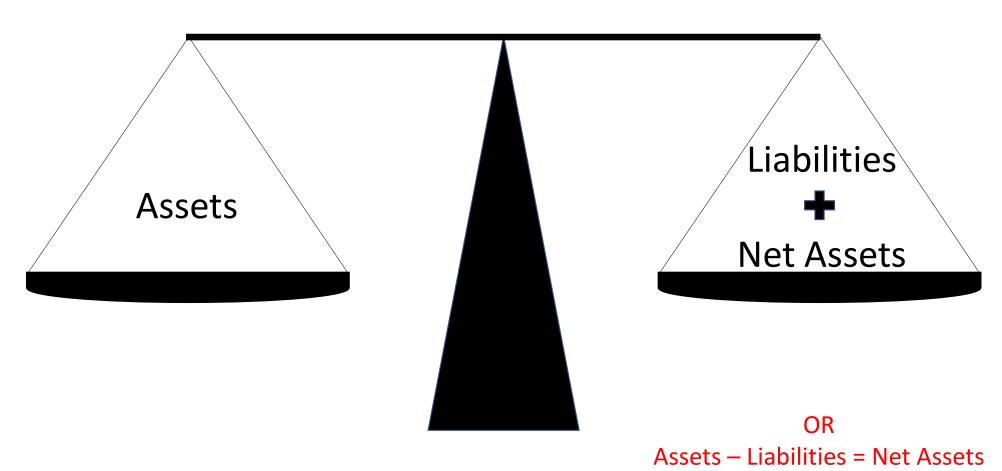




Indicates amounts that are referred to frequently and are often used in common ratios and analyses.



## Accounting Equation



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	Supporting	Operating	NAME OF TAXABLE PARTY.
ASSETS	Schedule	20X1	20X0
Current Assets			
Cash and Cash Equivalents	S-1	1,702,642	1,599,670
Investments	S-2	8,571,777	5,840,869
Accounts Receivable, net	S-3	9,069,178	8,042,572
Cash Held for Agency	S-1	546,956	672,581
Loans Receivable - Current Portion	S-4	886,033	750,000
Supplies and Prepaid Expense	S-5	241,995	337,914
Total Current Assets		21,018,581	17,243,606
Other Assets			
Due From Plant Fund		2,000	C
Restricted Currency Receivable	S-10	180,000	86,000
Loans Receivable - Noncurrent	S-4	4,276,542	5,803,827
Miscellaneous Other Assets	S-6	0	0
Total Other Assets		4.458.542	5,889,827
Total Assets		25,477,123	23,133,433
LIABILITIES	• • • • • • • • •		
Current Liabilities			
Accounts Payable	S-7	955,057	820,057
Offering and Agency Accounts	S-8	7,200,452	4,526,233
Loans Payable - Current Portion	S-9	697,450	435,456
Total Current Liabilities		8,852,959	5,781,746
Other Liabilities			
Due to Plant Fund		0	20,000
Restricted Currency Payable	S-10	180,000	86,000
Loans Payable - Noncurrent	S-9	2,140,744	2,375,000
Miscellaneous Other Liabilities	S-12	0	(
Total Other Liabilities		2,320,744	2,481,000
Total Liabilities		11,173,703	8,262,746
NET ASSETS			
Unallocated Tithe Fund		3,041,556	3,280,762
Unallocated Non-tithe Fund		3,462,935	3,067,025
Allocated Funds		7,798,929	8,522,900
Total Net Assets		14.303.420	14,870,687

	Supporting	Operating Fund			
ASSETS	Schedule	20X1	20X0		
Current Assets	χ		-		
Cash and Cash Equit lents	S-1	1,702,642	1,599,67		
Investments	S-2	8,571,777	5,840,86		
Accounts Receivable, net	S-3	9,069,178	8,042,57		
Cash Held for Agency	S-1	546,956	672,58		
Loans Receivable - Current Portion	S-4	886,033	750,00		
Supplies and Prepaid Expense	2.5	241,995	337,91		
Total Current Assets		21,018,581	17,243,60		
Other Assets		1			
Due From Plant Fund		5,200			
Restricted Currency Receivable	S-10	180,000	86,00		
Loans Receivable - Noncurrent	S-4	4,276,542	2,903,82		
Miscellaneous Other Assets	S-6	0	123		
Total Other Assets		4,458,542	5,889,82		
Total Assets		25,477,123	23,133,43		
LIABILITIES					
Current Liabilities	12/2	TODAY			
Accounts Payable	S-7	955,057	820,05		
Offering and Agency Accounts	S-8	7,200,452	4,526,23		
Loans Payable - Current Portion	S-9	697,450	435,45		
Total Current Liabilities		8,852,959	5,781,74		
Other Liabilities		6393	1200000000		
Due to Plant Fund		0	20,00		
Restricted Currency Payable	S-10	180,000	86,00		
Loans Payable - Noncurrent	S-9	2,140,744	2,375,00		
Miscellaneous Other Liabilities	S-12	0	S		
Total Other Liabilities		2,320,744	2,481,00		
Total Liabilities		11,173,703	8,262,74		
NET ASSETS					
Unallocated Tithe Fund		3,041,556	3,280,76		
Unallocated Non-tithe Fund		3,462,935	3,067,02		
Allocated Funds		7,798,929	8,522,90		
Total Net Assets		14,303,420	14,870,68		
Total Liabilities & Net Assets		25,477,123	23,133,43		

**Assets** are an item of value that is owned by the organization.

#### Assets are:

- Listed in order of liquidity
- Most liquid to least liquid

**Current Assets** are assumed to be used or convertible to cash within 12 months

**Other Assets** are convertible to cash over a longer period

	Supporting	Operating	Fund
ASSETS	Schedule		20X0
Current Assets	X Control of the cont		
Cash and Cash Equivalents	S-1	1,702,642	1,599,670
Investments	S-2	8,571,777	5,840,86
Accounts Receivable, no	S-3	9,069,178	8,042,57
Cash Held for Agency	S-1	546,956	672,58
Loans Receivable - Current Portion	S-4	886,033	750,00
Supplies and Prepaid Expense	S-5	241,995	337,91
Total Current Assets		21,018,581	17,243,60
Other Assets			8
Due From Plant Fund		2,000	
Restricted Currency Receivable	S-10	162,000	86,00
Loans Receivable - Noncurrent	S-4	4,276,542	5,803,82
Miscellaneous Other Assets	S-6	0	
Total Other Assets		4,458,542	5,889,82
Total Assets		25,477,123	23,133,43
LIABILITIES			
Current Liabilities			
Accounts Payable	S-7	955,057	820,05
Offering and Agency Accounts	S-8	7,200,452	4,526,23
Loans Payable - Current Portion	S-9	697,450	435,45
Total Current Liabilities		8,852,959	5,781,74
Other Liabilities			
Due to Plant Fund		0	20,00
Restricted Currency Payable	S-10	180,000	86,00
Loans Payable - Noncurrent	S-9	2,140,744	2,375,00
Miscellaneous Other Liabilities	S-12	0	
Total Other Liabilities		2,320,744	2,481,00
Total Liabilities		11,173,703	8,262,74
NET ASSETS		10s - 55	30
Unallocated Tithe Fund		3,041,556	3,280,76
Unallocated Non-tithe Fund		3,462,935	3,067,02
Allocated Funds		7,798,929	8,522,90
Total Net Assets		14,303,420	14,870,68
Total Liabilities & Net Assets		25,477,123	23,133,43

#### Cash & Cash Equivalents:

Are held for operating purposes and include currency, coins, checking/savings accounts, certificates of deposit and investments convertible to cash in less than 90 days.

Investments: Include financial securities such as time deposits convertible to cash in more than 90 days, stocks, bonds, etc.
The types of investments which may be held are subject to provisions of GC Working Policy S 85.

	Supporting	Operating	Fund
ASSETS	Schedule	20X1	20X0
Current Assets	ν-		-
Cash and Cash Equivalents		1,702,642	1,599,67
Investments	S-2	8,571,777	5,840,86
Accounts Receivable, net	S-3	9,069,178	8,042,57
Cash Held for Agency	S-1	546,956	672,58
Loans Receivable - Current Portion	S-4	886,033	750,00
Supplies and Prepaid Expense	0.5	241,995	337,91
Total Current Assets		21,010,001	17.243,60
Other Assets			55
Due From Plant Fund		2,000	
Restricted Currency Receivable	S-10	180,000	86,00
Loans Receivable - Noncurrent	S-4	4,276,542	5,803,82
Miscellaneous Other Assets	S-6	0	
Total Other Assets	scowe	4,458,542	5,889,82
Total Assets		25,477,123	23,133,43
LIABILITIES			
Current Liabilities			
Accounts Payable	S-7	955,057	820,05
Offering and Agency Accounts	S-8	7,202,452	4,526,23
Loans Payable - Current Portion	S-9	697,450	435,45
Total Current Liabilities		8,852,959	5,781,74
Other Liabilities			
Due to Plant Fund		0	20,00
Restricted Currency Payable	S-10	180,000	86,00
Loans Payable - Noncurrent	S-9	2,140,744	2,375,00
Miscellaneous Other Liabilities	S-12	0	
Total Other Liabilities		2,320,744	2,481,00
Total Liabilities		11,173,703	8,262,74
NET ASSETS		- 100 - 100	
Unallocated Tithe Fund		3,041,556	3,280,76
Unallocated Non-tithe Fund		3,462,935	3,067,02
Allocated Funds		7,798,929	8,522,90
Total Net Assets		14,303,420	14,870,68

#### Accounts Receivable, net:

Amounts due from people or organizations, such as employees, local churches, academies, institutions, etc.

Loans Receivable –
Current Portion: This
represents the principal
portion of long-term loans
given to others that is
scheduled to be received
within twelve months.

# Loans Receivable – Noncurrent Portion: This represents the principal portion of long-term loans given to others that is scheduled to be received beyond twelve months.

	Supporting	Operating	Fund
ASSETS	Schedule	20X1	20X0
Current Assets	N-		
Cash and Cash Equivalents	S-1	1,702,642	1,599,670
Investments	S-2	8,571,777	5,840,86
Accounts Receivable, net	S-3	9,069,178	8,042,57
Cash Held for Agency	S-1	546,956	672,58
Loans Receivable - Current Portion	S-4	886,033	750,00
Supplies and Prepaid Expense	S-5	241,995	337,91
Total Current Assets		21,018,581	17,243,60
Other Assets			55
Due From Plant Fund		2,000	9
Restricted Currency Receivable	S-10	180,000	86,00
Loans Receivable - Noncurrent	S-4	4,276,542	5,803,82
Miscellaneous Other Assets	S-6	0	
Total Other Assets		4,458,542	5,889,82
Total Assets		25,477,123	23,133,43
LIABILITIES		*****	
Current Liabilities			
Accounts Payable	S-7	955,057	820,05
Offering and Agency Accounts	S-8	7,200,452	4,526,23
Loans Payable - Current Portion	S-9	697,450	435,45
Total Current Liabilities	0.0	8,852,959	5,781,74
Other Liabilities		0,032,333	5,761,74
Due to Plant Fund		0	20,00
Restricted Currency Payable	S-10	180,000	86,00
Loans Payable - Noncurrent	S-10	2,140,744	2,375,00
Miscellaneous Other Liabilities	S-12	2,140,744	2,373,00
Total Other Liabilities	3-12	2,320,744	
Sanata and Committees:		And Control of the Control	2,481,00
Total Liabilities		11,173,703	8,262,74
NET ASSETS			
Unallocated Tithe Fund		3,041,556	3,280,76
Unallocated Non-tithe Fund		3,462,935	3,067,02
Allocated Funds		7,798,929	8,522,90
Total Net Assets		14,303,420	14,870,68
		25,477,123	

**Liabilities** are forms of debt that are owed to individuals or another entity.

#### **Liabilities** are:

- Listed in order of how soon they must be paid
- Those higher in the list must be paid earlier

Schedule							
Current Assets         S-1         1,702,642         1,502,642 <th< th=""><th></th><th></th><th>Supporting</th><th colspan="4">ASSETS</th></th<>			Supporting	ASSETS			
Cash and Cash Equivalents	0X0	20X1	Schedule	ASSETS			
Investments							
Accounts Receivable, net  Cash Held for Agency  Cash Held for Agency  Loans Receivable - Current Portion  S-4  Sepplies and Prepaid Expense  Total Current Assets  Other Assets  Due From Plant Fund  Restricted Currency Receivable  Loans Receivable - Noncurrent  Miscellaneous Other Assets  Total Assets  LIABILITIES  Current Liabilities  Accounts Payable - Current Portion  Total Current Liabilities  Other Liabilities  Due to Plant Fund  Restricted Currency Payable  Loans Payable - Noncurrent  S-9  City Payable  S-7  S-8  S-8  Total Other Liabilities  Due to Plant Fund  O  Restricted Currency Payable  Loans Payable - Noncurrent  S-9  City Payable  S-10  Total Other Liabilities  Due to Plant Fund  O  Cash Held for Agency  Assets  S-8  Total Other Liabilities  Due to Plant Fund  S-9  Carrent Verency Payable  Loans Payable - Noncurrent  S-9  Carrent Verency  S-9  Carrent Verency  S-9  Carrent Verency  Assets  Total Other Liabilities  Total Other Liabilities  Total Other Liabilities  Total Other Liabilities  NET ASSETS  Unallocated Tithe Fund  Unallocated Tithe Fund  Unallocated Funds  Allocated Funds  Allocated Funds	5.9,67	1,702,642		A STATE OF THE STA			
Cash Held for Agency         S-1         546,95         66           Loans Receivable - Current Portion         S-4         86,033         75           Supplies and Prepaid Expense         S-5         241,995         33           Total Current Assets         21,018,581         17,24           Other Assets         21,018,581         17,24           Due From Plant Fund         2,000         Restricted Currency Receivable         5-10         180,000         8           Loans Receivable - Noncurrent         S-4         4,276,542         5,8         18           Miscellaneous Other Assets         S-6         0         0         6           Total Other Assets         5-6         0         0         6         6         0         6         6         0         6         6         0         6         6         0         6         6         0         6         6         0         6         0         6         6         0         6         0         6         0         6         0         6         0         6         0         2         1,24         0         2         1,24         0         2         1,24         0         2         1,24	,840,86	8,571,777		The state of the s			
Loans Receivable - Current Portion	,042,57		10000				
Supplies and Prepaid Expense   S-5   241,995   33   17,24   18,000   18,000   18   18,000   18   18,000   18   18,000   18   18,000   18   18,000   18   18,000   18   18,000   18   18,000   18   18,000   18   18,000   18   18,000   18,000   18   18,000   1	672,58		S-1	Cash Held for Agency			
Total Current Assets         21,018,581         17,24           Other Assets         2,000         2,000           Restricted Currency Receivable         3-10         180,000         8           Loans Receivable - Noncurrent         S-4         4,276,542         5,86           Miscellaneous Other Assets         S-6         0         0           Total Other Assets         S-6         0         4,459-42         5,86           Total Assets         25,477,123         23,13         23,13           LIABILITIES         25,477,123         23,13         23,13           Liabilities         S-7         955,057         82           Accounts Payable         S-7         955,057         82           Corrent Liabilities         S-8         7,200,452         4,52           Loans Payable - Current Portion         S-9         697,450         43           Total Current Liabilities         S-10         180,000         8           Due to Plant Fund         0         2           Restricted Currency Payable         S-10         180,000         8           Loans Payable - Noncurrent         S-9         2,140,744         2,37           Miscellaneous Other Liabilities         S-12	750,00	823,033	S-4	Loans Receivable - Current Portion			
Other Assets         Due From Plant Fund         2,000           Restricted Currency Receivable         \$-10         180,000         \$6           Loans Receivable - Noncurrent         \$-4         4,276,542         5,80           Miscellaneous Other Assets         \$-6         0           Total Other Assets         \$-6         0           Total Assets         \$-25,477,123         23,13           LIABILITIES           Current Liabilities         \$-7         955,057         82           Accounts Payable         \$-8         7,200,452         4,52           Loans Payable - Current Portion         \$-9         697,450         43           Total Current Liabilities         \$-8         7,200,452         4,52           Other Liabilities         \$-8         7,200,452         4,52           Other Liabilities         \$-8         7,200,452         4,52           Other Liabilities         \$-9         697,450         43           Total Current Liabilities         \$-10         180,000         6           Loans Payable - Noncurrent         \$-9         2,140,744         2,37           Miscellaneous Other Liabilities         \$-12         0	337,91	241,995	S-5	Supplies and Prepaid Expense			
Due From Plant Fund         2,000           Restricted Currency Receivable         S-10         180,000         8           Loans Receivable - Noncurrent         S-4         4,276,542         5,80           Miscellaneous Other Assets         S-6         0           Total Other Assets         25,477,123         23,13           LIABILITIES         25,477,123         23,13           LIABILITIES         S-7         955,057         82           Offering and Agency Accounts         S-8         7,200,452         4,52           Loans Payable - Current Portion         S-9         697,450         43           Total Current Liabilities         8,852,959         5,78           Other Liabilities         8,852,959         5,78           Other Liabilities         0         2           Due to Plant Fund         0         2           Restricted Currency Payable         S-10         180,000         8           Loans Payable - Noncurrent         S-9         2,140,744         2,37           Miscellaneous Other Liabilities         S-12         0           Total Other Liabilities         2,320,744         2,48           Total Liabilities         11,173,703         8,26           N	,243,60	21,018,581		Total Current Assets			
Restricted Currency Receivable		ET		Other Assets			
Loans Receivable - Noncurrent	8	2,000		Due From Plant Fund			
Miscellaneous Other Assets         S-6         0           Total Other Assets         4,459-42         5,88           Total Assets         25,477,123         23,13           LIABILITIES           Current Liabilities         S-7         955,057         82           Accounts Payable         S-8         7,200,452         4,52           Loans Payable - Current Portion         S-9         697,450         43           Total Current Liabilities         8,852,959         5,78           Other Liabilities         8,852,959         5,78           Other Liabilities         S-10         180,000         8           Restricted Currency Payable         S-10         180,000         8           Loans Payable - Noncurrent         S-9         2,140,744         2,37           Miscellaneous Other Liabilities         S-12         0           Total Other Liabilities         S-12         0           Total Liabilities         2,320,744         2,48           Total Liabilities         3,041,556         3,28           Unallocated Tithe Fund         3,041,556         3,28           Unallocated Funds         7,798,929         8,52	86,00	180,000	S-10	Restricted Currency Receivable			
Total Other Assets	,802 02	4,276,542	S-4	Loans Receivable - Noncurrent			
Total Assets   25,477,123   23,13	100	0	S-6	Miscellaneous Other Assets			
LIABILITIES           Current Liabilities         S-7         955,057         82           Offering and Agency Accounts         S-8         7,200,452         4,52           Loans Payable - Current Portion         S-9         697,450         43           Total Current Liabilities         8,852,959         5,78           Other Liabilities         0         2           Due to Plant Fund         0         180,000         8           Restricted Currency Payable         S-10         180,000         8           Loans Payable - Noncurrent         S-9         2,140,744         2,37           Miscellaneous Other Liabilities         S-12         0           Total Other Liabilities         S-12         0           Total Liabilities         2,320,744         2,48           Total Liabilities         11,173,703         8,26           NET ASSETS         Unallocated Tithe Fund         3,041,556         3,28           Unallocated Funds         7,798,929         8,52           Allocated Funds         7,798,929         8,52	,889,82	4,450 742	10 - 10 March 10	Total Other Assets			
Current Liabilities	,133,43	25,477,123		Total Assets			
Accounts Payable S-7 955,057 82 Offering and Agency Accounts S-8 7,200,452 4,52 Loans Payable - Current Portion S-9 697,450 43 Total Current Liabilities 8,852,959 5,78 Other Liabilities 0 0 2 Restricted Currency Payable S-10 180,000 8 Loans Payable - Noncurrent S-9 2,140,744 2,37 Miscellaneous Other Liabilities S-12 0 Total Other Liabilities S-12 0 Total Other Liabilities 11,173,703 8,26  NET ASSETS Unallocated Tithe Fund 3,041,556 3,28 Unallocated Funds 7,798,929 8,52							
Offering and Agency Accounts         S-8         7,200,452         4,52           Loans Payable - Current Portion         S-9         697,450         43           Total Current Liabilities         8,852,959         5,78           Other Liabilities         0         2           Due to Plant Fund         0         180,000         8           Restricted Currency Payable         S-10         180,000         8           Loans Payable - Noncurrent         S-9         2,140,744         2,37           Miscellaneous Other Liabilities         S-12         0         0           Total Other Liabilities         2,320,744         2,48         2,48           Total Liabilities         11,173,703         8,26           NET ASSETS         3,041,556         3,28           Unallocated Tithe Fund         3,0462,935         3,06           Allocated Funds         7,798,929         8,52	820,05	955.057	\$.7	070-010 (0-010-010 00000 00000 00000 00000 00000 00000 0000			
Loans Payable - Current Portion S-9 697,450 43 Total Current Liabilities 8,852,959 5,78  Other Liabilities 0 2 Due to Plant Fund 0 2 Restricted Currency Payable S-10 180,000 8 Loans Payable - Noncurrent S-9 2,140,744 2,37  Miscellaneous Other Liabilities S-12 0 Total Other Liabilities S-12 0 Total Other Liabilities 1,173,703 8,26  NET ASSETS  Unallocated Tithe Fund 3,041,556 3,28 Unallocated Funds 3,462,935 3,06 Allocated Funds 7,798,929 8,52	.526,23		170	250 10 mm m m m m m m m m m m m m m m m m			
Total Current Liabilities         8,852,959         5,78           Other Liabilities         0         2           Due to Plant Fund         0         180,000         8           Restricted Currency Payable         S-10         180,000         8           Loans Payable - Noncurrent         S-9         2,140,744         2,37           Miscellaneous Other Liabilities         S-12         0           Total Other Liabilities         2,320,744         2,48           Total Liabilities         11,173,703         8,26           NET ASSETS           Unallocated Tithe Fund         3,041,556         3,28           Unallocated Non-tithe Fund         3,462,935         3,06           Allocated Funds         7,798,929         8,52	435.45						
Other Liabilities         0         2           Due to Plant Fund         0         180,000           Restricted Currency Payable         S-10         180,000           Loans Payable - Noncurrent         S-9         2,140,744         2,37           Miscellaneous Other Liabilities         S-12         0           Total Other Liabilities         2,320,744         2,48           Total Liabilities         11,173,703         8,26           NET ASSETS           Unallocated Tithe Fund         3,041,556         3,28           Unallocated Non-tithe Fund         3,462,935         3,06           Allocated Funds         7,798,929         8,52	.781.74	11/2/2013/2012/2012	3-3				
Due to Plant Fund         0         2           Restricted Currency Payable         S-10         180,000         8           Loans Payable - Noncurrent         S-9         2,140,744         2,37           Miscellaneous Other Liabilities         S-12         0           Total Other Liabilities         2,320,744         2,48           Total Liabilities         11,173,703         8,26           NET ASSETS           Unallocated Tithe Fund         3,041,556         3,28           Unallocated Non-tithe Fund         3,462,935         3,06           Allocated Funds         7,798,929         8,52	,701,74	0,002,000					
Restricted Currency Payable         S-10         180,000         8           Loans Payable - Noncurrent         S-9         2,140,744         2,37           Miscellaneous Other Liabilities         S-12         0           Total Other Liabilities         2,320,744         2,48           Total Liabilities         11,173,703         8,26           NET ASSETS           Unallocated Tithe Fund         3,041,556         3,28           Unallocated Non-tithe Fund         3,462,935         3,06           Allocated Funds         7,798,929         8,52	20,00	0		W 17 17 17 17 17 17 17 17 17 17 17 17 17			
Loans Payable - Noncurrent         S-9         2,140,744         2,37           Miscellaneous Other Liabilities         S-12         0           Total Other Liabilities         2,320,744         2,48           Total Liabilities         11,173,703         8,26           NET ASSETS           Unallocated Tithe Fund         3,041,556         3,28           Unallocated Non-tithe Fund         3,462,935         3,06           Allocated Funds         7,798,929         8,52	86.00	· ·	S-10				
Miscellaneous Other Liabilities         S-12         0           Total Other Liabilities         2,320,744         2,48           Total Liabilities         11,173,703         8,26           NET ASSETS           Unallocated Tithe Fund         3,041,556         3,28           Unallocated Non-tithe Fund         3,462,935         3,06           Allocated Funds         7,798,929         8,52	.375.00		(a) (b) (b)				
Total Other Liabilities         2,320,744         2,48           Total Liabilities         11,173,703         8,26           NET ASSETS         Unallocated Tithe Fund         3,041,556         3,28           Unallocated Non-tithe Fund         3,462,935         3,06           Allocated Funds         7,798,929         8,52	,070,00	OTEN CONTRACTOR					
Total Liabilities         11,173,703         8,26           NET ASSETS         Unallocated Tithe Fund         3,041,556         3,28           Unallocated Non-tithe Fund         3,462,935         3,06           Allocated Funds         7,798,929         8,52	COLUMN TO SERVE		0-12				
NET ASSETS         3,041,556         3,28           Unallocated Tithe Fund         3,462,935         3,06           Allocated Funds         7,798,929         8,52	.262.74						
Unallocated Tithe Fund         3,041,556         3,28           Unallocated Non-tithe Fund         3,462,935         3,06           Allocated Funds         7,798,929         8,52	,202,14	11,170,700					
Unallocated Non-tithe Fund         3,462,935         3,06           Allocated Funds         7,798,929         8,52							
Allocated Funds 7,798,929 8,52	,280,76						
	,067,02						
Total Net Assets 14.303.420 14.87	,522,90						
	,870,68	14,303,420					

#### **Accounts Payable:**

Amounts due to people or organizations, such as employees, local churches, academies, institutions, higher organization, etc.

#### Offering and Agency

Accounts: This represents Tithe percentages and offerings due to the higher organization. Also includes money held for others as a short-term arrangement.

	Supporting	Operating Fund			
ASSETS	Schedule	20X1	20X0		
Current Assets	N		-		
Cash and Cash Equivalents	S-1	1,702,642	1,599,670		
Investments	S-2	8,571,777	5,840,869		
Accounts Receivable, net	S-3	9,069,178	8,042,572		
Cash Held for Agency	S-1	546,956	672,581		
Loans Receivable - Current Portion	S-4	886,033	750,000		
Supplies and Prepaid Expense	S-5	241,995	337,914		
Total Current Assets		21,018,581	17,243,606		
Other Assets			8		
Due From Plant Fund		2,000	(		
Restricted Currency Receivable	S-10	180,000	86,000		
Loans Receivable - Noncurrent	S-4	4,276,542	5,803,82		
Miscellaneous Other Assets	S-6	0			
Total Other Assets		4,458,542	5,889,82		
Total Assets		25,477,123	23,133.42		
LIABILITIES					
Current Liabilities					
Accounts Payable	0.7	955,057	820,05		
Offering and Agency Accounts	S-8	7,200,452	4,526,23		
Loans Payable - Current Portion	S-9	697,450	435,45		
Total Current Liabilities		8,852,959	5,781,74		
Other Liabilities					
Due to Plant Fund		0	20,000		
Restricted Currency Payable	S-10	180,000	86,000		
Loans Payable - Noncurrent	9.0	2 140 744	2 375 00		
Miscellaneous Other Liabilities	S-12	0			
Total Other Liabilities		2,320,744	2,481,000		
Total Liabilities		11,173,703	8,262,746		
NET ASSETS		Vii 98	X		
Unallocated Tithe Fund		3,041,556	3,280,762		
ondiodated Title Falla		Control of the Control	0 007 00		
Official Oction Tierro Faria		3,462,935	3,067,02		
Unallocated Non-tithe Fund		3,462,935 7,798,929	100000000000000000000000000000000000000		
Unallocated Non-tithe Fund Allocated Funds Total Net Assets			3,067,025 8,522,900 14,870,687		

**Loans Payable – Current Portion:** This represents the principal portion of long-term debt that is scheduled to be paid within twelve months.

Loans Payable – Noncurrent Portion: This represents the principal portion of long-term debt that is scheduled to be paid beyond twelve months.

	Supporting	Operating	Fund
ASSETS	Schedule	20X1	20X0
Current Assets			
Cash and Cash Equivalents	S-1	1,702,642	1,599,67
Investments	S-2	8,571,777	5,840 %
Accounts Receivable, net	S-3	9,069,178	8,0 2,57
Cash Held for Agency	S-1	546,956	672,58
Loans Receivable - Current Portion	S-4	886,033	750,000
Supplies and Prepaid Expense	S-5	241,995	337,91
Total Current Assets		21,018,581	17,243,600
Other Assets			
Due From Plant Fund		2,000	- 31
Restricted Currency Receivable	S-10	180,000	86,000
Loans Receivable - Noncurrent	S-4	4,276,542	5,803,82
Miscellaneous Other Assets	S-6	0	
Total Other Assets		4,458,542	5,882,62
Total Assets		25,477,123	2,133,43
LIABILITIES			
Current Liabilities			
Accounts Payable	S-7	952,057	820,05
Offering and Agency Accounts	S-8	1,200,452	4,526,23
Loans Payable - Current Portion	S-9	697,450	435,45
Total Current Liabilities		8,852,959	5,781,14
Other Liabilities			
Due to Plant Fund		D	20,000
Restricted Currency Payable	S-10	1.0,000	86,000
Loans Payable - Noncurrent	S-9	2,140,744	2,375,000
Miscellaneous Other Liabilities	S-12	0	
Total Other Liabilitie		2,320,744	2,481,000
Total Liabilities		11,173,703	8,262,74
NET ASSETS		W	
Unallocated Tithe Fund		3,041,556	3,280,76
Unallocated Non-tithe Fund		3,462,935	3,067,029
Allocated Funds		7,798,929	8,522,900
Total Net Assets		14,303,420	14,870,68
Total Liabilities & Net Assets		25,477,123	23,133,43

Net Assets: Represents the net residual of gains and losses over the years from the time the organization was established.

#### **Unallocated Tithe Fund:**

The portion of net assets originating from Tithe income.

#### Unallocated Non-tithe

**Fund:** The portion of net assets originating from Nontithe income.

Allocated Funds: The portion of net assets allocated by the controlling committee for specific purposes.

#### Financial Statements

- Statement of Financial Position
- Statement of Financial Activity
  - Statement of Changes in Net Assets
  - Statement of Cash Flows

SAMPLE UNION CO			EVENTH-	DAY ADVENUE OF FIRE REPORT OF FIRE REPORT OF FIRE REPORT OF FIRE REPORT OF THE REPORT	CONFEREN	DO.	support	ING	20X1	1,599,670 5,840,860	9	
Statement of Finance Years Ended 31 Dec			OXO TON	MPLE UNION	ancial Post	O.	Sched	N/S	1,702,642	A 19.01	160	
Todio Endod o. Doc	OTTIOC.	EUN I UIIS E	St	atement on a	2X1 auc		THE STATE OF		- T T T T T	6772	143 +	
		Un	allocated 3	Decem			7	-1	- 053	250.	000	
OPERATING ACTIVITY		Tithe	Non-titne					8.5	CAD.	-07	Q1A	
Earned Income		PART STATE		ASSETS				S-3	006.03	3 343.	606	
Tithe	S-15	5,874,785	0	Curtant Ass	ets Jash Equivali is	ents		51	241 99	17.20	3,0	
Specific Donations	S-16	0	0	Crittenes C	ash Edon			5.4	21,018,5	81	0	
Investment Income	S-2	0	845,186	Cash and	naceivable. Receivable.	റങ്		9-5	21,0			
Exchange Gain (Loss)		0	0	Casp ave	DACENSING.			-17-5	9	000	86,000	
Other Oper, Income	S-17	000 404	191,472	ACCOUNTS	A tol Agenc	s count Porton			. 00	0,000	803,827	
Tithe/Non-tithe Exchange	,	202,491	(202,491)	Cash He	Receivable . ( seceivable . (	College			100	W .		1
Total Eamed Income	5	6,077,276	834,167	- Loane F	receive prepe			5-10	4.21	76,542 0	5,889,827	\
Operating Expenses				BUDDÍV	and and	sels					23,183,433	\
Employee-related Exp.	S-18	6,381,558	0	0.34	A 17			SA	4.	458.542	23110	\
Admin. & General Exp.	S-19	1,535,913	649,518	2,10	t hisean	EUR AND		5-6	25	A71,123		\
Departmental Expense	S-20	846,228	350,482	1,196 Qtrie	Crom Plant	Pecelyana			-	and the same of th		_ \
Other Oper, Expense	S-21	479,281	107,703	586 Due	world Gurre	Fund ency Receivable able - Noncurrent S Other Assets			E. A. (1980)		820,05	£\
Total Operating Expense		9,242,980	1,107,703	10,350,6 FAB	- PIECEIVE	ble Assets				- 057	c 25.2	2.3
Incr. (Decr.) before Appro	p.	(3,165,704)	(273,536)		C1112	C 111 100				955,057		
	165 N			1	Aced Other	ble - Northur S Other Assets Assets				7,200,452	5,781.	746
Operating Appropriations				progressive and a	Total Chi	45			3-7	207,000		
Tithe App. Received	S-22	8,636,721	0	8,636,721	TA12) 100			2	5.8	8,852,959	91	0,000
Tithe App. Disbursed	S-23	(5,510,223)	0	(5,510,223)					5-9		-	86,000
Non-tithe App. Received		0	1,524,127	1,524,127	Current	abilities.			-	0		- 00
Non-tithe App. Disb.	S-25	0	(978,667)	(978,667)		LALO NO				180,000	2.3	375,00
Exchange Gain (Loss)		0	0	0	Account	s Payable - Current Porti Payable - Current Porti Current Liabilities	Па			2,140,744		
Net Appropriations Retain	1900	3,126,498	545,460	3,671,958	Offering	and Current			S-10	2,145	0	2,491.0
Incr. (Decr.) after Approp		(39,206)	271,924	232,718	(4 Loans	Payable - Cure Current Liabilities			2-9 2-1-0		Ã4	8,262
CAPITAL ACTIVITY					2 (1) 25	D. T. Control of the			S-12	2,320,7		O.
Capital App. Received	S-26	0	19.991	19.991	nene	Liabilities to Plant Fund	-la		2-1-	11,173,	/05	
Capital App. Disbursed	S-27	0	(200,000)	(200,000)	0'2. the	The second second	_t pus			-		3,28
Capital Increase (Decrea		0	(180,009)	(180,009)	1300	Liebhas To Plant Fund stricted Currency Paya stricted Currency Payab	SUL OF			87,670 o	1,556	0.0
Incr. (Decr.) before Trans		(39,206)	91,915	52,709	(439,96	to Plant stricted Currency Pays seris Payable - Noncur seris Payable - Other Lia	Dilipes			3,04	- g35	10.00
1101. (0001) 001010		(00,200)	31,310	02,700	Lange La	stricted Outset sens Payable - Noncur hacelianeous Other Lia hiscelianeous Liabilities				3,4	62,935	- 16
TRANSFERS					12	Viaceum Figlotings				22.73	08 364	
Unallocated to Allocated		(200,000)	(173,288)	(373,288)	373,288	Total Liabilities	_					_ 5
Allocated to Unallocated		0	657,292	657,292	(CE7 000)	Total Li					303,477,123	-
Non-tithe to Unexpended	Plant	0	(180,009)	(180,009)	0	COETS	and			E.A.		
Net Transfers In (Out)		(200,000)	303,995	103,995	(284,004)	NET ASSETS Unallocated Tribe Formation	THE FUTTO					
Increase (Decrease) for \	/ear	(239,206)	395,910	1500 215	(723,971)	OUSTROAM						
Net Assets, 1 January	6a	3.280.762	3.06	6,347,787	0.522.900	14 Total Net Assets Total Liabilities	5d5					
Net Assets, 31 December		3,041,55		5,504,49	7,798,929	14 Total Net Assoc	& Not Assets					
Not Assets, of December		5,041,505	5,402,500	5,004,45	7,730,023	10 timbilities	9.1					

#### SAMPLE UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS Statement of Financial Activity Years Ended 31 December 20X1 and 20X0 Allocated Total Total Budget OPERATING ACTIVITY ion-tithe Total Funds 20X1 20X1 20X0 Earned Income S-15 5,874,785 5,874,785 5,874,785 5,556,000 5,560,152 0 0 Specific Donations S-16 0 0 97,961 97.961 0 702,521 845,186 845,186 845,186 840,000 557,384 Investment Income S-2 0 Exchange Gain (Loss) 3,297 3,297 (18,741)191,472 191,472 191,472 200,000 21,507 Other Oper, Income Tithe/Non-tithe Exchange 202,491 (202,491)Total Eamed Income 6,077,276 834,167 6,911,443 101,258 7,012,701 6,596,000 6,822,823 Operating Expenses 6,381,558 0 6,381,558 28,000 6,409,558 6,492,000 6,867,214 Employee-related Exp. S-18 Admin. & General Exp. 1,535,913 649,518 2,185,431 25,000 2,210,431 2,200,500 2,544,040 846,228 350,482 1,196,710 1,196,710 1,151,500 1,136,418 Departmental Expense 0 Other Oper, Expense 479,281 107,703 586,984 515,000 1,101,984 968,000 1,167,324 Total Operating Expense 9,242,980 1,107,703 10,350,683 568,000 10,918,683 10,812,000 11,714,996 (3,165,704) (273,536)(466,742) (3,905,982) (4,216,000) (4,892,173) Incr. (Decr.) before Approp. (3,439,240) Operating Appropriations 8,636,721 8,636,721 Tithe App. Received S-22 8,636,721 8.625.000 8.204.885 Tithe App. Disbursed S-23 (5,510,223) (5,510,223) (5,510,223)(4,850,000) (3,572,250)Non-tithe App. Received S-24 1,524,127 1,524,127 1,524,127 1,500,000 1,447,925 (978,667) Non-tithe App. Disb. (978,667)0 (978,667)(875,000) (629,391) Exchange Gain (Loss) 26,775 26,775 (1,009)5,450,160 Net Appropriations Retained 3,126,498 545,460 3,671,958 26,775 3,698,733 4,400,000 Incr. (Decr.) after Approp. (39,206) 271,924 232,718 (439,967) (207, 249) (490,900) 557,987 CAPITAL ACTIVITY 19,991 19,991 19,991 265,000 Capital App. Received 19.991 0 Capital App. Disbursed (200,000)(200,000)0 (200,000)260,000 Capital Increase (Decrease) (180,009) (180,009) (180,009) (240,009) 265,000 Incr. (Decr.) before Transfers (39,206) 91,915 52,709 (439,967) (387, 258)250,891 822,987 TRANSFERS (200,000) Unallocated to Allocated (173, 288)(373,288)373,288 0 Allocated to Unallocated 657,292 657,292 (657, 292)0 0 0 Non-tithe to Unexpended Plant 180,009) (180,009)(180,009)168,000 (200,000)Net Transfers In (Out) (200,000) 303,995 (180,009) (168,000) (200,000) 103,995 (284,004)(239, 206) 395,910 622,987 Increase (Decrease) for Year 156,704 (723,971)(567, 267)82,891 Net Assets, 1 January 3,280,762 3,067,025 6,347,787 8,522,900 14,870,687 14,870,687 14,247,700 Net Assets, 31 December 3,041,556 3,462,935 6,504,491 7.798.929 14,303,420 14,953,578 14,870,687

The Statement of Financial Activity summarizes transactions by the natural classification – meaning the type of income or expense without regard to department or purpose. For example, all payroll expenses are grouped together in one line rather than separating them by department.

The following statement will categorize expenses by department or purpose.

The **Statement of Financial Activity** also separates Tithe vs Non-tithe activity into separate columns.

#### SAMPLE UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS Statement of Financial Activity Years Ended 31 December 20X1 and 20X0

	U	hallocated Fun	ds	Allocated	Total	Budget	Total	
OPERATING ACTIVITY	Tithe	Non-tithe	Total	Funds	20X1	20X1	20X0	
Earned Income								
Tithe	5,874,785	0	5,874,785	0	5,874,785	5,556,000	5,560,152	
Specific Donations S-1	16 0	0	0	97,961	97,961	0	702,521	
Investment Income S-	2 0	186	845,186	0	845,186	840,000	557,384	
Exchange Gain (Loss)	0	0	0	3,297	3,297	0	(18,741)	
Other Oper, Income S-1	17 0	191,472	191,472	0	191,472	200,000	21,507	
Tithe/Non-tithe Exchange	202,491	(202,491)	0	0	0	0	0	
Total Earned Income	6,077,276	834,167	6,911,443	101,258	7,012,701	596,000	6,822,823	
Operating Expenses								
Employee-related Exp. S-1	8 281,558	0	6,381,558	28,000	6,409,558	6,492,000	6,867,214	
Admin. & General Exp. S-1	1,535,913	649,518	2,185,431	25,000	2,210,431	2,200,500	2,544,040	
Departmental Expense S-2	20 846,228	350,402	1,196,710	0	1,196,710	1,151,500	1,136,418	
Other Oper, Expense S-2	21 479,281	107,703	500,004	515,000	1,101,984	968,000	1,167,324	
Total Operating Expense	9,242,980	1,107,703	10,350,683	2000	10,918,683	10,812,000	11,714,996	
Incr. (Decr.) before Approp.	(3,165,704)	(273,536)	(3,439,240)	(466,742)	(5, °E 982)	(4,216,000)	(4,892,173)	
Operating Appropriations								
Tithe App. Received S-2	9 636,721	0	8,636,721	0	8,636,721	8,625,000	8,65	
Tithe App. Disbursed S-4	23 (5,510,220,	0	(5,510,223)	0	(5,510,223)	(4,850,000)	(3,572,250)	4
Non-tithe App. Received S-2	24 0	1,52+,	1,524,127	0	1,524,127	1,500,000	1,447,925	
Non-tithe App. Disb. S-2	25 0	(978,667)	(667)	0	(978,667)	(875,000)	(629,391)	
Exchange Gain (Loss)	0	0	0	26,775	26,775	0	(1,009)	
Net Appropriations Retained	3,126,498	545,460	3,671,958	26,775	3,698,733	4,400,000	5,450,160	
Incr. (Decr.) after Approp.	(39,206)	271,924	232,718	(439,967)	(2017, 10)	(490,900)	557,987	
CAPITAL ACTIVITY								
Capital App. Received S-2	26 0	19,991	19,991	0	19,991	19,991	000	
Capital App. Disbursed S-2	27 0	(200,000)	(200,000)	0	(200,000)	260,000	0	1
Capital Increase (Decrease)	0	(180,009)	(180,009)	0	(180,009)	(240,009)	265,000	
Incr. (Decr.) before Transfers	(39,206)	91,915	52,709	(439,967)	(387,258)	250,891	822,987	
TRANSFERS	0.0000							
Unallocated to Allocated	(200,000)	(173,288)	(373,288)	373,288	0	0	0	
Allocated to Unallocated	0	657,292	657,292	(657,292)	0	0	0	
Non-tithe to Unexpended Plan	it 0	(180,009)	(180,009)	0	(180,009)	168,000	(200,000)	
Net Transfers In (Out)	(200,000)	303,995	103,995	(284,004)	(180,009)	(168,000)	(200,000)	
Increase (Decrease) for Year	(239,206)	395,910	156,704	(723,971)	(567,267)	82,891	622,987	
Netrocam	3,280,762	3,067,025	6,347,787	8,522,900	14,870,687	14,870,687	14,247,700	
Net Assets, 31 December	3,041,556	3,462,935	6,504,491	7,798,929	14,303,420	14,953,578	14,870,687	

Operating Activity Is defined as the day-to-day activity of the entity. It is further divided into three sections:

**Earned Income** will vary depending on the type of entity producing the statement.

**Operating Expense** may vary depending on the type of entity, but will generally be quite generic.

**Operating Appropriations** will not appear if the entity doesn't receive this form of support.

#### Financial Statements

- Statement of Financial Position
- Statement of Financial Activity
- Statement of Changes in Net Assets
  - Statement of Cash Flows

SAMPLE UNION CONFEREN Statement of Changes in Net / Year Ended 31 December 20	Assets	JTH-DAY ADV	ENTISTS			T V	AMPLE UNION CONFERENCE OF SEVENTTE.  SAMPLE UNION CONFERENCE OF SEVENTTE.  Statement of Financial Activity  Statement of Financial Activity  Undincated Funds  Total  Total  Total  Sp.74,786
						þ	YARIS E. Total
			1	Transfers F	From (To)	á.	5,874,783 97,961 945 186
	Balance 31-12-20X0	Income	Expense	Unalloc. & Alloc.	Operating & Plant	Balance 31-12-20X1	Extrad records \$15 5.2 0 945,186 345,186 3.297 191,472
DPERATING FUND:							Specific Donations 8-2 0 181,472 0
ithe	3,280,762	9,203,774	9.242.980	(200,000)	0	3,041,556	mon Gan (Dan)
on-tithe	3,280,762	1,399,618	1,307,703	484,004	(180,009)		Exchange St. Income St. 202.491 (202.491 6,911,443 6,911,443 6,911,443 6,911,443 6,911,443 6,911,443 6,911,443 6,911,443 6,911,443 6,911,443 6,911,443 6,911,443 6,911,443 6,911,443 6,911,443 6,911,443 6,911,443 6,911,443
on-titne Fotal Unallocated							
located	6,347,787	10,603,392	10,550,683	284,004	(180,009)	6,504,491	uai Earnad No. 25,000 2,200 1,56710
ithe-allowable Functions)							Commission 6 331,000 at \$42 2,000
onstituency Session	1.004.342	0	20,000	0	0	984,342	OT 500 900 1500 9-19 1,535,910 350,482 1886,584 515,500 10,918,633
vangelism - Big Cities	772.895	9,260	105,000	5,000	0	682,155	DU Adri - 8 General - 479 - 8-20 479 - 261 107.702 10,350,683 486,742 (3,905,962
vangelism - Bug Cities vangelism - Rural Areas	632,368	8,701	140,000	5,000	0	506,069	Dapa nerva 5-21 -0.242,960 1,107,100 -(3,439,240)
xtended Inter-union Service	285,517	0,701	10,000	0	0		Loa Ories akra Expense (275,704) (275,704)
ealth Outreach	808,299	25,000	60,000	25,000	0	798,299	MIST 7012 - Defore Appropriate (5,510,2
eadership Training	706,944	20,000	18,000	23,000	0	708,944	10 10 15 10 1
Non-tithe-related Functions)	17.315.23	E Section 1	10,000	■ A17V	POLY.	\$15.05±0.00	Operation S-22 (550,223) 1,524,127 0 (510,
ontingency	2,214,795	0	0	(297,120)	0	1,917,675	LIAB (199, 867) (978, 867) (978, 867)
xchange Fluctuation	927,602	30,072	0	(100,000)	0	97	Curie Northhe Apr 46 400 5:25 0 0 -3671,956 26,775 (20)
alobal Mission	553,699	0	195,000	0	0	358,699	Accol
gathering Reversion	0	35,000	0	(35,000)	0	0	Office
nsurance	191,237	0	15,000	0	0	176,237	Loans Net Approximation operation
Religious Liberty	425,202	0	5,000	0	0	420,202	Total incr. (1999)
ecurities Fluctuation	0	0	0	113,116	0	113 116	Other ACTIVITY
Total Allocated	8,522,900	128,033	568,000	(284,004)	0	7,798,929	Due to Capital App. Recommend 5-2 (160,009) 52,708 (434,507)
Total Operating Fund	14,870,687	10,731,425	11,118,683	0	(180,009)	14,303,420	Due to Capital App. Disburs App
Not on the state of the state o	-					6	( DENI
							Miscella III (173,288) (657,292) (657,292)
							Total Q TRANSFERS (2000) 657,292 (190,009) 194,004)
							Total Li trailocated to viscos 103,996 (160,004)
							Lingkingst respices 114
							Unallocati
							Allocated increase (Decreese) 57
							Afocated increase (Country) Total Net Assets, 1 January Net Assets, 31 Occumber
							Total Liah Net Assets, 31 December 1

SAMPLE UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS Statement of Changes in Net Assets Year Ended 31 December 20X1

				Transfers From (To)			
	Balance 31-12-20X0	Income	Expense	Unalloc. & Alloc.	Operating & Plant	Balance 31-12-20X1	
OPERATING FUND:							
Unallocated							
Tithe	3,280,762	9,203,774	9,242,980	(200,000)	0	3,041,556	
Non-tithe	3,067,025	1,399,618	1,307,703	484,004	(180,009)	3,462,935	
Total Unallocated	6,347,787	10,603,392	10,550,683	284,004	(180,009)	6,504,491	
Allocated					<del>-</del>		
(Tithe-allowable Functions)							
Constituency Session	1,004,342	0	20,000	0	0	984,342	
Evangelism - Big Cities	772,895	9,260	105,000	5,000	0	682,155	
Evangelism - Rural Areas	632,368	8,701	140,000	5,000	0	506,069	
Extended Inter-union Service	285,517	0	10,000	0	0	275,517	
Health Outreach	808,299	25,000	60,000	25,000	0	798,299	
Leadership Training	706,944	20,000	18,000	0	0	708,944	
(Non-tithe-related Functions)							
Contingency	2,214,795	0	0	(297,120)	0	1,917,675	
Exchange Fluctuation	927,602	30,072	0	(100,000)	0	857,674	
Global Mission	553,699	0	195,000	0	0	358,699	
Ingathering Reversion	0	35,000	0	(35,000)	0	0	
Insurance	191,237	0	15,000	0	0	176,237	
Religious Liberty	425,202	0	5,000	0	0	420,202	
Securities Fluctuation	0	0	0	113,116	0	113,116	
Total Allocated	8,522,900	128,033	568,000	(284,004)	0	7,798,929	
Total Operating Fund	14,870,687	10,731,425	11,118,683	0	(180,009)	14,303,420	

The **Statement of Changes** in **Net Assets** summarizes the transactions by the functional classification – meaning the **purpose** of income or expense.

For example, all leadership training income, expense, and beginning and ending balances are displayed together in one line rather than separating them by type of expense.



#### SAMPLE UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS Statement of Changes in Net Assets Year Ended 31 December 20X1

				Transfers From (To)			
	Balance 31-12-20X0	Income	Expense	Unalloc. & Alloc.	Operating & Plant	Balance 31-12-20X1	
OPERATING FUND:							
Unallocated							
Tithe	3,280,762	9,203,774	9,242,980	(200,000)	0	3,041,556	
Non-tithe	3,067,025	1,399,618	1,307,703	484,004	(180,009)	3,462,935	
Total Unallocated	6,347,787	10,603,392	10,550,683	284,004	(180,009)	6,504,491	
Allocated	£	2.5					
(Tithe-allowable Functions)							
Constituency Session	1,004,342	0	20,000	0	0	984,342	
Evangelism - Big Cities	772,895	9,260	105,000	5,000	0	682,155	
Evangelism - Rural Areas	632,368	8,701	140,000	5,000	0	506,069	
Extended Inter-union Service	285,517	0	10,000	0	0	275,517	
Hoalth Outroach	909,200	25,000	60,000	2E,000	0	709,200	
Leadership Training	706,944	20,000	18,000	0	0	708,944	
(Non-tithe-related Functions)						I allega a succession	
Contingency	2,214,795	0	0	(297,120)	0	1,917,675	
Exchange Fluctuation	927,602	30,072	0	(100,000)	0	857,674	
Global Mission	553,699	0	195,000	0	0	358,699	
Ingathering Reversion	0	35,000	0	(35,000)	0	0	
Insurance	191,237	0	15,000	0	0	176,237	
Religious Liberty	425,202	0	5,000	0	0	420,202	
Securities Fluctuation	0	0	0	113,116	0	113,116	
Total Allocated	8,522,900	128,033	568,000	(284,004)	0	7,798,929	
Total Operating Fund	14,870,687	10,731,425	11,118,683	0	(180,009)	14,303,420	

The **Statement of Changes in Net Assets** summarizes
the transactions by the
functional classification —
meaning the **purpose** of
income or expense.

For example, all leadership training income, expense, and beginning and ending balances are displayed together in one line rather than separating them by type of expense.

SAMPLE UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS Statement of Changes in Not Assets Year Ended 31 December 20X1

Balance

SAMPLE UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS
Statement of Changes in Not Assets
Year Ended 31 December 20X0

	31-12-20X0	
OPERATING FUND:		
Unallocated		
Tithe	3,280,762	9
Non-tithe	3,067,025	
Total Unallocated	6,347,787	10
Allocated	×	
(Tithe-allowable Functions)		
Constituency Session	1,004,342	
Evangelism - Big Cities	772,895	
Evangelism - Rural Areas	632,368	
Extended Inter-union Service	285,517	
Health Outreach	808,299	
Leadership Training	706,944	
(Non-tithe-related Functions)		
Contingency	2,214,795	
Exchange Fluctuation	927,602	
Global Mission	553,699	
Ingathering Reversion	0	
Insurance	191,237	
Religious Liberty	425,202	
Securities Fluctuation	0	
Total Allocated	8,522,900	
Total Operating Fund	14,870,687	10

				Transfers From (To)			
	Balance 31-12-19X9	Income	Expense	Unalloc. & Alloc.	Operating & Plant	Balance 31-12-20X0	
OPERATING FUND:	90 S	220	3				
Unallocated							
Tithe	2,926,671	10,192,787	9,738,696	(100,000)		3,280,762	
Non-tithe	2,982,437	1,662,425	1,377,837		(200,000)	3,067,025	
Total Unallocated	5,909,108	11,855,212	11,116,533	(100,000)	(200,000)	6,347,787	
Allocated	100					2.0	
(Tithe-allowable Functions)							
Constituency Session	1,112,947		108,605			1,004,342	
Evangelism - Big Cities	668,187	200,000	95,292			772,895	
Evangelism - Rural Areas	510,334	200,000	77,966			632,368	
Extended Inter-union Service	285,517					285,517	
Health Outreach	768,299			40,000		808,299	
Leadership Training	728,638		121,694	100,000		706,944	
(Non-tithe-related Functions)							
Contingency	2,289,795			(75,000)		2,214,795	
Exchange Fluctuation	946,343	(18,741)				927,602	
Global Mission	478,699	250,000	175,000			553,699	
Ingathering Reversion	0	40,000		(40,000)		(	
Insurance	131,143		14,906	75,000		191,237	
Religious Liberty	418,690	11,512	5,000			425,202	
Securities Fluctuation						(	
Total Allocated	8,338,592	682,771	598,463	100,000	0	8,522,900	
Total Operating Fund	14,247,700	12,537,983	11,714,996	0	(200,000)	14,870,687	

#### Financial Statements

- Statement of Financial Position
- Statement of Financial Activity
- Statement of Changes in Net Assets
- Statement of Cash Flows

SAMPLE UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS Statement of Cash Flows Years Ended 31 December 20X1 and 20X0			
Years Ended 31 December 20X1 and 20X0	SAMPLE UNION CONFERENCE OF SEVENTH-DA	AY ADVENTISTS	
	TONICE BENCE OF SEVEN I DELLE	200	
	SAMPLE UNION CONFERENCE 24 Statement of Financial Position 24 Statement of Financial Position		Op
	24 Statement of Financial Position 31 December 20X1 and 20X0	Supporting	20X1
	31 December 200	Schedula	
Cash Flows from Operating Activities:			1,702
Net Increase from Financial Activity	(5) ASSETS	S-1	8,571
Adjustments to reconcile change in net assets to net cash provided:	efn	S-2	9,069
Unrealized (Gain) Loss on Investments	Current Assets (13 Cash and Cash Equivalents	8-9	541
Total Exchange (Gain) Loss		S-1	98
(Increase) Decrease - Accounts Receivable	/4 40d DuceNaus	S-A	24
(Increase) Decrease - Supplies & Prepaid	9 Cash Held for Agency	5	21,0
Increase (Decrease) - Accounts Payable	9 Cash Held for Agency 135 Logns Receivable - Current Portion		21,0
Increase (Decrease) - Agency Funds (net)	2 700		
Net Cash Provided (Used) from Operating	1,159 Total Current Assets		
, , , , ,		S-10	4.
Cash Flows from Investing Activities:	Other Assets  316, Due From Plant Fund  Due From Plant Fund  Gurrency Receivable	5-4	and a
Proceeds from Maturity of Investments	316, Due From Plant Fund (2,800.00 Restricted Currency Receivable	8-6	
Purchase of Investments	(2,800,0) Restricted Currency Heading (2,800,0) Restricted (2,800,0)		2
Payments Received on Notes Receivable	at a blaneous Color	,	-
New Notes Receivable Issued	(250,00) Miscella Other Assets (1,092,569 Total Other Assets		ATT ( 1. P 0.11)
Net Cash Provided (Used) from Investing	(1,092,569 Total One-		
Cash Flows from Financing Activities:		***	
Proceeds from Borrowing New Debt	500,000 LIABILITIES	5.7	
Payments Made on Long-term Debt	(472 262) COLUMN	5.8	
Proceeds (Payments) on Inter-fund Borrowing	(22 000) Accounts Payable	5.9	3 <del>2.5</del>
Net Cash Provided (Used) from Financing	(22,000) Accounts Payable  5,738  Offering and Agency rozounts  Contains Payable - Parent Portion  Loans Payable - Parent Portion		
The other rovines (obes) is in maining	Loans Payeble Chillies		
Exchange Gain (Loss) on	Tatal Corren	0.5020	
Cash Held in Other Currency	30,072 Other Lieb des	S-10	
salest Place (Strate Strate St	Other Leading Fund Due 19 and Fund Our Payable	5-9	
Net Increase (Decrease) for the Year	102.972 Registed Consument	S-12	i 47
Cash, Beginning of Year	1,599,670 Resisted Current Noncurrent Mans Payeble - Noncurrent Miscellaneous Other Liabilities		924
Cash, End of Year	1,702,642 Miscellaneous Oute		
Cash, End of Year	Total Other Liabiliaes		
	Total Liabilities		
	HOSETS		
	Unallocated Non-tithe Fund Unallocated Non-tithe Fund		

SAMPLE UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS Statement of Cash Flows Years Ended 31 December 20X1 and 20X0

	Operating Fund	
	20X1	20X0
Cash Flows from Operating Activities:		_
Net Increase from Financial Activity	(567,267)	622,987
Adjustments to reconcile change in net assets to net cash provided:		
Unrealized (Gain) Loss on Investments	(133,971)	20,855
Total Exchange (Gain) Loss	(30,072)	19,750
(Increase) Decrease - Accounts Receivable	(1,139,722)	569,861
(Increase) Decrease - Supplies & Prepaid	95,919	(55,903)
Increase (Decrease) - Accounts Payable	135,000	74,323
Increase (Decrease) - Agency Funds (net)	2,799,844	(1, 437,109)
Net Cash Provided (Used) from Operating	1,159,731	(18 236)
Cash Flows from Investing Activities:	경 전환	
Proceeds from Maturity of Investments	316,179	52,739
Purchase of Investments	(2,800,000)	(250,000)
Payments Received on Notes Receivable	1,641,252	750,000
New Notes Receivable Issued	(250,000)	(3,000,000)
Net Cash Provided (Used) from Investing	(1,092,569)	(2,447,261)
Cash Flows from Financing Activities:		7
Proceeds from Borrowing New Debt	500,000	3,500,000
Payments Made on Long-term Debt	(472,262)	(435,456)
Proceeds (Payments) on Inter-fund Borrowing	(22,000)	0
Net Cash Provided (Used) from Financing	5,738	3,064,544
Exchange Gain (Loss) on		
Cash Held in Other Currency	30,072	(19,750)
Net Increase (Decrease) for the Year	102,972	412,297
Cash, Beginning of Year	1,599,670	1,187,373
Cash, End of Year	1,702,642	1,599,670

**Statement of Changes in Cash Flow** exists because of the critical nature of cash for every organization. It summarizes the major cash flows during the year that impacted the change in the total cash.

In this example, it can be seen that Accounts
Receivable increased by 1.1 million thereby decreasing cash by the same amount.

In the next year, management can increase cash by improving collection efforts and reducing Accounts Receivable.

## Understanding Financial Statements

## What are you seeking to Understand?

- Financial Health and Sustainability
- Operational Efficiency and Effectiveness
- Missional alignment

#### Context

- It is important to understand:
  - Where are we?
    - Macro-economic situation?
    - Point in business cycle?
  - What are we?
    - Type of entity?

### Trends

- Are there any recognizable patterns?
  - Time
    - Between various points in time, or
    - Relative to a goal or deadline
  - Direction
    - Where are we heading?
  - Velocity
    - How fast are we moving?
  - Momentum or Inertia
    - Relative ability to change direction

## Comparisons

#### Internal

- Strength or weakness of specific components
- Consistency between specific components

#### External

- What is the current situation and experience of similar entities?
- How does my organization compare to the typical entity (or ideally the "best in class")?

## Financial Analysis

- Common-size analysis
  - Converts the various amounts into a % of a major item
  - Such as Tithe or Sales or Assets, etc.
- Ratio analysis
  - Relationships between two or more numbers
  - Relationship between multiple ratios

#### Financial Position Ratios

- To analyze the relative health of the entity at a point in time
- These include:
  - Liquid Assets to Commitments
  - Recommended Working Capital
  - Current Ratio
  - Debt Percentage
  - Equity (Net Asset) Percentage

## Operating Activity Ratios

- To analyze the relative efficiency/effectiveness of the entity's operations over a period of time
- These include:
  - Self-Support
  - Net Income to Sales
  - Gross Profit to Sales
  - Operating Expense to Sales
  - Payroll Expense to Tithe
  - Collection Ratio
  - Accounts Receivable Turnover
  - Inventory Turnover

## Find the "Pulse" of the Organization

- Sources
  - Ask your treasurer
  - Ask your higher organization
  - Ask your lender / loan covenants
- Experience over time
- May change
  - Over time
  - At various points in business cycles or economic conditions

## GCWP S 24 25 -- Reporting on Working Capital and Liquidity

Sample Reporting—Working Capital and Liquid for 31 December 20XX	Assets Report
Core Expenses:	
Operating Expenses	80,000
Net Outgoing Appropriations	50,000
Total Core Expenses	130,000
Available Working Capital:	
Current Assets	140,000
Minus: Current Liabilities	(60,000)
Working Capital	80,000
Minus: Current Assets Held for Donor Restrictions	(10,000)
Available Working Capital	70,000
Recommended Minimum Available Working Capital:	
Six months of Core Expenses (50% of 130,000)	65,000
Surplus/(Shortfall) in Recommended Minimum Available Working Capital	5,000
Available Working Capital in Months (a minimum of six months recommended) (70,000 divided	6.5 Months
by 130,000 x 12)	
(Include if Applicable:)	
The Governing Board Requires the Organization	
to Have Working Capital of at Least:	XX Months

Available Liquid Assets:	
Cash and Cash Equivalents	40,000
Cash Held for Agency	1,000
Local Church Remittances, as Applicable	14,000
Investments	40,000
Receivable from Higher Organizations	15,000
Total Liquid Current Assets	110,000
Minus: Current Liabilities	(60,000)
Minus: Current Assets Held for Donor Restrictions	(10,000)
Available Liquid Assets	40,000
Recommended Minimum Available Liquid Assets:	
Three Months of Core Expenses (25% of 130,000)	32,500
Surplus/(Shortfall) in Recommended Minimum Available Liquid Assets	7,500
Available Liquid Assets in Months (a minimum of three months recommended) (40,000 divided	3.7 Months
by 130,000 x 12)	
(Include if Applicable:)	
The Governing Board Requires the Organization	
to Have Available Liquid Assets of at Least:	XX Months

Thank you!

## Bibliography

- Galasso, Melisa F., CPA, Money Matters For NonProfits, River Grove Books, Austin, TX, USA, 2022
- General Conference Working Policy, 20222-2023 Edition