

Effective Financial Indicators and Financial Presentation

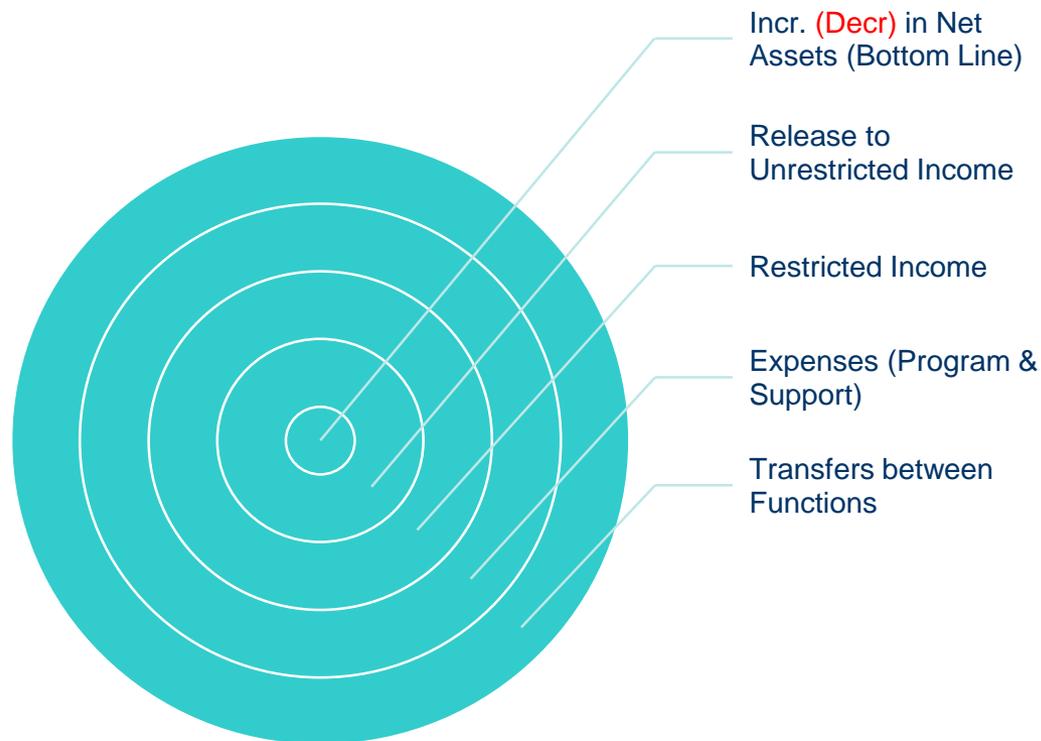
North Pacific Union Conference
of Seventh-day Adventists



Accounting Practice in Use

- Keep track of you finances using the standard **accounting** tools, balance sheet, income statement, depreciation and amortization.
- Present to the Board the monthly and yearly statements, balance sheet, income statement, and working capital report
- Do Board Members understand the statements? Are decisions being made without good knowledge of the financial records?

Information – Statement of Changes in Net Assets



Problems?

- Two page statement
- Where does one find the bottom line?
- Release of what?
- Why two income sections?

Information – Statement of Changes in Net Assets

- One page Statement
- Simplified - readable
- $\text{Income} - \text{Expenses} + \text{Transfers} = \text{Bottom Line}$
- Understanding = Greater Decision Making

See handout of SFA

Presentation – Statement of Changes in Net Assets

- Use a presentation program, such as PowerPoint or Presentations
- Keep it simple in design
- Keep the flow going between slides
- Be able to present the “wrap up” which is the bottom line

December 20** Operations

Reporting the Resources
Received and Their
Allocation in Advancement
of the Gospel in the
Northwest

North Pacific Union Conference Operating Financial Activity Statement December 31, 20**

INCOME

Restricted Income	20**	Budget	Prior 20**
Appropriation	\$ 6,142,158	\$ 6,047,084	\$ 6,222,911
Offerings	10,686	11,559	11,724
Donations	478,722	195,930	394,536
Total Restricted Income	\$ 6,631,566	\$ 6,254,573	\$ 6,629,171

North Pacific Union Conference Operating Financial Activity Statement December 31, 20**

Unrestricted Income	20**	Budget	Prior 20**
Tithe - Net	\$ 5,580,863	\$ 4,733,969	\$ 4,886,335
Donations	10,000	10,000	14,400
Appropriations Received	1,404,400	1,408,700	1,474,559
Investment Earnings	79,220	77,746	64,173
Sales & Fees	637,983	639,185	608,363
Services	373,078	379,798	261,139
Rental & Other Income	4,184	9,951	13,936
Total Unrestricted Income	\$ 8,089,728	\$ 7,259,349	\$ 7,322,904
Total Income Received	\$ 14,721,294	\$ 13,513,922	\$ 13,952,076

North Pacific Union Conference Operating Financial Activity Statement December 31, 20**

EXPENSES

Program Services	20**	Budget	Prior 20**
Church Ministries	\$ 1,530,531	\$ 1,500,174	\$ 1,867,903
Educational	6,088,515	6,069,448	5,891,480
Publishing	18,000	18,090	15,000
Special Services	1,108,951	1,043,133	1,185,123
Other	2,352,584	1,999,908	1,967,653
Total Program Services Expense	\$ 11,098,580	\$ 10,630,753	\$ 10,927,160

North Pacific Union Conference Operating Financial Activity Statement December 31, 20**

Supporting Services	20**	Budget	Prior 20**
Administration - Office	\$ 1,426,815	\$ 1,452,157	\$ 1,399,173
Conventions & Meetings	53,477	22,700	30,260
Trust Services	175,182	172,304	125,335
Office Bldg/Equip/Maint.	81,376	97,162	88,001
Other Depts. & Services	1,617,233	1,635,281	1,531,700
Total Supporting Services	\$ 3,354,083	\$ 3,379,604	\$ 3,174,469
Total Expense	\$ 14,452,663	\$ 14,010,357	\$ 14,101,628

North Pacific Union Conference Operating Financial Activity Statement December 31, 20**

	20**	Budget	Prior 20**
Total Income	\$ 14,721,294	\$ 13,513,922	\$ 13,952,076
Total Expenses	14,452,663	14,010,357	14,101,628
Net Gain/(Loss) from Operations	\$ 266,631	(\$ 496,435)	(\$ 149,553)
Transfers - Functions	273,822	239,308	238,878
Net Gain/(Loss) After Transfers	\$ 542,453	(\$ 257,127)	\$ 89,325

Key Performance Indicators

KPIs



What are KPIs?

- Quick measures of the entity's overall health and well-being.
- Focus on performance that are vital to ongoing and future success
- KPIs work like a report card
 - Get a clear picture of what's happening with the entity
 - Get an early read on trends and future changes of net assets, while there's still time to take action that will influence the outcome

Five Steps for Developing KPIs

1. Communicate the purpose of KPIs within the organization
2. Identify the “critical success factors”
3. Select and develop KPIs
4. Implement the KPIs
5. Monitor results and make improvements



In your handouts – is a two page document titled –

North Pacific Union
Conference “Financial
Indicators”

**North Pacific Union Conference
Financial Indicators
February 2018**

	Feb-18	Feb-17	Feb-16	Feb-15	Feb-14	
LIQUIDITY RATIOS						
Current Ratio: (Current Assets / Current Liabilities)	3.38 : 1	3.31 : 1	3.03 : 1	2.94 : 1	2.57 : 1	Measures ability to cover current liabilities (obligations) with current assets
Expenses per Day (Total Expense / Number of Days - 59 days)	\$39,019	\$37,531	\$35,684	\$37,012	\$41,792	Measures length of time entity could operate if income ceases.
Number of Days Cash Available for Expenses: (Cash / Expenses per Day)	157.45	143.08	153.15	123.35	87.21	
Working Capital Ratio	109.83%	99.40%	100.11%	91.63%	71.73%	NAD Working Policy P 75, defines the formula with the intent to measure that adequate financial resources will be available for the sound and effective operation of the organization.
OPERATING RATIOS						
NPUC Tithe Income (Net Retained) (Tithe Income Current - Prior Year) / Prior Year	10.62%	-13.78%	3.43%	9.56%	1.05%	
Percent of Income to Budget ((Total Income - Budgeted Income) / Budgeted Income)	-1.32%	-3.54%	-2.54%	-5.26%	-4.13%	
Percent of Expenses to Budget ((Total Expenses - Budgeted Expenses) / Budgeted	-9.01%	-10.61%	-14.44%	-11.22%	-2.15%	
Percent of Operating Income Used for Program Functions: (Program Expenses / Total Income ** Year 2013 and Prior: Used Total Unrestricted Income)	79.07%	75.55%	68.62%	71.05%	82.30%	
Percent of Operating Income Used for Support						

Functions:
 (Support Expenses / Total Income
 ** Year 2013 and Prior: Used Total Unrestricted Income)

	18.43%	18.34%	17.53%	19.99%	19.71%
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Percent of Operating Gain or (Loss) to Total
 Operating Income
 (Incr (Decr) in Net Assets / Total Income)

	0.62%	5.05%	13.36%	8.22%	-1.11%
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Percent of Salary, Allowances & Travel to Union
 Gross Tithe:
 (Object Codes 7000 - 7096 + Medical Costs)
 / Gross Tithe) (New Software: Add #811300 + #811170 + #822330)

	55.50%	64.29%	53.43%	57.49%	66.32%
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Percent of Travel to Union Gross Tithe:
 ((Codes 7016+7040+7060) / Gross Tithe)
 (New Software: Add #811300 + #811170 + #822330)

	5.28%	7.43%	6.02%	6.56%	7.70%
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Percent of Fund Balance Change from Year-end:
 ((Current Net Assets - Prior Net Assets at Year-end) /
 Prior Net Assets at Year-end)

	0.22%	2.02%	5.97%	4.01%	-0.66%	Compares fund balance changes from prior year-end
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DEBT RATIO

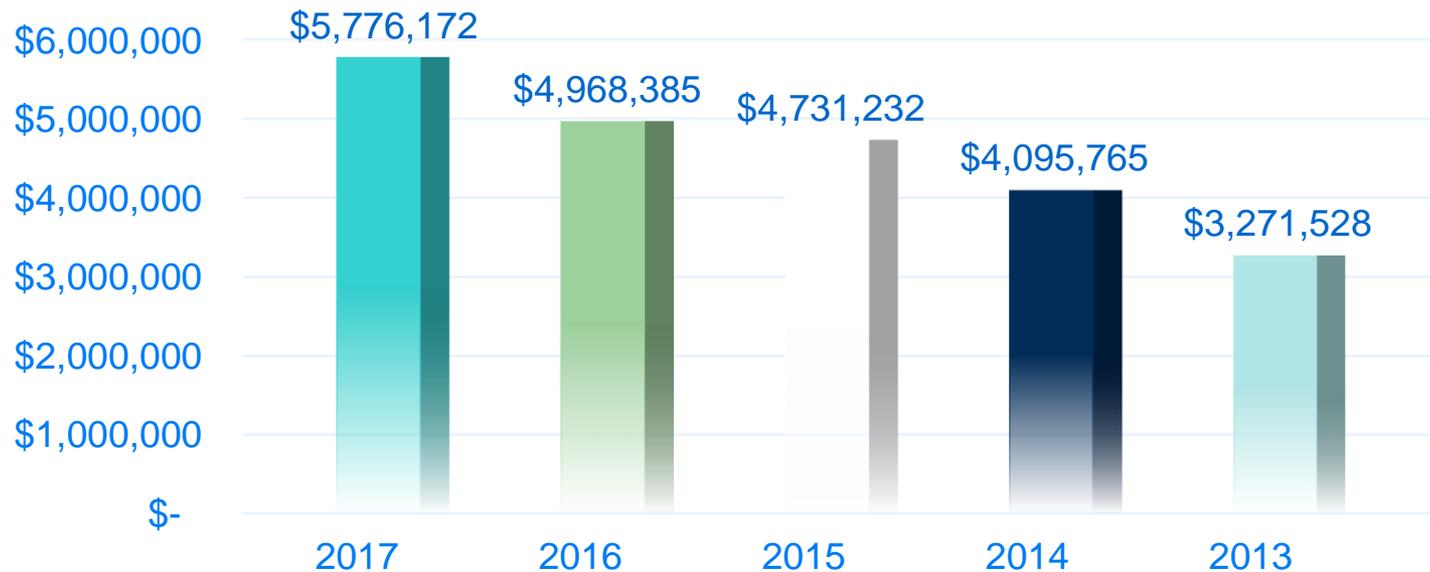
Percent of Liabilities to Assets:
 (Liabilities / Assets)

	29.61%	30.20%	33.00%	33.99%	38.88%	Measures encumbrances of assets to liabilities
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BOTTOM LINE - INCR (DECR) IN NET ASSETS	14,589	119,167	332,102	197,207	(26,920)
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Cash and Investments

December 2013 through 2017

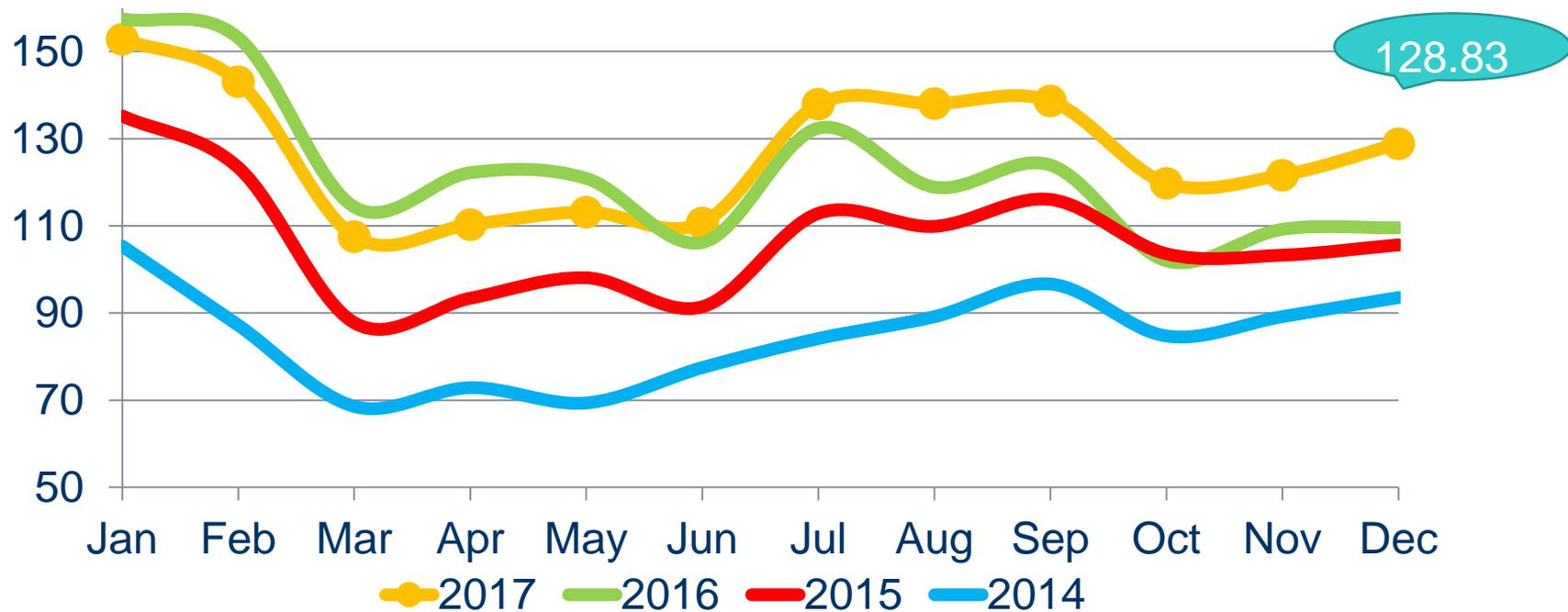


Number of Days Cash Available

Cash & Investments / Expenses per Day

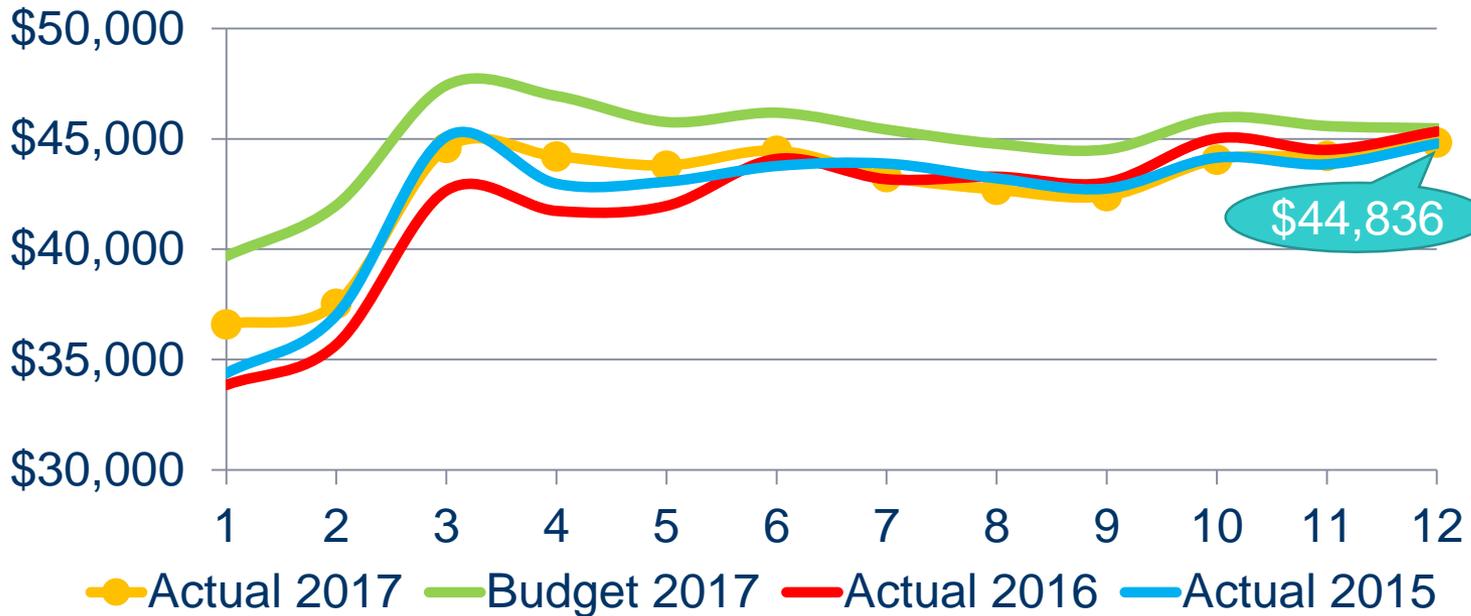
Purpose: Measures length of time entity could operate if income ceases

Actual Cash Days Years 2017, 2016, 2015 & 2014



Expenses per Day

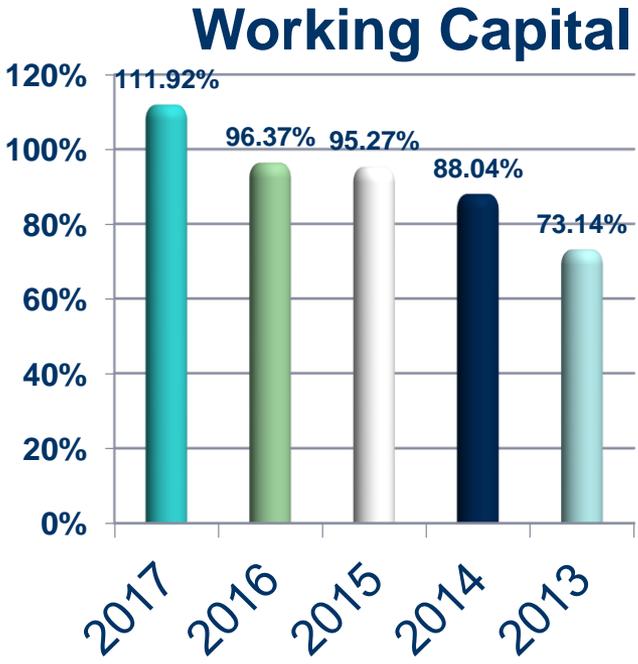
Years 2015 to 2017, and 2017 Budget



Five Year Comparison Financial Indicators – December

Current Ratio	2005	1.781 : 1
	2004	1.829 : 1
	2003	1.868 : 1
Measures ability to cover current liabilities (obligations) with current assets	2002	1.811 : 1
	2001	1.831 : 1
Working Capital	2005	68.88%
	2004	67.17%
	2003	65.92%
	2002	69.68%
	2001	75.52%

Financial Indicators – December



Five Year Comparisons Financial Indicators – December

Percent of Income to Budget	2005	8.93%
	2004	7.35%
	2003	2.86%
	2002	2.59%
	2001	4.36%

Percent of Expenses to Budget	2005	3.16%
	2004	5.93%
	2003	2.20%
	2002	3.46%
	2001	2.06%

Percent of Income to Budget

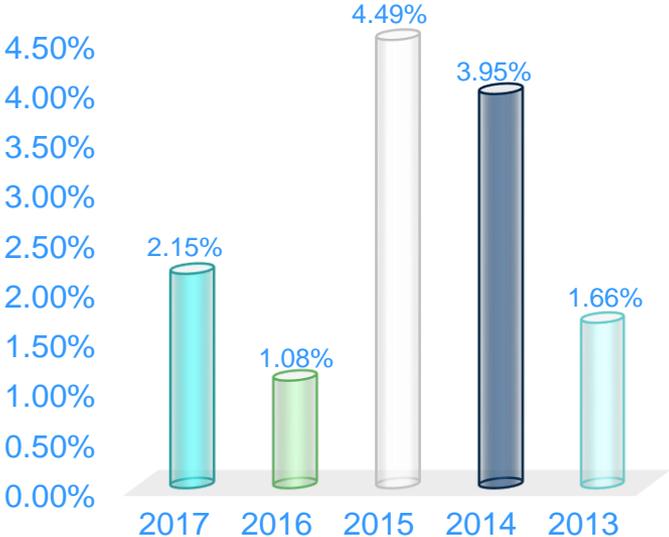
- $(\text{Total Income} - \text{Budgeted Income}) / \text{Budgeted Income}$
- Positive percentage indicates an increase in income over budget (favorable)
 - Tithe Increase
 - Increase in Donations
 - Investment Increase
 - Appropriations

Percent of Expenses to Budget

- $(\text{Total Expenses} - \text{Budgeted Expenses}) / \text{Budgeted Expenses}$
- Negative percentage indicates a decrease in expenses over budget (favorable)
 - Highlight any favorable or negative changes in expenses
 - Major negative variances need to be explained

Financial Indicators – December

Percent of Income to Budget



Percent of Expenses to Budget



Percent of Operating Gain (Loss) to Total Operating Income

- Increase or (Decrease) in Net Assets / Total Income
- Positive percentage is favorable

Percent of Fund Balance Change from Year-end

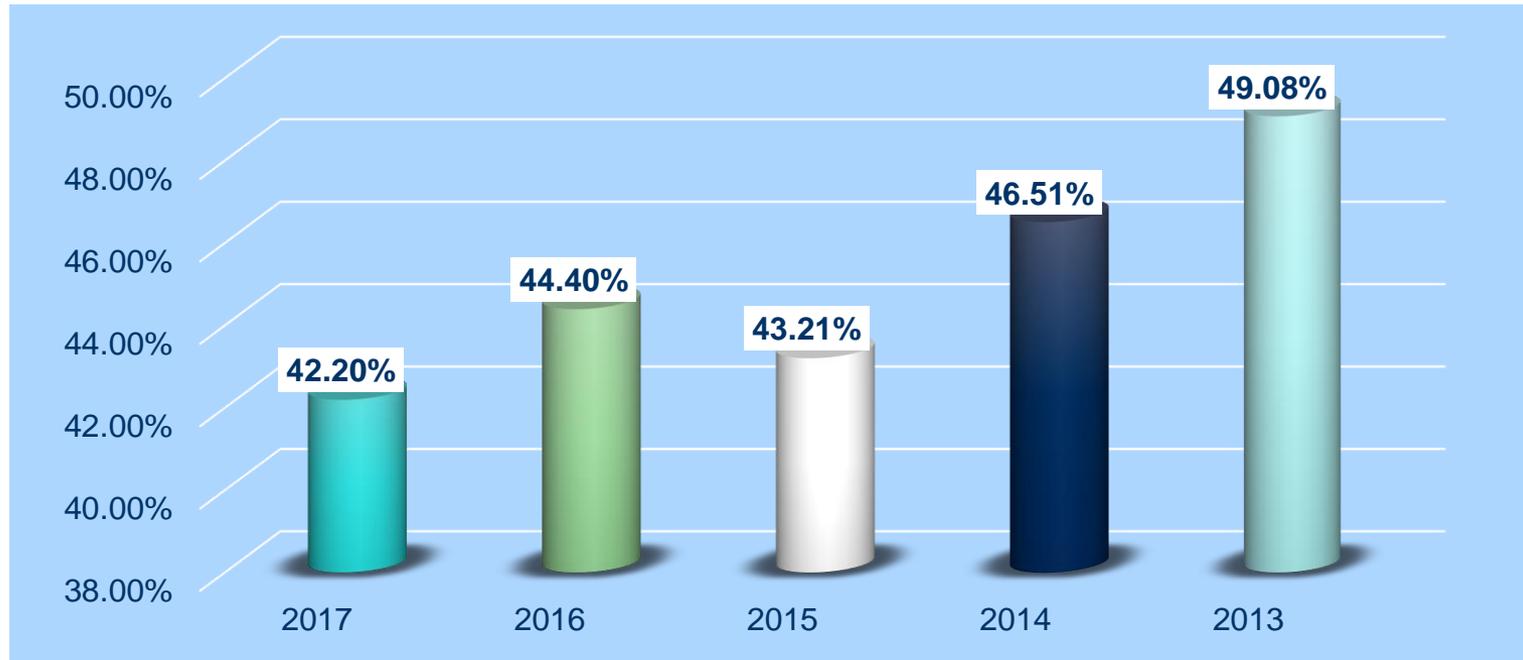
- $(\text{Current Net Assets} - \text{Prior Net Assets at Year-end}) / \text{Prior Net Assets at Year-end}$
- Compares fund balance changes from prior year-end.
- Positive percentage is favorable (Increase in Net Assets)

Five Year Comparisons Financial Indicators – December

Percent of Salary, Allowances & Travel to Union Gross Tithe	2005	39.84%
	2004	43.21%
	2003	44.45%
	2002	46.63%
	2001	42.84%
Percent of Travel to Union Gross Tithe	2005	6.19%
	2004	6.70%
	2003	6.45%
	2002	7.04%
	2001	7.01%

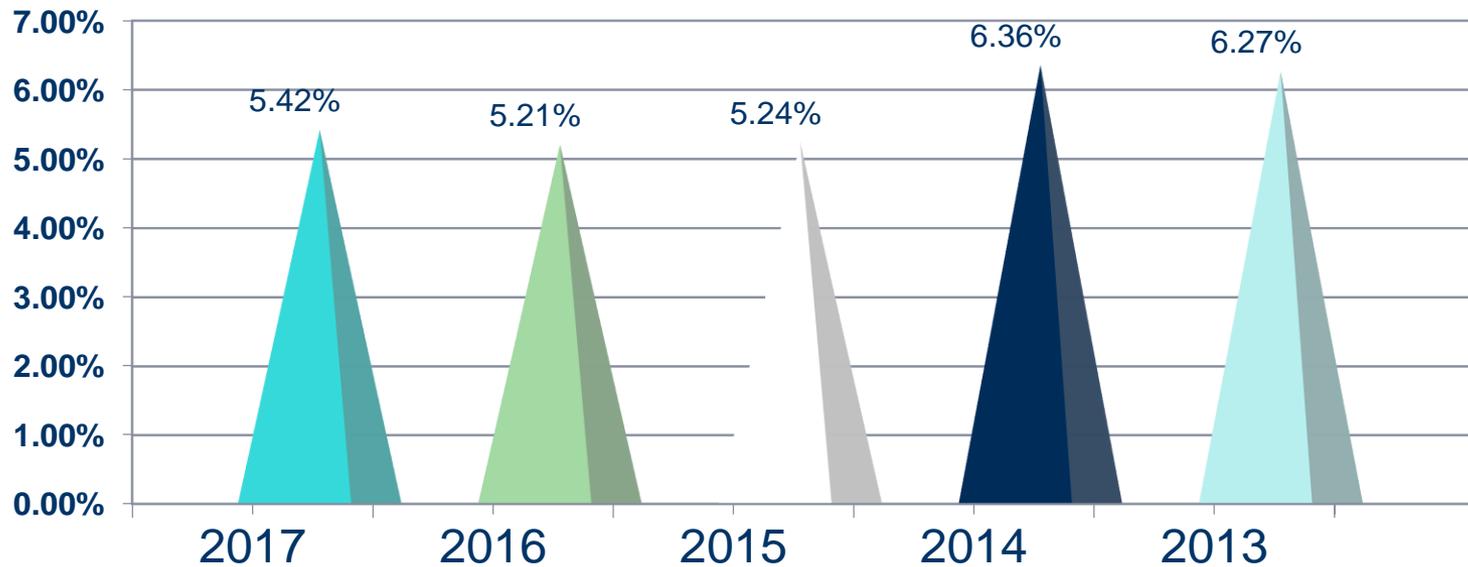
Financial Indicators

**% Salary, Allowances, & Travel to Gross Tithe –
December**



Financial Indicators

% Travel to Gross Tithe – December



Five Year Comparisons Financial Indicators – December

Percent of Liabilities to Assets

2005	55.64%
2004	54.01%
2003	52.87%
2002	54.26%
2001	53.64%

NPUC Tithe Income (Net), Percent Change from Prior Year - December

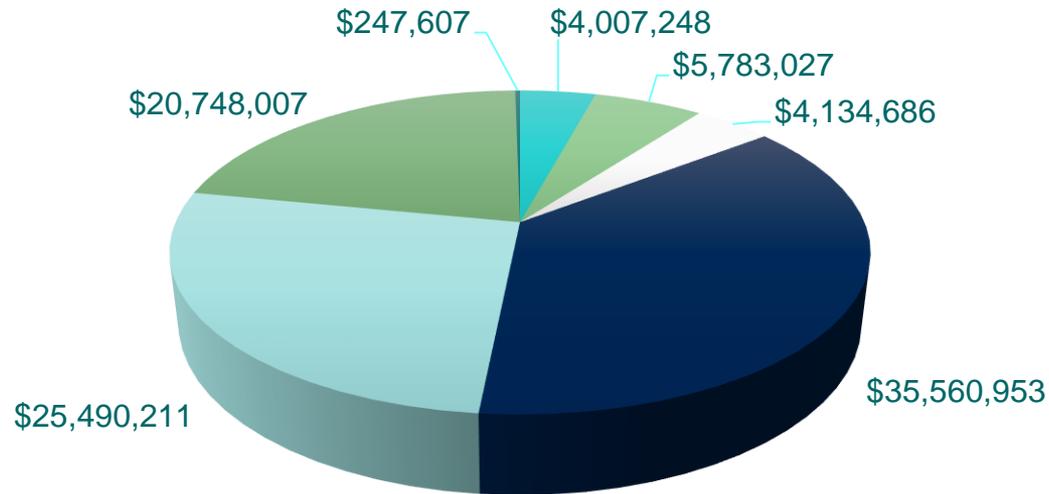
- $(\text{Current Net Tithe Income} - \text{Prior Year Net Tithe Income}) / \text{Prior Year Net Tithe Income}$
- Measures the change of Net Tithe Income to the entity.
- Positive percentage is favorable

Tithe Received – Year to Date December 2017 and 2016

Conference	Year 2017	Year 2016	Incr/(Decr) Percentage	Per Capita 2017	Per Capita 2016
Alaska	4,007,248	4,485,314	(10.66%)	1,036.54	1,160.50
Idaho	5,783,027	5,584,593	3.55%	855.73	844.36
Montana	4,134,686	4,395,009	(5.92%)	1,022.93	1,094.37
Oregon	35,560,953	33,414,352	6.42%	980.67	927.82
Upper Columbia	25,490,211	25,464,205	0.10%	952.02	961.42
Washington	20,748,007	19,766,325	4.97%	898.26	863.65
NPUC – Direct Tithe	247,607	357,673			
Total Tithe	95,971,740	93,467,471	2.68%	952.09	935.78

2017 Tithe: \$ 95,971,740

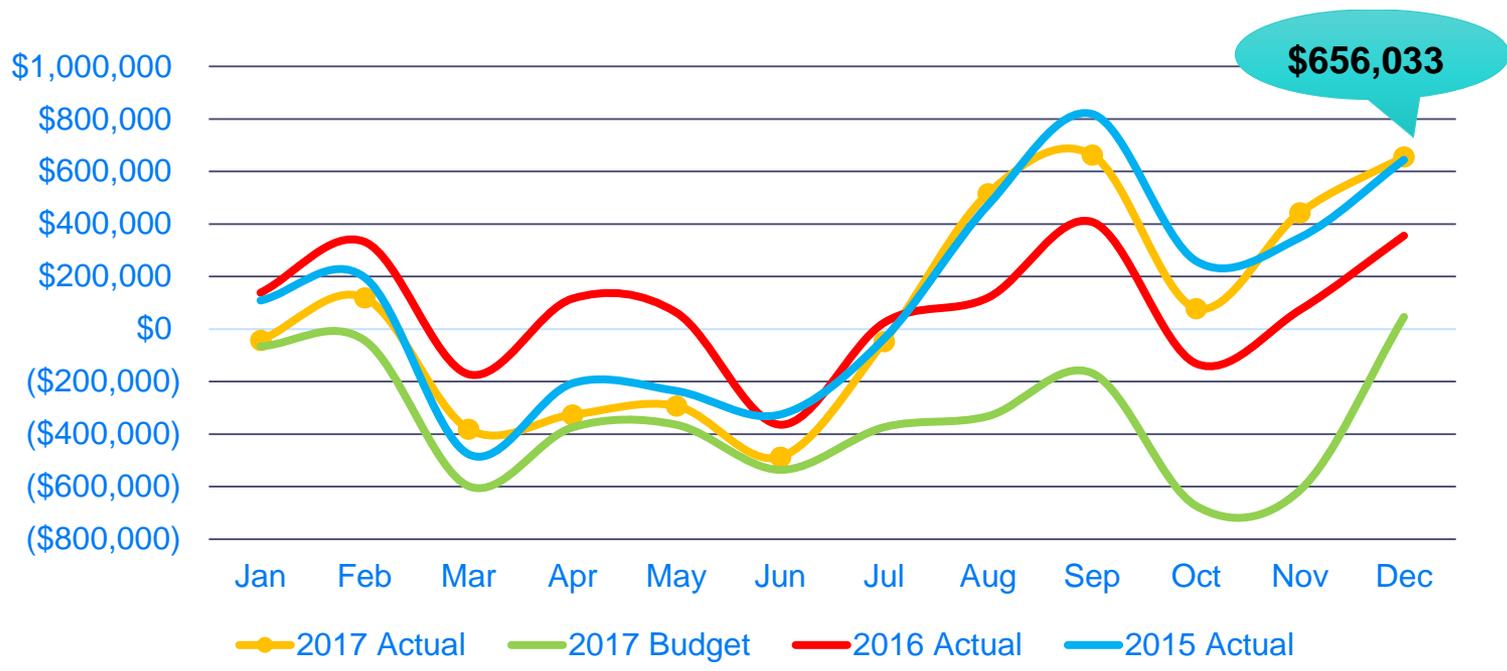
Increase of 2.68% from previous year



■ Alaska ■ Idaho ■ Montana ■ Oregon ■ Upper Columbia ■ Washington ■ NPUC Direct

Changes in Net Assets

Years 2017, 2016 and 2015



Wrap Up

- Executive Committee Member Viewpoint
- Objectives for Present and Future KPIs
- Best Practice
- Comments

Questions or Comments

