

How to Read and Interpret a Financial Statement

1

**North American Division
Treasurers' Training
June 29, 2022**

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Financial Statements

2

Statement of Financial Position

Statement of Changes in Net Assets

Statement of Cash Flows

Financial Statements

3

Statement of Financial Position:

Reports resources (assets), obligations (liabilities), and residual ownership claims (net assets) of the organization.

Special-purpose Financial Statements of Financial Position
December 31, 2019 and 2018

ASSETS

Current assets

	Operating Funds	Plant Funds	Other Funds	2019 Total	2018 Total
Cash and cash equivalents (Note 2)	\$ 7,028,876	-	-	7,028,876	5,918,969
Accounts receivable, net (Note 3)	9,819,653	-	-	9,819,653	10,190,538
Cash held for agency (Note 2)	413,284	-	-	413,284	435,924
Notes and loans receivable (Note 4)	3,824,323	-	-	3,824,323	3,762,141
Inventories, prepaid expense, deposits	563,367	-	-	563,367	132,925
Due from other funds*	2,000	-	-	-	-
Total current assets	21,651,503	-	-	21,649,503	20,440,497

Land, buildings, and equipment, net (Note 5)

For use by conference, net	-	5,581,198	-	5,581,198	4,266,571
For use by affiliated entities, net	-	59,881,048	-	59,881,048	60,143,737
Total land, buildings, and equipment, net	-	65,462,246	-	65,462,246	64,410,308

Other assets

Investment in land and property (Note 6)	11,855	-	-	11,855	11,855
Notes receivable, long-term, net (Note 4)	817,094	-	-	817,094	960,150
For other than operating purposes:					
Cash and investments (Note 7)	-	2,338,006	325,380	2,663,386	3,186,418
Investment in land and property (Note 6)	-	1,131,531	-	1,131,531	539,021
Accounts receivable	-	356,601	-	356,601	181,560
Notes and loans receivable (Note 8)	-	25,129,982	49,123	25,179,105	23,200,547
Inventories, prepaid expense, deposits	-	14,398	-	14,398	101,594
Due from other funds*	-	1,789,227	-	-	-
Held for split-interest agreements	-	-	434,615	434,615	429,047
Total other assets	828,949	30,759,745	809,118	30,608,585	28,610,192
Total assets	\$ 22,480,452	96,221,991	809,118	117,720,334	113,460,997

LIABILITIES

Current liabilities

Accounts payable (Note 9)	\$ 4,221,579	-	-	4,221,579	4,330,779
Agency accounts	413,284	-	-	413,284	435,924
Due to other funds*	1,620,970	-	-	-	-
Total current liabilities	6,255,833	-	-	4,634,863	4,766,703

Other liabilities

Accounts payable (Note 9)	305,042	-	-	305,042	244,796
For other than operating funds:					
Accounts payable (Note 9)	-	5,403	-	5,403	9,815
Notes payable (Note 10)	-	25,189,535	-	25,189,535	23,223,924
Capital leases (Note 11)	-	99,903	-	99,903	137,592
Due to other funds*	-	168,257	2,000	-	-
NPV, annuity liability	-	-	23,280	23,280	23,994
Irrevocable due to others (Note 12)	-	-	282,001	282,001	279,015
Total other liabilities	305,042	25,463,098	307,281	25,905,164	23,919,136
Total liabilities	6,560,875	25,463,098	307,281	30,540,027	28,685,839

NET ASSETS

Unrestricted: unallocated	13,989,209	-	-	13,989,209	12,537,897
Unrestricted: allocated	-	24,110,225	96,247	24,206,472	23,793,210
Unrestricted: net invested in plant	-	46,648,668	-	46,648,668	46,405,499
Total net assets without donor restrictions	13,989,209	70,758,893	96,247	84,844,349	82,736,606
Net assets with temporary donor restrictions (Note 13)	1,930,368	-	228,695	2,159,063	1,861,657
Net assets with permanent donor restrictions (Note 13)	-	-	176,895	176,895	176,895
Total net assets with donor restrictions	1,930,368	-	405,590	2,335,958	2,038,552
Total net assets	15,919,577	70,758,893	501,837	87,180,307	84,775,158
Total liabilities and net assets	\$ 22,480,452	96,221,991	809,118	117,720,334	113,460,997

Financial Statements

5

The 5 columns on this statements are:

Operating Fund – holds accounts that deal with the operations of the organization. This column is the primary focus of Executive Committee/Board members

Plant Fund – holds the plant assets (land, buildings, equipment) and related obligations

Financial Statements

6

Other Funds - In this conference there are two:

Gift Annuity Agreements

Irrevocable Trust Agreements

Two additional columns for comparative financial analysis: A column for the total for 2019 and a column for the total for 2018.

ASSETS	Operating Funds	Plant Funds	Other Funds	2019 Total	2018 Total
Current assets					
Cash and cash equivalents (Note 2)	\$ 7,028,876	-	-	7,028,876	5,918,969
Accounts receivable, net (Note 3)	9,819,653	-	-	9,819,653	10,190,538
Cash held for agency (Note 2)	413,284	-	-	413,284	435,924
Notes and loans receivable (Note 4)	3,824,323	-	-	3,824,323	3,762,141
Inventories, prepaid expense, deposits	563,367	-	-	563,367	132,925
Due from other funds*	2,000	-	-	-	-
Total current assets	21,651,503	-	-	21,649,503	20,440,497
Land, buildings, and equipment, net (Note 5)					
For use by conference, net	-	5,581,198	-	5,581,198	4,268,571
For use by affiliated entities, net	-	59,881,048	-	59,881,048	60,143,737
Total land, buildings, and equipment, net	-	65,462,246	-	65,462,246	64,410,308
Other assets					
Investment in land and property (Note 6)	11,855	-	-	11,855	11,855
Notes receivable, long-term, net (Note 4)	817,094	-	-	817,094	960,150
For other than operating purposes:					
Cash and investments (Note 7)	-	2,338,006	325,380	2,663,386	3,186,418
Investment in land and property (Note 6)	-	1,131,531	-	1,131,531	539,021
Accounts receivable	-	356,601	-	356,601	181,560
Notes and loans receivable (Note 8)	-	25,129,982	49,123	25,179,105	23,200,547
Inventories, prepaid expense, deposits	-	14,398	-	14,398	101,594
Due from other funds*	-	1,789,227	-	-	-
Held for split-interest agreements	-	-	434,615	434,615	429,047
Total other assets	828,949	30,759,745	809,118	30,608,585	28,610,192
Total assets	\$ 22,480,452	96,221,991	809,118	117,720,334	113,460,997
LIABILITIES					
Current liabilities					
Accounts payable (Note 9)	\$ 4,221,579	-	-	4,221,579	4,330,779
Agency accounts	413,284	-	-	413,284	435,924
Due to other funds*	1,620,970	-	-	-	-
Total current liabilities	6,255,833	-	-	4,634,863	4,766,703
Other liabilities					
Accounts payable (Note 9)	305,042	-	-	305,042	244,796
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Total liabilities	6,560,875	25,463,098	307,281	30,540,027	28,685,839
NET ASSETS					
Unrestricted: unallocated	13,989,209	-	-	13,989,209	12,537,897
Unrestricted: allocated	-	24,110,225	96,247	24,206,472	23,793,210
Unrestricted: net invested in plant	-	46,648,668	-	46,648,668	46,405,499
Total net assets without donor restrictions	13,989,209	70,758,893	96,247	84,844,349	82,736,606
Net assets with temporary donor restrictions (Note 13)	1,930,368	-	228,895	2,159,063	1,861,657
Net assets with permanent donor restrictions (Note 13)	-	-	176,895	176,895	176,895
Total net assets with donor restrictions	1,930,368	-	405,590	2,335,958	2,038,552
Total net assets	15,919,577	70,758,893	501,837	87,180,307	84,775,158
Total liabilities and net assets	\$ 22,480,452	96,221,991	809,118	117,720,334	113,460,997

Reading the Financial Statements

8

On the Statement of Financial Position, **Assets** and **Liabilities** are divided into sections:

Current Assets – Assets which are expected to be converted into cash or consumed within one year

Current Liabilities – Liabilities which are expected to be paid within one year or less.

Reading the Financial Statements

9

The “**Other**” Categories:

Land, Buildings, and Equipment and Other Assets are expected to be held for one year or longer.

Other Liabilities are expected to be paid more than one year from the date of the financial statement.

Net Assets

10

NET ASSETS

Unrestricted: unallocated	13,989,209	-	-	13,989,209	12,537,897
Unrestricted: allocated	-	24,110,225	96,247	24,206,472	23,793,210
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Total net assets	<u>15,919,577</u>	<u>70,758,893</u>	<u>501,837</u>	<u>87,180,307</u>	<u>84,775,158</u>
Total liabilities and net assets	<u>\$ 22,480,452</u>	<u>96,221,991</u>	<u>809,118</u>	<u>117,720,334</u>	<u>113,460,997</u>

Reading the Financial Statements

11

Finally, **Net Assets**, the difference between the assets and the liabilities, are also divided into sections:

Net Assets without donor restrictions.

Unallocated, allocated, Net Invested in Plant

Net Assets with donor restrictions.

Temporary; permanent

Reading the Financial Statements

12

Unallocated and Allocated divisions are set by the Executive Committee.

Temporary or permanent donor restrictions are set by the donor.

Special-purpose Statements of Financial Position
December 31, 2019 and 2018

ASSETS

Current assets

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Total net assets	15,919,577	70,758,893	501,837	87,180,307	84,775,158
Total liabilities and net assets	\$ 22,480,452	96,221,991	809,118	117,720,334	113,460,997

Analyzing the Financial Statements

14

Step one:

Run your thumb down the current asset side of the operating fund and find the largest number(s).

In this case it is “Accounts Receivable*” and “Cash and Cash Equivalents.”

*Includes church remittances

Analyzing the Financial Statements

15

Step two:

Review the numbers in the comparative format, as presented.

In this case, cash and cash equivalents are up; accounts receivable are down; accounts payable is about the same for the two years.

There is also a large change in the Plant Fund.

Financial Statements

16

Statement of Changes in Net Assets

Reports revenues, expenses, gains, and losses for a specific period of time. Our initial focus is on the operating column and the unrestricted net assets.

The final key figure: Net increase or decrease from operations.

Special-purpose Statements of Changes in Net Assets; page 1 of 2
For the years ended December 31, 2019 and 2018

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	Operating Funds	Plant Funds	Other Funds	2019 Total	2018 Total
<u>Revenues and support without donor restrictions</u>					
Gross tithe income	\$ 36,421,573	-	-	36,421,573	36,635,926
Tithe percentages passed on	(9,054,351)	-	-	(9,054,351)	(9,181,679)
Net tithe income	27,367,222	-	-	27,367,222	27,454,247
Tithe rebate	-	-	-	-	50,000
Matured trusts and wills	(166,731)	-	-	(166,731)	(27,894)
Investment earnings (Note 14)	272,630	-	24,855	297,485	177,668
Church schools	6,379,496	-	-	6,379,496	6,230,785
Residence rent income	150,362	-	-	150,362	150,914
Hispanic evangelism fees/sales	283,742	-	-	283,742	114,399
Youth camp fees/sales	19,907	-	-	19,907	280,660
Campmeeting fees/sales	33,080	-	-	33,080	49,793
Employee medical contributions	594,236	-	-	594,236	630,319
Contributed services (Note 22)	64,680	-	-	64,680	57,865
Hispanic School of Theology income	8,887	-	-	8,887	12,139
Locally funded employees billing	7,904,163	-	-	7,904,163	7,748,846
Property insurance billings churches and schools	647,911	-	-	647,911	648,440
Miscellaneous income	253,317	-	-	253,317	52,150
Change in irrevocable split-interest agreements (Note 12)	-	-	1,566	1,566	(1,484)
Annuities, increase (decrease) to liability (Note 12)	-	-	(10)	(10)	-
Total revenues without donor restrictions	43,812,902	-	26,411	43,839,313	43,628,847
Released from net assets with donor restrictions (Note 13)	1,827,361	-	-	1,827,361	1,817,035
Total revenues and support without donor restrictions	45,640,263	-	26,411	45,666,674	45,445,882
<u>Expenses and losses</u>					
<u>Program services functions</u>					
Church ministries	13,356,004	230,655	-	13,586,659	13,231,159
Church min. locally funded employees and insurance	2,131,557	-	-	2,131,557	2,100,943
Educational	13,965,668	-	-	13,965,668	13,417,544
Educational locally funded employees and insurance	6,420,517	-	-	6,420,517	6,296,343
Publishing	3,901	-	-	3,901	4,613
Special services	623,355	158	-	623,513	597,419
Total program services function (Note 16)	36,501,002	230,813	-	36,731,815	35,648,021
<u>Supporting services function</u>					
General administrative	3,075,907	122,820	-	3,198,727	3,151,073
Ingathering reversion	16,653	-	-	16,653	15,266
Residence rental	191,863	22,204	-	214,067	307,294
Retirement contribution to DB plan (Note 19)	4,152,059	-	-	4,152,059	4,176,496
Total supporting services function (Note 16)	7,436,482	145,024	-	7,581,506	7,650,129
Total expenses and losses	43,937,484	375,837	-	44,313,321	43,298,150
Net increase (decrease) from operations	1,702,779	(375,837)	26,411	1,353,353	2,147,732
NONOPERATING ACTIVITY WITHOUT DONOR RESTRICTIONS					
Nonoperating revenue (Note 17)	-	4,677,972	-	4,677,972	4,229,961
Nonoperating expense (Note 17)	-	(4,734,477)	(18,953)	(4,753,430)	(3,080,450)
Net gain (loss) sale of assets (Note 17)	-	750,082	-	750,082	310,632
Released from restrictions (Note 13)	-	76,588	3,178	79,766	8,736
Net transfers between funds (Note 17)	(251,467)	254,654	(3,187)	-	-
Net increase (decrease) from nonoperating activity without donor restriction	(251,467)	1,024,819	(18,962)	754,390	1,468,879
Increase (decrease) net assets without donor restrictions	1,451,312	648,982	7,449	2,107,743	3,616,611

Special-purpose Statements of Changes in Net Assets: page 2 of 2
For the years ended December 31, 2019 and 2018

	<u>Operating Funds</u>	<u>Plant Funds</u>	<u>Other Funds</u>	<u>2019 Total</u>	<u>2018 Total</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS					
Increase (decrease) net assets without donor restrictions	\$ 1,451,312	648,982	7,449	2,107,743	3,816,611
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS					
Changes in net assets with temporary donor restrictions					
<u>Income with temporary donor restrictions</u>					
Subsidies	1,534,779	-	-	1,534,779	1,555,177
Donations	529,209	76,588	-	605,797	640,875
Increase (decrease) annuities (Note 13)	-	-	5,767	5,767	1,400
Increase (decrease) on irrevocable investments (Note 13)	-	-	2,203	2,203	18,065
Endowment income (Note 13)	-	-	31,636	31,636	(16,125)
In-gathering reversion	24,351	-	-	24,351	24,435
Total income with temporary donor restrictions received (Note 13)	2,088,339	76,588	39,606	2,204,533	2,223,827
Released from restriction (Note 13)	(1,827,361)	(76,588)	(3,178)	(1,907,127)	(1,825,771)
Increase (decrease) net assets with temporary donor restrictions	260,978	-	36,428	297,406	398,056
Increase (decrease) in net assets with donor restrictions	260,978	-	36,428	297,406	398,056
Increase (decrease) net assets	1,712,290	648,982	43,877	2,405,149	4,014,667
Net assets, beginning	14,207,287	70,109,911	457,960	84,775,158	80,760,491
Net assets, end of year	\$ <u>15,919,577</u>	<u>70,758,893</u>	<u>501,837</u>	<u>87,180,307</u>	<u>84,775,158</u>

Analyzing the Financial Statements

19

Step Three: Ratio analysis

Ratio analysis is the process of comparing the level of different performance results to industry averages and to the organization's own past performance.

It involves the comparison of two numbers on the financial statements, providing the advantage of putting large numbers into an easily-understandable perspective.

Analyzing the Financial Statements

20

Liquidity Ratios: Used to estimate the ability to pay current obligations.

Two liquidity ratios:

Acid Test (or Quick Assets) Ratio

Current Ratio

Analyzing the Financial Statements

21

Formula: *Acid Test (or Quick Asset) Ratio*

Cash + Investments + Receivables

Current Liabilities

Analyzing the Financial Statements

22

Acid Test Ratio for 2019:

$$\frac{7,028,876 + 9,819,653}{4,634,863} = 3.64$$

Acid Test Ratio for 2018:

$$\frac{5,918,969 + 10,190,538}{4,766,703} = 3.38$$

Analyzing the Financial Statements

23

A second common liquidity ratio is the:

Current Ratio

Current Assets

Current Liabilities

Difference: Includes **all** current assets, including Notes & Loans Receivable, Inventories, and Prepaid Items.

Analyzing the Financial Statements

24

Current Ratio for 2019:

$$\frac{21,649,503}{4,634,863} = 4.67$$

Current Ratio for 2018:

$$\frac{20,440,497}{4,766,703} = 4.29$$

Analyzing the Financial Statements

25

Ratio of Payroll-Related Expense to Tithe:

Total Payroll-Related Expense

Gross Tithe Income

Analyzing the Financial Statements

26

Ratio of Payroll-Related Expense to Tithe: (see note 16)

$$2019: \quad \frac{30,284,596}{36,421,573} = 83.2\%$$

$$2018: \quad \frac{29,928,473}{36,635,926} = 81.7\%$$

Analyzing the Financial Statements

27

Ratio of Educational Programs to Tithe:

Total Educational Program Services

Gross Tithe Income

Analyzing the Financial Statements

Ratio of Educational Programs to Tithe: (see Note 16)

$$2019: \quad \frac{13,965,668}{36,421,573} = 38.3\%$$

$$2018: \quad \frac{13,417,544}{36,635,926} = 36.6\%$$

Analyzing the Financial Statements

29

Debt Percentage:

Total Operating Liabilities

Total Operating Net Assets

Analyzing the Financial Statements

30

Debt Percentage:

$$2019: \quad \frac{\underline{4,939,905}}{13,989,209} = 35.3\%$$

$$2018: \quad \frac{\underline{5,011,499}}{12,537,897} = 39.9\%$$

Analyzing the Financial Statements

31

Days of Cash on Hand: (see note 16)

Unrestricted Cash and Cash Equivalents

Operating Expenses* / 365 days

*Omit non-cash expenses such as depreciation

Analyzing the Financial Statements

32

$$\begin{array}{l} 2019: \quad \quad \quad \underline{7,028,876} \quad \quad = \quad 58.4 \text{ days} \\ \quad \quad \quad 43,937,484 / 365 \text{ days} \end{array}$$

$$\begin{array}{l} 2018: \quad \quad \quad \underline{5,918,969} \quad \quad = \quad 50.3 \text{ days} \\ \quad \quad \quad 42,946,895 / 365 \text{ days} \end{array}$$

Analyzing the Financial Statements

33

Summary:

	2019	2018
Acid Test Ratio	3.64	3.38
Current Ratio	4.67	4.29
Ratio of Payroll Expense to Tithe	83.2%	81.7%
Ratio of Educ. Expense to Tithe	38.3%	36.6%
Debt Percentage	35.3%	39.9%
Days Cash on Hand	58.4 days	50.3 days

Analyzing the Financial Statements

34

Rules for data selection for financial analysis:

Measure accounts, balances, or activities for which:

- a. The results of analysis would trigger the need for a management decision.

Analyzing the Financial Statements

35

- b. The decision is not obvious but would be of consequence to the organization.

- c. The results can have significant repercussions for constituents, affiliated entities, or financial performance.

Analyzing the Financial Statements

36

d. Key management or committee members have expressed a desire to know.

Analyzing the Financial Statements

37

Each not-for-profit sector uses its own unique ratios

For example, hospitals analyze their activities on a patient-day or per-bed basis.

Educational institutions use a per-student or a per-course basis.

Financial Statements

38

Statement of Cash Flows

Reports cash “inflows” and “outflows” of cash during the period.

Analyzing the Financial Statements

39

The Statement of Cash Flows is divided into:

Cash Flows from Operating Activities

Cash Flows from Investing Activities

Cash Flows from Financing Activities

When the three sections are totaled, the Statement of Cash Flows explains how the beginning-of-the-period cash balance became the end-of-the-period cash balance.

Special-purpose Statements of Cash Flows
For the years ended December 31, 2019 and 2018

	<u>Operating Funds</u>	<u>Plant Funds</u>	<u>Other Funds</u>	<u>2019 Total</u>	<u>2018 Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Increase (decrease) in net assets	\$ 1,712,290	648,982	43,877	2,405,149	4,014,667
<u>Adjustments to reconcile change in net assets to net cash provided:</u>					
Depreciation expense (Note 5)	-	3,201,906	-	3,201,906	2,628,061
(Gain) loss on sale of plant assets (Note 17)	-	(750,082)	-	(750,082)	(310,632)
Annuities actuarial adjustment	-	-	(401)	(401)	(356)
Annuity fund income less payments	-	-	(815)	(815)	1,506
Church and school properties added (Note 17)	-	(3,325,406)	-	(3,325,406)	(2,625,269)
(Increase) decrease accounts receivable	370,885	-	-	370,885	(824,645)
(Increase) decrease inventories and prepaids	(430,442)	-	-	(430,442)	(30,524)
Increase (decrease) accounts payable	(48,954)	-	-	(48,954)	219,074
(Increase) decrease deposits	-	87,196	-	87,196	(13,427)
Net cash provided (used) from operating	<u>1,603,779</u>	<u>(137,404)</u>	<u>42,661</u>	<u>1,509,036</u>	<u>3,058,455</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
(Increase) decrease nonoperating cash	-	563,424	(40,392)	523,032	(1,620,827)
(Increase) decrease nonoperating investment in land	-	-	-	-	16,479
Incr. (decr.) nonoper. trust funds due to other entities	-	-	2,986	2,986	(97,696)
Proceeds from sale of plant assets (Note 17)	-	930,682	-	930,682	2,280,798
Purchase of plant assets	-	(1,691,200)	-	(1,691,200)	(916,649)
(Increase) decrease held for split-interest	-	-	(5,568)	(5,568)	111,576
New notes receivable issued	(64,131)	(3,381,749)	(5,053)	(3,450,933)	(5,924,504)
Payments received on notes receivable	145,005	1,405,380	2,863	1,553,248	4,488,577
Net cash provided (used) from investing	<u>80,874</u>	<u>(2,173,463)</u>	<u>(45,164)</u>	<u>(2,137,753)</u>	<u>(1,662,246)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
(Increase) decrease nonoperating accounts receivable	-	(175,041)	-	(175,041)	(133,918)
Increase (decrease) nonoperating accounts payable	-	(4,412)	-	(4,412)	(244,153)
Proceeds (payments) on inter-fund borrowing	(574,746)	572,746	-	(2,000)	-
Proceeds from external borrowing	-	4,172,262	-	4,172,262	1,479,651
Annuities investment income (Note 12)	-	-	5,053	5,053	725
Annuity payments (Note 12)	-	-	(2,550)	(2,550)	(2,550)
Principal payments on notes payable	-	(2,254,688)	-	(2,254,688)	(1,990,028)
Net cash provided (used) from financing	<u>(574,746)</u>	<u>2,310,867</u>	<u>2,503</u>	<u>1,738,624</u>	<u>(890,273)</u>
Net increase (decrease) cash and cash equivalents	1,109,907	-	-	1,109,907	505,936
Cash and cash equivalents, beginning of year	5,918,969	-	-	5,918,969	5,413,033
Cash and cash equivalents, end of year	\$ <u>7,028,876</u>	<u>-</u>	<u>-</u>	<u>7,028,876</u>	<u>5,918,969</u>
<u>Supplemental information:</u>					
Interest paid				\$ <u>770,761</u>	<u>722,910</u>

Analyzing the Financial Statements

41


Statement of Cash Flows provides information on:

The organization's ability to generate positive future net cash flows.

The organization's ability to meet its obligations.

The organization's need for external financing.

**Statement of Position
OPERATING FUND**

			12/31/2020	12/31/2019	Increase/ Decrease
<u>ASSETS</u>					
	Cash & Investments		18,387,280.52	11,142,865.06	7,244,415.46
	Employee A/R		6,450.88	29,007.26	22,556.38-
	Institutions & Other A/R		8,193,173.58	9,790,645.22	1,597,471.64-
	Notes & Loans Receivable		106,497.33	123,617.84	17,120.51-
	Inventories & Supplies		68,920.46	76,315.47	7,395.01-
	Prepaid Expenses		1,242,798.14	53,032.82	1,189,765.32
	Total CURRENT ASSETS		28,005,120.91	21,215,483.67	6,789,637.24
C-131	Land Investments		11,854.87	14,857.27	3,002.40-
C-145	N/R Other SDA Entities		405,801.12	437,422.12	31,621.00-
C-153	Notes Receivable Schools		266,559.69	379,672.24	113,112.55-
C-182	Due From Nonoperating		.00	2,000.00	2,000.00-
	Total OTHER ASSETS		684,215.68	833,951.63	149,735.95-
	Total ASSETS		<u>28,689,336.59</u>	<u>22,049,435.30</u>	<u>6,639,901.29</u>
<u>LIABILITIES</u>					
C-227	Equipment Allowance		84.95	1,772.87	1,687.92-
C-228	Payroll Accounts Payable		44,374.70	97,604.05	53,229.35-
C-229	Misc Accounts Payable		5,003,786.60	3,996,227.42	1,007,559.18
C-240	Trust Funds		365,887.53	436,584.18	70,696.65-
C-251	World Mission Trust Fund		1,099.08	23,300.03-	24,399.11
C-282	Due To Nonoperating		1,412,631.90	1,620,969.40	208,337.50-
	Total CURRENT LIABILITIES		6,827,864.76	6,129,857.89	698,006.87
C-330	Notes Payable Long Term		5,400,000.00	.00	5,400,000.00
	Total OTHER LIABILITIES		<u>5,400,000.00</u>	<u>.00</u>	<u>5,400,000.00</u>
	Total LIABILITIES		12,227,864.76	6,129,857.89	6,098,006.87
<u>NET ASSETS</u>					
	UNALLOCATED		746,342.27	746,342.27	.00
	Church Programs		2,884,367.87	2,093,025.92	791,341.95
	Education Programs		54,667.16	37,525.46	17,141.70
	Special Programs		13,082.07	10,293.34	2,788.73
	Other Programs		24,747.26	20,036.81	4,710.45
	Total PROGRAMS		2,976,864.36	2,160,881.53	815,982.83
	Support Programs		467,137.54	323,001.98	144,135.56
	Working Capital		12,271,127.66	12,642,593.97	371,466.31-
	Total OTHER OPERATING		12,738,265.20	12,965,595.95	227,330.75-
	OTHER FUNCTIONS		.00	46,757.66	46,757.66-
	Total NET ASSETS		<u>16,461,471.83</u>	<u>15,919,577.41</u>	<u>541,894.42</u>
	Total LIAB & NET ASSETS		<u>28,689,336.59</u>	<u>22,049,435.30</u>	<u>6,639,901.29</u>



Statement of Changes in Net Assets
OPERATING FUND



	ACTUAL 12/01/2020 12/31/2020		ACTUAL 1/01/2020 12/31/2020		BUDGET 1/01/2020 12/31/2020		ACTUAL 1/01/2019 12/31/2019	
<u>OPERATING INCOME</u>								
Donations & Offerings	342,069.48	5.4%	798,340.38	2.1%	230,500.00	.6%	529,209.28	1.4%
General Conf Subsidies	108,658.00	1.7%	1,337,893.00	3.5%	1,323,516.00	3.6%	1,275,252.00	3.4%
Columbia Union Subsidies	80,905.20	1.3%	690,002.88	1.8%	507,861.00	1.4%	259,526.18	.7%
Ingathering Reversion	2,472.69	.0%	18,320.64	.0%	17,500.00	.0%	24,350.90	.1%
Released To Unrestricted	<u>459,771.86-</u>	7.2%	<u>2,251,377.73-</u>	5.9%	<u>2,180,956.00-</u>	5.8%	<u>1,827,361.17-</u>	4.8%
Total TEMP RESTRICTED INCOME	74,333.51	1.2%	593,179.17	1.6%	81,579.00-	.2%	260,977.19	.7%
Gross Tithe Income	5,512,013.94	86.6%	36,040,832.19	95.2%	35,971,573.00	97.3%	36,421,573.00	96.6%
Tithe Percentages	1,366,979.45-	21.5%	8,904,334.36-	23.5%	8,887,160.00-	24.0%	9,054,350.51-	24.0%
Unrestr Sub: Col Union	71,522.50	1.1%	71,522.50	.2%	60,000.00	.2%	64,880.00	.2%
Campground Income	.00	.0%	.00	.0%	.00	.0%	3,030.00	.0%
Campmeeting Fees	.00	.0%	.00	.0%	.00	.0%	30,000.00	.1%
Camp Blue Ridge Income	7,314.73	.1%	29,424.39	.1%	222,800.00	.6%	19,906.53	.1%
Parsonage Rental Income	15,530.00	.2%	183,956.50	.5%	165,030.00	.4%	149,590.62	.4%
Employee Medical Fee	57,774.00	.9%	697,548.00	1.8%	539,435.00	1.5%	594,236.48	1.6%
Unrestricted Inv Earning	56,179.32	.9%	366,412.33	1.0%	50,000.00	.1%	75,107.32	.2%
Matured Trusts & Wills	.00	.0%	7,562.56	.0%	.00	.0%	166,730.89-	.4%
Hispanic School of Theology	320.00	.0%	6,699.00	.0%	10,000.00	.0%	8,887.00	.0%
Church School Income	1,148,618.00	18.0%	6,174,788.00	16.3%	6,541,999.00	17.7%	6,379,496.40	16.9%
LF OPERATIONS	.00	.0%	.00	.0%	.00	.0%	97,186.65	.3%
Tithe Exchange	56,583.62	.9%	299,761.19	.8%	.00	.0%	.00	.0%
Miscellaneous Income	346,283.95	5.4%	612,899.61	1.6%	152,600.00	.4%	1,264,225.72	3.4%
Released From Restricted	<u>459,771.86</u>	7.2%	<u>2,251,627.73</u>	6.0%	<u>2,180,956.00</u>	5.8%	<u>1,827,361.17</u>	4.8%
Total UNRESTRICTED INCOME	6,364,932.47	100.0%	37,838,699.64	100.0%	36,987,233.00	100.0%	37,714,199.49	100.0%
Total OPERATING INCOME	6,439,265.98	101.2%	38,431,878.81	101.6%	36,905,654.00	99.8%	37,975,176.68	100.7%
<u>OPERATING EXPENSES</u>								
Church Programs	2,074,248.60-	32.6%	13,862,679.62-	36.6%	15,033,896.00-	40.6%	13,886,270.12-	36.8%
Education Programs	2,278,584.00-	35.8%	14,916,718.67-	39.4%	14,458,085.00-	39.1%	14,063,734.18-	37.3%
Publishing Programs	3,847.05-	.1%	3,847.05-	.0%	3,796.00-	.0%	3,901.40-	.0%
Special Programs	31,322.10-	.5%	668,953.90-	1.8%	737,351.00-	2.0%	623,355.25-	1.7%
Other Programs	617,908.11-	9.7%	4,084,547.08-	10.8%	4,093,010.00-	11.1%	4,146,810.04-	11.0%
Support Programs	<u>580,208.39-</u>	9.1%	<u>3,180,159.01-</u>	8.4%	<u>3,168,985.00-</u>	8.6%	<u>3,287,173.95-</u>	8.7%
Total OPERATING EXPENSES	5,632,550.00-	88.5%	36,763,662.99-	97.2%	37,495,123.00-	101.4%	36,011,244.94-	95.5%
<u>OTHER ACTIVITY</u>								



Statement of Changes in Net Assets
OPERATING FUND

	ACTUAL		ACTUAL		BUDGET		ACTUAL	
	12/01/2020		1/01/2020		1/01/2020		1/01/2019	
	12/31/2020		12/31/2020		12/31/2020		12/31/2019	
Operation Funding	3,784.15	.1%	46,286.57	.1%	12,000.00	.0%	75,105.11	.2%
Depreciation Funding	38,333.34-	.6%	185,000.08-	.5%	185,000.00-	.5%	180,174.72-	.4%
Acquisition Funding	<u>759,388.21-</u>	11.9%	<u>987,807.89-</u>	2.6%	<u>243,500.00-</u>	.7%	<u>166,572.16-</u>	.4%
Total TRANSFERS	793,937.40-	12.5%	1,128,321.40-	3.0%	416,500.00-	1.1%	251,841.77-	.7%
Total NET INCREASE(-DECREASE)	<u>12,778.58</u>	.2%	<u>541,894.42</u>	1.4%	<u>1,005,969.00-</u>	2.7%	<u>1,712,289.97</u>	4.5%
Total BEGINNING BALANCE	<u>16,448,693.25</u>	258.4%	<u>15,919,577.41</u>	42.1%	<u>15,919,562.00</u>	43.0%	<u>14,207,287.44</u>	37.7%
Total ENDING BALANCE	<u>16,461,471.83</u>	258.6%	<u>16,461,471.83</u>	43.5%	<u>14,913,593.00</u>	40.3%	<u>15,919,577.41</u>	42.2%



Any Questions?

45

Questions?

Thank you!

Financial Activity Summary
OPERATING FUND

	Restricted Income	Unrestrict Income	Expenses	Function Transfers	Inter-Fund Transfers	Increase/ Decrease	Beg Bal 1/01/2020	End Bal 12/31/2020	Restr Bal 12/31/2020
UNALLOCATED									
F-101 Unallocated Tithe	0	27,436,259	0	27,436,259-	0	0	0	0	0
F-102 Unallocated Nontithe	0	344,364	0	385,635	730,000-	0	0	0	0
Unallocated Bequests	0	7,562	0	8,444-	881	0	746,342	746,342	0
Total UNALLOCATED	0	27,788,185	0	27,059,067-	729,118-	0	746,342	746,342	0
PROGRAMS									
F-200 Pastors & Bible Workers	0	24,314	10,180,706-	10,156,391	0	0	0	0	0
F-204 Local Hire Church	0	571,823	571,823-	0	0	0	0	0	0
F-212 Ministerial Scholarships	0	39,286	53,313-	14,027	0	0	0	0	0
F-219 Ministerial	0	0	498,852-	498,852	0	0	0	0	0
F-229 Cultivate	6,929	0	0	0	0	6,929	50,632	57,562	55,311
F-230 Evangelism	545,067	602,828	96,268-	506,561-	0	545,067	1,530,082	2,075,150	2,075,150
F-231 Church Planting	17,968	409,140	432,470-	223,541	0	218,179	177,940	396,120	17,968
F-232 Hispanic Ministries	0	0	342,812-	284,341	58,471	0	0	0	0
F-235 Hispanic Evangelism	69,991	52,774-	241,117-	293,892	0	69,991	0	69,991	69,991
F-236 Hispanic Music Ministries	2,085	42,447	22,047-	20,400-	0	2,085	32,093	34,178	26,410
F-239 Hispanic School of Theology	1,336-	8,035	3,014-	5,000-	0	1,315-	2,015	699	0
F-250 Church Special Projects	0	0	30,061-	30,000	0	61-	17,070	17,008	0
F-260 Children's Ministries	0	0	2,998-	2,998	0	0	9,915	9,915	0
F-269 Youth Ministry Reserve	12,427	0	0	0	0	12,427	0	12,427	12,427
F-270 Pathfinder Activities	0	0	118,796-	118,796	0	0	0	0	0
F-271 Youth Ministries	0	100	249,637-	249,537	0	0	0	0	0
F-272 CBR - Restricted Income	7,904-	7,904	0	7,904-	0	7,904-	7,904	0	0
F-273 Camp Blue Ridge	0	32,259	746,618-	789,359	75,000-	0	0	0	0
F-275 Summer Camp	0	4,082	66,658-	62,576	0	0	0	0	0
F-282 Campground	0	3,838	43,163-	39,325	0	0	0	0	0
F-283 Campmeeting	0	173	2,819-	2,645	0	0	0	0	0
F-287 Church Building/Equip	66,559-	185,067	159,500-	0	13,067-	54,059-	265,372	211,313	211,313
*Church Programs	578,672	1,878,524	13,862,679-	12,226,420	29,595-	791,341	2,093,025	2,884,367	2,468,574
F-302 Church School Operation	0	6,975,124	11,465,431-	4,490,306	0	0	0	0	0
F-303 Education Resource Center	0	0	0	0	0	0	24,999	24,999	0
F-304 Academy & College	0	0	2,712,572-	2,912,572	200,000-	0	0	0	0
F-311 Local Hire School	0	100,909	100,909-	0	0	0	0	0	0
F-350 Educ Special Projects	17,141	18,065	22,875-	4,809	0	17,141	12,525	29,667	17,141
F-364 Worthy Student	0	646	0	646-	0	0	0	0	0
F-379 Education	0	48,437	614,929-	567,892	1,389-	0	0	0	0
*Education Programs	17,141	7,143,183	14,916,718-	7,974,925	201,389-	17,141	37,525	54,667	17,141
F-450 Adventist Book Center	0	0	3,796-	3,796	0	0	0	0	0
F-469 Hispanic Literature Min	0	0	51-	51	0	0	0	0	0
*Publishing Programs	0	0	3,847-	3,847	0	0	0	0	0



Financial Activity Summary
OPERATING FUND

	Restricted Income	Unrestrict Income	Expenses	Function Transfers	Inter-Fund Transfers	Increase/ Decrease	Beg Bal 1/01/2020	End Bal 12/31/2020	Restr Bal 12/31/2020
F-513 Communications	0	19,487	442,877-	423,210	0	0	0	0	0
F-515 Welfare Operation	7,345-	42,425	34,791-	2,500	0	2,788	6,683	9,472	9,472
F-534 Health & Temperance	0	32	470	32-	0	0	0	0	0
F-588 Religious Liberty	0	0	0	0	0	0	3,609	3,609	3,609
F-577 Planned Giving	0	0	191,484-	191,484	0	0	0	0	0
*Special Programs	7,345-	61,924	668,953-	617,163	0	2,788	10,293	13,082	13,082
F-637 Ingathering Reversion	4,710	13,610	11,110-	2,500-	0	4,710	20,036	24,747	24,747
F-650 Potomac Partners	0	0	35,217	0	35,217-	0	0	0	0
F-687 Retirement Plan	0	0	4,108,654-	4,108,654	0	0	0	0	0
*Other Programs	4,710	13,610	4,084,547-	4,106,154	35,217-	4,710	20,036	24,747	24,747
Total PROGRAMS	593,179	9,097,241	33,536,746-	24,928,511	266,203-	815,982	2,160,881	2,976,864	2,523,545
<u>OTHER OPERATING</u>									
F-714 Computer Services	0	0	114,371-	114,371	0	0	0	0	0
F-715 Conventions & Meetings	0	0	6,250-	25,000	0	18,750	107,104	125,854	0
F-753 Medical Sub Fund	0	697,548	697,548-	0	0	0	0	0	0
F-756 Office Operation & Maint	0	245	130,755	0	131,000-	0	0	0	0
F-758 Maryland Office Housing	0	0	53,208-	53,208	0	0	0	0	0
F-768 Residence Rental Summary	0	183,958	102,486-	0	0	81,490	28,727	110,218	0
F-791 Special Projects	0	0	10,153-	54,048	0	43,895	187,189	231,084	0
F-792 Human Resources	0	0	272,079-	272,079	0	0	0	0	0
F-794 Treasury & Auditing	0	71,522	1,311,415-	1,239,892	0	0	0	0	0
F-796 Administration	0	0	360,281-	360,281	0	0	0	0	0
F-798 Executive	0	0	383,139-	383,139	0	0	0	0	0
*Support Programs	0	953,272	3,180,159-	2,502,022	131,000-	144,135	323,001	467,137	0
F-811 Tithe Working Capital	0	0	0	536,258-	0	536,258-	5,813,613	5,277,355	0
F-812 Nontithe Working Capital	0	0	0	357,344	0	357,344	1,178,723	1,536,088	0
F-814 Medical Fund Working Cap	0	0	0	520,593	0	520,593	1,991,814	2,512,408	0
F-815 Church School Working Cp	0	0	0	713,404-	0	713,404-	3,493,574	2,780,189	0
F-816 C E Bank Working Capital	0	0	0	258	0	258	164,867	165,125	0
*Working Capital	0	0	0	371,466-	0	371,466-	12,642,593	12,271,127	0
Total OTHER OPERATING	0	953,272	3,180,159-	2,130,556	131,000-	227,330-	12,965,595	12,738,265	0
Total FUNCTIONS	<u>593,179</u>	<u>37,838,699</u>	<u>36,716,905-</u>	<u>0</u>	<u>1,126,321-</u>	<u>588,652</u>	<u>15,872,819</u>	<u>16,461,471</u>	<u>2,523,545</u>

Note 17 – Nonoperating activity without donor restrictions

	Operating Funds	Plant Funds	Other Funds	2019 Total	2018 Total
Other income	\$ -	1,352,566	-	1,352,566	1,604,692
Church and school properties added	-	3,325,406	-	3,325,406	2,625,269
Non-operating revenue	<u>\$ -</u>	<u>4,677,972</u>	<u>-</u>	<u>4,677,972</u>	<u>4,229,961</u>
Interest paid on debt	\$ -	(770,761)	-	(770,761)	(722,910)
Church and school depreciation	-	(2,826,070)	-	(2,826,070)	(2,276,806)
Appropriations to churches and school	-	(1,101,176)	-	(1,101,176)	-
Other expense	-	(36,470)	(18,953)	(55,423)	(80,734)
Non-operating expense	<u>\$ -</u>	<u>(4,734,477)</u>	<u>(18,953)</u>	<u>(4,753,430)</u>	<u>(3,080,450)</u>
Proceeds from sale of plant assets	\$ -	930,682	-	930,682	2,280,798
Net value of plant assets sold	-	(180,600)	-	(180,600)	(1,970,166)
Net gain (loss) on sale of assets	<u>\$ -</u>	<u>750,082</u>	<u>-</u>	<u>750,082</u>	<u>310,632</u>
Depreciation funding	\$ (160,000)	160,000	-	-	700,000
Plant acquisition funding	(94,654)	94,654	-	-	(700,000)
Endowment funding	2,000	-	(2,000)	-	-
Matured split interest agreement transfer	1,187	-	(1,187)	-	-
Unexpended plant resources spent	-	(1,701,547)	-	(1,701,547)	(916,649)
Purchases added to net invested in plant	-	1,701,547	-	1,701,547	916,649
Unexpended asset held for sale transferred in	-	767,872	-	767,872	-
Assets held for sale transferred out of net invested	-	(767,872)	-	(767,872)	-
Net transfers between funds	<u>\$ (251,467)</u>	<u>254,654</u>	<u>(3,187)</u>	<u>-</u>	<u>-</u>