

Chapter 24: Financial Statement Reporting

- STATEMENTS AND REPORTS 100**
- Financial Statements..... 105
- Statement of Financial Position
(Balance Sheet) 110
- Statement of Activities (Income and
Expense Report) 115
- Expense Detail..... 120
- Designated Funds..... 130
- Designated and Restricted Funds Report..... 135

24.100:

Statements and Reports

24.105:

Financial Statements

Treasurers and financial secretaries have the primary responsibility to inform church leaders and congregational members about financial support and use of congregation's resources. Financial results should be presented in a format that produces the greatest amount of understanding for the members and encourages them to continue their support for the Lord's work.

1. The format should be simple and easily understood.
2. The reports should be all-inclusive and embrace all activities of the organization.
3. Financial reports should be consistent with the chart of accounts.
4. Financial statements should be prepared on a timely basis and be consistent with regular meeting dates and church council voter's assembly.
5. The reports should have a focal point for comparison, e.g., budget versus actual, this year versus last year.
6. Reports to the church council should provide needed detail for decision-making.
7. Reports to voters should summarize detail down to board or ministry categories.

24.110:

Statement of Financial Position (Balance Sheet)

The Statement of Financial Position (Balance Sheet) shows the assets (their accumulated depreciation), liabilities and net assets (fund balances) of the congregation. This financial statement gives a "snapshot" look at the financial picture of the congregation as of a certain date. Some lenders will request this statement from a loan-seeking congregation.

The Statement of Financial Position should be prepared at least annually, but more often for month-to-month reporting.

Generally, the Statement of Financial Position is prepared on a modified accrual basis, i.e. most items are reported on a cash basis, but the most common accrued and prepaid expenses are included. These items include accounts payable, accrued payroll, payroll taxes withheld, mortgages and notes payable, agency funds payable and prepaid expenses. In determining asset values, all purchase items are determined at cost and donated items at their fair market value at the date of receipt.

**First Lutheran Church
Statement of Financial Position**

Assets	Previous Year End Balance	Current Year Balance
Petty cash	100	100
Cash	36,795	60,663
Investments	176,000	188,000
Accounts receivable	3,240	2,750
Prepaid expenses	2,122	2,430
Land and buildings	2,125,000	2,125,000
Furniture and equipment	110,600	115,500
Total Assets	<u>2,453,857</u>	<u>2,494,443</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	2,325	3,500
Accrued payroll	2,750	2,750
Withheld payroll taxes	4,326	5,273
Mortgages payable	483,000	476,000
Agency funds payable	1,524	2,810
Notes payable	6,000	10,000
Total Liabilities	<u>499,925</u>	<u>500,333</u>
Net Assets		
Without Donor Restrictions		
General Fund (unrestricted)	-7,331	6,270
Board Designated Funds	7,908	9,340
Net Investment in Property and Equipment	1,752,600	1,764,500
With Donor Restrictions		
Temporarily Restricted Funds	24,755	26,000
Endowment Funds	176,000	188,000
Total Net Assets	<u>1,953,932</u>	<u>1,994,110</u>
Total Liabilities and Net Assets	<u>2,453,857</u>	<u>2,494,443</u>

**24.115:
Statement of Activities
(Income and Expense Report)**

This report is the most common in the church and may have several other names: receipts and disbursements, revenue and expenses or statement of activity. The purpose of this statement is to show the results of the current period of operations.

A summarized "Income and Expense Report" is recorded here; 24.120 illustrates use of an expense detail (income detail, although not shown, should be prepared in a similar manner). The activity of these reports is for the nine months ending.

First Lutheran Church
Summarized Statement of Activity
9 Months Ending September 30, XXXX

	Unrestricted Funds	Nine Months Budget	Variance	Current Year Budget	Designated/ Restricted Funds
Contributions					
Worship service offering	473,567	476,250	(2,683)	635,000	
Mission offering	3,275	3,375	(100)	4,500	4,765
Building Fund offerings	59,325	60,000	(675)	80,000	0
Organ Fund offerings					1,432
Plate offerings	11,045	12,375	(1,330)	16,500	
Flowers and decorations	0	0	0	0	
Sunday School offerings	0	0	0	0	
Christmas Day	1,275	2,250	(975)	3,000	
Christmas Eve	4,375	4,500	(125)	6,000	
New Years Day	0	750	(750)	1,000	
Thanksgiving	1,560	1,500	60	2,000	
Lent	345	375	(30)	500	
Advent	250	375	(125)	500	
Gifts and bequests	976	1,125	(149)	1,500	
Interest and investment income	8,569	9,000	(431)	12,000	
Tuition-members	16,750	18,750	(2,000)	25,000	
Tuition-non-members	147,500	165,000	(17,500)	220,000	
Registration fees	3,542	3,450	92	4,600	
Book rentals and fees	18,765	18,750	15	25,000	0
Total Income	<u>751,119</u>	<u>777,825</u>	<u>(26,706)</u>	<u>1,037,100</u>	<u>6,197</u>
Expenses					
Outreach—beyond congregation	18,367	18,615	248	24,820	3,520
Pastoral support	47,800	48,263	463	64,350	
Christian worship	1,430	1,688	258	2,250	
Christian witness	578	600	22	800	
Christian stewardship	329	450	121	600	
Christian growth	4,181	4,800	619	6,400	
Christian youth	3,840	4,350	510	5,800	
Christian welfare	0	1,875	1,875	2,500	
Christian Day School	533,032	555,750	22,718	741,000	
Administration	39,315	40,241	926	53,655	
Church property	88,646	89,850	1,204	119,800	
Total Expenses	<u>737,518</u>	<u>766,481</u>	<u>28,963</u>	<u>1,021,975</u>	<u>3,520</u>
Surplus or (Deficit)	13,601	11,344	2,257	15,125	2,677

24.120:

Expense Detail

This report reflects all the accounts in the expense section of the chart of accounts and reports the total

amount of expenditures and compares this to the budget for the month to date or year to date activity.

**First Lutheran Church
Expense Detail
9 Months Ending September 30, XXXX**

Acct. No.	Account	Actual	9 Months Budget	Difference	Current Year Budget
50100	Outreach—beyond congregation				
50180	District—Synod support	16,375	16,500	125	22,000
50185	Convention assessment	457	540	83	720
50189	Local mission support	1,535	1,575	40	2,100
	Total Outreach Beyond Congregation	18,367	18,615	248	24,820
50200	Pastoral support				
50201	Salaries	27,500	27,750	250	37,000
50203	FICA and Medicare taxes		0	0	0
50204	Employee benefits		0	0	0
50207	Housing allowance	14,500	14,625	125	19,500
50209	Automobile expense	3,200	3,225	25	4,300
50210	Continuing education	1,500	1,500	0	2,000
50211	Utilities allowance		0	0	
50212	Conferences and workshops	475	488	13	650
50219	Guest pastors/speakers	625	675	50	900
	Total Pastoral Support	47,800	48,263	463	64,350
50300	Christian worship				
50321	Altar supplies	125	188	63	250
50322	Service bulletins	695	750	55	1,000
50323	Hymnals	356	488	132	650
50324	Choir music	254	263	9	350
	Total Christian Worship	1,430	1,688	258	2,250
50400	Christian witness				
50425	Publicity/signs	578	600	22	800
50426	Radio—TV	0	0	0	0
	Total Christian Witness	578	600	22	800
50500	Christian Stewardship				
50528	Offering envelopes	329	450	121	600
	Total Christian Stewardship	329	450	121	600

**First Lutheran Church
Expense Detail
9 Months Ending September 30, XXXX**

Acct. No.	Account	Actual	9 Months Budget	Difference	Current Year Budget
50600	Christian growth				
50640	Sunday school materials	1,856	2,100	244	2,800
50641	Vacation Bible school	976	975	-1	1,300
50642	Adult Bible study materials	325	450	125	600
50643	Church library	234	375	141	500
50644	Lutheran Witness®	156	225	69	300
50645	Portals of Prayer®	0	0	0	0
50647	Audio visual materials	634	675	41	900
	Total Christian Growth	4,181	4,800	619	6,400
50700	Christian youth				
50712	Conferences and workshops	3,240	3,750	510	5,000
50760	Leadership training	600	600	0	800
	Total Christian Youth	3,840	4,350	510	5,800
50800	Christian Welfare	0	1,875	1,875	2,500
50900	Christian Day School				
50901	Salaries	236,000	243,750	7,750	325,000
50903	FICA and Medicare taxes	7,560	8,175	615	10,900
50904	Employee benefits	74,000	73,875	-125	98,500
50907	Housing allowance	154,000	165,000	11,000	220,000
50909	Automobile expense	700	750	50	1,000
50910	Continuing education	1,800	1,875	75	2,500
50911	Utilities allowance	0	0	0	0
50912	Conferences and workshops	1,950	2,025	75	2,700
50919	Substitute teachers	1,500	1,500	0	2,000
50920	Office supplies	1,876	1,950	74	2,600
50948	School curriculum	23,000	24,000	1,000	32,000
50952	Equipment maintenance	1,873	1,875	2	2,500
50953	Equipment repairs	1,923	2,550	627	3,400
50954	Depreciation – equipment	3,450	3,525	75	4,700
50970	Telephone	2,560	2,625	65	3,500
50972	Utilities	17,450	18,750	1,300	25,000
50973	Insurance	3,240	3,375	135	4,500
50990	Other expense	150	150	0	200
	Total Christian Day School	533,032	555,750	22,718	741,000

**First Lutheran Church
Expense Detail
9 Months Ending September 30, XXXX**

Acct. No.	Account	Actual	9 Months Budget	Difference	Current Year Budget
51000	Administration				
51001	Salaries	29,000	29,250	250	39,000
51003	FICA and Medicare taxes	2,219	2,213	-7	2,950
51004	Employee benefits	841	844	3	1,125
51007	Housing allowance	0	0	0	0
51012	Conferences and workshops	200	206	6	275
51020	Office supplies	1,560	1,560	0	2,080
51052	Equipment maintenance	1,230	1,238	8	1,650
51053	Equipment repairs	760	900	140	1,200
51054	Depreciation – equipment	1,540	1,725	185	2,300
51070	Telephone	1,645	1,875	230	2,500
51090	Other expense	320	431	111	575
	Total Administration	39,315	40,241	926	53,655
51100	Church property				
51151	Rental	0	0	0	0
51172	Utilities	14,320	15,000	680	20,000
51170	Telephone	0	0	0	0
51174	Maintenance and repairs	5,750	6,000	250	8,000
51176	Depreciation – building	56,000	56,250	250	75,000
51177	Interest expense	12,576	12,600	24	16,800
51178	Utilities – parsonage	0	0	0	0
51179	Repairs – parsonage	0	0	0	0
51190	Other expense	0	0	0	0
	Total Church Property	88,646	89,850	1,204	119,800

24.130:**Designated Funds**

Every congregation has special funds or restricted accounts for accumulating monies given for special purposes. These monies cannot be used for other purposes. The number and purpose of these accounts should be restricted only to major projects to be activated at a future date.

The church council should approve all projects requiring the establishment of a fund. No designated monies should be accepted if the council has not adopted the project. No fund should ever be established when there is little likelihood that the funds needed to complete the project would be received.

The following procedures should be followed:

1. Establish a fund only when a large amount of money must be accumulated or held for a period of time before disbursement.
2. If the congregation establishes a fund, then congregational approval is required to transfer those monies to another fund. This same policy applies if the council established the fund.
3. Never borrow money from the fund to cover operating expenses or to complete another project.
4. Close the account when the purpose is accomplished.

24.135:**Designated and Restricted Funds Report**

**First Lutheran Church
Designated and Restricted Funds Report**

		Beginning Balance	Additions	Deductions	Ending Balance
33000	Board Designated Funds				
33010	Parking lot improvement	3,408			3,408
33020	Organ replacement	3,000	1,432		4,432
33030	Tuition assistance	<u>1,500</u>			<u>1,500</u>
	Total	<u>7,908</u>	<u>1,432</u>	0	<u>9,340</u>
34000	Temporarily Restricted Funds, by donors				
34010	Foreign mission project	1,555	4,765	3,520	2,800
34020	Building fund	22,450			22,450
34030	Local mission project	<u>750</u>			<u>750</u>
	Total	<u>24,755</u>	<u>4,765</u>	<u>3,520</u>	<u>26,000</u>
35000	Endowment Funds				
35010	Capital improvement	150,000	9,000		159,000
35020	Student aid	<u>26,000</u>	<u>3,000</u>		<u>29,000</u>
	Total	<u>176,000</u>	<u>12,000</u>		<u>188,000</u>