

*THE ABC'S OF THE
FINANCIAL
SUMMARY REPORT*



Introduction

What is a Financial Statement

Clarity of the Financial Statement

Perks of the Financial Statement

Database Musts

- Well Ordered Chart of Accounts

- Well- named Accounts

- Memos for each Transaction

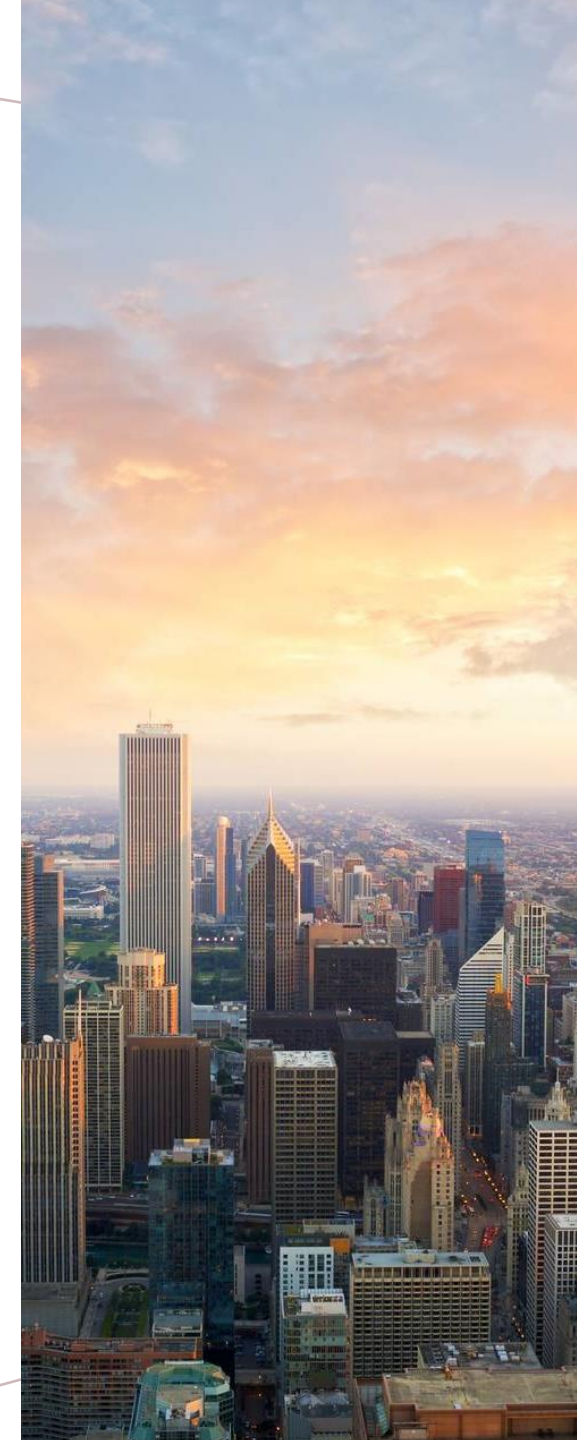
- Accurately Date Transactions

Funding Accounts

Reserved Accounts

Restricted Accounts

Monthly Sequence – Follow the Monthly sequence in posting, reconciling, closing.





WHAT IS A FINANCIAL STATEMENT?

- The Financial Statement is a formal record detailing the church's financial activities and position. It is a snapshot that provides insight into how resources are utilized. It encompasses various elements such as offerings and expenses, transfers, beginning and ending balances, and bank balances through the date of the statement.
- As a non-profit organization, the church's financial statement will prove that it's adhering to healthy accounting principles
- The church financial statement's significance extends beyond mere record-keeping. Its usage is multifaceted, impacting various aspects of church management. Understanding how to use this document can empower the church to make informed decisions and maintain financial integrity.



CLARITY OF THE FINANCIAL STATEMENT

- Financial Summary reports must be clear and concise enough for the audience's understanding.
- On one end, you may have a church board that looks at the financial reports and then votes them through without question or discussion. They might admit that they don't understand enough about what they see, even if they ask questions. The passive board will be passive because they don't understand the reports.
- At the opposite end of the spectrum, you may have a church board that questions everything and requires details and explanations. The board that wants details will be more demanding because they want to know what is happening.
- Both extremes may be rooted in the reader's lack of clarity, even though the financial statements are clear to us as treasurers (aren't they?).
- The more items on the financial reports that require the treasurer's explanation, the more the two extreme ends of the spectrum will be triggered.



PERKS OF THE FINANCIAL STATEMENT

- Moving forward with the mission.
- Annual Budget and Activities Planning
- Repairs and Renovations
- Presentation to regularly scheduled board meetings
- Presentation to the church in plenary session
- Florida Conference initiated audits
 - Compliance with church policy
 - Compliance with IRS Regulations



DATABASE ORGANIZATION

- Organize accounts logically
 - Bank Accounts
 - Income Accounts / Expense Accounts
 - INCOME, OPERATIONAL, MINISTRIES, OTHER
 - Conference Accounts
- Study the accounts and, for clarity, reclassify some accounts as subaccounts.



TITLE CATEGORIES

All Caps – Deselect Allow Posting

| | | | |
|------------|----------------------------------|--|--|
| 100 | INCOME ACCOUNTS | | |
| 200 | OPERATIONAL | | |
| 400 | MINISTRIES OR DEPARTMENTS | | |
| 600 | OTHER | | |
| 800 | RESERVES | | |

MAIN ACCOUNTS

Organize Alphabetical and Assign Sequential #'s in Multiples of 5

| | | | |
|-----|-----------------------|-----|----------------------------|
| 100 | INCOME ACCOUNTS | 425 | Deacons |
| 105 | Church Budget | 430 | Evangelism |
| | | 435 | Family Life |
| 200 | OPERATIONAL | 440 | Health |
| 205 | Church Expense | 445 | Music |
| 210 | Landscaping | 450 | Pathfinders |
| 215 | Mortgage | 455 | Sabbath School |
| 220 | Payroll | 460 | VBS |
| 225 | Utilities | 465 | Women's Ministries (Local) |
| | | 470 | Youth |
| 400 | DEPARTMENTS | | |
| 405 | Adventurers | 600 | OTHER |
| 410 | Audio Visual | | |
| 415 | Children's Ministries | 800 | RESERVES |
| 420 | Deaconess | | |



SUB-ACCOUNTS – LEVEL 1

- Jewel allows for one (1) sub-account level. In this case Utilities is a sub-account of Church Expense

| | |
|-----|----------------|
| 205 | Church Expense |
| 210 | Utilities |



SUB-ACCOUNTS – LEVEL 2

- Jewel doesn't allow a 2nd sub-account level. To go around this, identify the 2nd level sub-account with a sequential number from the Level 1 Sub-Account, follow by more identifying numbers after the dot or period. In this example Water and Electricity are a 2nd level sub-account but Jewel only allows them to be sub-accounts of Utilities. Thus, you number Water with the same number as utilities, followed by a different number after the dot.

| | | |
|---------------|-----------------------|-------------------------------------|
| 205 | Church Expense | |
| 210 | Utilities | Subaccount of Church expense |
| 210.05 | Water | Subaccount of Church expense |
| 210.10 | Electricity | Subaccount of Church expense |

East Pasco General Checking
East Pasco Savings Account
Southern Union Revolving Fund
FC Agency Fund
***** Total Bank Accounts

MEDIA MINISTRY
BUILDING RENTAL
CHURCH BUDGET
Church Bulletin Fund
CHURCH BUDGET RESERVE
CHURCH BUILDING FUND
CHURCH MAINTENANCE
CHURCH MINISTRIES
CHURCH SCHOOL MINISTRY
COMMUNITY OUTREACH MINISTRIES
SABBATH SCHOOL MINISTRIES
SPECIAL GIFTS
YOUTH OUTREACH MINISTRIES
Zero Checks
*** Total Local Funds

BUILDING RENTAL

- Rent on Church Facility
- Rental House - 38350 Centennial

CHURCH BUDGET

- Church Budget Donations
- Bank Charges
- Church Cleaning
- Copy machine
- Electricity
- Fellowship Functions
- Grounds Care
- Insurance - Property and Liability
- Janitorial Supplies
- Maintenance & Repairs
- Music/Video Licenses
- Office Supplies & Postage
- Pest Control
- Salaries & Wages
- Subsidy - EPA
- Telephone
- Water & Sewer

Church Bulletin Fund

- Church Budget Reserve Fund
- Church Capital Reserve Fund
- Church Maintenance Reserve Fund
- Insurance Deductible Reserve

CHURCH BUILDING FUND

- Landscaping Design
- Building Fellowship Hall Fund

CHURCH MAINTENANCE

- Decorations for Church

CHURCH MINISTRIES

- Church Ministries Fund
- Brazil mission trip participants
- Brazil mission trip donations
- Choir/Music/Worship
- Deaconess
- Gifts For Jesus
- Men's Ministries
- Men's Ministries Signs Magazines
- Pastor's Fund Pastor Ray
- Pastors fund Pastor Leo
- Robertson Class Project
- Social Committee
- Women's Ministries (Local)

- Lamb Offering
- Auction Dinner
- Student Aid

COMMUNITY OUTREACH MINISTRIES

- Community Outreach Ministries Fund
- Assistance Fund
- Bags of Love
- Church Signs
- Community Services
- Evangelism
- Evangelism - Conference Funds
- Food Store
- Just 2 A Week
- Mission Trip
- Single Mom's Ministry
- Prison ministry
- Steeple cleaning
- Taste Fest
- Vacation Bible School

SABBATH SCHOOL MINISTRIES

- Sabbath School Ministries Fund
- Cradle Roll
- Multicultural SS Classroom 5
- Kindergarten
- Primary
- Sabbath School - Local Funds
- Young Adults SS
- Youth Activities

RESERVE ACCOUNTS

Create a RESERVE account category to safeguard the money in the savings accounts from getting mixed with the operational, ministry and other categories. The money will be easy to withdraw when the church needs to pay for a big-ticket item as it will not be mixed within the other categories.

SCENARIO: You need \$15,000 for a roof repair. You have plenty of money as you have \$100,575.00 in the bank. You decide to pay the bill with the funds from one of the savings accounts.

| BANK ACCOUNTS | |
|----------------------|-------------------|
| Wells Fargo | 35,000.00 |
| SURF | 43,250.00 |
| Fl Conf Savings | 22,325.00 |
| | 100,575.00 |

RESERVE ACCOUNTS

Local Accounts Distribution

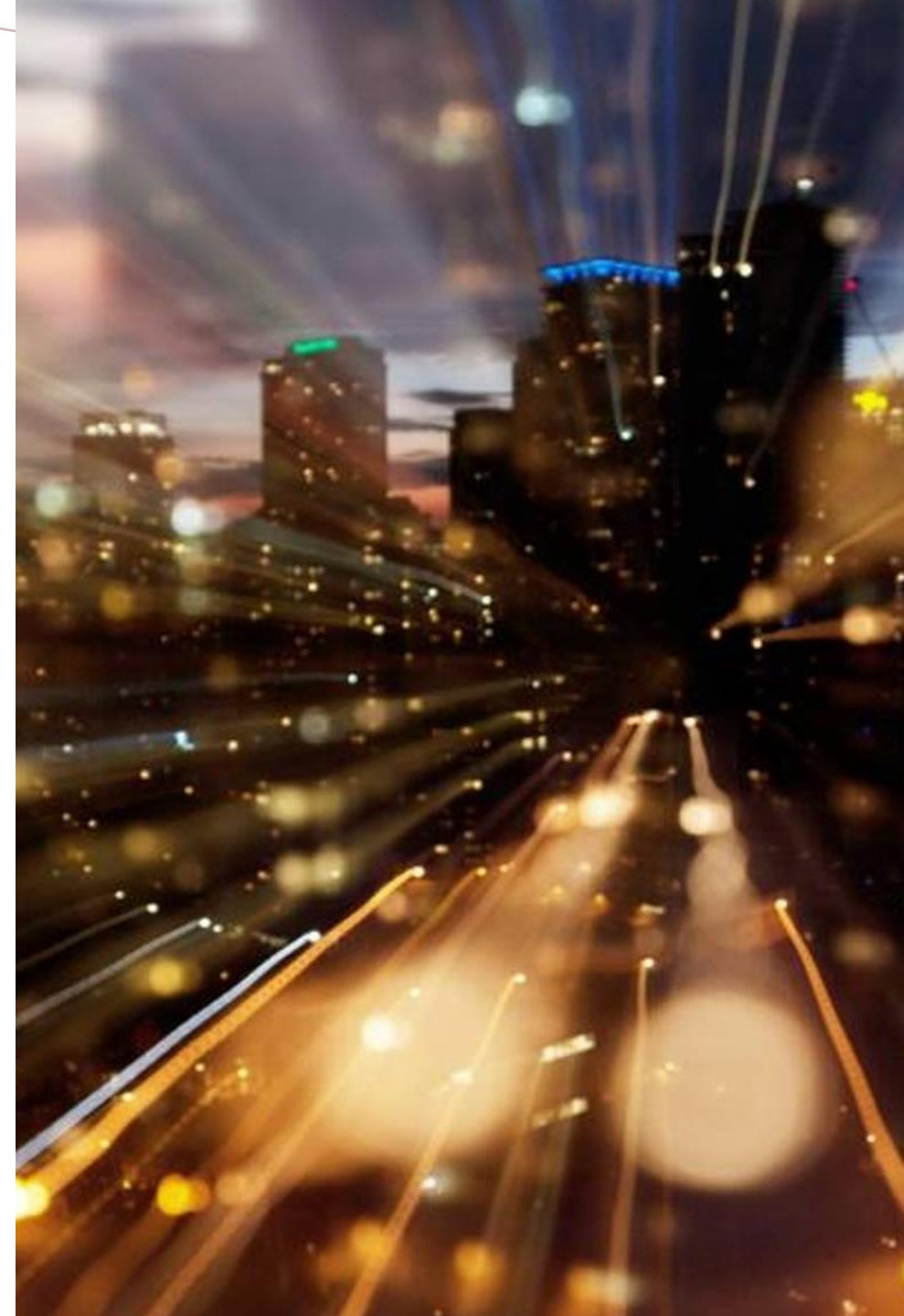
From Which Distribution Sample would be easier to pull the money?

| Distribution Sample 1 | |
|------------------------------|-------------------|
| Church Budget | 68,250.00 |
| Sabbath School | 14,000.00 |
| Pathfinders | 13,000.00 |
| Youth | 5,325.00 |
| | 100,575.00 |

| BANK ACCOUNTS | |
|----------------------|-------------------|
| Wells Fargo | 35,000.00 |
| SURF | 43,250.00 |
| Fl Conf. Savings | 22,325.00 |
| TOTAL | 100,575.00 |

| Distribution Sample 2 | |
|------------------------------|-----------|
| Church Budget | 25,000.00 |
| Sabbath School | 4,000.00 |
| Pathfinders | 3,000.00 |
| Youth | 3,000.00 |
| | |
| RESERVES | |
| Savings Fl Conf Local | 43,250.00 |
| Savings SURF Local | 22,325.00 |

*CLASSIFICATION
EXERCISE*



CLASSIFICATION EXERCISE

- Church Cleaning
- Operational – 100
- Main Account

- Telephone
- Operational – 100
- Main Account: Utilities
- Sub-Account Telephone (if desired)

- Mortgage Payments
- Operational – 100
- Main Account

- Gillette
- MINISTRY - 300
- Main Account: Pathfinders
- SubAccount: Gillette

CLASSIFICATION EXERCISE

- Sabbath School Class 1
- MINISTRY - 300
- Main Account: Sabbath School
- SubAccount: Class 1

- Devotionals
- MINISTRY - 300
- Main Account: In-Reach
- SubAccount: Devotionals

- Food Warmer
- Operational
- Main Acct: Kitchen
- Subaccount: Food Warmer

- Lanscaping
- Operational
- Main Acct: Church Budget
- Subaccount: Grounds/Landscaping

CLASSIFICATION EXERCISE

- Food Sale
- Sales
- Main: Sales
- Subaccount: Spring Sale 2024

- Lanscaping
- Operational
- Main Acct: Church Budget
- Subaccount: Grounds/Landscaping

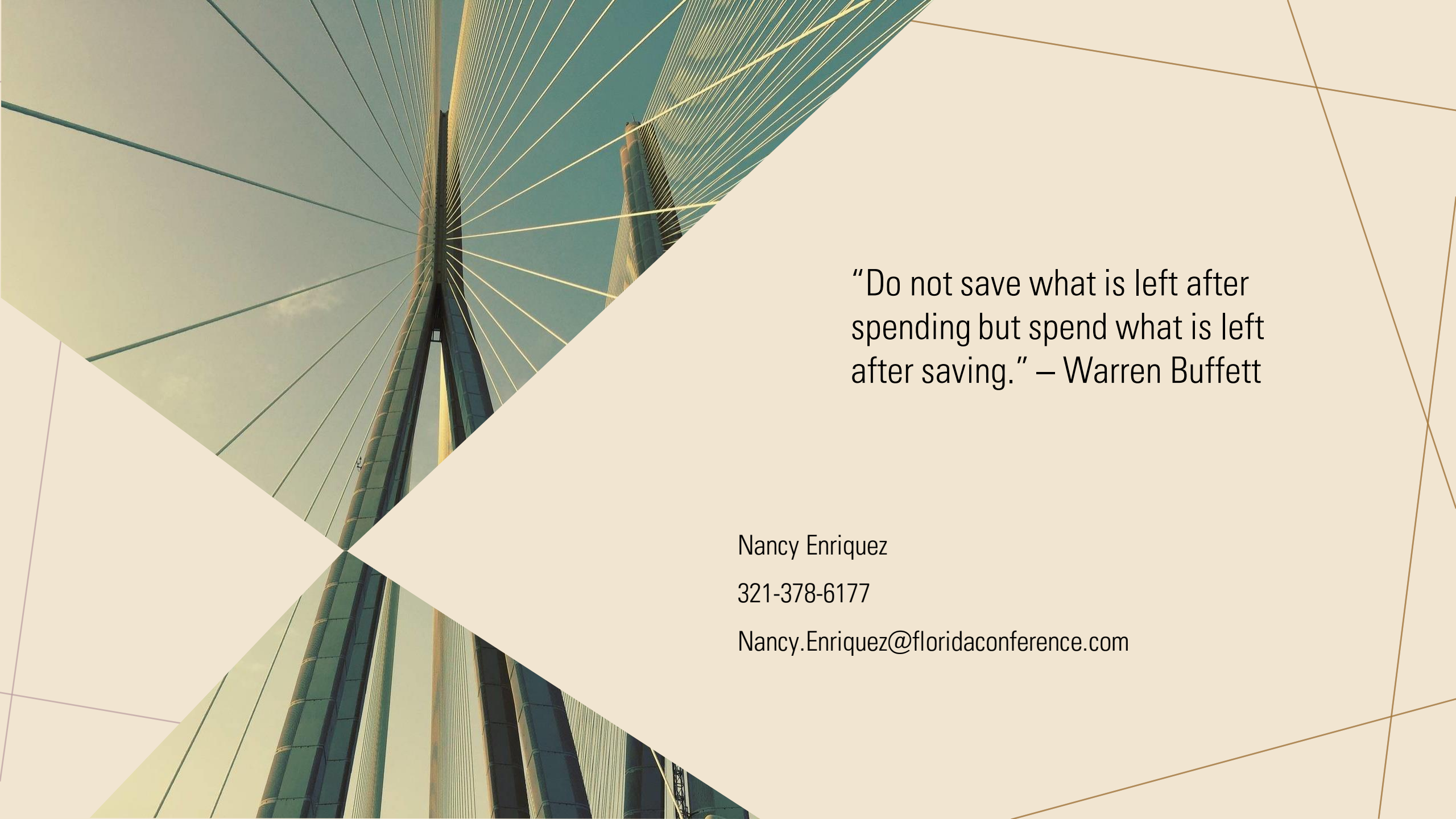
CHART OF ACCOUNTS BASED ON CLASSIFICATION EXERCISE

| 100 | OPERATIONAL |
|--------|-------------------------|
| 105 | Church Budget |
| 110 | Church Cleaning |
| 115 | Landscaping and Grounds |
| 120 | Mortgage Payments |
| 125 | Bulletin |
| 130 | Tax Bill |
| 135 | Payroll |
| 140 | Utilities |
| 145 | Kitchen |
| 145.05 | Food Warmer Fund |

| 300 | MINISTRIES |
|--------|--------------------|
| 305 | Deacons |
| 310 | Evangelism |
| 315 | Family Life |
| 320 | In-Reach |
| 320.05 | Card Ministry |
| 320.10 | Devotionals |
| 325 | Pathfinders |
| 325.05 | Gillette |
| 330 | Sabbath School |
| 330.05 | Class One |
| 330.10 | Class Two |
| 335 | Women's Ministries |

CHART OF ACCOUNTS BASED ON CLASSIFICATION EXERCISE

| | |
|--------|-----------------------|
| 500 | SALES |
| 500.05 | Spring Sale |
| | |
| 800 | RESERVED ACCOUNTS |
| 805 | SURF Savings Local |
| 810 | FI Conf Savings Logal |
| 815 | Wells Fargo Savings |
| | |
| | |
| | |
| | |



“Do not save what is left after spending but spend what is left after saving.” – Warren Buffett

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