

Budget Review Officer's Report

June 2014

Today's report topics

- ABCUSA audit for 2013
- ABCUSA financials through April 2014

ABCUSA Audit for 2013

- Why spend money and time on an audit?
- No federal or state requirement
- Two audiences for the audit
 - Outside entities (lenders, insurers, donors)
 - Third-party standardized financial statements
 - Governing board
 - Are financial statements accurate?
- Standing Rules delegate audit responsibility to BGM Finance Committee

ABCUSA Audit for 2013

- Questions NOT answered by an audit:
 - Is the organization OK?
 - Is there any fraud?
 - Did the organization meet its budget?
 - Did the organization break any laws?
 - Did the organization meet all its governmental obligations (payroll taxes, property taxes)?

ABCUSA Audit for 2013

- Second year with audit firm of Tait Weller
- BGM Finance Committee reviewed audit with Tait Weller on May 29
- “Clean” audit opinion

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ABC-USA as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

ABCUSA Audit for 2013

- No significant difficulties or disagreements with management
- Auditors' comments from 2012 and 2013 are being addressed by management

ABCUSA Audit - Financial Position

AMERICAN BAPTIST CHURCHES IN THE U.S.A.

STATEMENTS OF FINANCIAL POSITION

December 31, 2013 And 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,148,876	\$ 3,436,574
Accounts receivable from Baptist-related organizations, net of allowance for doubtful accounts of \$4,357 for 2013 and 2012	2,676,974	2,949,779
Prepaid expenses and other current assets	191,651	189,452
Note receivable, current portion	<u>576,895</u>	<u>538,129</u>
Total Current Assets	6,594,396	7,113,934

ABCUSA Audit - Financial Position

- Net assets (“what’s left over”) increased from 2012 to 2013
- Puts us in a stronger position
- Most net assets have restrictions or are already designated by the Board
- \$2.9 million available to cover future shortfalls

ABCUSA Audit - Stmt of Activities

AMERICAN BAPTIST CHURCHES IN THE U.S.A.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For The Year Ended December 31, 2013

(With Comparative Totals For The Year Ended December 31, 2012)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2013 Total</u>	<u>2012 Total</u>
Revenues, gains and other support:					
American Baptist mission support					
Amounts received on behalf of others	\$30,784,430				
Amounts remitted to others	<u>\$28,162,886</u>				
Amounts retained by ABC-USA	\$ 2,621,544	\$ -	\$ -	\$ 2,621,544	\$ 2,419,051

ABCUSA Audit - Stmt of Activities

- Change in net assets \approx profit
- Change in net assets of \$1.7 million, compared to \$1.3 million in 2012
- Four significant changes from 2012:
 - Investment gains up \$880,000
 - Biennial expense up \$384,000
 - Development Office up \$164,000
 - Transition Ministries up \$312,000

ABCUSA Audit - Notes

- Note 3 - Where investments are held
- Note 4 - Loss in value of building partnership (and in operating building)
- Note 7 - Details on loans to ABHS, ABHMS, and MMBB
- Note 8 - Lease of land near Mission Center
- Note 11 - Endowments, spending policy, and endowment shortfalls

Year-to-date financials (4/30/14)

100 - GENERAL FUND

	Current Year Actual	YTD Budget - Original	YTD Budget Variance - Original	Prior Year Actual	Current Year Change	Total Budget \$ - Original	Total Budget Variance - Original
REVENUE							
MISSION FUNDING ABCUSA	311,746.91	317,302.68	(5,555.77)	320,967.62	(9,220.71)	1,038,500.00	(726,753.09)
GENERAL SECRETARY	5,229.66	6,333.32	(1,103.66)	2,395.00	2,834.66	15,000.00	(9,770.34)
COOPERATIVE CHRISTIANITY	0.00	0.00	0.00	13,380.53	(13,380.53)	0.00	0.00
HUMAN RESOURCES	56,769.68	54,633.32	2,136.36	64,105.51	(7,335.83)	192,466.57	(135,696.89)
OFFC OF TRAVEL & CONF PLAN.	102,089.64	93,952.00	8,137.64	92,808.44	9,281.20	279,423.00	(177,333.36)
ACCOUNTING	50,053.98	54,312.68	(4,258.70)	47,836.55	2,217.43	147,314.00	(97,260.02)
DENOMINATIONAL EMPHASIS	18,070.00	35,633.36	(17,563.36)	64,240.00	(46,170.00)	182,600.00	(164,530.00)
ABC INFORMATION	68,497.40	76,313.68	(7,816.28)	66,966.85	1,530.55	228,941.00	(160,443.60)
PER DIEM	40,920.55	46,640.00	(5,719.45)	32,139.42	8,781.13	132,000.00	(91,079.45)
REPRESENTATIVE PROCESS	123,818.36	130,500.00	(6,681.64)	121,201.40	2,616.96	392,330.00	(268,511.64)
BIENNIAL	3,970.00	0.00	3,970.00	146,598.00	(142,628.00)	559,459.00	(555,489.00)
DEVELOPMENT OFFICE	0.00	97,480.04	(97,480.04)	0.00	0.00	0.00	0.00
PRODUCT SALES	381.00	0.00	381.00	319.25	61.75	0.00	381.00

Year-to-date financials (4/30/14)

- Revenue is down \$152,000 from a year ago
 - Excluding biennial, revenue is down \$9,000
- Revenue is \$123,000 less than budget

Year-to-date financials (4/30/14)

- Expenses are \$258,000 less than a year ago
 - Excluding biennial, expenses are down \$117,000
- Expenses are \$65,000 under budget
- Net loss of \$61,000, compared to
 - budgeted loss of \$2,500
 - year ago net loss of \$167,000