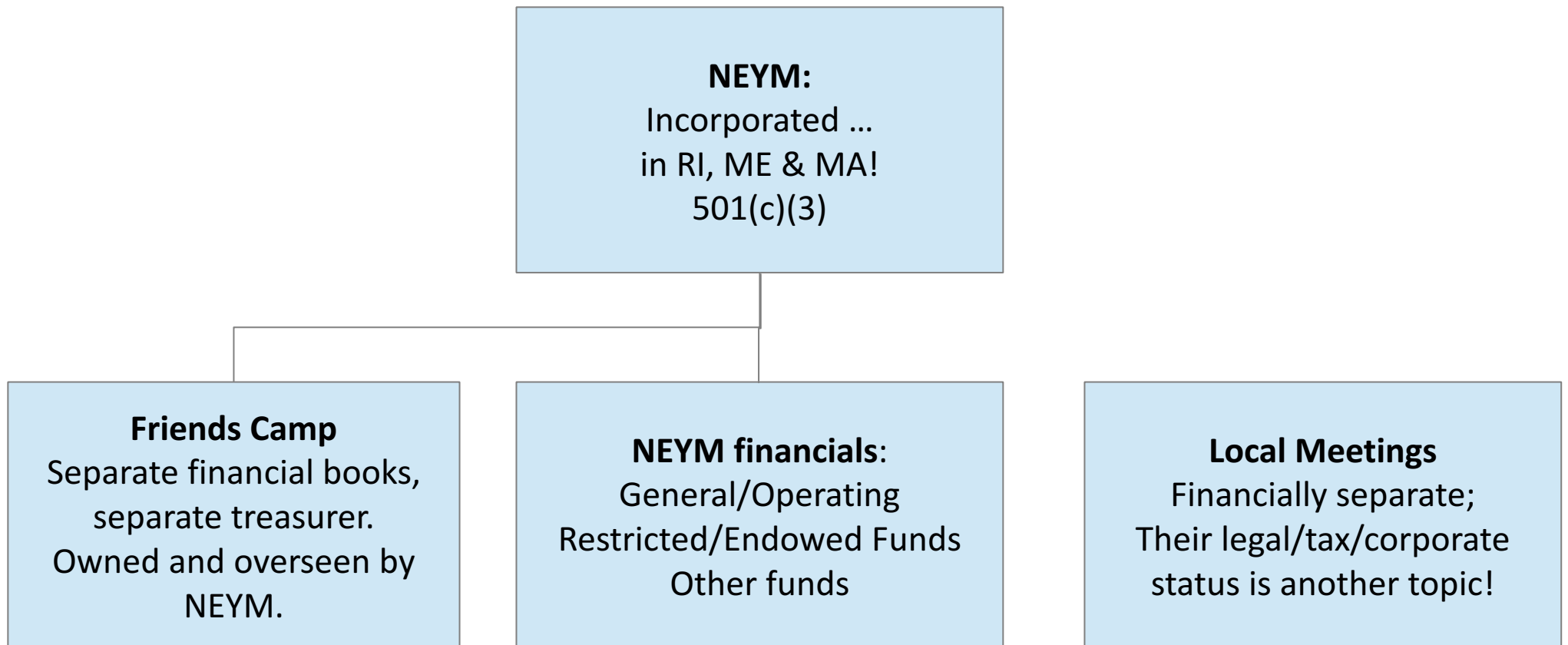


# New England Yearly Meeting's Financial Structure

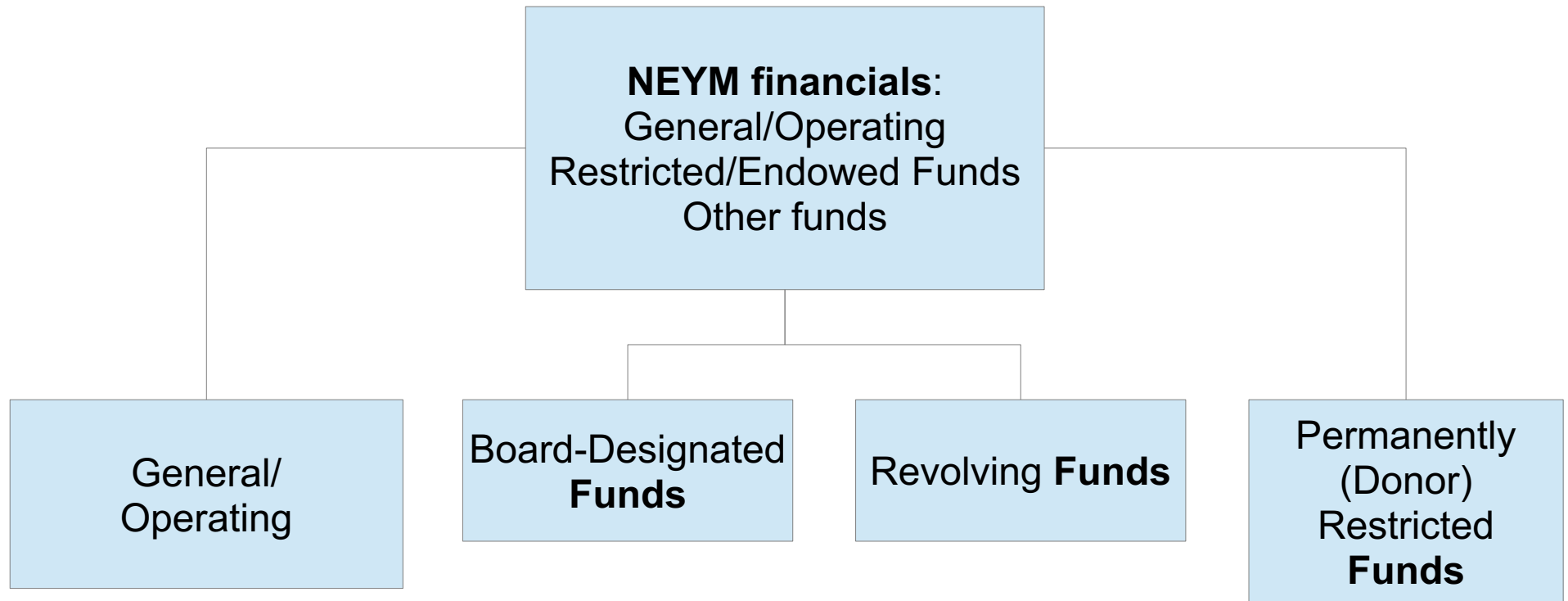
A presentation for NEYM Finance Committee created by Frederick Martin, Accounts Manager  
First draft December 2013, revised January 2018.

# NEYM Legal/Financial Structure: top level



- **Moses Brown?** Now separate, except NEYM owns land.
- **Lincoln School?** Separate, except NEYM owns land.
- **NE Friends Home Hingham?** Laid down, sold, proceeds now a designated NEYM fund.
- Do we own other land or buildings? ... also another topic!

# NEYM Financial Structure



But... what are *funds*?

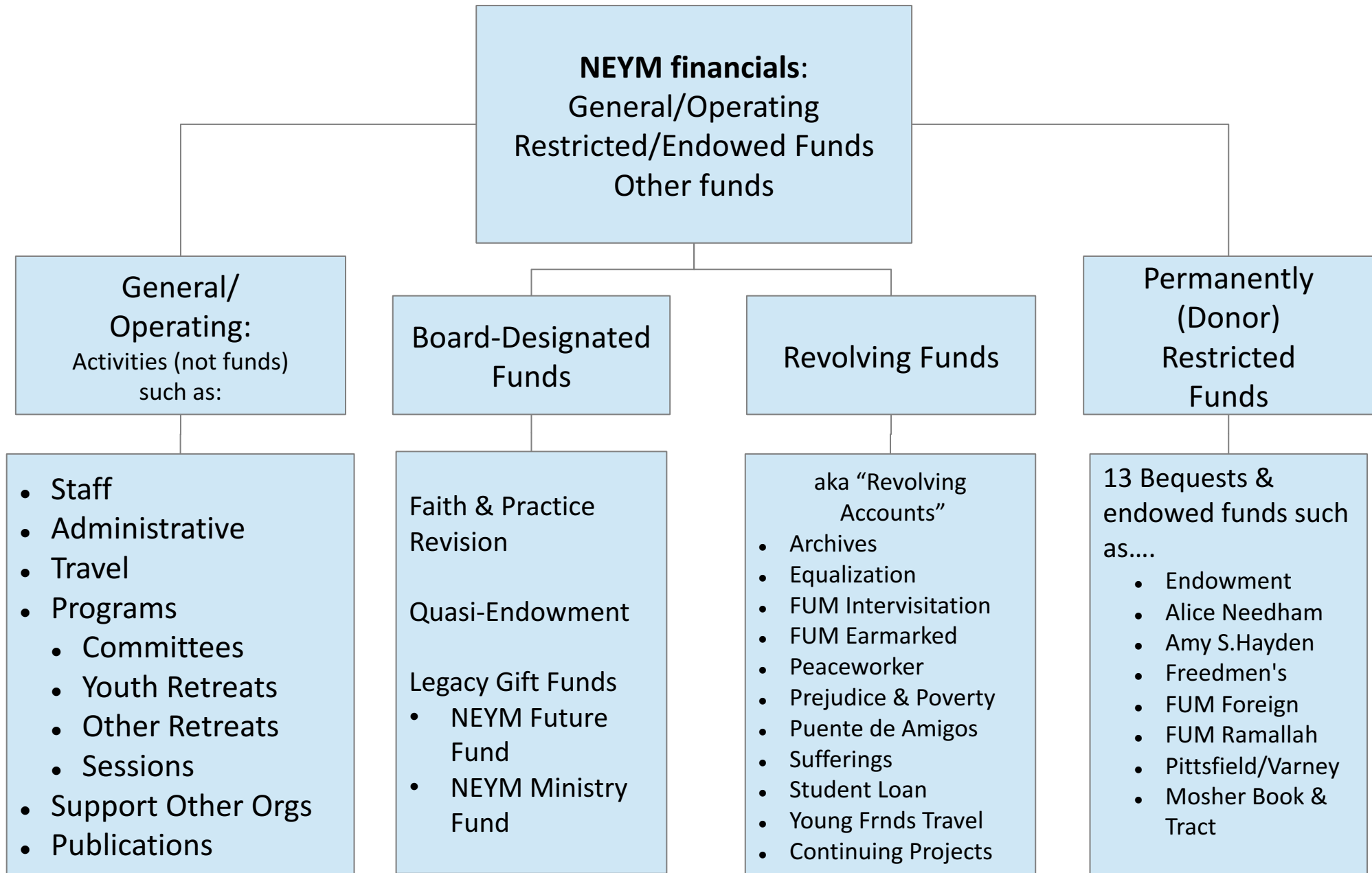
# Fund Accounting

.In ***fund accounting***, every fund can be considered its own financial entity:

- It has income and expense,
- It has assets, liabilities, and equity,
- And everything should balance internally to the fund.

.Fund accounting is old-fashioned, but still recognized as useful for organizations handling endowments, like us, by **Financial Accounting Standard 117** of the Financial Accounting Standards Board (FASB) which sets *generally accepted accounting principles (GAAP)*

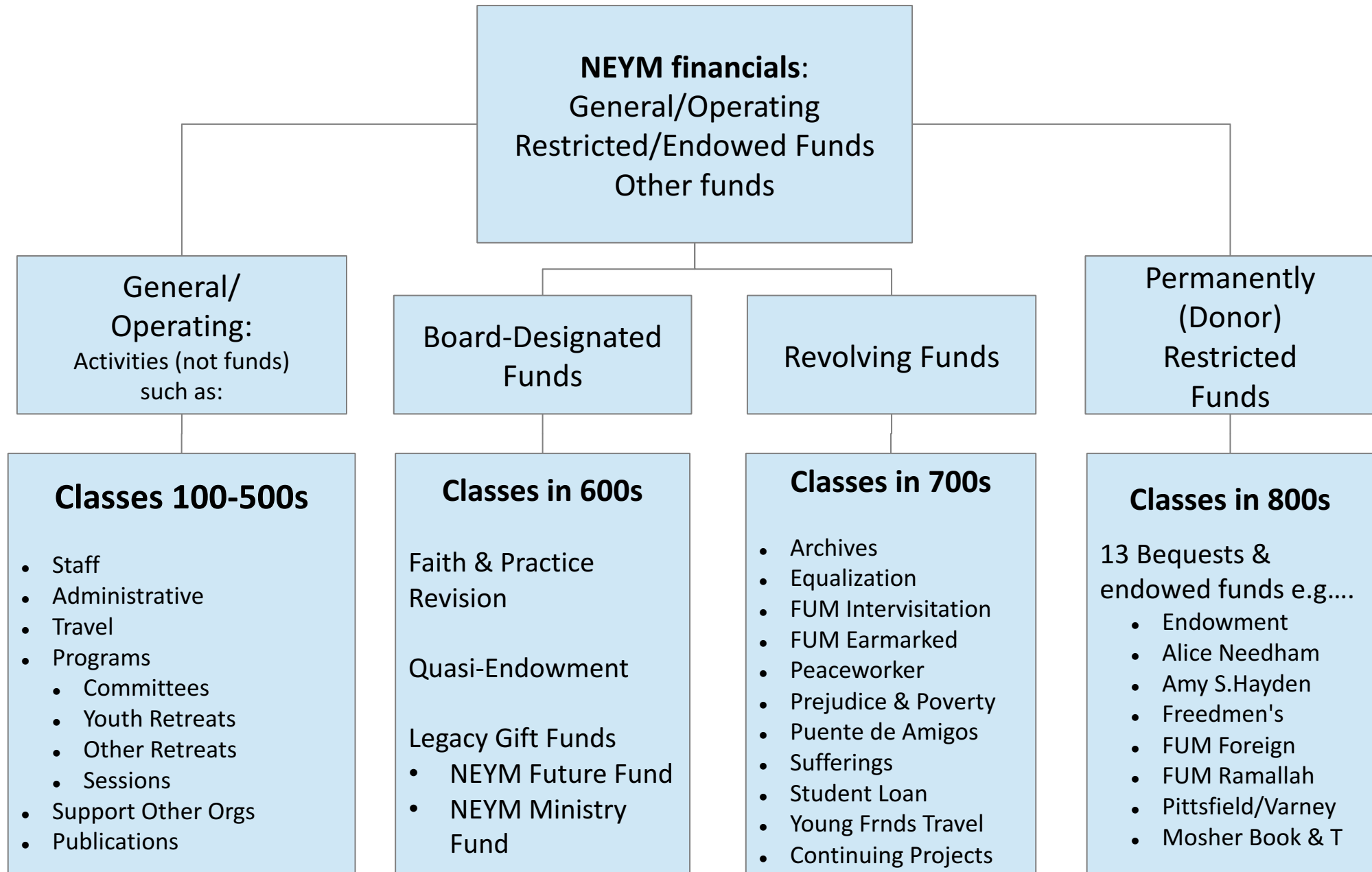
# NEYM Financial Structure: Fund Detail



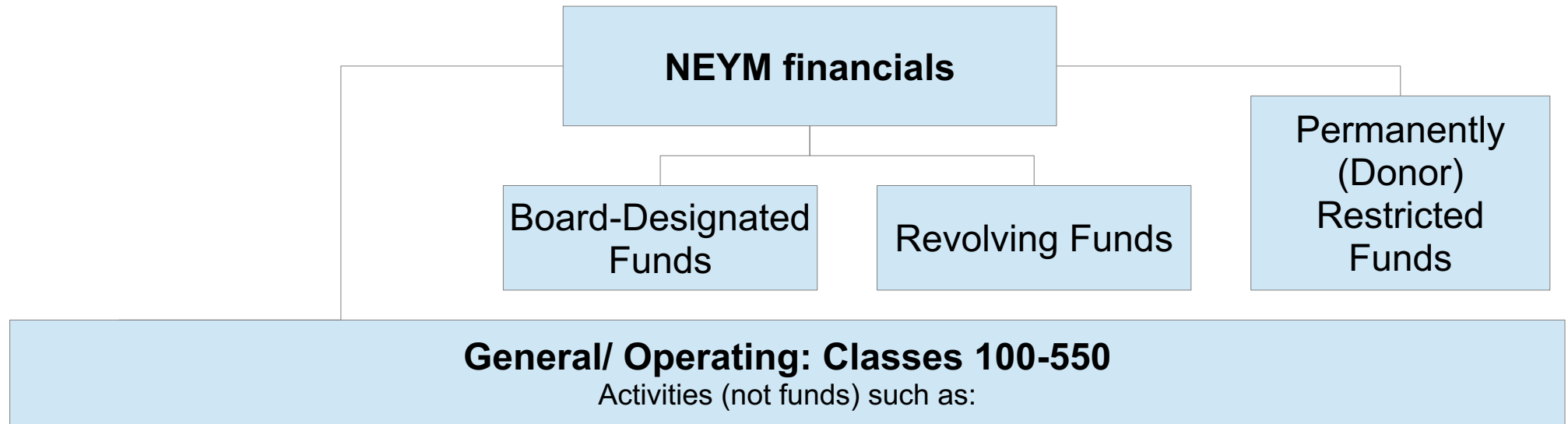
# Funds Related to Income/Expense

- .So each fund needs to track income & expense
- .i.e. it has its own Profit & Loss statement
- .We do this with what QuickBooks calls **classes**
- .Each fund has its own class.
- .The classes are grouped together
- .Classes form a grid with accounts:

# NEYM Financial Structure: Classes



# Operating Classes

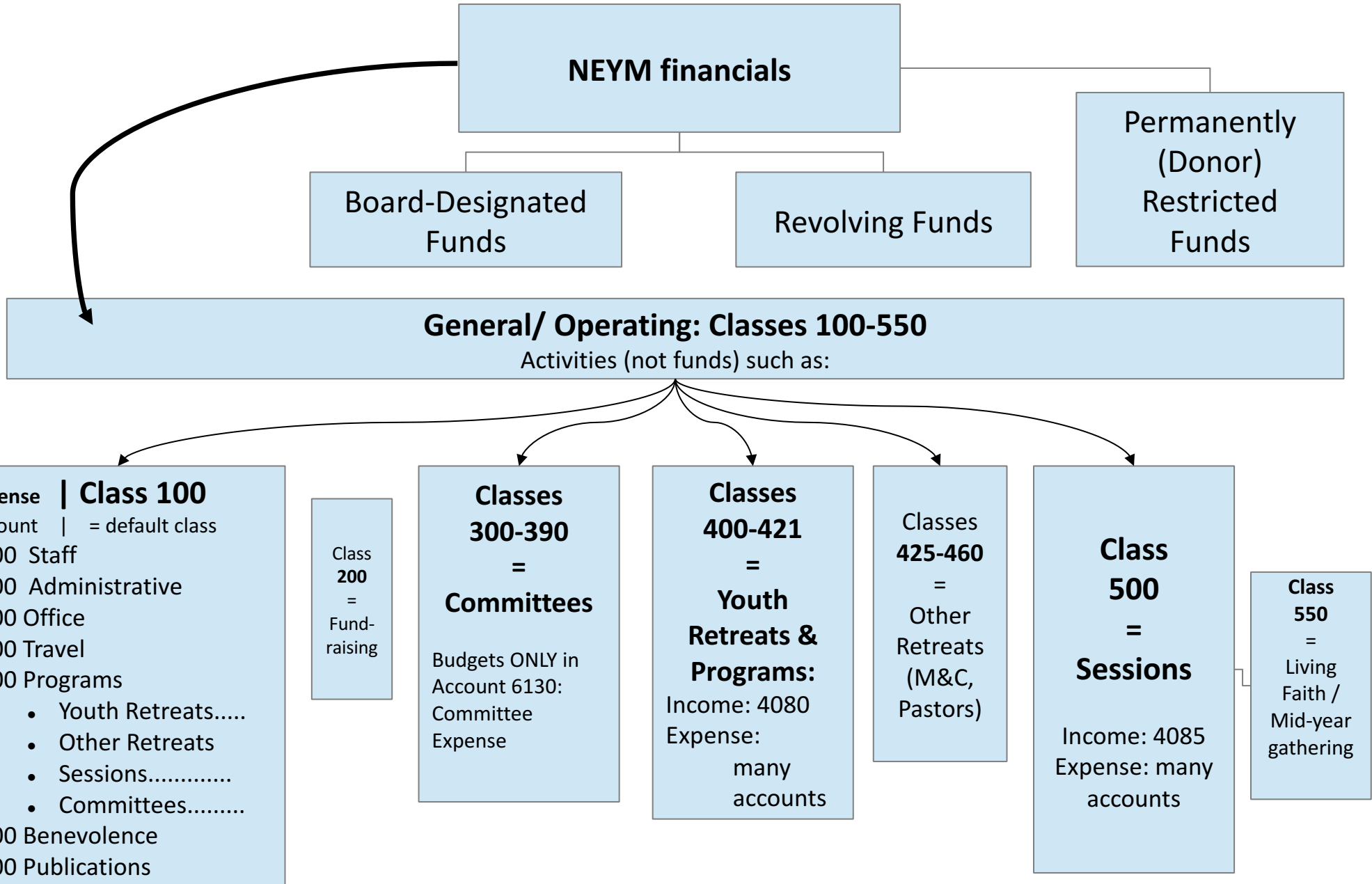


**4000 Income**  
or  
**Expense Class 100**  
**Account:** = default class

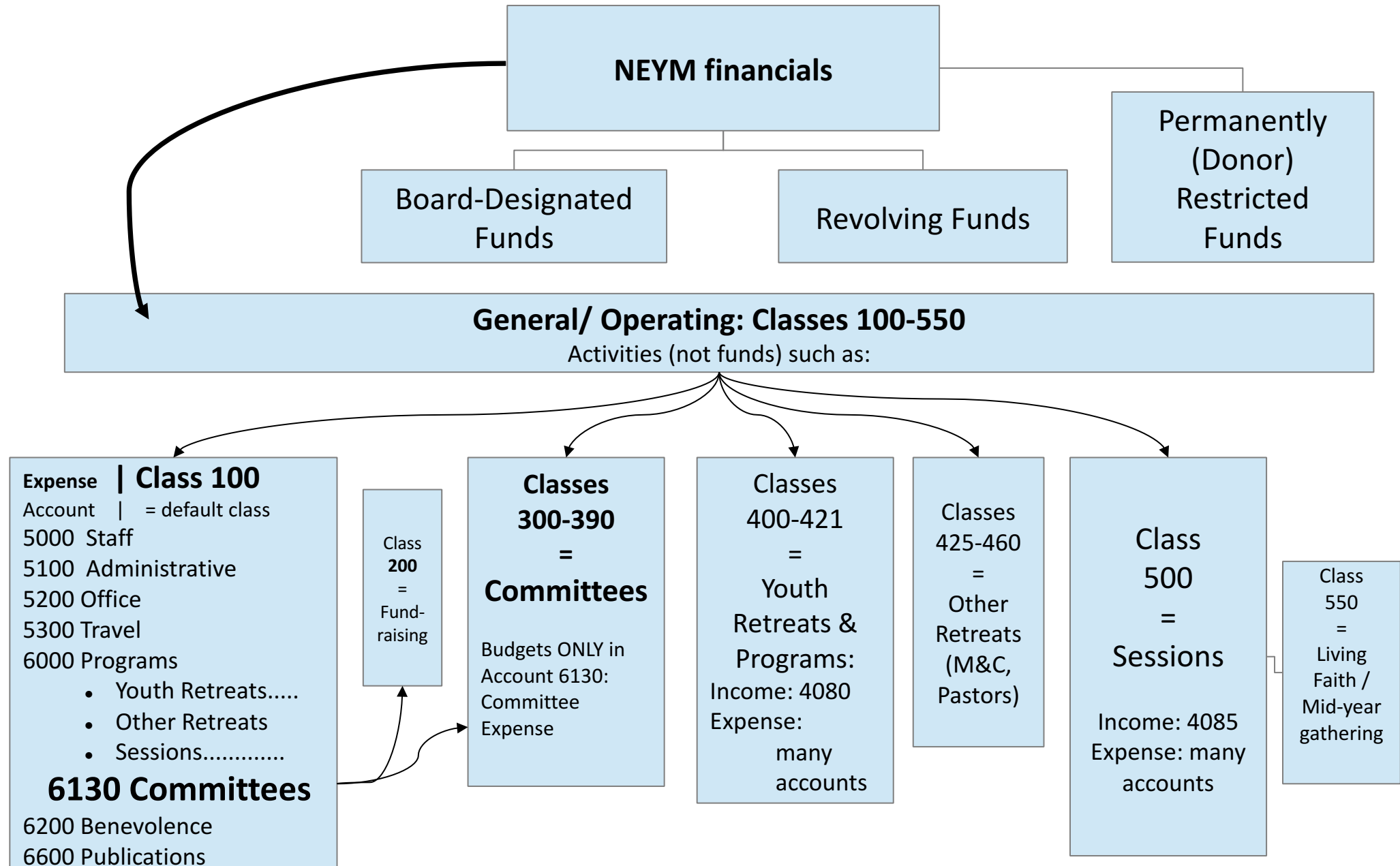
- 5000 Staff
- 5100 Administrative
- 5200 Office
- 5300 Travel
- 6000 Programs
  - .Retreats
  - .Committees, etc
- 6200 Support Other Orgs
- 6600 Publications



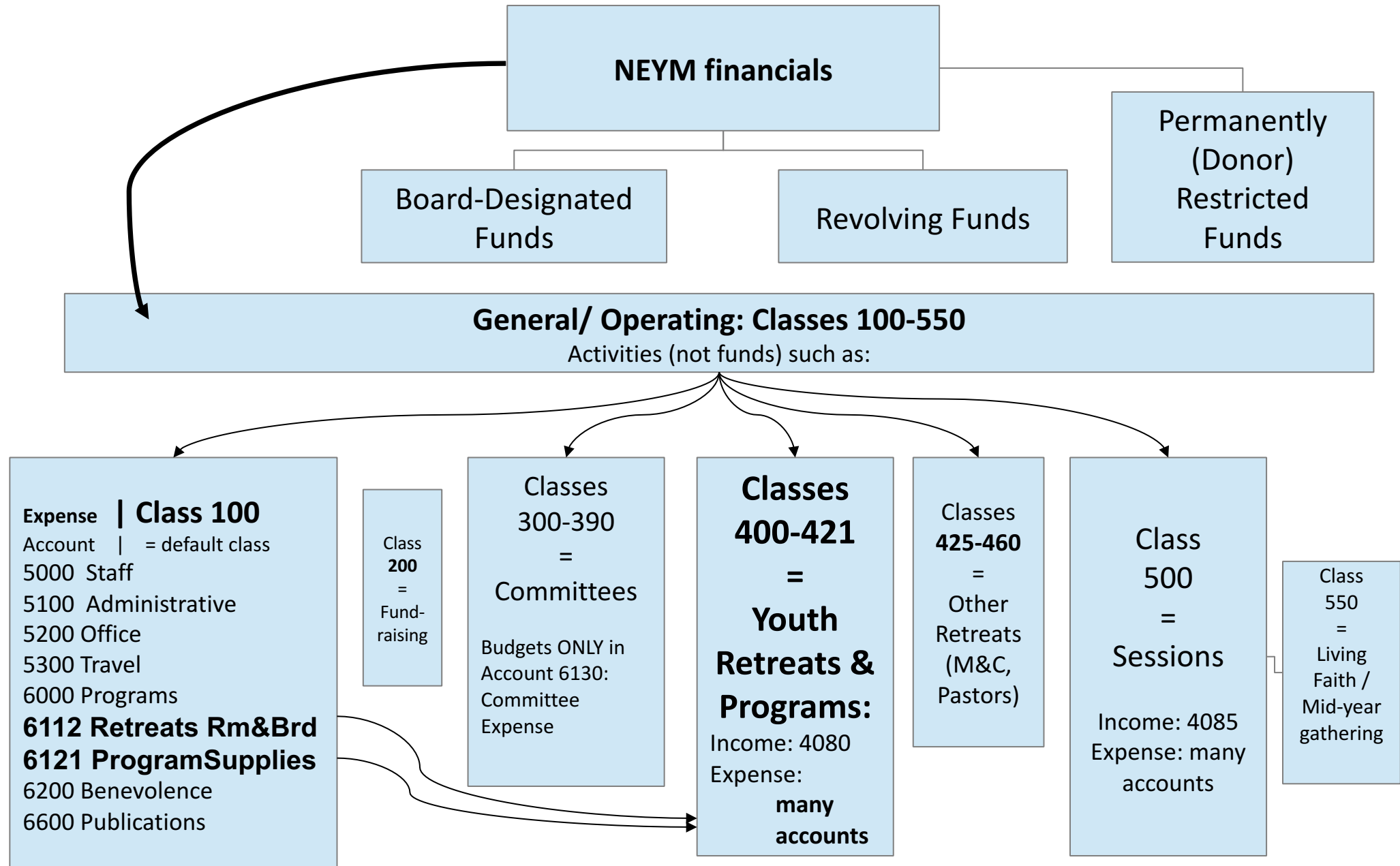
# Operating Classes



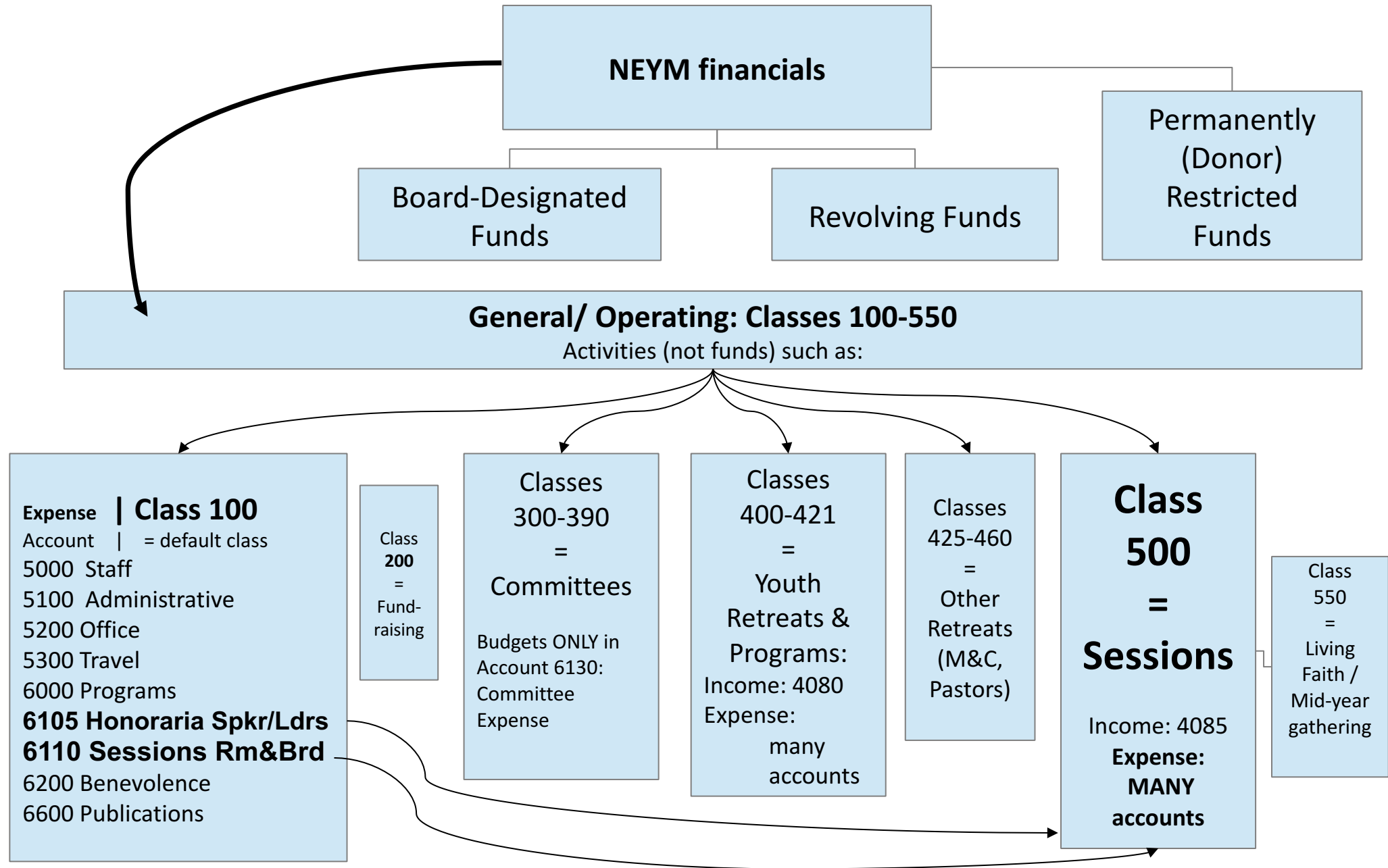
# Operating classes allow “break-out” analysis



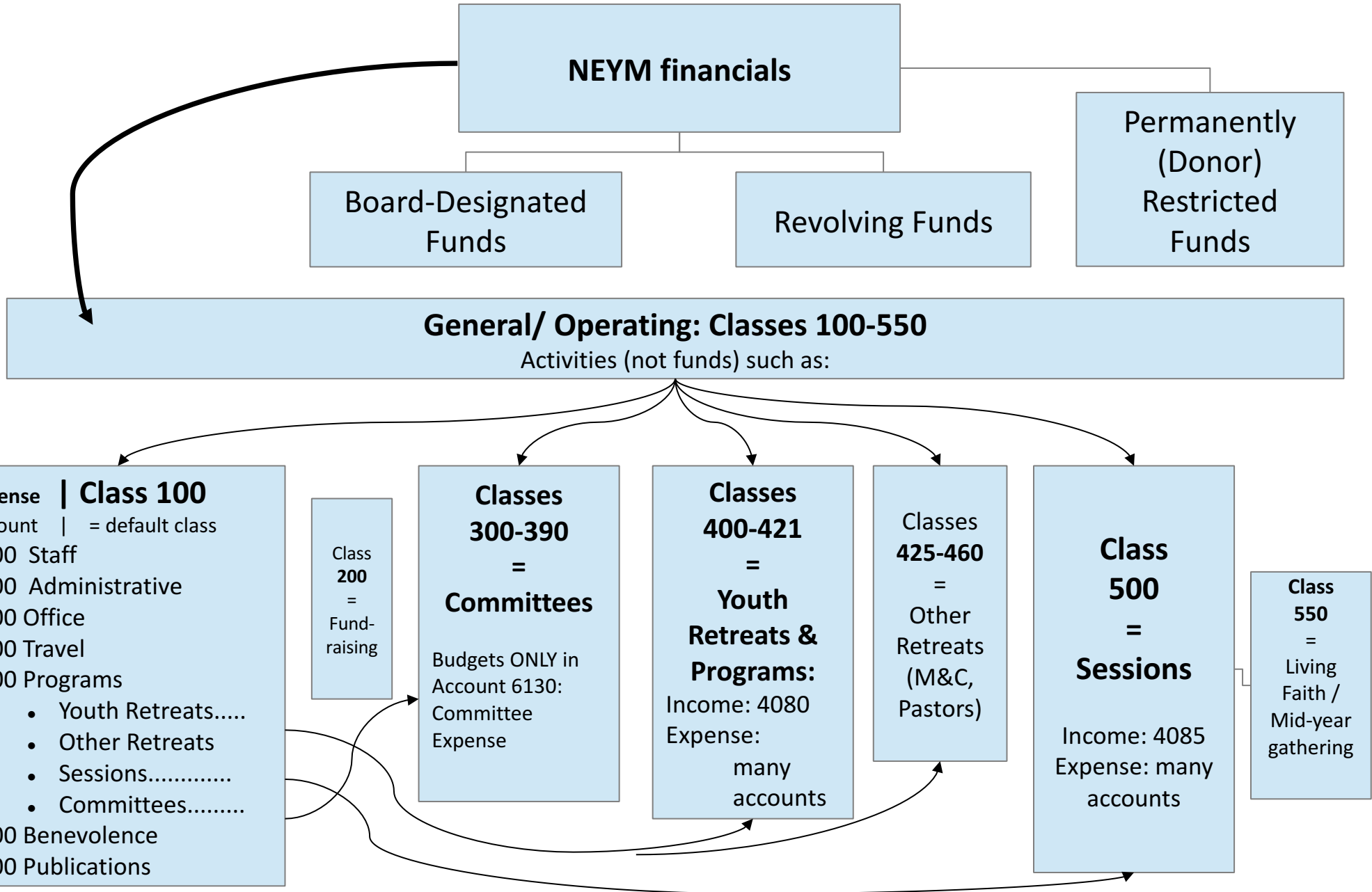
# Operating classes allow “break-out” analysis



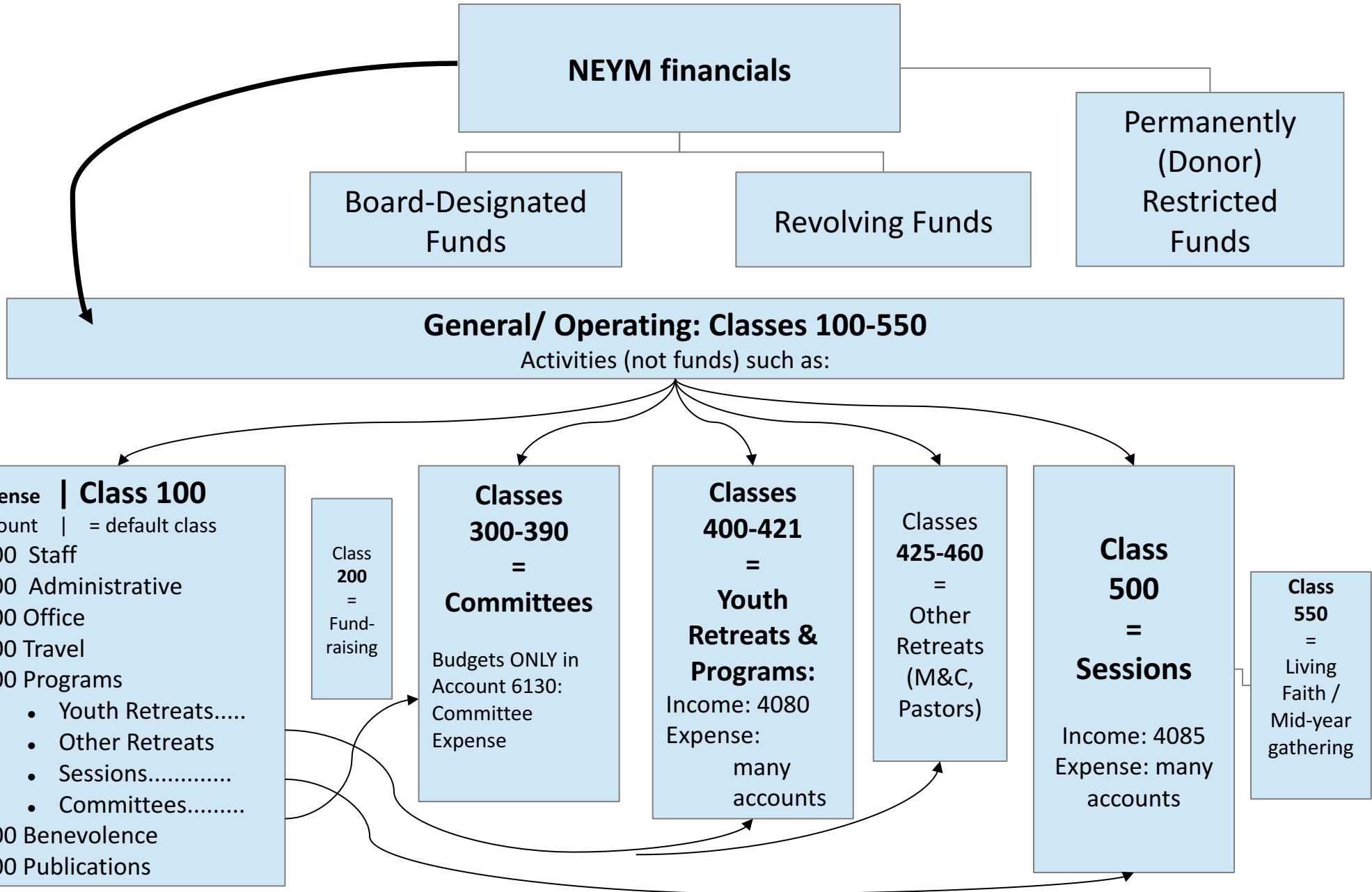
# Operating classes allow “break-out” analysis



# Operating Classes



# Operating Classes



So how does this look  
in real financial reports?

# Here's our FY17 Income-&-Expense Statement – in its smallest, most summarized (“collapsed”) form:



## NEYM

### OPERATING PROFIT AND LOSS (100-500+730)

October 2016 - September 2017

	TOTAL
Income	
4010 Individual Contributions	170,229.13
4020 Monthly Meeting Contributions	326,132.25
4030 Organizations Contributions	1.00
4050 Interest and Dividend Income	10,561.52
4070 Books & Other Sales Income	17,596.72
4080 Retreat Program Fees	41,152.24
4085 Sessions Program Fees	183,814.50
4090 Change in Fair Market Value	679.24
4099 Net Assets Released To/From	0.00
<b>Total Income</b>	<b>\$750,166.60</b>
<b>GROSS PROFIT</b>	<b>\$750,166.60</b>
Expenses	
5000 Staff	401,244.33
5100 General & Administration	81,652.35
5300 Travel & Conferences	32,416.83
6000 Programs	255,839.01
6140 Books & Other Sales Expense	15,166.76
6200 Support of Other Organizations	43,988.13
6600 Publications	6,858.80
<b>Total Expenses</b>	<b>\$837,166.21</b>
<b>NET OPERATING INCOME</b>	<b>\$ -86,999.61</b>
<b>NET INCOME</b>	<b>\$ -86,999.61</b>



# We can expand it vertically to show income & expense account line details:



## NEYM

### OPERATING PROFIT AND LOSS (100-500+730)

October 2016 - September 2017

	TOTAL
<b>Income</b>	
4010 Individual Contributions	170,229.13
4020 Monthly Meeting Contributions	326,132.25
4030 Organizations Contributions	1.00
4050 Interest and Dividend Income	10,561.52
4070 Books & Other Sales Income	
4072 Sales - Books	17,596.72
<b>Total 4070 Books &amp; Other Sales Income</b>	<b>17,596.72</b>
4080 Retreat Program Fees	41,152.24
4085 Sessions Program Fees	183,814.50
4090 Change in Fair Market Value	679.24
4099 Net Assets Released To/From	0.00
<b>Total Income</b>	<b>\$750,166.60</b>
<b>GROSS PROFIT</b>	<b>\$750,166.60</b>
<b>Expenses</b>	
5000 Staff	
5010 Salaries & Wages	302,732.54
5020 Payroll Taxes	22,490.63
5030 Benefits	
5033 Health Benefits	38,792.91
5035 Retirements	30,976.55
5040 Disability	1,444.71
5045 Workers' Compensation	653.00
5050 Spiritual Retreats	492.50
5060 Staff Development	3,661.49
<b>Total 5030 Benefits</b>	<b>76,021.16</b>
<b>Total 5000 Staff</b>	<b>401,244.33</b>
5100 General & Administration	
5110 Administration	
5120 Bank Expense	6,809.95
5130 Contracted Services	27,061.03
5135 Accounting Services	2,700.00
5140 Legal Services	7,750.00
5150 Liability Insurance	4,027.00
5160 Payroll Service	4,797.46
5170 Recruiting Expense	90.00
5180 Rent	9,350.00
5190 Misc. Expense	188.50
<b>Total 5110 Administration</b>	<b>62,773.94</b>
5200 Office	
5210 Archives Office Expenses	170.78
5220 Cleaning Services	264.00
5230 Maint - Equip & Hardware	145.97

# We can also expand it horizontally to show class details:



NEYM  
OPERATING PROFIT AND LOSS (100-500+730)  
October 2016 - September 2017

	100 GENERAL & ADMIN	200 FUNDRAISING	315 C&A	320 F&P REV	328 FINANCE	330 FUM	335 FWCC	340 M&C	350 PUENTE	355 RSE&J	370 EARTH/CARE MINISTRY COMM	405 JYM RETREAT	410 JR H RETREAT	415 YOUNG FRIENDS	420 YAF	425 M&C RETREAT	430 PASTORS' RETREAT	460 C & A WORKSHOPS	500 SESSIONS	550 MID YEAR GATHERING	730 EQUALIZATION	TOTAL	
<b>Income</b>																							
4010 Individual Contributions	146,514.13																			23,715.00		0.00	\$170,229.13
4020 Monthly Meeting Contributions	309,012.25																			17,120.00		0.00	\$326,132.25
4030 Organizations Contributions	1.00																						\$1.00
4050 Interest and Dividend Income	10,551.52																						\$10,551.52
4070 Books & Other Sales Income	114.29																						\$17,596.72
4080 Retreat Program Fees												6,127.00	3,230.00	15,858.00	3,710.85	2,545.00	961.86			16,989.44	492.99	8,719.53	\$41,152.24
4085 Sessions Program Fees																							\$183,814.50
4090 Change in Fair Market Value	679.24																						\$679.24
4099 Net Assets Released To/From	0.00																						\$0.00
<b>Total Income</b>	<b>\$486,882.43</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$6,127.00</b>	<b>\$3,230.00</b>	<b>\$15,858.00</b>	<b>\$3,710.85</b>	<b>\$2,545.00</b>	<b>\$961.86</b>	<b>\$0.00</b>	<b>\$241,638.94</b>	<b>\$9,212.62</b>	<b>\$0.00</b>	<b>\$750,166.80</b>	
<b>GROSS PROFIT</b>	<b>\$486,882.43</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$6,127.00</b>	<b>\$3,230.00</b>	<b>\$15,858.00</b>	<b>\$3,710.85</b>	<b>\$2,545.00</b>	<b>\$961.86</b>	<b>\$0.00</b>	<b>\$241,638.94</b>	<b>\$9,212.62</b>	<b>\$0.00</b>	<b>\$750,166.80</b>	
<b>Expenses</b>																							
5000 Staff	401,244.33																						\$401,244.33
5100 General & Administration	58,711.51	8,931.03									59.64	53.52	210.13	72.86						12,692.60	921.06		\$81,652.35
5300 Travel & Conferences	27,126.46	1,102.39									710.10	1,020.19	873.45							994.42	589.82		\$32,416.83
6000 Programs	5,105.44	14,632.62	120.00	1,324.14	76.40	100.00	781.39	450.00	1,400.00	959.27	499.80	7,072.24	4,446.48	19,133.23	3,875.65	2,590.54	1,923.72	120.00		183,562.61	7,665.48		\$255,839.01
6140 Books & Other Sales Expense										0.00													\$15,166.76
6200 Support of Other Organizations	43,988.13																						\$43,988.13
6600 Publications	6,858.80																						\$6,858.80
<b>Total Expenses</b>	<b>\$549,034.67</b>	<b>\$24,666.04</b>	<b>\$120.00</b>	<b>\$1,324.14</b>	<b>\$76.40</b>	<b>\$100.00</b>	<b>\$781.39</b>	<b>\$450.00</b>	<b>\$1,400.00</b>	<b>\$959.27</b>	<b>\$499.80</b>	<b>\$7,041.98</b>	<b>\$5,520.19</b>	<b>\$20,216.81</b>	<b>\$3,948.51</b>	<b>\$2,590.54</b>	<b>\$1,923.72</b>	<b>\$120.00</b>	<b>\$212,031.54</b>	<b>\$9,561.21</b>	<b>\$0.00</b>	<b>\$837,166.21</b>	
<b>NET OPERATING INCOME</b>	<b>\$-76,152.24</b>	<b>\$-24,666.04</b>	<b>\$-120.00</b>	<b>\$-1,324.14</b>	<b>\$-76.40</b>	<b>\$-100.00</b>	<b>\$-781.39</b>	<b>\$-450.00</b>	<b>\$-1,400.00</b>	<b>\$-959.27</b>	<b>\$-499.80</b>	<b>\$-1,714.98</b>	<b>\$-2,290.19</b>	<b>\$-4,358.81</b>	<b>\$-237.66</b>	<b>\$-45.54</b>	<b>\$-961.86</b>	<b>\$-120.00</b>	<b>\$29,607.40</b>	<b>\$-348.69</b>	<b>\$0.00</b>	<b>\$-86,999.61</b>	
<b>NET INCOME</b>	<b>\$-76,152.24</b>	<b>\$-24,666.04</b>	<b>\$-120.00</b>	<b>\$-1,324.14</b>	<b>\$-76.40</b>	<b>\$-100.00</b>	<b>\$-781.39</b>	<b>\$-450.00</b>	<b>\$-1,400.00</b>	<b>\$-959.27</b>	<b>\$-499.80</b>	<b>\$-1,714.98</b>	<b>\$-2,290.19</b>	<b>\$-4,358.81</b>	<b>\$-237.66</b>	<b>\$-45.54</b>	<b>\$-961.86</b>	<b>\$-120.00</b>	<b>\$29,607.40</b>	<b>\$-348.69</b>	<b>\$0.00</b>	<b>\$-86,999.61</b>	

# We can also expand it horizontally to show class details:



NEYM  
OPERATING PROFIT AND LOSS (100-500+730)  
October 2016 - September 2017

	100 GENERAL & ADMIN	200 FUNDRAISING	315 C&A	320 F&P REV	328 FINANCE	330 FUM	335 FWCC	340 M&C	350 PUENTE	355 RSE&J	370 EARTH/CARE MINISTRY COMM	405 JYM RETREAT	410 JR H RETREAT	415 YOUNG FRIENDS	420 YAF	425 M&C RETREAT	430 PASTORS' RETREAT	460 C & A WORKSHOPS	500 SESSIONS	550 MID YEAR GATHERING	730 EQUALIZATION	TOTAL	
<b>Income</b>																							
4010 Individual Contributions	146,514.13																			23,715.00		0.00	\$170,229.13
4020 Monthly Meeting Contributions	309,012.25																			17,120.00		0.00	\$326,132.25
4030 Organizations Contributions	1.00																						\$1.00
4050 Interest and Dividend Income	10,561.52																						\$10,561.52
4070 Books & Other Sales Income	114.29																						\$17,596.72
4080 Retreat Program Fees												6,127.00	3,230.00	15,858.00	3,710.85	2,545.00	961.86		16,969.44		492.99		\$41,152.24
4085 Sessions Program Fees																				183,814.50	8,719.53		\$183,814.50
4090 Change in Fair Market Value	679.24																						\$679.24
4099 Net Assets Released To/From	0.00																						\$0.00
<b>Total Income</b>	<b>\$486,882.43</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$6,127.00</b>	<b>\$3,230.00</b>	<b>\$15,858.00</b>	<b>\$3,710.85</b>	<b>\$2,545.00</b>	<b>\$961.86</b>	<b>\$0.00</b>	<b>\$241,638.94</b>	<b>\$9,212.82</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$750,166.80</b>
<b>GROSS PROFIT</b>	<b>\$486,882.43</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$6,127.00</b>	<b>\$3,230.00</b>	<b>\$15,858.00</b>	<b>\$3,710.85</b>	<b>\$2,545.00</b>	<b>\$961.86</b>	<b>\$0.00</b>	<b>\$241,638.94</b>	<b>\$9,212.82</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$750,166.80</b>
<b>Expenses</b>																							
5000 Staff	401,244.33																						\$401,244.33
5100 General & Administration	58,711.51	8,931.03									59.64	53.52		210.13	72.86					12,692.60	921.06		\$81,652.35
5300 Travel & Conferences	27,126.46	1,102.39									710.10	1,020.19		873.45						994.42	589.82		\$32,416.83
6000 Programs	5,105.44	14,632.62	120.00	1,324.14	76.40	100.00	781.39	450.00	1,400.00	959.27	499.80	7,072.24	4,446.48	19,133.23	3,875.65	2,590.54	1,923.72	120.00		183,562.61	7,665.48		\$255,839.01
6140 Books & Other Sales Expense										0.00										14,781.91	384.85		\$15,166.76
6200 Support of Other Organizations	43,988.13																						\$43,988.13
6600 Publications	6,858.80																						\$6,858.80
<b>Total Expense</b>	<b>\$543,094.87</b>	<b>\$24,866.04</b>	<b>\$120.00</b>	<b>\$1,324.14</b>	<b>\$76.40</b>	<b>\$100.00</b>	<b>\$781.39</b>	<b>\$450.00</b>	<b>\$1,400.00</b>	<b>\$959.27</b>	<b>\$499.80</b>	<b>\$7,041.96</b>	<b>\$5,520.19</b>	<b>\$20,216.81</b>	<b>\$3,948.51</b>	<b>\$2,590.54</b>	<b>\$1,823.72</b>	<b>\$120.00</b>	<b>\$212,081.54</b>	<b>\$9,561.21</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$897,166.21</b>
<b>NET OPERATING INCOME</b>	<b>\$-76,192.24</b>	<b>\$-24,866.04</b>	<b>\$-120.00</b>	<b>\$-1,324.14</b>	<b>\$-76.40</b>	<b>\$-100.00</b>	<b>\$-781.39</b>	<b>\$-450.00</b>	<b>\$-1,400.00</b>	<b>\$-959.27</b>	<b>\$-499.80</b>	<b>\$-1,714.96</b>	<b>\$-2,290.19</b>	<b>\$-4,358.81</b>	<b>\$-237.66</b>	<b>\$-45.54</b>	<b>\$-961.86</b>	<b>\$-120.00</b>	<b>\$29,807.40</b>	<b>\$-348.69</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$-86,999.61</b>
<b>NET INCOME</b>	<b>\$-76,192.24</b>	<b>\$-24,866.04</b>	<b>\$-120.00</b>	<b>\$-1,324.14</b>	<b>\$-76.40</b>	<b>\$-100.00</b>	<b>\$-781.39</b>	<b>\$-450.00</b>	<b>\$-1,400.00</b>	<b>\$-959.27</b>	<b>\$-499.80</b>	<b>\$-1,714.96</b>	<b>\$-2,290.19</b>	<b>\$-4,358.81</b>	<b>\$-237.66</b>	<b>\$-45.54</b>	<b>\$-961.86</b>	<b>\$-120.00</b>	<b>\$29,807.40</b>	<b>\$-348.69</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$-86,999.61</b>

## Expense | Class 100

Account | = default class

5000 Staff

5100 Administrative

5200 Office

5300 Travel

6000 Programs

- Youth Retreats.....
- Other Retreats
- Sessions.....
- Committees.....

6200 Benevolence

6600 Publications

Class 200 = Fund-raising

**Classes 300-390 = Committees**

Budgets ONLY in Account 6130: Committee Expense

**Classes 400-421 = Youth Retreats & Programs:**

Income: 4080  
Expense: many accounts

**Classes 425-460 = Other Retreats (M&C, Pastors)**

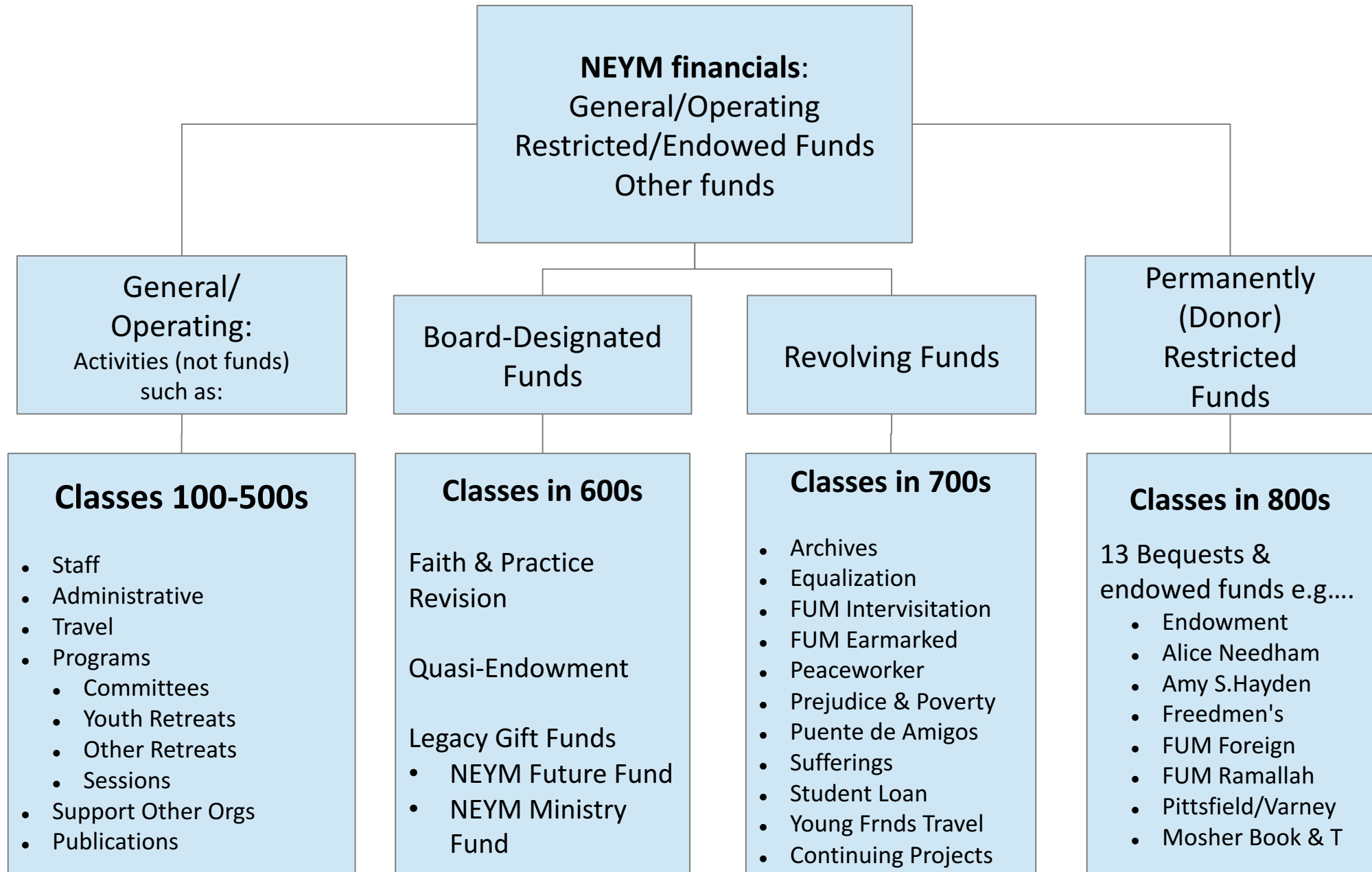
**Class 500 = Sessions**

Income: 4085  
Expense: many accounts

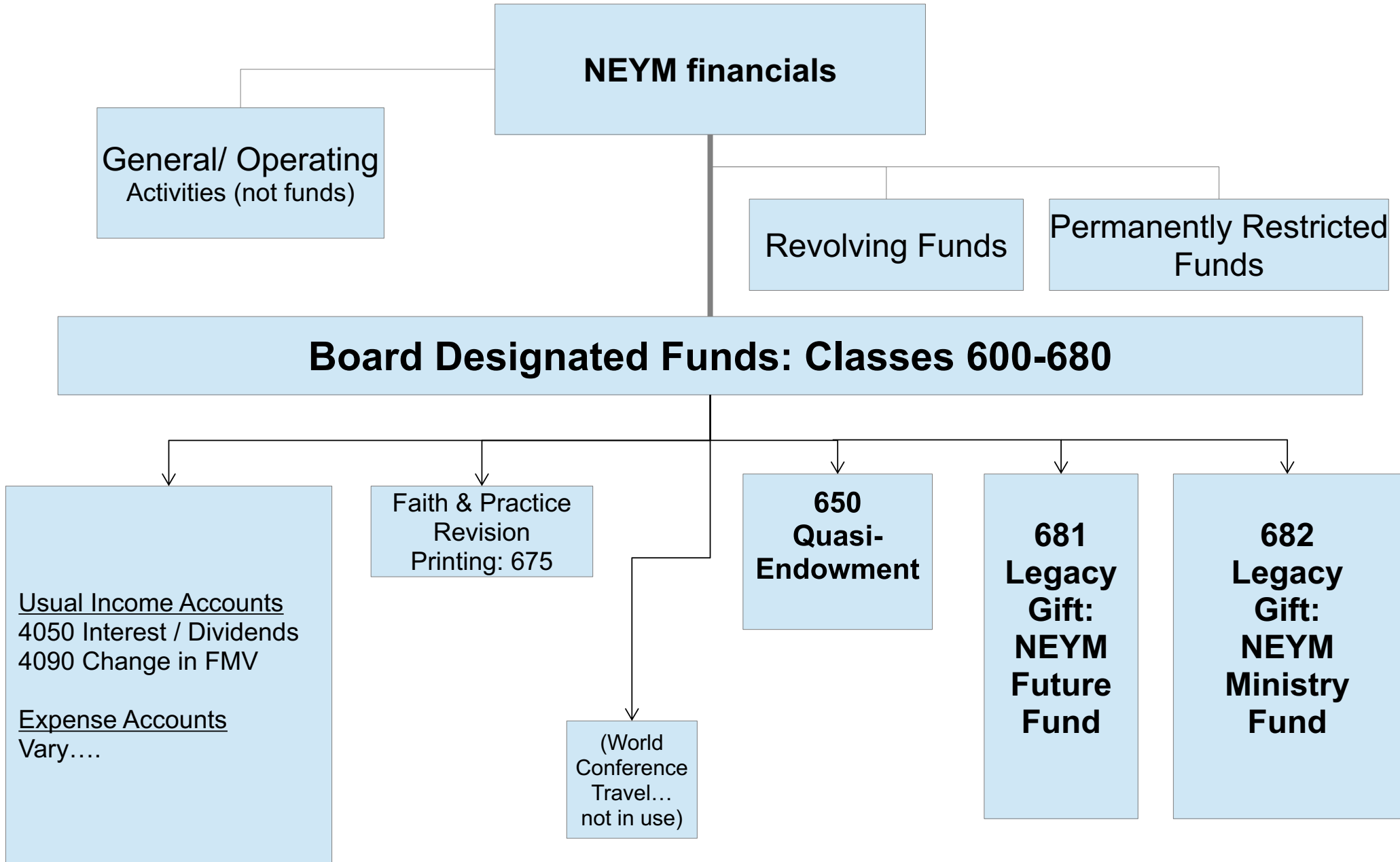
**Class 550 = Living Faith / Mid-year gathering**



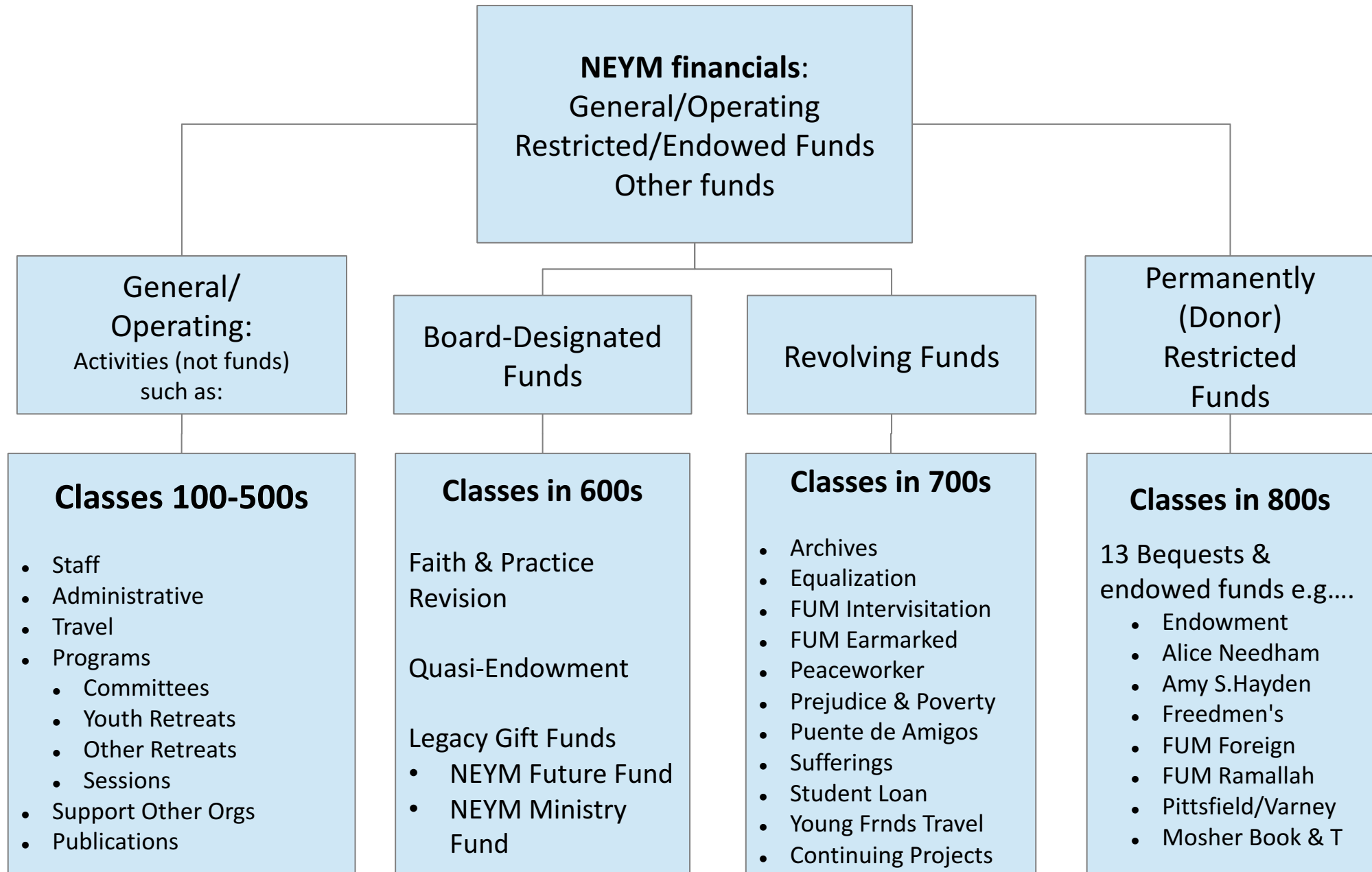
# NEYM Financial Structure: Classes



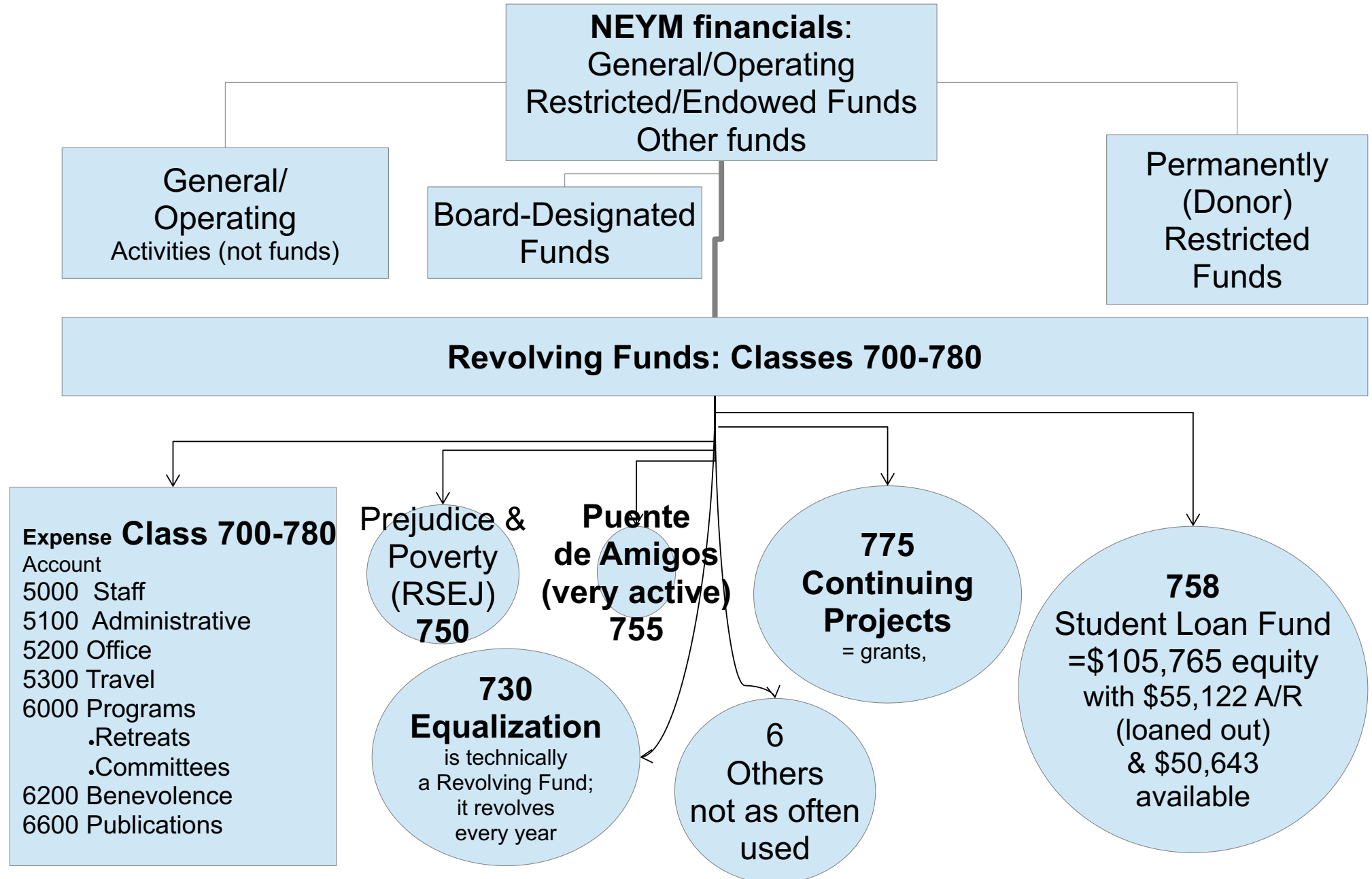
# Board-Designated Fund Classes



# NEYM Financial Structure: Classes

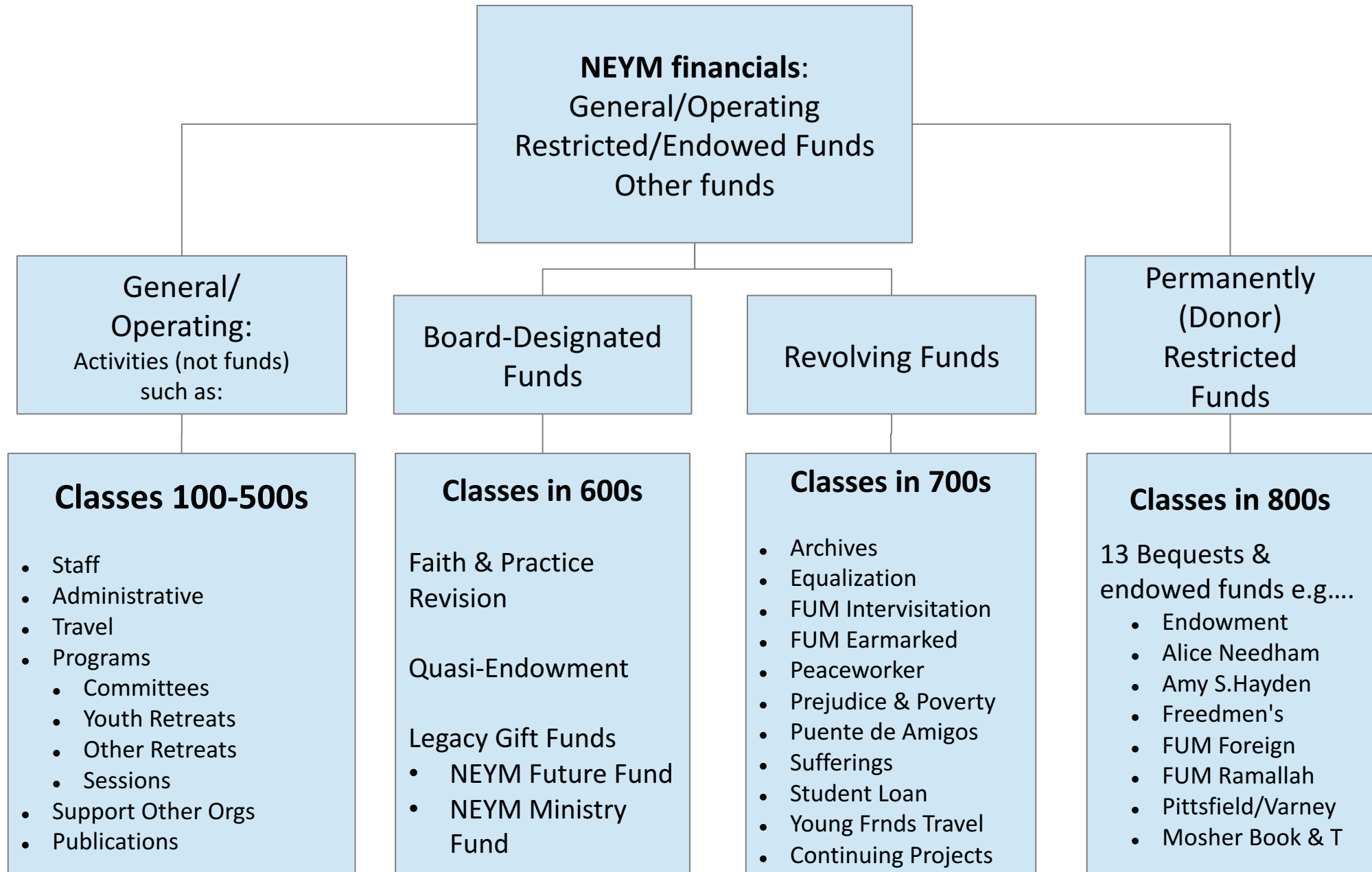


# Revolving Fund Classes

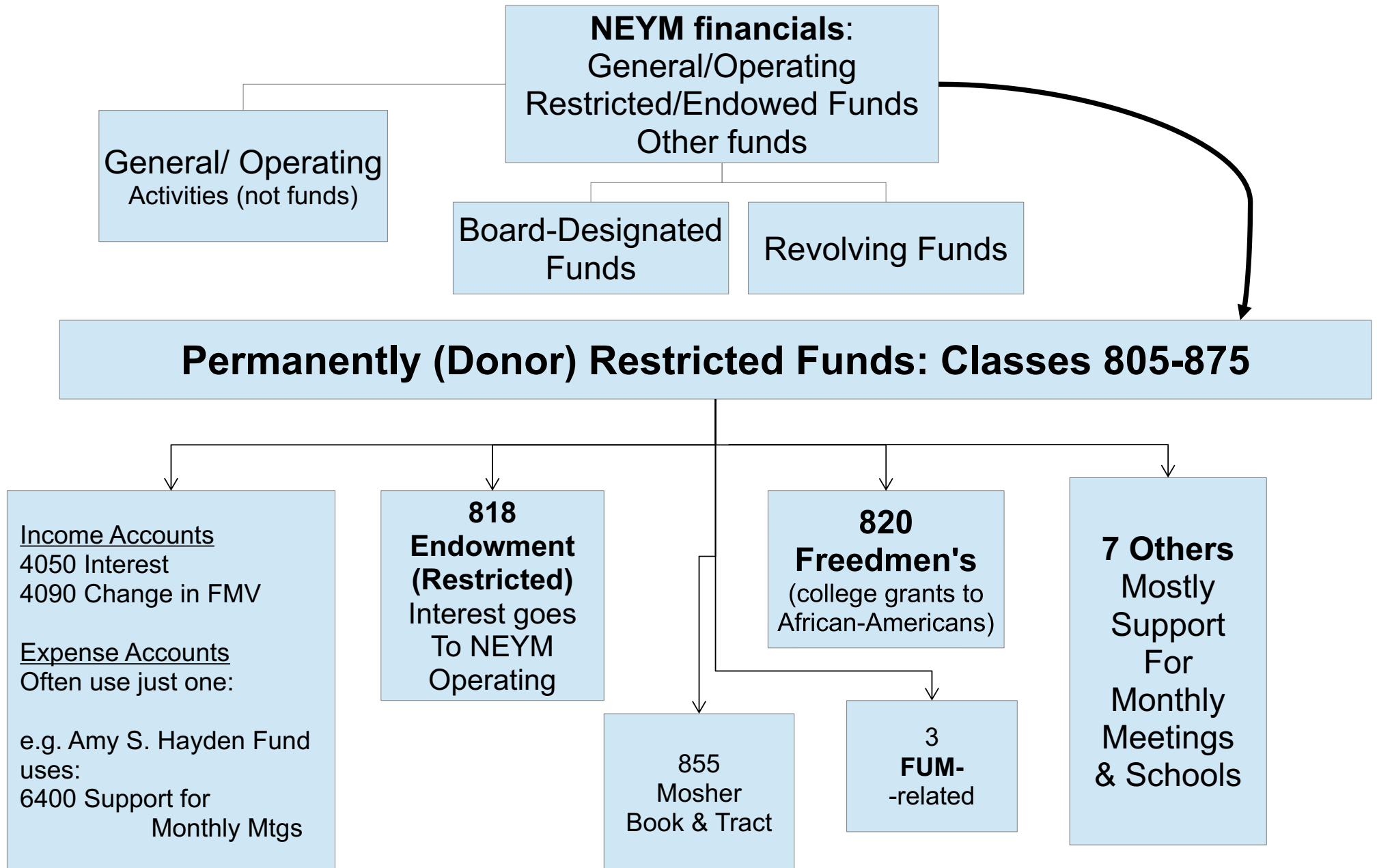




# NEYM Financial Structure: Classes



# Permanently Restricted Fund Classes



OK – but

What about the balance sheet?

# Funds on the Balance Sheet

- .What about the balance sheet?
- .We have 29 separate funds! Do we have 29 separate balance sheets?
  - We could if we wanted to.
  - Remember the
    - Income/Expense Statement by Class?
  - We can do the same thing with the balance sheet:



# Funds on the Balance Sheet

.We have 29 separate funds! Do we have 29 separate balance sheets?

–We could if we wanted to. But it's very unwieldy!!

–And QuickBooks cannot produce it; must be hand-built in Excel.

–So we want a single “consolidated” balance sheet, so to speak.

.Each fund has a line on the balance sheet.

.Funds are grouped by type,

.corresponding to classes.

# Funds on the Balance Sheet

## Assets

**1000 Bank Accounts & CDs**

1200 A/R Student Loans

**1075 Pooled Funds**

---

Liabilities (mostly payroll tax)

## Equity

**3500 – Working Capital**

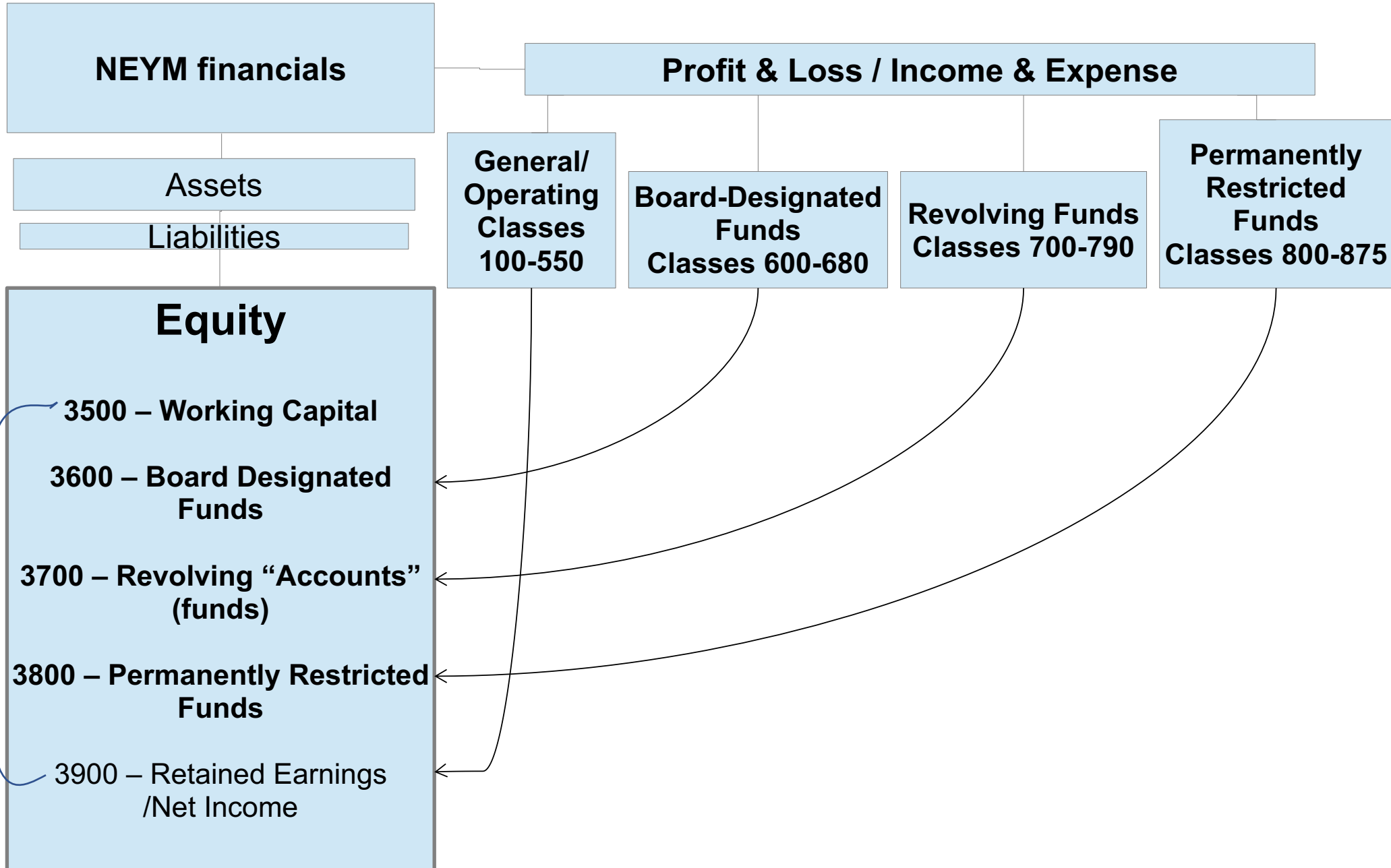
**3600 – Board Designated Funds**

**3700 – Revolving Accounts (funds)**

**3800 – Permanently Restricted Funds**

3900 – Retained Earnings/Net Income

# Funds: Balance Sheet & Classes





# Funds on the Balance Sheet

.So, at the end of each fiscal year, we make a journal entry for each fund, to “close” that fund.

The entry nets out whatever income and expense that fund had, and puts that net income/expense into the equity account for that fund.

–You can also think of it as using the fund's saved-up money to pay the expenses it incurred, and storing away the income the fund received in its coffers.

–This results in all the income and expense for that fund disappearing from the final Profit & Loss (Income & Expense) Report entirely.

# Funds on the Balance Sheet

•Is this weird? Not at all!

•It's the same process *any* general set of books uses:

–At the end of each fiscal year, the profit/loss (nonprofits technically call it “net income”) always gets added to the retained earnings (equity) at the bottom of the balance sheet

•What's different: Our funds add their net income into their particular equity account.