

Plymouth Congregational Church
Council Guide to Monthly Financial Statement Review

Five Elements of Financial Statements guide our review: Assets, liabilities, equity (or net assets), revenue, and expenses.

What are the questions we want to answer when reviewing the Church financials?

- What are the assets of the Church?
- What are the changes in the assets from the beginning of the year or prior reporting period? Do we understand and support the reason behind those changes?
- What are the revenue and expenses of the Church?
- How do those compare the Mission Spending Plan (budget) we've established for the year?
- Do we need further explanation on any of the above?
- Do we think our expectations and predictions made at the beginning of the year are still reasonable? If not, what adjustments do we need to make?
- What risks do we see and how do we want to approach managing the same?

Start with the Statement of Financial Position (the balance sheet):

- How much cash do we have?
- What is the change from 31 December?
- Do we understand the basis for that change? Is it expected?
- What are our liabilities?
- What does the equity section tell us? Can we explain any changes?

Many times, the answer to our balance sheet questions will be found in our statement of revenue and expenses.

What questions should we ask when reviewing the Revenue and Expenses?

- Are we on target? Rich's 3 numbers: We are 16.67% through the year, we have received 15.6% of our income; we have spent 18.72% of our expected expenditures.
- Are we substantially overspent or underspent in any category. If so, do we understand why, and does it fit our model or give us cause for concern?
- Based on the above, do we see any risks that need to be addressed or any opportunities to be explored

