

# Stewardship Kaleidoscope 2024

## How to Speak the Language of Investments and Finance

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## How to Speak the Language of Investments and Finance

### *Workshop Topics*

- A Basic Finance and Accounting Vocabulary
- Understanding Financial Investments
- Types of Investment Funds
- Understanding Church Financial Statements

# Stewardship Kaleidoscope 2024

## A Basic Finance and Accounting Vocabulary

- Accounting Years
- Cash Basis Accounting
- Accrual Basis Accounting
- Capital
- Idle or Excess Cash

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## A Basic Finance and Accounting Vocabulary

- Liquidity
- Current Assets and Liabilities
- Long Term Assets and Liabilities
- Equity
- Deferred Incomes or Expenses

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## A Basic Finance and Accounting Vocabulary

- Stocks or Securities
- Bonds
- Underwater
- Internal Rates of Return

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## Understanding Financial Investments

- Fixed Income vs Securities or stocks
- Short Term vs Long Term
- Safety vs Growth
- Liquid vs Illiquid

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## *Understanding Financial Investments*

### The Fundamental Investment Questions:

- How much money do we have to invest?
- What is our investment timeframe (or horizon)?
- Are we more concerned about loss of principle or loss of purchasing power?
- What is our need for liquidity?
- What is the projected rate of return on the proposed investment?

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## Understanding Financial Investments

### More Vocabulary:

- **Fixed Income**
- **Investment Time Frame**
- **Loss of Principle**
- **Loss of Purchasing Power**
- **Liquidity**
- **Rate of Return**
- **Projected, Estimated or Proforma**



## Understanding Financial Investments

- Checking Accounts
- Savings Accounts
- Certificates of Deposit
- Money Market Funds
- Stocks or Securities
  - Compound Interest

## Types of Investment Funds

- Unrestricted Funds
- Organization (e.g, the Session) Designated Funds
- Donor-Restricted Funds
  - Fund Spend Rates
- Endowment Funds

## Understanding Financial Statements

### Business Accounting IS Different From Church Accounting

- The Statement of Financial Position
  - Or the Business Balance Sheet
- The Statement of Activities
  - Or the Business Income Statement
- The Statement of Functional Expenses