

# Making Sense of Nonprofit Financials

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## Purpose of Financial Statements

### Three Reasons to Create Financial Statements

- Compliance
- Making decisions
- Persuasion

### Making Decisions

- Measuring performance
- Managing risk
- Planning for the future

### Persuasion

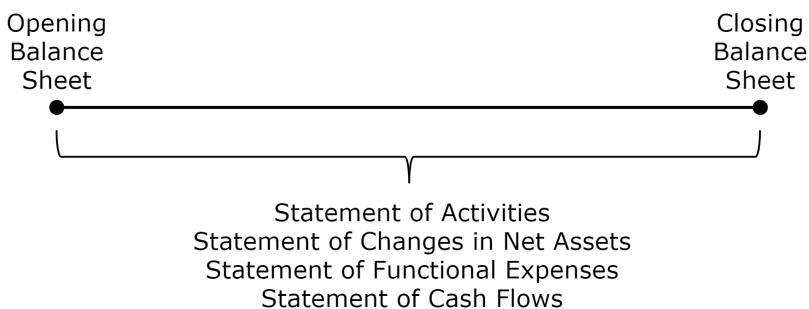
- Stakeholder assurance
- Enhance credibility
- Attract funding and support

### *Context is Critical*

## How the Financial Statements Work Together

### The Financial Statements

- Balance Sheet
- Statement of Activities
- Statement of Changes in Net Assets
- Statement of Functional Expenses
- Statement of Cash Flows
- Footnotes



## Making Decisions with Financial Statements

### *Keep In-Kind In Mind*

### Financial Analysis with Ratios

#### Liquidity – What's Our Cash Situation

Working Capital = Current Assets – Current Liabilities

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}} \quad \text{Quick Ratio} = \frac{\text{Cash}}{\text{Current Liabilities}}$$

$$\text{Days Cash on Hand} = \frac{\text{Cash}}{\text{Cash Expenses} / 365}$$

Cash Conversion Cycle = Days Inventory Outstanding + Days Sales Outstanding – Days Payables Outstanding

#### Leverage – Are We Overextended?

$$\text{Debt Ratio} = \frac{\text{Total Debt}}{\text{Total Assets}} \quad \text{Debt to Net Assets Ratio} = \frac{\text{Total Debt}}{\text{Total Net Assets}}$$

$$\text{Debt Service Coverage Ratio} = \frac{\text{Changes in Net Assets without Donor Restrictions}}{\text{Debt Service}}$$

#### “Profitability” – Should We Keep Doing This?

- Operating Margin
- Revenue Growth Rate
- Expense Growth Rate

#### Relative Size Comparisons

- Assets and liabilities
- Revenues and expenses
- Types of net assets
- Benchmarking

## Resources

- [National Council of Nonprofits](#)
- [nonprofitready.org](http://nonprofitready.org) – free Certificate in Nonprofit Finance
- [Kellogg @ Northwestern](#) – free videos
- LinkedIn Learning modules
- [Baylor University Continuing Education](#)

September 30,	2022	2021
<b>Assets</b>		
Cash and cash equivalents	\$ 8,853,423	\$ 18,420,078
Restricted cash	3,068,060	3,253,557
Accounts receivable, net	40,886,602	45,062,850
Pledges receivable, net	16,268,014	20,323,695
Investments	491,759,045	533,844,518
Property and equipment, net	200,287,952	199,689,448
Operating lease right-of-use assets	9,545,443	10,858,821
Prepaid expenses and other assets	9,218,211	6,464,712
Goodwill	364,581	546,861
<b>Total assets</b>	<b>\$ 780,251,331</b>	<b>\$ 838,464,540</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 15,344,252	\$ 15,468,398
Accrued compensation, benefits, and taxes	21,229,859	24,865,715
Acquired programming obligations	3,591,392	5,114,939
Deferred revenue	24,000,394	22,341,072
Accrued interest payable	2,803,767	2,827,494
Other liabilities	2,909,182	2,183,412
Conditional contribution refundable advances	2,255,984	1,995,879
Operating lease liabilities	11,525,185	12,274,126
Bonds payable	185,680,000	188,980,000
<b>Total liabilities</b>	<b>269,340,015</b>	<b>276,051,035</b>
<b>Commitments and contingencies</b>		
<b>Net assets</b>		
Net assets without donor restrictions:		
Undesignated	56,888,969	50,712,334
Board-designated	88,095,870	101,457,012
Noncontrolling interest	1,203,902	1,287,703
Total net assets without donor restrictions	146,188,741	153,457,049
Net assets with donor restrictions	364,722,575	408,956,456
<b>Total net assets</b>	<b>510,911,316</b>	<b>562,413,505</b>
<b>Total liabilities and net assets</b>	<b>\$ 780,251,331</b>	<b>\$ 838,464,540</b>

*See accompanying notes to the consolidated financial statements.*

<b>Years ended September 30,</b>	<b>2022</b>	<b>2021</b>
<b>Changes in net assets without donor restrictions</b>		
<b>Revenues, gains, and other support</b>		
Revenue from contracts with customers:		
Core and other programming fees	\$ 93,289,053	\$ 90,406,977
Corporate sponsorships	135,292,987	121,744,823
Public Radio Satellite System contract	3,303,650	5,734,211
Satellite interconnection and distribution	8,818,684	8,700,430
Commercial programming distribution	8,289,054	1,871,313
Commissions	4,401,430	3,921,667
Licensing of intellectual property	2,789,631	3,452,544
Other	4,814,175	3,801,685
Total revenue from contracts with customers	260,998,664	239,633,650
Contributions of cash and other financial assets	26,251,889	24,018,012
Return on investments, net	(9,015,030)	14,627,839
Contributions of nonfinancial assets	2,357,919	2,579,597
Miscellaneous	525,889	619,653
Change in investment in subsidiary	—	(170,298)
Net assets released from donor restrictions	27,970,600	28,385,230
<b>Total revenues, gains, and other support</b>	<b>309,089,931</b>	<b>309,693,683</b>
<b>Expenses and losses</b>		
Program services:		
Content production and distribution	176,966,423	156,363,063
Digital, content support, and other	34,315,394	30,450,393
Total program services	211,281,817	186,813,456
Supporting services:		
Management and general	63,563,734	55,554,253
Fundraising	5,632,298	5,452,193
Facilities and Information Technology	35,796,390	31,886,228
Total supporting services	104,992,422	92,892,674
<b>Total expenses and losses</b>	<b>316,274,239</b>	<b>279,706,130</b>
<b>(Decrease) increase in net assets without donor restrictions</b>	<b>(7,184,308)</b>	<b>29,987,553</b>
<b>Changes in net assets with donor restrictions</b>		
Contributions of cash and other financial assets	11,315,565	15,053,805
Split-interest agreement contributions	178,020	—
Return on investments, net	(27,756,866)	73,870,022
Net assets released from donor restrictions	(27,970,600)	(28,385,230)
<b>(Decrease) increase in net assets with donor restrictions</b>	<b>(44,233,881)</b>	<b>60,538,597</b>
<b>Change in net assets</b>	<b>(51,418,189)</b>	<b>90,526,150</b>
Net assets, beginning of year	562,413,505	472,016,155
Minus: Distributions to noncontrolling interest	(84,000)	(128,800)
<b>Net assets, end of year</b>	<b>\$ 510,911,316</b>	<b>\$ 562,413,505</b>

See accompanying notes to the consolidated financial statements.

	<b>Net assets without donor restrictions</b>			<b>Net assets with donor restrictions</b>	
	<b>Parent</b>	<b>Noncontrolling Interest</b>	<b>Total</b>		<b>Total</b>
Net assets, October 1, 2020	\$ 122,254,017	\$ 1,344,279	\$ 123,598,296	\$ 348,417,859	\$ 472,016,155
Plus: Change in net assets for the year ending September 30, 2021	29,915,329	72,224	29,987,553	60,538,597	90,526,150
Minus: Distribution to Noncontrolling Interest	—	(128,800)	(128,800)	—	(128,800)
<b>Net assets, September 30, 2021</b>	<b>152,169,346</b>	<b>1,287,703</b>	<b>153,457,049</b>	<b>408,956,456</b>	<b>562,413,505</b>
(Minus) Plus: Change in net assets for the year ending September 30, 2022	(7,184,507)	199	(7,184,308)	(44,233,881)	(51,418,189)
Minus: Distribution to Noncontrolling Interest	—	(84,000)	(84,000)	—	(84,000)
<b>Net assets, September 30, 2022</b>	<b>\$ 144,984,839</b>	<b>\$ 1,203,902</b>	<b>\$ 146,188,741</b>	<b>\$ 364,722,575</b>	<b>\$ 510,911,316</b>

*See accompanying notes to the consolidated financial statements.*

<i>Year ended September 30,</i>	Program Services			Supporting Services				2022
	Content production and distribution	Digital, content support, and other	Total program services	Management and general	Fundraising	Facilities and Information Technology	Total supporting services	
Compensation, benefits, and taxes	\$121,521,523	\$20,117,720	\$141,639,243	\$ 44,318,909	\$ 4,753,758	\$10,620,265	\$ 59,692,932	\$ 201,332,175
Content acquisition and production	37,611,007	11,821	37,622,828	143,270	26	12,189	155,485	37,778,313
Miscellaneous contracted services	2,825,874	8,224,697	11,050,571	8,657,393	436,751	3,607,257	12,701,401	23,751,972
Facility lease, utilities, taxes, and related expenses	1,242,171	—	1,242,171	1,145,833	3,319	3,686,602	4,835,754	6,077,925
Connectivity, supplies, postage, and other office expenses	1,373,991	632,033	2,006,024	1,287,431	85,278	1,904,625	3,277,334	5,283,358
Satellite space and equipment	1,912,729	—	1,912,729	—	—	—	—	1,912,729
Repairs and maintenance	693,344	—	693,344	59,771	—	3,117,291	3,177,062	3,870,406
Travel, conferences, meetings, and events	3,929,200	78,219	4,007,419	995,820	205,113	242,332	1,443,265	5,450,684
Marketing	55,558	2,626,759	2,682,317	4,270,020	6,202	—	4,276,222	6,958,539
Grants and assistance to third parties	1,089,732	—	1,089,732	120,000	—	—	120,000	1,209,732
Depreciation and amortization	334,354	259,136	593,490	572,617	—	6,844,018	7,416,635	8,010,125
Interest	—	—	—	—	—	5,630,785	5,630,785	5,630,785
Other	4,376,940	1,085,735	5,462,675	914,025	141,851	131,026	1,186,902	6,649,577
Total expenses before donated goods and services	176,966,423	33,036,120	210,002,543	62,485,089	5,632,298	35,796,390	103,913,777	313,916,320
Donated goods and services	—	1,279,274	1,279,274	1,078,645	—	—	1,078,645	2,357,919
Total expenses and losses	\$176,966,423	\$34,315,394	\$211,281,817	\$ 63,563,734	\$ 5,632,298	\$35,796,390	\$104,992,422	\$316,274,239

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<i>Year ended September 30,</i>	Program Services			Supporting Services				2021
	Content production and distribution	Digital, content support, and other	Total program services	Management and general	Fundraising	Facilities and Information Technology	Total supporting services	
Compensation, benefits, and taxes	\$109,963,939	\$17,322,311	\$127,286,250	\$ 40,118,212	\$ 4,641,925	\$ 8,976,549	\$ 53,233,547	\$ 180,519,797
Content acquisition and production	32,360,108	2,287	32,362,395	44,270	—	125	44,395	32,406,790
Miscellaneous contracted services	1,909,764	7,841,138	9,750,902	7,924,722	235,163	3,239,294	11,399,179	21,150,081
Facility lease, utilities, taxes, and related expenses	1,591,151	—	1,591,151	1,035,686	8,628	3,590,853	5,038,406	6,629,557
Connectivity, supplies, postage, and other office expenses	2,886,825	577,463	3,464,288	1,110,315	84,262	1,650,191	2,844,768	6,309,056
Satellite space and equipment	1,423,606	—	1,423,606	—	—	—	—	1,423,606
Repairs and maintenance	605,277	128,856	734,133	35,982	—	4,124,289	4,160,271	4,894,404
Travel, conferences, meetings, and events	1,220,243	10,928	1,231,171	145,272	5,502	21,137	171,911	1,403,082
Marketing	101,538	2,295,380	2,396,918	1,497,704	4,416	—	1,502,120	3,899,038
Grants and assistance to third parties	542,405	—	542,405	—	334,000	—	334,000	876,405
Depreciation and amortization	535,241	271,135	806,376	662,737	—	7,355,433	8,018,170	8,824,546
Interest	—	—	—	—	—	2,827,494	2,827,494	2,827,494
Other	3,222,966	739,893	3,962,859	1,660,758	138,297	100,863	1,999,818	5,962,677
Total expenses before donated goods and services	156,363,063	29,189,391	185,552,454	54,235,658	5,452,193	31,886,228	91,574,079	277,126,533
Donated goods and services	—	1,261,002	1,261,002	1,318,595	—	—	1,318,595	2,579,597
Total expenses and losses	\$156,363,063	\$30,450,393	\$186,813,456	\$ 55,554,253	\$ 5,452,193	\$31,886,228	\$ 92,892,674	\$ 279,706,130

See accompanying notes to the consolidated financial statements.

<b>Years ended September 30,</b>	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (51,418,189)	\$ 90,526,150
Adjustments to reconcile change in net assets to net cash provided (used in) by operating activities:		
Depreciation	7,827,845	8,642,266
Amortization of goodwill	182,280	182,280
Change in allowance for doubtful accounts	(556,897)	(80,067)
Change in discount on multi-year pledges receivable	(52,847)	6,946
Loss on impairment of investment in subsidiary	—	291,586
Change in investment in subsidiary	—	170,298
Contributed securities	(2,227,687)	(913,607)
Proceeds from sale of contributed securities	2,227,687	913,607
Contributions restricted for long-term investment	(807,398)	(183,000)
Net realized and unrealized losses (gains) on investments	39,522,080	(86,723,787)
Investment returns restricted for reinvestment	—	(42,276)
Noncash lease expense	1,313,378	310,200
Decrease (increase) in assets:		
Accounts receivable	4,733,145	(14,272,615)
Pledges receivable	4,108,528	(3,041,450)
Prepaid expenses and other assets	(2,506,281)	(944,041)
(Decrease) increase in liabilities:		
Accounts payable and accrued expense	2,325,135	1,894,908
Accrued compensation, benefits, and taxes	(3,635,856)	(4,879,944)
Acquired programming obligations	(1,523,547)	(1,260,565)
Deferred revenue	1,659,322	(4,464,753)
Accrued interest payable	(23,727)	2,827,494
Other liabilities	725,770	(833,916)
Conditional contribution refundable advances	260,105	891,945
Principal reduction in operating lease liabilities	(748,941)	1,105,105
<b>Net cash provided by (used in) operating activities</b>	<b>1,383,905</b>	<b>(9,877,236)</b>
<b>Cash flows from investing activities</b>		
Purchases of investments	(478,058,853)	(262,973,347)
Proceeds from sale and maturities of investments	480,622,246	273,112,239
Purchases of property and equipment	(10,875,630)	(6,590,981)
Return of investment in subsidiary, net	—	736,806
<b>Net cash (used in) provided by investing activities</b>	<b>(8,312,237)</b>	<b>4,284,717</b>
<b>Cash flows from financing activities</b>		
Proceeds from contributions restricted for:		
Investment in perpetual endowment	\$ 807,398	\$ 183,000
Investment subject to annuity trust agreements	(247,218)	(56,779)
Other financing activities:		
Investment returns restricted for reinvestment	—	42,276
Payments on bonds payable	(3,300,000)	—
Distribution to members	(84,000)	(128,800)
<b>Net cash (used in) provided by financing activities</b>	<b>(2,823,820)</b>	<b>39,697</b>
<b>Change in cash, cash equivalents, and restricted cash</b>	<b>(9,752,152)</b>	<b>(5,552,822)</b>
Cash, cash equivalents, and restricted cash, beginning of year	21,673,635	27,226,457
<b>Cash, cash equivalents, and restricted cash, end of year</b>	<b>\$ 11,921,483</b>	<b>\$ 21,673,635</b>

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<b>Years ended September 30,</b>	<b>2022</b>	<b>2021</b>
<b>Supplemental data</b>		
Accrued purchases of property and equipment	\$ 273,576	\$ 2,722,857
Cash paid for interest	\$ 5,654,989	\$ —
Cash paid for income taxes	\$ 31,372	\$ 34,955
Operating lease assets obtained in exchange for new operating lease liabilities – Upon adoption:		
National Public Radio, Inc.	\$ —	\$ 6,762,294
National Public Media LLC	\$ —	\$ 536,932
Operating lease assets obtained in exchange for new operating lease liabilities – New lease:		
National Public Media LLC	\$ —	\$ 3,869,795

*See accompanying notes to the consolidated financial statements.*

**BAYLOR UNIVERSITY**  
**Balance Sheets**  
 May 31, 2023 and 2022  
*(in thousands of dollars)*

	<u>2023</u>	<u>2022</u>
<b><u>ASSETS</u></b>		
Cash & cash equivalents	\$ 266,094	\$ 311,574
Bond proceeds held by trustees	68,326	119,082
Student accounts receivable, net	54,159	35,784
Contributions receivable, net	98,767	96,919
Grants & other receivables, net	38,177	42,635
Prepaid expenses & other assets	50,240	39,494
Student loans receivable, net	3,147	5,305
Long-term investments, at fair value	2,178,636	2,183,760
Property, plant & equipment, net	1,250,529	1,098,881
<b>Total assets</b>	<b><u>\$ 4,008,075</u></b>	<b><u>\$ 3,933,434</u></b>
<b><u>LIABILITIES &amp; NET ASSETS</u></b>		
<b>Liabilities</b>		
Accounts payable	\$ 89,900	\$ 56,316
Personnel related current liabilities	26,452	25,255
Deposits & deferred revenues	112,455	129,258
Accrued postretirement benefits	39,248	41,934
Notes & bonds payable, net	721,440	736,855
Other liabilities	14,973	28,156
<b>Total liabilities</b>	<b><u>1,004,468</u></b>	<b><u>1,017,774</u></b>
<b>Net Assets</b>		
Without donor restrictions	1,146,724	1,086,474
With donor restrictions	1,856,883	1,829,186
<b>Total net assets</b>	<b><u>3,003,607</u></b>	<b><u>2,915,660</u></b>
<b>Total liabilities &amp; net assets</b>	<b><u>\$ 4,008,075</u></b>	<b><u>\$ 3,933,434</u></b>

See accompanying notes to financial statements.

**BAYLOR UNIVERSITY****Statement of Activities**

For the Year Ended May 31, 2023

(in thousands of dollars)

	Year Ended May 31, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
<b><u>OPERATING REVENUES</u></b>			
Tuition & fees	\$ 981,077	\$ —	\$ 981,077
Less scholarships	(393,233)	—	(393,233)
Net tuition & fees	587,844	—	587,844
Endowment distributions & investment income	92,542	5,968	98,510
Gifts & private grants	55,467	13,442	68,909
Grants & contracts	43,126	13,909	57,035
Other sources - educational & general	31,663	2,313	33,976
Other sources - intercollegiate athletics	63,637	—	63,637
Sales & services of auxiliary enterprises	54,942	—	54,942
Net assets released from restrictions	23,446	(23,446)	—
<b>Total operating revenues</b>	<b>952,667</b>	<b>12,186</b>	<b>964,853</b>
<b><u>OPERATING EXPENSES</u></b>			
Program expenses			
Salaries & wages	356,035	—	356,035
Personnel benefits	108,764	—	108,764
Student wages & fellowships	31,968	—	31,968
Operating expenses	312,294	—	312,294
Depreciation	55,164	—	55,164
Interest expense	22,122	—	22,122
<b>Total operating expenses</b>	<b>886,347</b>	<b>—</b>	<b>886,347</b>
<b>Change in net assets from operating activities</b>	<b>66,320</b>	<b>12,186</b>	<b>78,506</b>
<b><u>NON-OPERATING ACTIVITIES</u></b>			
Net return on long-term investments	(985)	4,972	3,987
Distributions from long-term investments	(14,096)	(67,905)	(82,001)
Endowment earnings & distributions re-invested	—	2,863	2,863
Change in value of split interest agreements	—	(577)	(577)
Gifts for endowment, annuity & living trusts	—	49,133	49,133
Gifts & grants for plant improvements, net of allowance adjustments	—	35,053	35,053
Net assets released from restrictions for plant improvements	6,571	(6,571)	—
Other components of postretirement benefits cost	136	—	136
Change in postretirement benefits obligation other than net periodic benefits cost	846	—	846
Other increases (decreases)	1,458	(1,457)	1
<b>Total non-operating activities</b>	<b>(6,070)</b>	<b>15,511</b>	<b>9,441</b>
<b>Change in net assets</b>	<b>60,250</b>	<b>27,697</b>	<b>87,947</b>
<b>Net assets at beginning of year</b>	<b>1,086,474</b>	<b>1,829,186</b>	<b>2,915,660</b>
<b>Net assets at end of year</b>	<b>\$ 1,146,724</b>	<b>\$ 1,856,883</b>	<b>\$ 3,003,607</b>

See accompanying notes to financial statements.

**BAYLOR UNIVERSITY****Statement of Activities**

For the Year Ended May 31, 2022

*(in thousands of dollars)*

	<b>Year Ended May 31, 2022</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b><u>OPERATING REVENUES</u></b>			
Tuition & fees	\$ 968,259	\$ —	\$ 968,259
Less scholarships	(396,552)	—	(396,552)
Net tuition & fees	571,707	—	571,707
Endowment distributions & investment income	67,234	4,897	72,131
Gifts & private grants	29,474	11,234	40,708
Grants & contracts	70,592	14,591	85,183
Other sources - educational & general	30,976	572	31,548
Other sources - intercollegiate athletics	65,332	—	65,332
Sales & services of auxiliary enterprises	58,522	—	58,522
Net assets released from restrictions	17,075	(17,075)	—
<b>Total operating revenues</b>	<b>910,912</b>	<b>14,219</b>	<b>925,131</b>
<b><u>OPERATING EXPENSES</u></b>			
Program expenses			
Salaries & wages	324,582	—	324,582
Personnel benefits	102,992	—	102,992
Student wages & fellowships	28,946	—	28,946
Operating expenses	295,202	—	295,202
Depreciation	57,100	—	57,100
Interest expense	23,659	—	23,659
<b>Total operating expenses</b>	<b>832,481</b>	<b>—</b>	<b>832,481</b>
<b>Change in net assets from operating activities</b>	<b>78,431</b>	<b>14,219</b>	<b>92,650</b>
<b><u>NON-OPERATING ACTIVITIES</u></b>			
Net return on long-term investments	42,360	141,304	183,664
Distributions from long-term investments	(12,224)	(60,371)	(72,595)
Endowment earnings & distributions re-invested	—	2,822	2,822
Change in value of split interest agreements	—	(2,959)	(2,959)
Gifts for endowment, annuity & living trusts	—	45,344	45,344
Gifts & grants for plant improvements, net of allowance adjustments	—	23,416	23,416
Net assets released from restrictions for plant improvements	18,786	(18,786)	—
Other components of postretirement benefits cost	(303)	—	(303)
Change in postretirement benefits obligation other than net periodic benefits cost	9,583	—	9,583
Other increases (decreases)	3,908	(3,912)	(4)
<b>Total non-operating activities</b>	<b>62,110</b>	<b>126,858</b>	<b>188,968</b>
<b>Change in net assets</b>	<b>140,541</b>	<b>141,077</b>	<b>281,618</b>
<b>Net assets at beginning of year</b>	<b>945,933</b>	<b>1,688,109</b>	<b>2,634,042</b>
<b>Net assets at end of year</b>	<b>\$ 1,086,474</b>	<b>\$ 1,829,186</b>	<b>\$ 2,915,660</b>

See accompanying notes to financial statements.

**BAYLOR UNIVERSITY****Statements of Cash Flows**

For the Years Ended May 31, 2023 and 2022

*(in thousands of dollars)*

	<u>Year Ended May 31, 2023</u>	<u>Year Ended May 31, 2022</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
<b>Change in net assets</b>	<b>\$ 87,947</b>	<b>\$ 281,618</b>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	55,164	57,100
Net return on long-term investments	(3,987)	(183,664)
Distributions from long-term investments	82,001	72,595
Amortization of debt premium and issuance costs	(2,337)	(755)
Losses on disposal of property & equipment	1,610	228
Fixed assets gifts-in-kind	(2,036)	(50)
Contributions of securities	(16,058)	(11,740)
Proceeds from sale of contributed securities for operations	1,739	1,434
Contributions for endowment & plant improvements	(90,442)	(80,795)
Provision for uncollectible receivables	(6,316)	(3,610)
Changes in assets & liabilities:		
Student accounts receivable	(17,757)	(2,434)
Contributions receivable	3,628	6,474
Grants & other receivables	4,750	3,931
Prepaid expenses & other	(10,746)	(7,877)
Accounts payable	33,585	13,020
Personnel related current liabilities	1,197	1,046
Deposits & deferred revenues	(16,803)	(173)
Accrued postretirement benefits	(2,686)	(10,370)
Other liabilities	(11,011)	178
<b>Net cash provided by operating activities</b>	<b><u>91,442</u></b>	<b><u>136,156</u></b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Student loans disbursed	(216)	(265)
Proceeds from collections of student loans	2,303	1,138
Proceeds from sales of long-term investments	311,569	40,695
Purchases of long-term investments	(384,458)	(207,770)
Change in unexpended bond proceeds	50,757	(119,082)
Purchases of property, plant & equipment	(206,387)	(85,740)
<b>Net cash used for investing activities</b>	<b><u>(226,432)</u></b>	<b><u>(371,024)</u></b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Contributions for endowment, annuity & living trusts	36,060	33,564
Contributions for plant improvements	54,382	47,231
Proceeds from sale of contributed securities for endowment & plant	14,319	10,306
Proceeds from long-term debt	—	123,480
Repayment of long-term debt	(13,078)	(1,708)
Premium received on long-term debt proceeds	—	25,876
Debt issuance costs	—	(680)
Change in federal student loan funds refundable	(2,173)	(863)
<b>Net cash provided by financing activities</b>	<b><u>89,510</u></b>	<b><u>237,206</u></b>
<b>Net change in cash &amp; cash equivalents</b>	<b><u>(45,480)</u></b>	<b><u>2,338</u></b>
<b>Cash &amp; cash equivalents at beginning of year</b>	<b><u>311,574</u></b>	<b><u>309,236</u></b>
<b>Cash &amp; cash equivalents at end of year</b>	<b><u>\$ 266,094</u></b>	<b><u>\$ 311,574</u></b>

See accompanying notes to financial statements.

**THE AMERICAN NATIONAL RED CROSS**  
Consolidated Statement of Financial Position  
June 30, 2022  
(With comparative information as of June 30, 2021)  
(In thousands)

<b>Assets</b>	<b>2022</b>	<b>2021</b>
Current assets:		
Cash and cash equivalents	\$ 292,369	205,148
Investments (note 4)	470,946	562,450
Trade receivables, including grants, net of allowance for doubtful accounts of \$1,792 in 2022 and \$2,155 in 2021 (note 11)	244,559	226,657
Contributions receivable (note 2)	30,724	26,089
Inventories, net of allowance for obsolescence of \$250 in 2022 and \$87 in 2021	59,996	47,394
Other current assets	48,518	50,231
Total current assets	<u>1,147,112</u>	<u>1,117,969</u>
Noncurrent assets:		
Investments (note 4)	1,515,968	1,329,448
Contributions receivable (note 2)	24,936	13,939
Right-of-use assets-operating leases (note 6)	123,213	121,765
Land, buildings, and other property, net (note 3)	700,114	728,858
Assets held for sale, net (note 3)	27,985	33,602
Prepaid pension assets (note 10)	66,975	—
Other assets (note 9)	265,879	322,919
Total noncurrent assets	<u>2,725,070</u>	<u>2,550,531</u>
Total assets	<u>\$ 3,872,182</u>	<u>3,668,500</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 354,043	299,798
Current portion of debt (note 5)	8,331	19,169
Current portion of lease obligation-operating (note 6)	25,530	25,214
Postretirement benefits (note 10)	3,745	3,731
Other current liabilities (notes 9 and 11)	135,141	146,439
Total current liabilities	<u>526,790</u>	<u>494,351</u>
Noncurrent liabilities:		
Debt (note 5)	373,103	383,420
Long-term lease obligation-operating (note 6)	110,686	109,971
Pension and postretirement benefits (note 10)	39,047	167,317
Other liabilities (notes 5 and 9)	122,266	145,054
Total noncurrent liabilities	<u>645,102</u>	<u>805,762</u>
Total liabilities	<u>1,171,892</u>	<u>1,300,113</u>
Net assets (notes 7 and 8):		
Without donor restrictions net assets	1,016,509	710,028
With donor restrictions net assets	1,683,781	1,658,359
Total net assets	<u>2,700,290</u>	<u>2,368,387</u>
Commitments and contingencies (notes 4, 5, 6, 10, 11)		
Total liabilities and net assets	<u>\$ 3,872,182</u>	<u>3,668,500</u>

See accompanying notes to consolidated financial statements.

**THE AMERICAN NATIONAL RED CROSS**

Consolidated Statement of Activities

Year ended June 30, 2022

(With summarized information for the year ended June 30, 2021)

(In thousands)

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Totals</b>	
			<b>2022</b>	<b>2021</b>
Operating revenues and gains:				
Contributions:				
Corporate, foundation and individual giving	\$ 254,678	577,434	832,112	529,405
United Way and other federated	5,292	16,857	22,149	23,719
Contracts, including federal government	5,687	52,957	58,644	180,817
Legacies and bequests	89,593	25,457	115,050	100,912
Services and materials	16,637	36,981	53,618	55,096
Products and services:				
Biomedical Services	1,883,092	—	1,883,092	1,883,815
Program materials	135,663	—	135,663	115,800
Investment return, net (note 4)	1,729	46,976	48,705	63,924
Other revenues	69,422	69	69,491	177,156
Net assets released from restrictions	634,694	(634,694)	—	—
Total operating revenues and gains	3,096,487	122,037	3,218,524	3,130,644
Operating expenses:				
Program services:				
Services to the Armed Forces	69,074	—	69,074	55,201
Biomedical Services	2,022,534	—	2,022,534	1,834,750
Community Services	28,383	—	28,383	22,995
Domestic Disaster Services	443,229	—	443,229	503,552
Training Services	118,082	—	118,082	102,394
International Relief and Development Services	116,434	—	116,434	69,105
Total program services	2,797,736	—	2,797,736	2,587,997
Supporting services:				
Fundraising	188,885	—	188,885	165,392
Management and general	97,856	—	97,856	83,097
Total supporting services	286,741	—	286,741	248,489
Total operating expenses	3,084,477	—	3,084,477	2,836,486
Change in net assets from operations	12,010	122,037	134,047	294,158
Nonoperating investment return, net (note 4)	(14,508)	(96,615)	(111,123)	277,710
Pension-related changes other than net periodic benefit cost (note 10)	308,979	—	308,979	(15,696)
Change in net assets	306,481	25,422	331,903	556,172
Net assets, beginning of year	710,028	1,658,359	2,368,387	1,812,215
Net assets, end of year	\$ 1,016,509	1,683,781	2,700,290	2,368,387

See accompanying notes to consolidated financial statements.

**THE AMERICAN NATIONAL RED CROSS**

Consolidated Statement of Functional Expenses

Year ended June 30, 2022  
(With summarized information for the year ended June 30, 2021)  
(In thousands)

	Program services				
	Service to Armed Forces	Biomedical Services	Community Services	Domestic Disaster Services	International Relief and Development Services
Salaries and wages	\$ 30,656	772,611	11,782	120,538	13,135
Employee benefits	15,929	401,446	6,122	62,632	6,825
Subtotal	46,585	1,174,057	17,904	183,170	19,960
Travel and maintenance	843	18,708	88	22,735	1,332
Equipment maintenance and rental	413	43,660	456	9,533	178
Supplies and materials	1,304	277,178	1,106	3,697	15,624
Contractual services	6,951	446,097	3,791	58,673	26,435
Financial and material assistance	11,412	2,416	3,825	153,592	932
Depreciation and amortization	1,566	60,418	1,213	11,829	2,381
Total expenses	\$ 69,074	2,022,534	28,383	443,229	116,434
					2,797,736

	Supporting services		
	Fundraising	Management and general	Total supporting services
Salaries and wages	\$ 84,248	44,998	129,246
Employee benefits	43,775	23,381	67,156
Subtotal	128,023	68,379	196,402
Travel and maintenance	1,332	434	1,766
Equipment maintenance and rental	971	921	1,892
Supplies and materials	1,888	421	2,309
Contractual services	51,284	25,919	77,203
Financial and material assistance	370	783	1,153
Depreciation and amortization	5,017	999	6,016
Total expenses	\$ 188,885	97,856	286,741
			3,084,477
			2,836,486

See accompanying notes to the consolidated financial statements.



**THE AMERICAN NATIONAL RED CROSS**

Consolidated Statement of Cash Flows

Year ended June 30, 2022

(With comparative information for the year ended June 30, 2021)

(In thousands)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ 331,903	556,172
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	83,451	82,072
Amortization of right-of-use assets-operating leases	32,466	31,748
Provision for doubtful accounts receivable	(248)	1,252
Provision for obsolete inventories	163	(93)
Net gains on sales of property	(11,563)	(9,091)
Net investment returns and derivatives gains	51,716	(223,116)
Pension and postretirement-related changes other than net periodic benefit costs	(308,979)	15,696
Donor-restricted contributions	(12,561)	(28,014)
Changes in operating assets and liabilities:		
Receivables	(33,286)	67,086
Inventories	(12,765)	(303)
Other assets	58,753	(60,560)
Accounts payable and accrued expenses	54,245	46,675
Decrease in operating lease liability obligations	(32,883)	(30,639)
Other liabilities	(34,086)	9,795
Pension and postretirement benefits	113,748	(4,351)
Net cash provided by operating activities	<u>280,074</u>	<u>454,329</u>
Cash flows from investing activities:		
Purchases of property	(65,457)	(66,134)
Proceeds from sales of property	12,281	8,311
Proceeds from properties held for sale	15,649	8,861
Purchases of investments	(559,054)	(245,507)
Proceeds from sales of investments	412,322	16,667
Net cash used in investing activities	<u>(184,259)</u>	<u>(277,802)</u>
Cash flows from financing activities:		
Donor-restricted contributions	12,561	28,014
Repayment of debt	(21,155)	(234,808)
Net cash used in financing activities	<u>(8,594)</u>	<u>(206,794)</u>
Net increase (decrease) in cash and cash equivalents	87,221	(30,267)
Cash and cash equivalents, beginning of year	<u>205,148</u>	<u>235,415</u>
Cash and cash equivalents, end of year	\$ <u>292,369</u>	<u>205,148</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 14,871	25,406

See accompanying notes to consolidated financial statements.