



KHACHKAR STUDIOS
EMPOWERING GOOD NEWS

Pilot Churches Financial Statements – Accounting Assumptions

Re: Comparable accounting assumptions for GAAP financial statements for pilot churches

General:

1. Books and accounting records must balance each year (total debits = total credits).
2. The number of “Faithful” pre-2024 should be assumed as constant, as almost no existing records, unless there are credible numbers collected during that period.

Balance Sheet:

1. Non-Financial Assets:
 - a. The cost of a long-lived asset should be stated at acquisition cost, including all costs necessary to configure and position the asset at the location at which it will be used. Long-lived assets should not be written up to reflect appraisal, market, or current values that are above cost.
 - b. No annual depreciation of property assets is recognized.
2. Accruals:
 - a. Should be a fixed percentage of annual expenses, unless a specific item is noted and confirmed to be accounted for correctly.

Income Statements:

1. All Donations are recorded as income.
2. Gains or losses in financial assets are recorded as income or loss.

References:

Richard F. Larkin, Marie DiTommaso, and Warren Ruppel, *Wiley Not-for-Profit GAAP 2020: Interpretation and Application of Generally Accepted Accounting Principles* (Hoboken, NJ: Wiley, 2020)