

## RECONCILIATION OF NET WORTH

1	Net Worth, Beginning	XXX
	Additions to Net Worth:	
2	Net Income	XXX
3	Grants Received	XXX
4	Other Increases (specify)	<u>XXX</u>
5	Total Additions	<u>XXXX</u>
	Reductions to Net Worth	
6	Net Loss	XXX
7	Grants Disbursed	XXX
8	Other Decreases (specify)	<u>XXX</u>
9	Total Reductions	<u>XXXX</u>
10	Net Additions/Reductions to Net Worth	<u>XXXX</u>
11	Net Worth, Ending	<u><u>XXXX</u></u>

# Reconciliation of Net Worth

## Overview

The reconciliation of net worth (also known as statement of retained earnings) provides information of changes to net worth during a specified period of time. It shows the establishment, disestablishment, or consolidation of NAFIs, receipt or distribution of capital, net income or net loss, and prior year material adjustments.

## Purpose

The purpose of this document is to ensure each Service uses identical general ledger account codes (GLACs) and lines from other financial statements when compiling the required reconciliation of net worth. The reconciliation of net worth is organized into 11 lines, which correspond to the instructions below.

### Line 1 – Net Worth, Beginning:

Report the amount of Line 25 on the Balance Sheet from the preceding year.

Balance Sheet Line	Fiscal Year	Line Title
25	Previous	Net Worth

### Line 2 – Net Income:

Report the amount of Line 15, Net Income, from the Income Statement (if appropriate). If Net Income is negative, only insert the amount in line 6.

Income Statement Line	Fiscal Year	Line Title
15	Current	Net Income

### Line 3 – Grants Received:

Report the amount of Line 9b, Grants, from the Income Statement.

Income Statement Line	Fiscal Year	Line Title
9b	Current	Grants

Line 4 – Other Increases (specify):

Report the balances of general ledger accounts (as appropriate) for 3020 - Contributed Capital, 3030 – Minimum Pension Liability Adjustment, and 3040 – Other Equity Transactions. Examples of increases include donated assets, recycling contributions, prior year material corrections, change in funded status of pension and other postretirement liabilities, and funds for BRAC property.

OSD GLAC	Group	Category	Account Title
604	Income	Non-Operating Income	Contribution/Donation Income

Line 5 – Total Additions:

Report the sum of Lines 2, 3, and 4.

Line 6 – Net Loss:

Report the amount on Line 15 of the Income Statement (if appropriate). If Net Income is positive, only insert the amount in line 2.

Income Statement Line	Fiscal Year	Line Title
15	Current	Net Income

Line 7 – Grants Disbursed:

Report the balance of general ledger account 5430, Grants Expense from Schedule A - APF and NAF Expense Summary.

Line 8 – Other Decreases (specify):

Report the balances of general ledger accounts (as appropriate) for 3020 - Contributed Capital, 3030 – Minimum Pension Liability Adjustment, and 3040 -Other Equity Transactions. Examples of decreases include transfer of headquarters funded projects after books closed, change in funded status of pension and other postretirement benefit liabilities, net decreases in fair value of derivative instruments, annual leave transfers, asset write offs, data conversion write offs, prior period adjustments, interest distribution, dividends paid, audit adjustments, and closing facilities.

Line 9 – Total Reductions:

Report the sum of Lines 6, 7, and 8.

Line 10 – Net Additions/Reductions to Net Worth:

Report the net of Line 5 and Line 9.

Line 11 – Net Worth, Ending:

Report the sum of Line 1 and Line 10.