

Reading Financials

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Overview

- Five Basic Terms
- Names of Financial Reports
- Statement of Financial Position
- Statement of Operations
- Budgets

Terms on Financial Statements

Assets = (Owns)	Liabilities + (Owes)	Net Assets (Owns-Owes)
Cash Inventory Buildings Land Equipment A/R Investments	A/P Wages Payable Loans Deferred Cash Deferred Capital	Retained Earnings

Terms on Financial Statements

Revenue (Funds Earned or Recognized)	Expenses (Funds Expended)	Profit/Loss (Revenue - Expenses)
Memberships Rental Program Fees Grant Revenue Earned Gaming funds earned Donations	Wages Utilities Telephone Maintenance Programs Services Occupancy Materials and Supplies	

Financial Reports

- Financial statements contain the following reports:
 - **Statement of Financial Position (balance sheet)**
 - **Statement of Operations (income statement)**
 - Statement of Changes (Equity)
 - Statement of Cash Flow
 - **Notes to Financial Statements**

Statement of Financial Position

- Snap shot of the financial health
- Record of Assets and Liabilities
- Must always balance (Assets = Liabilities + Net Assets)
- Listed always in the same order
- Assets are listed in order of liquidity (nearness to cash)
 - Current assets
 - Fixed Assets (buildings, land – harder to convert)
- Liabilities are listed in order of liquidity (how quickly the claim against the company matures)
 - Current Liabilities
 - Long-term Liabilities
 - Equity

Statement of Operations

- Income statement shows Revenues and Expenses
- Presented over a period of time
- Records operations
- Listed usually in declining order
- It is presented with first the revenue then expenses followed by one of three outcomes,

Revenue=Expenses

Revenue>Expense=Surplus

Revenue<Expense=Deficit

Budgets

- The budget is an essential tool to help you run an effective organization
- It is part of the planning process and are aligned with your objectives and action plan
- All financial statements should be written in terms of the budget so that they are easy to be transparent and accountable as well as to confirm that no money is being spent on costs that weren't budgeted for

Budgets (Continued)

- Two types of budgets operating and capital
- Operating Budget projects revenue and expenses for the upcoming year for projects and programs that are non capital in nature
- Capital Budget outlines the lifecycle and capital expenditure and potential revenue and often projects for the next five years.

Budget

Revenues

	2014 Proposed Budget	2013 Approved Budget	Variance
Grants	30000	\$ 1,000	\$ 29,000
Membership	6000	\$ 4,250	\$ 1,750
Rentals	42000	\$ 41,000	\$ 1,000
Donations	1500	\$ 1,500	\$ -
Newsletter Ads	6000	\$ 2,400	\$ 3,600
Interest	300	\$ 200	\$ 100
Casino	40000	\$ 40,200	\$ (200)
Fundraising	8500	\$ 7,000	\$ 1,500
Total Revenues	\$ 134,300	\$ 97,550	\$ 36,750

Expenses

Salaries and Benefits	65000	\$ 60,000	\$ 5,000
Audit	3000	\$ 3,000	\$ -
Office expenses	6000	\$ 5,500	\$ 500
D&O /Liability Insurance	3700	\$ 1,700	\$ 2,000
Utilities	12000	\$ 10,500	\$ 1,500
Volunteer recognition	7000	\$ 10,000	\$ (3,000)
Board Expenses	2000	\$ 1,000	\$ 1,000
Convening Groups / Meetings	4000	\$ -	\$ 4,000
Staff Training	1000	\$ 750	\$ 250
Newsletter	4000	\$ 4,000	\$ -
Special Events or Projects	10000	\$ 7,500	\$ 10,000
Fundraising	2000	\$ 1,000	\$ 1,000
Total Expenses	\$ 119,700	\$ 104,950	\$ 22,250
Revenue over Expenses	\$ 14,600	\$ (7,400)	\$ 14,500

Budgets (Continued)

- Once you have finalized your budget it becomes the most important tool for financial management in your organization.
- It provides a tool to measure projected income & expenditures and identify shortfalls and make plans to raise deficit, an opportunity to cut costs if needed, and monitor monthly spending.

What do all these numbers mean

- As directors you should have a financial report monthly (Statement of Operations)
- Numbers don't mean much unless you can compare them to a previous year or period
- Comparisons can help us tell how the organization is performing.

Variance Monthly Report

Revenue

Expenses

	2014 Proposed Budget	11 month YTD Budget	11 month YTD Expenditure	Variance	Notes
Grants	\$ 30,000	\$ 27,500	\$ 1,000	-\$26,500	
Membership	\$ 6,000	\$ 5,500	\$ 4,250	-\$1,250	
Rentals	\$ 42,000	\$ 38,500	\$ 41,000	\$2,500	
Donations	\$ 1,500	\$ 1,375	\$ 1,500	\$125	
Newsletter Ads	\$ 6,000	\$ 5,500	\$ 2,400	-\$3,100	
Interest	\$ 300	\$ 275	\$ 200	-\$75	
Casino	\$ 40,000	\$ 36,667	\$ 40,200	\$3,533	
Fundraising	\$ 8,500	\$ 7,792	\$ 7,000	-\$792	
Total Revenues	\$ 134,300	\$ 123,108	\$ 97,550	-\$25,558	
Salaries and Benefits	\$ 65,000	\$ 59,583	\$ 60,000	417	
Audit	\$ 3,000	\$ 2,750	\$ 3,000	250	
Office expenses	\$ 6,000	\$ 5,500	\$ 5,500	0	
Insurance	\$ 3,700	\$ 3,392	\$ 1,700	-1,692	
Utilities	\$ 12,000	\$ 11,000	\$ 10,500	-500	
Volunteer recognition	\$ 7,000	\$ 6,417	\$ 10,000	3,583	
Board Expenses	\$ 2,000	\$ 1,833	\$ 1,000	-833	
Convening	\$ 4,000	\$ 3,667	\$ -		
Staff Training	\$ 1,000	\$ 917	\$ 750	-167	
Newsletter	\$ 4,000	\$ 3,667	\$ 4,000	333	
Special Events	\$ 10,000	\$ 9,167	\$ 7,500	-1,667	
Fundraising	\$ 2,000	\$ 1,833	\$ 1,000	-833	
Total Expenses	\$ 119,700	\$ 109,725	\$ 104,950	-4,775	
Revenue over Expenses	\$ 14,600	\$ 13,383	-\$ 7,400	-20,783	

Questions



Information

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