



A Quick Guide to Financial Reports

Income Statement

- Can also be called statement of financial activity, income and expense sheet, budget report, or profit and loss statement
- Summarizes your actual revenue and expenses during a specific period of time (a month, quarter, year, etc.)
 - Be clear about what time frame is represented
 - Income Statements are used as a snapshot of a particular moment in time
- The revenue section should include all money your organization has received
 - Grants, donations, fees collected, fundraiser proceeds, etc.
- The expenses section is all costs you incurred
 - Supplies, salaries, rent/mortgage, utilities, etc.
 - It may also include costs that are specific to the kind of work you're doing (e.g. dog food for an animal shelter, costumes for a community theater)

Balance Sheet

- A list of what your organization owns (assets), what it owes (liabilities) and its net assets (equity)
 - **Assets** can include the amount in your organization's checking out or the historic cost of a building you own
 - **Liabilities** can include things like credit card debt or a loan
 - **Net Assets** is the history of all your income and losses since your organization began
 - If you don't have all historical information for your organization, you can "back into" your **net assets** with your **assets** and **liabilities**.
 - **Liability + Equity = Assets**
- The date should match the date of your most recent Income Statement
 - Example: If your Income Statement shows Jan. 1 to Sept. 30, your Balance Sheet would be prepared for Sept. 30.

Budget

- Budgets are a projected income statement
- An estimate of revenue and expenses over a set period of time (a month, quarter, year, etc.)
- Can include grants you've applied for or plan on applying for. Just be sure to note that you don't have the money yet,
- Uses the information from your **Income Statement** and **Balance Sheet** to put that projection together
- At the end of the time period, a budget and income statement won't always match up 100%
 - Budgets are your best guess at what will happen
- CFMV asks for two budgets in your application: an **Annual Budget** and a **Project Budget**

- Annual Budget is *all* of your projected revenue and expenses for the fiscal year, including the cost of programs you offer and projects you do.
- Project Budget is for the specific thing you're trying to get funding for. Tell us the expenses of this project and how you're planning to pay for it.
 - Can include a line item that says "overhead" or "administrative" costs that reflect a relevant proportion of costs out of your annual budget
- Both of these budgets will follow the same format as an **Income Statement**

What Else To Know

Having a **balanced budget** means you are planning for your income and expenses to be the same. Sometimes you know that won't be the case, so you accurately reflect that in your budget. Major differences between anticipated income and expenses should be noted with a short explanation for funders.

If you know something looks odd or off, but you have an explanation for why, provide that explanation. The numbers only tell half of the story- notation is sometimes necessary.

Producing an income statement and balance sheet may be difficult, but remember, any trip to the hardware store or grocery store should be recorded as a past expense for your income statement, and donations of any size recorded as income. We want to see your plan and how organized you are - not just big numbers.

When viewed together, the **Income Statement** and **Balance Sheet** give a much better picture of an organization's financial health than when looking at either financial statement by itself.

Ask questions! If your organization doesn't have a treasurer or accountant, Community Foundation staff members Casey Krell and Josh Medore are available to answer basic questions at 330-743-5555. Free resources are also available online, such as the **Council of Nonprofits**, **Propel Nonprofits** and the **Grant Resource Center** at the Public Library of Youngstown & Mahoning County.