



7 Things for “Bored” Members to Look at in Non-Profit Financial Statements

Statement of Financial Position (Sometimes called “Balance Sheet”)

Lists: Assets – What We Own
Liabilities – What We Owe
Net Assets = Assets – Liabilities

1. Is there enough (too much) cash?
A non-profit should have a reasonable cushion of cash for its operations, but should not collect more than 3-6 months of expenses, particularly when it has debt.
2. Is there too much debt?
Also look at interest/principal payments on debt. How much of the current income is for debt payments?
3. Compare current debt to cash.
Do we have enough cash to pay what we owe?
4. Compare unrestricted net assets to fixed assets.
Is most of our “Net” tied up in non-liquid investments?

Statement of Activities

Lists: Revenues – Grants, Donations, Charges for Services
Expenses – Costs of Doing Business
Changes in Net Assets = Revenues – Expenses

This also has a Budget v. Actual column

5. Are there more revenues than expenses?
If Change in Net Assets has a (bracket) around it, you’re spending more than you take in.
6. Are there any significant expenses that are (over) under budget?
There should be a reason why there is a large variation either way.
- 7. Are there any items that you don’t understand?**
The Executive Director or the Accountant should be able to explain any item in clear, understandable language.