

Statement of Financial Position (Balance Sheet)

The Statement of Financial Position is a financial statement that reports the assets, liabilities, and net assets of an organization on a given date. In the audit, it reflects the accumulated operating results for the life of an organization.

What We Own



What We Owe



Available Capital



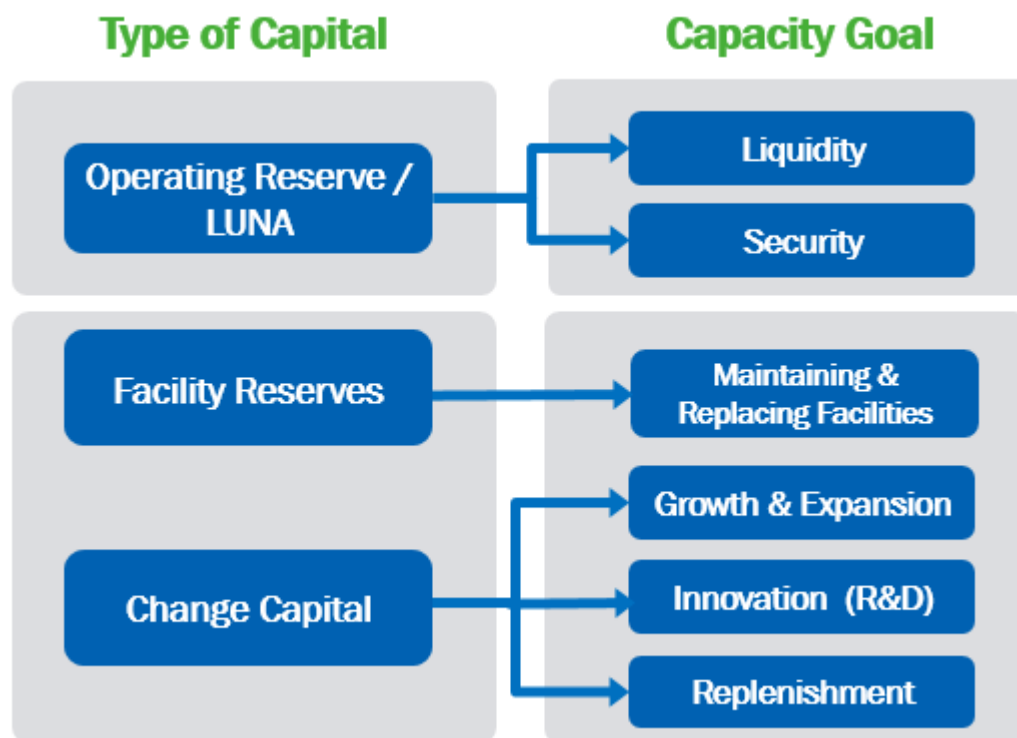
CAPITAL FOR CHANGE & SECURITY

NONPROFIT ORG, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016 and 2017

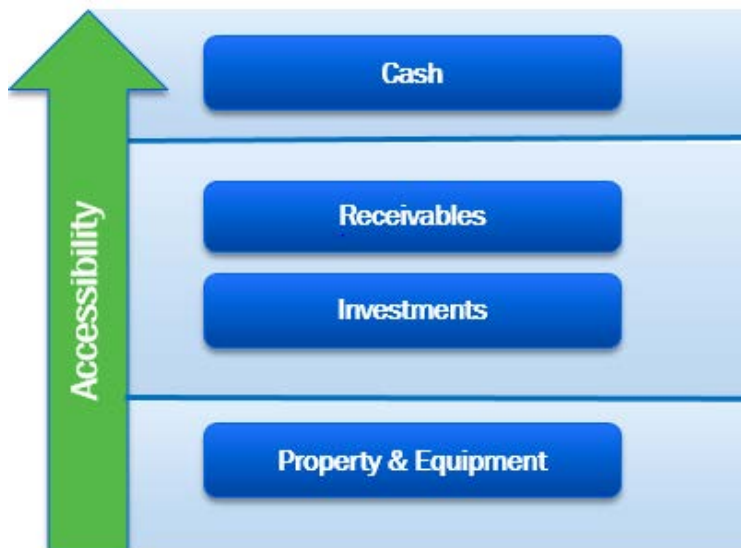
ASSETS		<u>2017</u>	<u>2016</u>
Assets:			
Cash		\$274,139	\$297,389
Pledges and contracts receivable		200,000	210,000
Prepaid expenses		<u>17,000</u>	<u>22,000</u>
Total Current Assets		491,139	529,389
A Property and equipment, less accumulated depreciation of \$27,505		39,393	64,393
Other Assets - security deposit		<u>12,000</u>	<u>12,000</u>
B Total Assets		<u>\$542,532</u>	<u>\$605,782</u>
LIABILITIES AND NET ASSETS			
Liabilities:			
Accounts payable and accrued expenses		\$ 29,578	\$140,054
Advances		51,300	78,500
Current portion of long-term debt		<u>10,500</u>	<u>9,750</u>
Total Current Liabilities		91,378	228,304
C Long-term debt		<u>160,744</u>	<u>170,494</u>
D Total Liabilities		<u>252,122</u>	<u>398,798</u>
Net Assets:			
E Unrestricted		(38,427)	114,417
F Temporarily restricted		<u>328,837</u>	<u>92,567</u>
G Total Net Assets		<u>290,410</u>	<u>206,984</u>
Total Liabilities and Net Assets		<u>\$542,532</u>	<u>\$605,782</u>

- A** **Property and equipment**, also referred to as fixed assets, are long-term assets such as a buildings that can not easily be converted into cash.
- B** **Total assets** are everything an organization owns such as cash, pledges receivable (e.g. pledges made but cash has not come in yet), and fixed assets. Assets are listed in order of liquidity with the most liquid (cash) on top.
- C** **Current portion of long-term debt** is any debt due within the next year, and **long-term debt** is debt beyond the next year. Examples include mortgages and loans.
- D** **Total liabilities** are everything an organization owes such as outstanding bills, funds received for services not yet performed, and debt.
- E** **Unrestricted Net Assets** are the difference between unrestricted assets and liabilities, whereas unrestricted assets do not have any restrictions imposed by donors. Unrestricted Net Assets are an organization's equity. This number matches the Unrestricted Net Assets – end of year on the *Statement of Activities*.
- F** **Temporarily Restricted Net Assets** are equal to temporarily restricted assets as liabilities do not have restrictions.
- G** **Total Net Assets** are the difference between assets and liabilities. This value has limited use without understanding the restriction levels.

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Liquidity

Liquidity describes how easily you can access your assets as cash. Assets are listed on your Balance Sheet in order of liquidity, with the most liquid assets (cash) listed at the top.

Fixed Assets and Depreciation

Fixed Asset (aka Capital Assets)

An asset that is valued over a pre-determined dollar threshold and will benefit the organization beyond a time span of 1 year.

Depreciation

Depreciation is an accounting method of allocating the cost of a fixed asset over its useful life. Depreciation is defined as the reduction in the value of an asset with the passage of time, due in particular to wear and tear.

How it Works

Purchases of fixed assets provide value not only in the year that asset is purchased but over the full useful life of the asset. Rather than accounting for the full value of a large asset in the year it is purchased (e.g. a new building), depreciation is a way to account for how much of the asset is being used each year of its useful life.

For example, a fixed asset costing \$100,000 with a useful life of 10 years would be depreciated at \$10,000 each year for 10 years.

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Statement of Activities (Income Statement)

The Statement of Activities is a financial statement that reflects organizational performance for a given period of time. In the audit, it reflects the changes to an organization's net assets based on income and expenses in a given fiscal year.

What We Earned



What We Spent



Our Results



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NONPROFIT ORG, INC.
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2016 and 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>2016</u>
Revenue and support:				
Government contracts	\$ 692,998	--	\$ 692,998	659,650
Grants and contributions, non-government	188,760	559,100	747,860	834,982
Fundraising event	--	11,100	11,100	12,500
Satisfaction of program restrictions	A 333,930	(333,930)	--	
Interest income	3,915	--	3,915	4,578
Total revenue and support	B 1,219,603	F 236,270	1,455,873	1,511,710
Expenses:				
Program A	357,953	--	357,953	387,997
Program B	118,378	--	118,378	127,738
Program C	381,238	--	381,238	380,694
Program D	229,861	--	229,861	232,894
Total program expenses	1,087,430		1,087,430	1,129,323
<u>Supporting Services</u>				
Administrative and general	118,058	--	118,058	128,765
Fundraising	166,959	--	166,959	170,780
Total expenses	C 1,372,447	--	1,372,447	1,428,868
Change in net assets	D (152,844)	236,270	83,426	82,842
Net assets - beginning of year	114,417	92,567	206,984	124,142
Net assets - end of year	E \$ (38,427)	\$ 328,837	\$ 290,410	\$ 206,984

- A **Satisfaction of program restrictions** (under the unrestricted column) is the amount of revenue that met donor restrictions (time and/or purpose) and was previously temporarily restricted revenue.
- B **Total unrestricted revenue and support** is the amount of revenue that was available to use. It includes any revenue released from restriction, where the donor restrictions (time and/or purpose) were met.
- C **Total expenses** are all expenses for the year. Expenses are not restricted.
- D **Unrestricted change in net assets** (negative \$153K in this case) is the amount of surplus or deficit during the time period. This is the organization's operating results.
- E **Unrestricted Net assets – end of year** is the total unrestricted net assets accumulated during the life of the organization. This number matches the Unrestricted Net Assets on the *Statement of Financial Position*.
- F **Temporarily restricted revenue** is the amount of revenue pledged within the timeframe that has not met donor restrictions (time and/or purpose).

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Liquid Unrestricted Net Assets (LUNA)

LUNA represents the amount of unrestricted cash, receivables, and investments (excluding fixed assets) an organization has available to spend after board-designated reserves, bills, and debt are removed. LUNA consists of that portion of an organization's unrestricted net assets balance that could be converted to cash relatively easily if necessary. Months of LUNA is calculated as a percentage of average monthly operating expenses (excluding depreciation). LUNA represents an organization's financial strength and flexibility to pursue new opportunities or weather financial challenges.

