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Learning Objectives

- Identify the structure and composition of compiled nonprofit financial statements
- Define account groups and how they are important to the overall structure of the organization
- Contrast the differences between various bases of accounting
- Utilize assorted metrics to determine the health of an organization

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James joined Wegner CPAs in 2020 after several years of working with Madison-area and national nonprofit organizations. He has experience with a wide range of nonprofits, including human service providers, enthusiast clubs, and religious denominations. James currently serves as the Treasurer for the Verona Area Performing Arts Series and is the former Vice-Chair and current Secretary of the Leadership Board at The Church at Christ Memorial in Fitchburg.

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A Few Things...

- Today's presentation is designed to be an introduction
 - Consult with an accounting professional or your auditor if you have specific company-related issues
- Every organization's financial statements are different
 - Simple or complex; the basic structure remains the same
- There will be a short Q&A if time allows
 - Please submit your questions in the Q&A window

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Overview

- Four basic financial statements for a nonprofit
 - Statement of Financial Position
 - Statement of Activities
 - Statement of Functional Expenses
 - Statement of Cash Flows
- Inclusion of each statement depends on level of service
 - Uncompiled Financials
 - Compiled Financials (Compilation)
 - Reviewed Financials (Review)
 - Audited Financials (Audit)

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Overview

Statement of Financial Position
 Statement of Activities
 Statement of Functional Expenses
 Statement of Cash Flows

- Uncompiled financials can contain or omit any of the four basic reports
 - Uncompiled financials are usually created by internal accountants or non-attesting accounting firms
- The Statement of Cash Flows is occasionally omitted in a Compilation and would be denoted in the accountant's report
- Reviews and Audits also contain footnotes to the financial statements
 - Footnotes contain additional explanations and disclosures that are required as part of the Review and Audit procedures
 - Compilations occasionally omit disclosures, and the omission is noted in the accountant's report

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Statement of Financial Position

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Statement of Financial Position

Statement of Activities
Statement of Functional Expenses
Statement of Cash Flows

- Comparable to a Balance Sheet in for-profit companies
- Snapshot of a point in time
 - Usually an end of month, quarter or year/fiscal year
- Follows the Accounting Equation
 - Assets = Liabilities + Equity
 - Equity is presented as **Net Assets** because nonprofits are not owned by a person or ownership group
- American nonprofit SFPs should use the Accrual method of accounting following GAAP
- Frequently presented in comparison to a prior period

		2021	2020
ASSETS			
CURRENT ASSETS			
Cash	\$	1,032,549	\$ 147,047
Contributions receivable		114,038	163,180
Inventory		2,325	4,688
Prepaid expenses		1,840	1,876
TOTAL CURRENT ASSETS		1,150,752	316,791
PROPERTY AND EQUIPMENT, NET		16,541	2,046,092
TOTAL ASSETS	\$	1,167,293	\$ 2,362,883
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Current portion of notes payable	\$	139,736	\$ 107,702
Accounts payable		31,566	12,407
Accrued payroll and related expenses		45,536	30,920
Accrued expenses		29,900	29,711
Accrued interest		2,376	3,224
TOTAL CURRENT LIABILITIES		249,114	183,964
LONG-TERM LIABILITIES			
Notes payable, net of current portion		146,454	1,614,820
TOTAL LONG-TERM LIABILITIES		146,454	1,614,820
TOTAL LIABILITIES		395,568	1,798,784

All Statement Examples

Eason, Stephen B., et al.
PPC'S NONPROFIT FINANCIAL STATEMENT ILLUSTRATIONS AND TRENDS, 2022.
Thomson Reuters Checkpoint.

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Statement of Financial Position

Statement of Activities
Statement of Functional Expenses
Statement of Cash Flows

Assets

- What the organization owns
- Listed from most liquid to least liquid
 - Liquid: ability to be converted into cash
 - Ex.: A piece of stock is more liquid than a piece of land
- Often categorized into Current vs Long-Term
 - Current: Expected to be used within one year
 - Long-Term: Expected to be used or held for longer than one year

19 ^{VHW} NPT 9/2:

MISSION FIRST SOCIETY, INC.
STATEMENT OF FINANCIAL POSITION
as of December 31, 2021
with comparative totals as of December 31, 2020

ASSETS

	2021	2020
Current assets:		
Cash and cash equivalents	\$ 830,753	\$ 1,581,490
Investments	2,898,478	2,453,743
Contributions receivable	27,277	19,225
Prepaid expenses	7,220	3,028
Accrued interest	—	5,512
Total current assets	3,763,728	4,062,998
Property and equipment:		
Furniture, fixtures, & equipment	45,011	39,779
Less accumulated depreciation	37,956	33,359
Total property and equipment, net	7,055	6,420
Other assets:		
Deposits	52,747	52,747
Investments—restricted for purpose	397,941	206,318
Investments—restricted in perpetuity	1,138,568	1,138,568
Total other assets	1,589,256	1,397,633
Total assets	\$ 5,360,039	\$ 5,467,051

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Statement of Financial Position

Statement of Activities
Statement of Functional Expenses
Statement of Cash Flows

Current Assets

- Most liquid, higher churn
- Reflect the state of the company “right now”
- Cash
 - For many nonprofits, cash is the most important barometer of health
 - Cash pays the bills... and your employees
- Investments
 - Usually stocks, bonds, and other publicly-traded instruments
 - Excess cash can be held here to earn more than interest

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Statement of Financial Position

Statement of Activities
Statement of Functional Expenses
Statement of Cash Flows

Current Assets

- Accounts Receivable
 - What other entities owe you
 - Doesn't exist on Cash Basis
 - Can be broken up into subdivisions, like Contributions Receivable or Grants Receivable
 - May also be shown with Allowance for Doubtful Accounts
- Prepaid Expenses
 - Paying for an item to be used later
 - Exs.: Annual insurance policies, down payment on event venue
 - Follows Current vs. Long-Term rules

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Statement of Financial Position

Statement of Activities
Statement of Functional Expenses
Statement of Cash Flows

Current Assets

- Other Current Assets
 - Employee Advances
 - Accrued Interest
 - Due from related entity

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Statement of Financial Position

Statement of Activities
Statement of Functional Expenses
Statement of Cash Flows

Long-Term Assets

- Less liquid, lower churn
- “Big” purchases, investments to be held for longer than one year
- NEW for 2022: Right of Use Asset (ASC 842, aka the Lease Standard)

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Statement of Financial Position

Statement of Activities
Statement of Functional Expenses
Statement of Cash Flows

Fixed Assets + Intangible Assets

- Land, Property, Plant, & Equipment (Fixed)
- Intellectual Property, Patents (Intang.)
- Depreciation/Amortization
 - “Using up” a big asset
 - Spreading out cost over useful life
 - No depreciation on land
- Depreciation = tangible
Amortization = intangible
 - Can you touch it?
- Capitalization policy
 - Usually a dollar value, ex. \$2500+

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Statement of Financial Position

Statement of Activities
Statement of Functional Expenses
Statement of Cash Flows

Liabilities

- What the organization owes
- Listed from most liquid to least liquid, just like assets
- Also often categorized into Current vs Long-Term
 - Some accounts may have balances split into Current and Long-Term

LIABILITIES AND NET ASSETS		
	2021	2020
Current Liabilities		
Accounts payable	\$ 161,591	\$ 132,704
Accrued compensation	111,422	115,527
Deferred revenue	204,025	301,930
Current maturities of capital lease obligations	24,746	17,424
Current maturities of note payable	24,958	23,743
Total current liabilities	<u>526,742</u>	<u>591,328</u>
Long-term Liabilities		
Capital lease obligations, less current maturities	28,170	19,356
Note payable, less current maturities	252,082	276,705
Total long-term liabilities	<u>280,252</u>	<u>296,061</u>
Total liabilities	<u>806,994</u>	<u>887,389</u>

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Statement of Financial Position

Statement of Activities
Statement of Functional Expenses
Statement of Cash Flows

Current Liabilities

- Accounts Payable
 - Bills to Pay
 - Credit Cards (exists on Cash Basis)
- Accrued Expenses
 - Payroll
 - Taxes
 - Due To Related Entity
- Deferred Revenue
 - Payments received but not yet earned
 - For exchange transactions, not contributions
- Current portions of long-term debt
 - Mortgages, loans, notes
 - Part of balance due within 12 months
 - Leases (ASC 842 Lease Standard)

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Statement of Financial Position

Statement of Activities
 Statement of Functional Expenses
 Statement of Cash Flows

Long-Term Liabilities

- Debt instruments
 - Mortgages, Loans, Lines of Credit
- Leases

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Statement of Financial Position

Statement of Activities
 Statement of Functional Expenses
 Statement of Cash Flows

Net Assets

- Similar to Equity
 - What is "left over" after paying off all debt and payments due
- Broken into two major categories
 - With Donor Restriction
 - Without Donor Restriction
 - Donors often say their donation is only to be used for specific programs, purposes, or events
 - Capital Campaign
 - Church's Flower Fund
 - Endowments

NET ASSETS			
Without donor restrictions:			
Undesignated		63,350,957	62,880,068
Board designated for endowment		5,874,333	4,380,971
Total without donor restrictions		<u>69,225,290</u>	<u>67,261,039</u>
With donor restrictions:			
Restricted by time or purpose		3,276,545	4,143,671
Endowments		32,804,763	22,892,109
Restricted in perpetuity, non-endowment funds		50,000	50,000
Total with donor restrictions		<u>36,131,308</u>	<u>27,085,780</u>
Total net assets		<u>105,356,598</u>	<u>94,346,819</u>
Total liabilities and net assets		<u>\$ 151,367,996</u>	<u>\$ 140,839,137</u>

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Statement of Financial Position

Statement of Activities
 Statement of Functional Expenses
 Statement of Cash Flows

With Donor Restriction

- Three subdivisions of restriction
 - Purpose
 - Time
 - Permanent
- A donation can be a mix of all three, though is most likely one of the first two
- Permanent restrictions are just that: permanent
 - A gift that is meant to make more money
 - Skim off gains, dividends and interest
 - These can be restricted, too

NET ASSETS

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With Donor Restriction

- Donor restrictions are binding agreements
 - If a nonprofit does not follow through on the restriction, the donor can get their donation back
 - A nonprofit can refuse a donation
 - It may be more beneficial to refuse a restricted donation if it would be too difficult to fulfill the restriction
- Permanently restricted donations may go "underwater"
 - Market losses could make account balance less than original donation

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Statement of Financial Position

Statement of Activities
Statement of Functional Expenses
Statement of Cash Flows

Without Donor Restriction

- Net Assets that have been earned without encumbrance or donor restriction is met
- Can be used for any activity
- Can be internally restricted
 - Board restricted for purpose
 - Important not to hamstring operations

NET ASSETS

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Statement of Financial Position

Statement of Activities
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Statement of Cash Flows

Metrics

- Amount of cash to cover current liabilities
- Amount of debt compared to net assets
- Accounts Receivable versus cash: are collections a problem?
- Low cash, high inventory?
- More analysis become available with Statement of Activities

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Statement of Activities

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Statement of Financial Position
Statement of Activities
 Statement of Functional Expenses
 Statement of Cash Flows

- Comparable to a Profit and Loss in for-profit companies
- Shows a range of time, not a point in time
 - Usually a month, quarter, or year
- Shows Revenue and Expenses
 - Nonprofits should still make profit!
 - Some activities can and will result in income taxes
- May be classified as With or Without Donor Restrictions (restricted vs unrestricted)
- American nonprofit SoAs should use the Accrual method of accounting following GAAP

KIDSTEM MUSEUM STATEMENT OF ACTIVITIES Year Ended September 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions	\$ 221,228	\$ 110,106	\$ 331,334
Program revenue	240,210	—	240,210
Memberships	10,761	—	10,761
Merchandise sales	2,142	—	2,142
Interest income	56	—	56
Gain on extinguishment of debt	138,200	—	138,200
EIDL grant	10,000	—	10,000
Gain on sale of assets	332,997	—	332,997
Miscellaneous	2,431	—	2,431
Net assets released from purpose restriction	48,213	(48,213)	—
TOTAL REVENUE AND SUPPORT	1,006,238	61,893	1,068,131
EXPENSES			
STEM program	614,363	—	614,363
Management and general	107,980	—	107,980
Fundraising	138,162	—	138,162
TOTAL EXPENSES	860,505	—	860,505

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Statement of Financial Position
Statement of Activities
 Statement of Functional Expenses
 Statement of Cash Flows

Revenue

- What an organization earns from doing business
 - Contributions
 - Grants
 - Services
 - Sales
 - Membership Dues
 - Fundraising
- Can include earnings from non-mission-related business
 - Church selling parking spots during the week
 - Renting out art studio as a party room

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Statement of Financial Position
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Revenue

- Net Assets Released from Restriction
 - Appears on classified SoAs
 - Nets to zero
 - Moves current- and prior-year restricted donations to unrestricted
 - Can have a negative Total Revenue in With Donor Restrictions column (more prior-year releases than current-year earnings)

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Statement of Financial Position
Statement of Activities
 Statement of Functional Expenses
 Statement of Cash Flows

Expenses

- What your organization spent doing business
- Presentation could vary significantly between organizations
 - Lower detail, large buckets
 - Higher detail, smaller buckets
 - Lower detail Expenses sections are supplemented by the Statement of Functional Expenses
- Lowest detail
 - Program expenses
 - Management and General expenses
 - Fundraising expenses

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Statement of Financial Position
Statement of Activities
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 Statement of Cash Flows

Other Revenue/Expenses

- What your organization earned/spent from non-operating activities
 - Gains/Losses on sales of stock, property
 - Investment earnings
- Similar to Other Comprehensive Income in for-profit companies

OTHER INCOME			
Investment earnings, net	319,253	—	319,253
Other	40,395	—	40,395
Total other income	359,648	—	359,648
Excess of revenues over expenses	2,240,355	(175,000)	2,065,355
Unrealized gain (loss) on interest rate swap	1,512,056	—	1,512,056
			(1,965,932)

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Statement of Financial Position
Statement of Activities
 Statement of Functional Expenses
 Statement of Cash Flows

Change in Net Assets

- Surplus/Deficit at the end of the time period
- When added to Net Assets at the beginning of the fiscal year, the current Net Assets are determined
- The Net Asset balances at the end of the period should be equal on the SFP and the SoA

Statement of Activities

CHANGE IN NET ASSETS	335,480	293,512	41,968
Net Assets—beginning of year	2,051,872	1,189,806	862,066
NET ASSETS—END OF YEAR	\$ 2,387,352	\$ 1,483,318	\$ 904,034

↓

Net Assets		904,034
With donor restrictions		(1,483,318)
Without donor restrictions		2,387,352
Total Net Assets		2,387,352
TOTAL LIABILITIES AND NET ASSETS		\$ 2,404,698

Statement of Financial Position

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Statement of Financial Position
Statement of Activities
 Statement of Functional Expenses
 Statement of Cash Flows

Metrics

- Change in Net Assets
- Specific revenue compared to total revenue
- Specific expenses to total expenses
- Restricted vs unrestricted revenue
- Days/Months Cash on Hand (total cash on SFP/total expenses)
 - Does your organization have a reserve?

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Statement of Functional Expenses

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Statement of Financial Position
 Statement of Activities
Statement of Functional Expenses
 Statement of Cash Flows

- Unique nonprofit statement
- Breaks down expenses from SoA into their function and natural category
- Gives insight into where the organization is spending the most money

National Kidney Advisory Board, Inc.
 Statement of Functional Expenses
 For the year ended September 30, 2021

	Total	Advisory Program Services	General and Administrative	Fundraising
Wages	\$ 565,066	\$ 346,402	\$ 50,856	\$ 167,808
Payroll taxes	43,428	34,308	3,909	5,211
Employee benefits	48,122	38,016	4,331	5,775
Credit card processing	14,510	11,463	1,306	1,741
Clinic expense	5,533	5,533	—	—
Communications	4,621	3,650	416	555
Continuing education	8,504	8,504	—	—
Depreciation	2,260	—	2,260	—
Meetings and events	218,632	100,000	—	118,632
Insurance	6,230	4,921	561	748
Licenses and permits	6,255	6,255	—	—
Marketing	11,355	8,970	1,022	1,363
Office	25,025	19,770	2,252	3,003
Professional fees	28,843	—	28,843	—
Rent and utilities	129,784	102,529	11,681	15,574
Repairs and maintenance	6,341	5,009	571	761
Scholarship program	214,715	214,715	—	—
Travel	1,870	1,870	—	—
Total expenses	\$ 1,341,094	\$ 911,915	\$ 108,008	\$ 321,171

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Statement of Financial Position
Statement of Activities
Statement of Functional Expenses
Statement of Cash Flows

Function

- Program
 - Working toward fulfilling the mission
- Management and General
 - Work to run the business, but isn't programmatic
 - Grant reports
 - Billing
 - Cutting checks
- Fundraising
 - Can be general solicitation or event-based
 - Prepping for a gala, mailers for a capital campaign

National Kidney Advisory Board, Inc.
Statement of Functional Expenses
For the year ended September 30, 2021

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Statement of Financial Position
Statement of Activities
Statement of Functional Expenses
Statement of Cash Flows

Function

- Grouping by purpose
 - Program
 - Management and General (Admin)
 - Fundraising
- Usually presented as columns
- Specific programs/program groups and fundraising events can have their own column with a total column at the end

National Kidney Advisory Board, Inc.
Statement of Functional Expenses
For the year ended September 30, 2021

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Statement of Financial Position
 Statement of Activities
Statement of Functional Expenses
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Natural

- Grouping by the economic benefit received
 - Described by what they are, not what they're for
 - Rule of thumb: what would it be called at another company?
 - Wages and salaries are ubiquitous
 - Rent is ubiquitous
 - "Supplies For Joe" is company-specific
- Usually presented as rows
 - Some natural groupings appear in only one column, some appear in all columns

National Kidney Advisory Board, Inc.
Statement of Functional Expenses
 For the year ended September 30, 2021

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Statement of Financial Position
 Statement of Activities
Statement of Functional Expenses
 Statement of Cash Flows

Why the Functional?

- When donating to a nonprofit, where do you like to see your money go?
 - Programming!
- While there is such thing as too much Admin, there is also such thing as too little Admin
 - Admin = grant writing, applications, compliance
 - Low Admin hinders the ability to scale and grow
 - Many grants cap Admin or require additional funding (Match)
- There is usually a "sweet spot" for Admin

National Kidney Advisory Board, Inc.
Statement of Functional Expenses
 For the year ended September 30, 2021

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Statement of Financial Position
 Statement of Activities
Statement of Functional Expenses
 Statement of Cash Flows

Metrics

- A 75%/20%/5% Program-Admin-Fundraising is a good starting point
 - Very organization-dependent
- Some well-known NFPs:
 - Red Cross: 90%/3%/7%
 - Feeding America: 99%/1%/1%
 - ASPCA: 77%/4%/19%
 - Data from most-recent Form 990

National Kidney Advisory Board, Inc.
 Statement of Functional Expenses
 For the year ended September 30, 2021

	Total	Advisory Program Services	General and Administrative	Fundraising
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Total expenses	\$ 1,341,094	\$ 911,915	\$ 108,008	\$ 321,171

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Statement of Cash Flows

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Statement of Financial Position
Statement of Activities
Statement of Functional Expenses
Statement of Cash Flows

- Changes in cash from sources and uses
- Helps reconcile between Accrual Basis and Cash Basis
- Two different versions, Direct and Indirect
 - Direct: only cash transactions
 - Indirect: starts with net income and adjusts for non-cash transactions and changes on SFP
 - Indirect most widely used
 - Focusing on indirect today

National Kidney Advisory Board, Inc.
Statement of Cash Flows
For the year ended September 30, 2021

Cash Flows from Operating Activities	
Change in Net Assets	\$ 335,480
Adjustments to reconcile Changes in Net Assets to Cash Provided by Operating Activities	
Depreciation	2,260
PPP loan forgiveness	(93,615)
Net unrealized gains on investments	(39,483)
Other changes in operating assets and liabilities:	
(Increase) Decrease in Accounts receivable	(71,013)
(Increase) Decrease in Prepaid expenses	(1,889)
(Increase) Decrease in Security deposits	(1,748)
Increase (Decrease) in Accrued expenses	(17,191)
Net Cash Provided By Operating Activities	112,801
NET INCREASE IN CASH AND CASH EQUIVALENTS	112,801
Cash and cash equivalents—beginning of year	1,866,001
CASH AND CASH EQUIVALENTS—END OF YEAR	\$ 1,978,802
Supplemental Disclosures of Cash Flow Information	
Cash paid during the year for:	
Interest expense	\$ —
Income taxes	\$ —

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Statement of Financial Position
Statement of Activities
Statement of Functional Expenses
Statement of Cash Flows

Indirect Method

- Changes in cash broken into three types
 - Operating Activities
 - Investing Activities
 - Financing Activities
- Operating Activities
 - Always starts with Change in Net Assets
 - Followed by the reconciliation of change in net assets to net cash changes
 - Followed by changes in Operating Assets and Liabilities

	2021	2020
Operating activities		
Change in net assets	\$ 5,829,654	\$ 7,429,603
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	637,830	601,265
Deferred income tax	2,100	2,700
Realized and unrealized gains	(2,278,449)	(1,421,962)
Endowment fund contributions	(2,688,770)	(7,503,800)
Paycheck Protection Program loan forgiveness	(1,158,822)	—
Changes in assets and liabilities:		
Contributions and grants receivable	(93,805)	49,960
Museum shop inventory	1,426	22,745
Prepaid expenses and other assets	(67,875)	15,586
Prepaid utility benefits	51,815	52,788
Other prepaid expenses	(274,950)	—
Accounts payable	(36,778)	157,917
Accrued expenses	(227,917)	45,240
Deferred program revenue	29,122	(31,111)
Net cash used in operating activities	(275,419)	(579,069)
Investing activities		
Purchase of investments	(3,115,304)	(12,352,036)
Proceeds from sale of investments	1,626,637	6,562,835
Purchase of property and equipment	(1,218,122)	(278,655)
Net cash used in investing activities	(2,706,789)	(6,067,856)
Financing activities		
Proceeds from long-term debt	—	78,800
Proceeds from Paycheck Protection Program loan	566,572	592,250
Proceeds from Economic Injury Disaster loan	—	150,000
Proceeds from line of credit	500,000	—
Repayments of long-term debt	(191,508)	(136,505)
Endowment fund contributions	2,688,770	7,503,800
Net cash provided by financing activities	3,563,834	8,188,345
Net change in cash and cash equivalents	581,626	1,541,420
Cash and cash equivalents		
Beginning of year	2,164,201	622,781
End of year	\$ 2,745,827	\$ 2,164,201
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	\$ 34,355	\$ 44,430

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Statement of Financial Position
 Statement of Activities
 Statement of Functional Expenses
Statement of Cash Flows

Operating Activities

- Change in Net Assets
- Reconciliation
 - Most commonly non-cash transactions
 - Depreciation and Amortization
 - Gain/Loss on sale of fixed assets
 - Deferred Income Tax
 - Need to remove to get to cash-affecting activities
- Change in Operating Assets/Liabilities
 - Receivables
 - Prepaid Expenses
 - Inventory
 - Payables
 - Accrued Expenses

	2021	2020
Operating activities		
Change in net assets	\$ 5,829,654	\$ 7,429,603
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Statement of Financial Position
 Statement of Activities
 Statement of Functional Expenses
Statement of Cash Flows

Operating Activities

- Cash in or out can be confusing
 - If Assets go up: outflow
 - If Assets go down: inflow
 - If Liabilities go up: inflow
 - If Liabilities go down: outflow
- More Assets = cash payments out
 - You bought prepaid insurance
 - You gave services but haven't been paid yet
- More Liabilities = didn't pay cash yet
 - You bought supplies but didn't pay for them yet
 - Employees earned wages but it's not payday yet

	2021	2020
Operating activities		
Change in net assets	\$ 5,829,654	\$ 7,429,603
Adjustments to reconcile change in net assets to net cash used in operating activities:		
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Statement of Financial Position		
Statement of Activities		
Statement of Functional Expenses		
Statement of Cash Flows		
<u>Investing Activities</u>		
• Purchases and Sales of Investments (stocks, bonds, etc.)		
• Purchases and Sales of Fixed Assets (but not Gain/Loss)		
• Business Acquisition		
<u>Financing Activities</u>		
• Taking out/paying back loans		

• Again, think what would happen to cash		
• Did you buy?		
• Did you sell?		
• Did you get loan funds in?		
• Did you make a loan payment?		
	Investing activities	
	Purchase of investments	(3,115,304) (12,352,036)
	Proceeds from sale of investments	1,626,637 6,562,835
	Purchase of property and equipment	(1,218,122) (278,655)
	Net cash used in investing activities	<u>(2,706,789)</u> <u>(6,067,856)</u>
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	Cash and cash equivalents	
	Beginning of year	<u>2,164,201</u> <u>622,781</u>
	End of year	<u>\$ 2,745,827</u> <u>\$ 2,164,201</u>
	Supplemental disclosure of cash flow information	
	Cash paid during the year for interest	<u>\$ 34,355</u> <u>\$ 44,430</u>

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Statement of Financial Position		
Statement of Activities		
Statement of Functional Expenses		
Statement of Cash Flows		
• Ends with a reconciliation of beginning of period and ending of period cash		
• Occasional supplemental information at the bottom		
	Investing activities	
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Statement of Financial Position
Statement of Activities
Statement of Functional Expenses
Statement of Cash Flows

Metrics

- Ending Cash Balance
- Cash generated through Operating Activities
 - If operations continuously burn cash, that's a big red flag
- Cash paid for debt servicing
 - Is excess cash generated from operations covering principal repayment

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In Review

- Statement of Financial Position is a point in time, all others an equivalent time period
- Accounts on all statements are grouped by type and/or time period (and omitted entirely, depending on the basis of accounting used)
- There are multiple metrics to determine the health of an organization on each statement

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James Conrad

SUPERVISOR, ACCOUNTING SOLUTIONS GROUP



James joined Wegner CPAs in 2020 after several years of working with Madison-area and national nonprofit organizations. He has experience with a wide range of nonprofits, including human service providers, enthusiast clubs, and religious denominations. James currently serves as the Treasurer for the Verona Area Performing Arts Series and Vice-Chair of the Leadership Board at The Church at Christ Memorial in Fitchburg.

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