

Understanding Nonprofit Financial Statements

Presented By
Nonprofit Finance Fund

In partnership with
University of Michigan School of Social Work
Nonprofit & Public Management Center, University of Michigan

Dione Alexander, Site Director, Midwest, Nonprofit Finance Fund

April 11, 2008



NFF VANTAGE POINT

- Largest, oldest financial institution for the social sector
- Provides financing, advice and innovation
- Clients include nonprofits, social enterprises, donors and investors
- National, with offices in DC, MI, CA, MA, PA, NJ, NY
- Assets \$75 million; total investment nearly \$1 billion; direct loans, \$170 million
- Federally-certified 501c (3) Community Development Financial Institution (CDFI)



LEARNING OBJECTIVES

- Build shared financial vocabulary
- Introduce essential nonprofit financial concepts
- Improve your ability to assess nonprofit financial health
- Demonstrate how the financial environment in which we work is vitally linked to the mission we are able to achieve



TODAY'S AGENDA

- Introductions
- Rules of Money Quiz
- Interpreting Nonprofit Financial Statements
- Case Study: How NFF Analyzes Nonprofit Financials



INTRODUCTIONS

- Your name, organization, role in the organization, budget size
- Please share a challenge you experience in reading, interpreting or communicating your organization's financial statements or situation
- Wizards or handcuffs?



Why do nonprofits struggle financially despite their excellent programs?

UNDER NORMAL CIRCUMSTANCES WE WOULD HAVE MORE CONTROL OVER OUR CASH

MONEY RULES 101: FOR-PROFIT BUSINESS QUIZ

TRUE OR FALSE?

Cash is “liquid.” **TRUE**

Price is determined by cost, consumer, competition. **TRUE**

The consumer buys the product. **TRUE**

Growth must eventually generate profits or the business fails. **TRUE**

Investment in infrastructure is seen as necessary; overhead is a regular cost of business. **TRUE**

Profits drop to the bottom line, are used in the business, and/or get distributed to shareholders. **TRUE**



BUT IN OUR SECTOR THE MONEY RULES ARE DIFFERENT

MONEY RULES 101: NONPROFIT BUSINESS QUIZ

TRUE OR FALSE?

Cash is “liquid.” **FALSE**

Price is determined by cost, consumer, competition. **FALSE**

The consumer buys the product. **FALSE**

Growth must eventually generate profits or the business fails. **FALSE**

Investment in infrastructure is seen as necessary; overhead is a regular cost of business. **FALSE**

Profits drop to the bottom line, are used in the business, and/or get distributed to shareholders. **FALSE**



OPERATING WITHIN A FLAWED SYSTEM

In the nonprofit sector, where the “money rules” are often reversed and flexible cash is scarce, we have the responsibility as managers to:

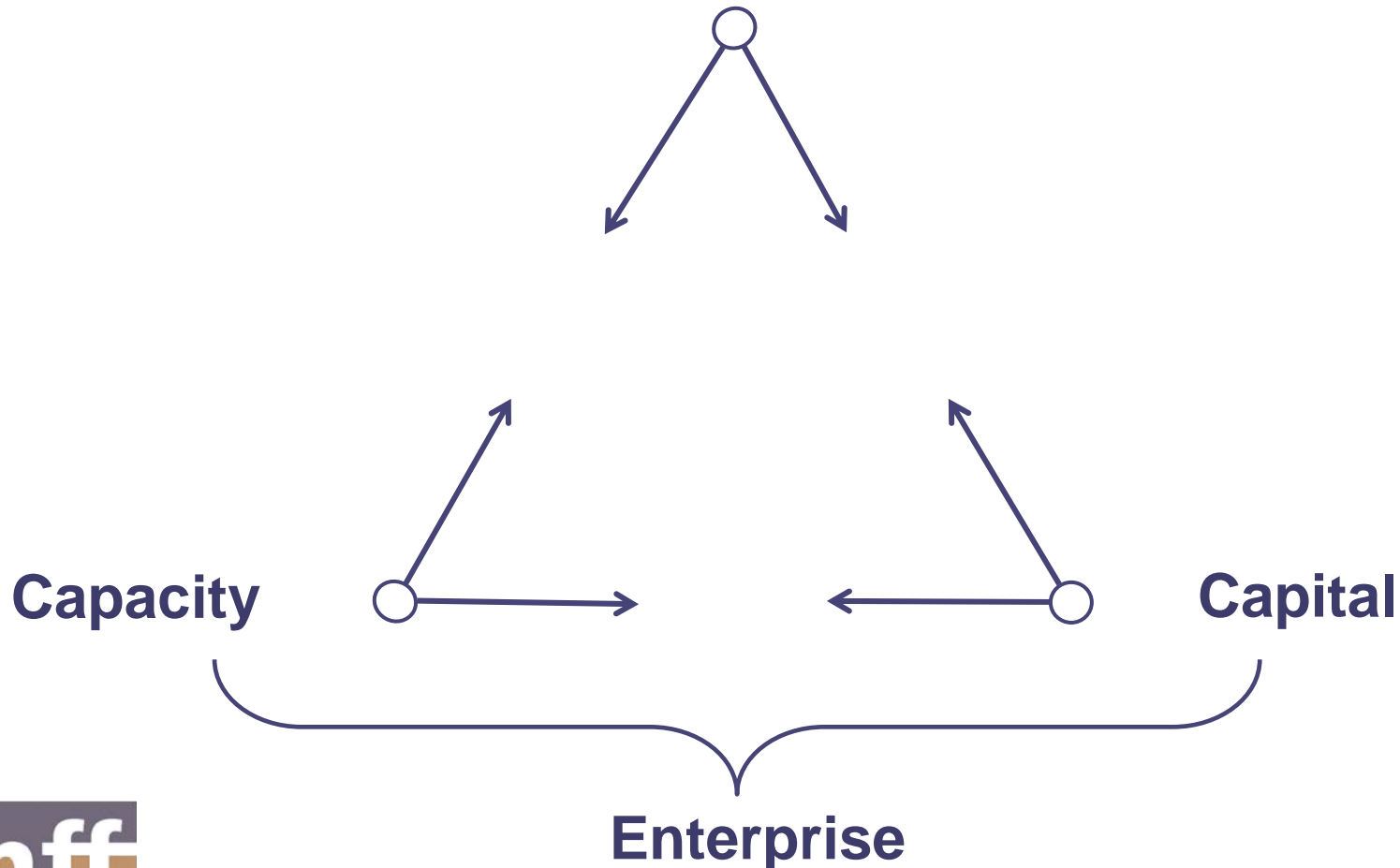
- Consistently produce financial and program data
 - Reliable and timely reports
- Seek clarity on how to analyze this data
 - What should we look for?
 - Who should be involved?
- Use this data to create a culture of tough decision making
 - Leaders need to “agree” on which decisions to make



WHAT IS THE NONPROFIT “ENTERPRISE”?

Establishing and maintaining a balance among these three critical components is essential to an organization's long-term health and viability.

Mission and Program



Interpreting Nonprofit Financial Statements



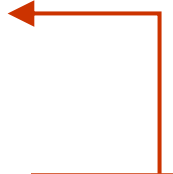
FINANCIAL STATEMENTS STRUCTURE

Statement of Financial Position
(aka Balance Sheet)

Cash	
Assets	Liabilities
	Surplus/Deficit
	Net Assets

Statement of Activities
(aka Income Statement)

Revenue minus Expenses = Surplus/Deficit



Statement of Functional Expenses

Statement of Cash Flows



FINANCIAL STATEMENTS STRUCTURE

Cash versus Accrual Accounting

- Cash Accounting: Very similar to balancing your checkbook. By definition there are no accounts receivable or accounts payable.
 - Accounts Receivable: What others owe you

NOT YET!

- Accounts Payable: What you owe to others

NOT NOW!

- Accrual Accounting: Includes receivables and payables
 - It is a more comprehensive look at your financial situation
 - Think with an accrual mentality

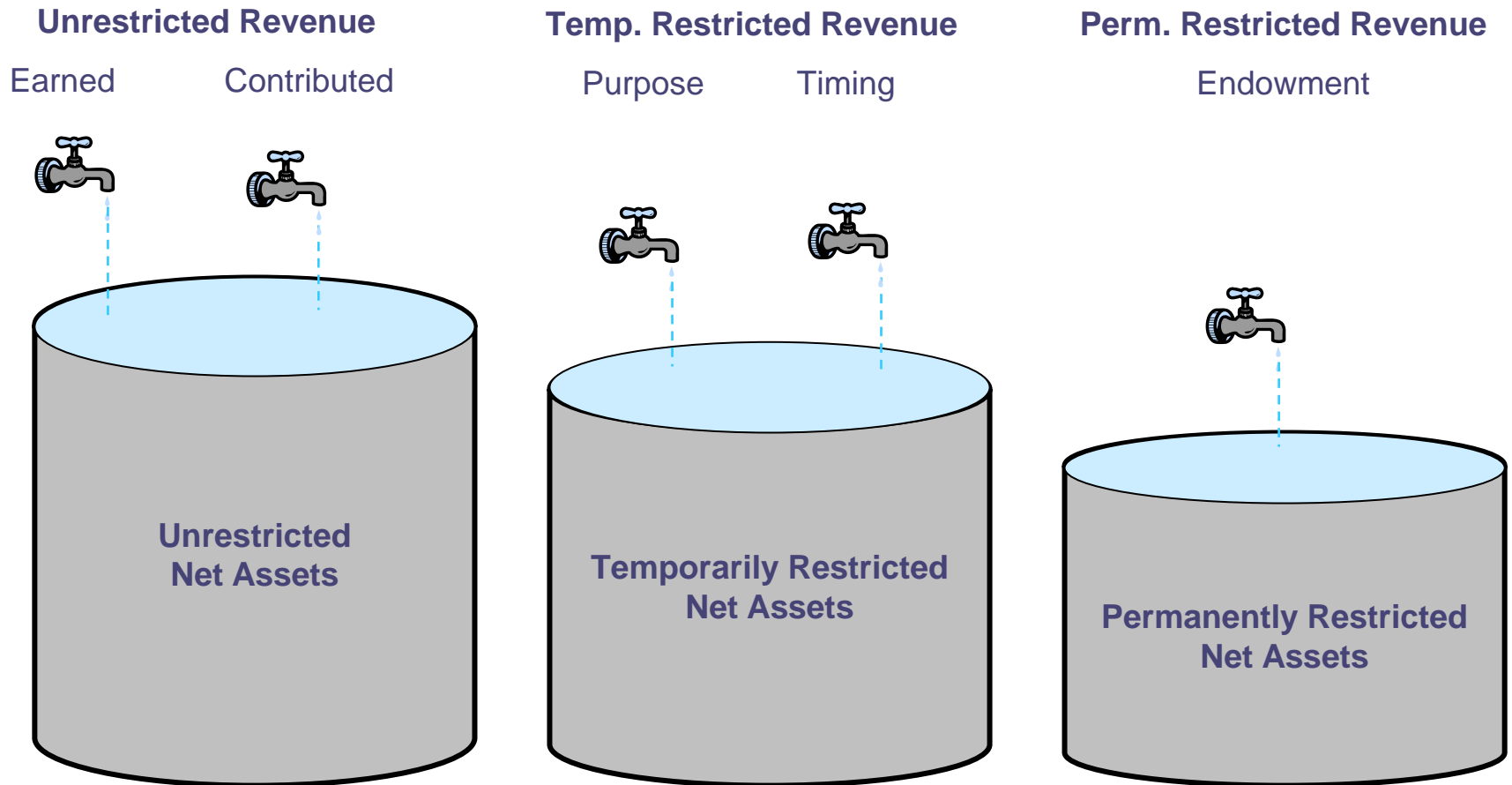


GETTING TO THE BOTTOM OF IT: HOW DO WE DETERMINE HEALTH AT THE ENTERPRISE LEVEL?

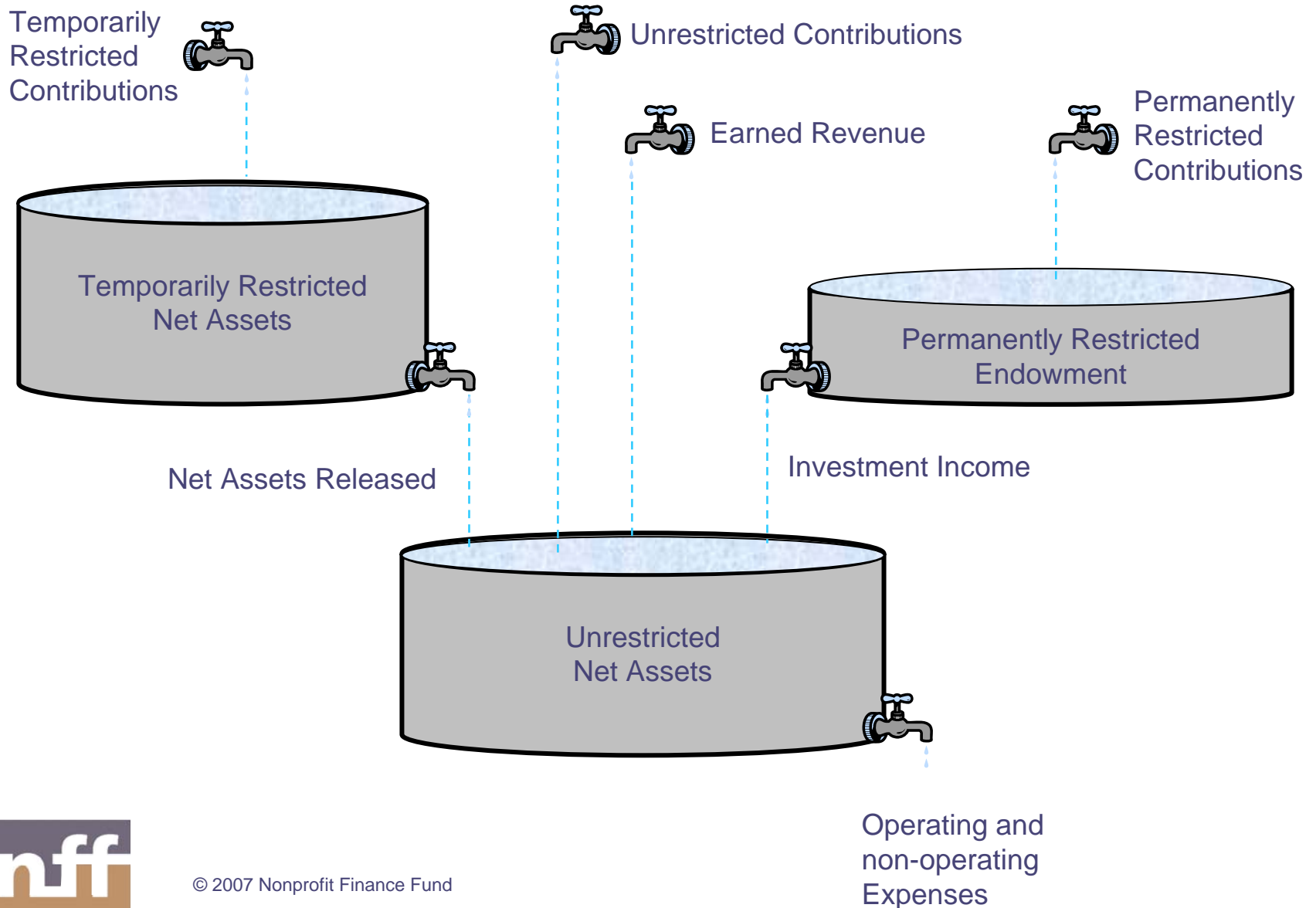
- How Do Restrictions Really Work In Our Sector? What Are Some Implications?
- Where Do I Find my Bottom Line? How Nonprofit Accounting Can Lead Us Astray
- What's my True Liquidity or Working Capital? Finding the Bottom Line on your Balance Sheet
- How Do I Use Financial Statements to Tell my Story?



THE THREE "BUCKETS": UNDERSTANDING RESTRICTIONS



HOW DOES INCOME FLOW AMONG THE THREE "BUCKETS"?



GETTING TO THE BOTTOM OF IT: HOW DO WE DETERMINE HEALTH AT THE ENTERPRISE LEVEL?

- How Do Restrictions Really Work In Our Sector? What Are Some Implications?
- Where Do I Find the Bottom Line? How Nonprofit Accounting Can Lead Us Astray
- What's my True Liquidity or Working Capital? Finding the Bottom Line on your Balance Sheet
- How Do I Use Financial Statements to Tell my Story?



WHICH BOTTOM LINE? BIG SURPLUS?

Fiscal Year 2006

Revenues, gains and other support	Unrest	Temp	Perm	Total
Support:				
Foundations	\$1,434,000	\$1,600,000		\$3,034,000
Government	2,013,705			2,013,705
Corporations	280,950			280,950
Individuals	1,264,730			1,264,730
Interest income	5,760			5,760
Special event, net	57,310			57,310
Net assets released from restriction	1,400,400	(1,400,400)		
Total Revenue	\$6,456,855	199,600		\$6,656,455
Operating Expenses				
Program services	\$3,761,726			\$3,761,726
Supporting services				
Administrative	527,137			527,137
Development	481,235			481,235
Total Expenses	4,770,098			4,770,098
Change in Net Assets	1,686,757	199,600		\$1,886,357
Net Assets, beginning of year	577,142	650,710		1,227,852
Net Assets, end of Year	\$2,263,899	\$850,310		\$3,114,209



...NOT REALLY

Operating Revenue (\$ in 000's)	Unrest	Temp	Perm	Total
Earned				
Investment income	\$ 5,760			
Program	22,500			
Government earned	1,013,705			
Earned operating revenue	1,041,965			
Contributed				
Individual	764,730			
Foundations & corporations	1,714,950	\$1,600,000		
Government	977,500			
Special events, net	57,310			
Net Assets Released from Restrictions	200,400	(200,400)		
Contributed operating revenue	3,714,890			
Total Revenue	4,756,855	1,399,600		
Operating Expenses				
Personnel	\$2,862,059			
Professional	238,505			
Occupancy	277,010			
Interest	357,757			
Support	834,767			
Total Expenses	4,570,098			
Surplus/Deficit Pre-Depreciation	186,757			
Depreciation	200,000			
Surplus/Deficit Post-Depreciation	(13,243)			
Non-Operating Activities				
Unrestricted non-operating revenue/expenses e.g. capital campaign receipts/releases	\$1,200,000	(1,200,000)		
Net gain (loss) on sale of securities and/or assets				
Change in Total Net Assets	\$1,886,357	\$ 199,600		

Temp. restricted revenue that has met donor-imposed restrictions



The difference between operating revenue and expenses

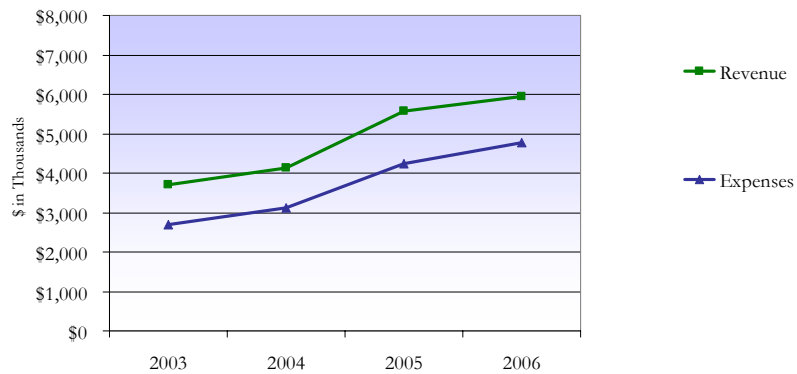


Includes operating and non-operating activities



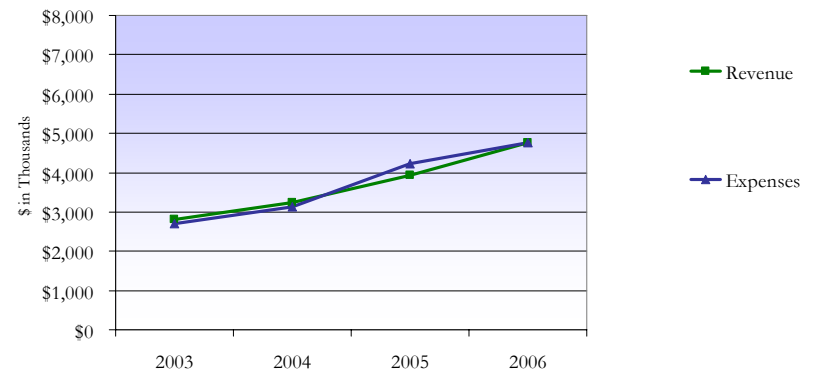
REVEALING TRUE OPERATING PERFORMANCE

Revenue & Expense (Unrestricted Operating)



Revenue & Expense (Unrestricted Operating)

*Capital revenue "below the line"



WHY SHOULD WE CARE ABOUT DEPRECIATION?

Operating Revenue	Unrest	Temp	Perm	Total
Earned				
Investment income	\$ 5,760			
Program	22,500			
Government earned	1,013,705			
Earned operating revenue	1,041,965			
Contributed				
Individual	764,730			
Foundations & corporations	1,714,950	\$1,600,000		
Government	977,500			
Special events, net	57,310	(200,400)		
Net Assets Released from Restrictions	200,400			
Contributed operating revenue	3,714,890			
Total Revenue	4,756,855	1,399,600		
Operating Expenses				
Personnel	\$2,862,059			
Professional	238,505			
Occupancy	277,010			
Interest	357,757			
Support	834,767			
Total Expenses	4,570,098			
Surplus/Deficit Pre-Depreciation	186,757			
Depreciation	200,000			
Surplus/Deficit Post-Depreciation	(13,243)			
Non-Operating Activities				
Unrestricted non-operating revenue/expenses e.g. capital campaign receipts/releases	\$1,200,000	(1,200,000)		
Net gain (loss) on sale of securities and/or assets				
Change in Total Net Assets	\$1,186,757	\$ 199,600		

APPRECIATING DEPRECIATION

- Every fixed asset you purchase will be depreciated over its useful life
 - Accountants use pre-determined useful life data for various types of fixed assets (e.g., buildings = 35 – 40 years, computers = 3 years)
 - By definition, fixed assets are being “capitalized” – i.e., their purchase is not listed as an expense on the income statement, rather fixed assets appear on the balance sheet and are depreciated (non-cash expense) on the income statement
- Reflects the concept that fixed assets lose value (usefulness) over time and will need to be replaced
- Arguably an approximation of how much cash an organization should set aside each year for future fixed asset replacements
 - If you set aside cash = annual depreciation expense, you “theoretically” will have sufficient funds available to replace all fixed assets when they exceed their useful life



APPRECIATING DEPRECIATION?

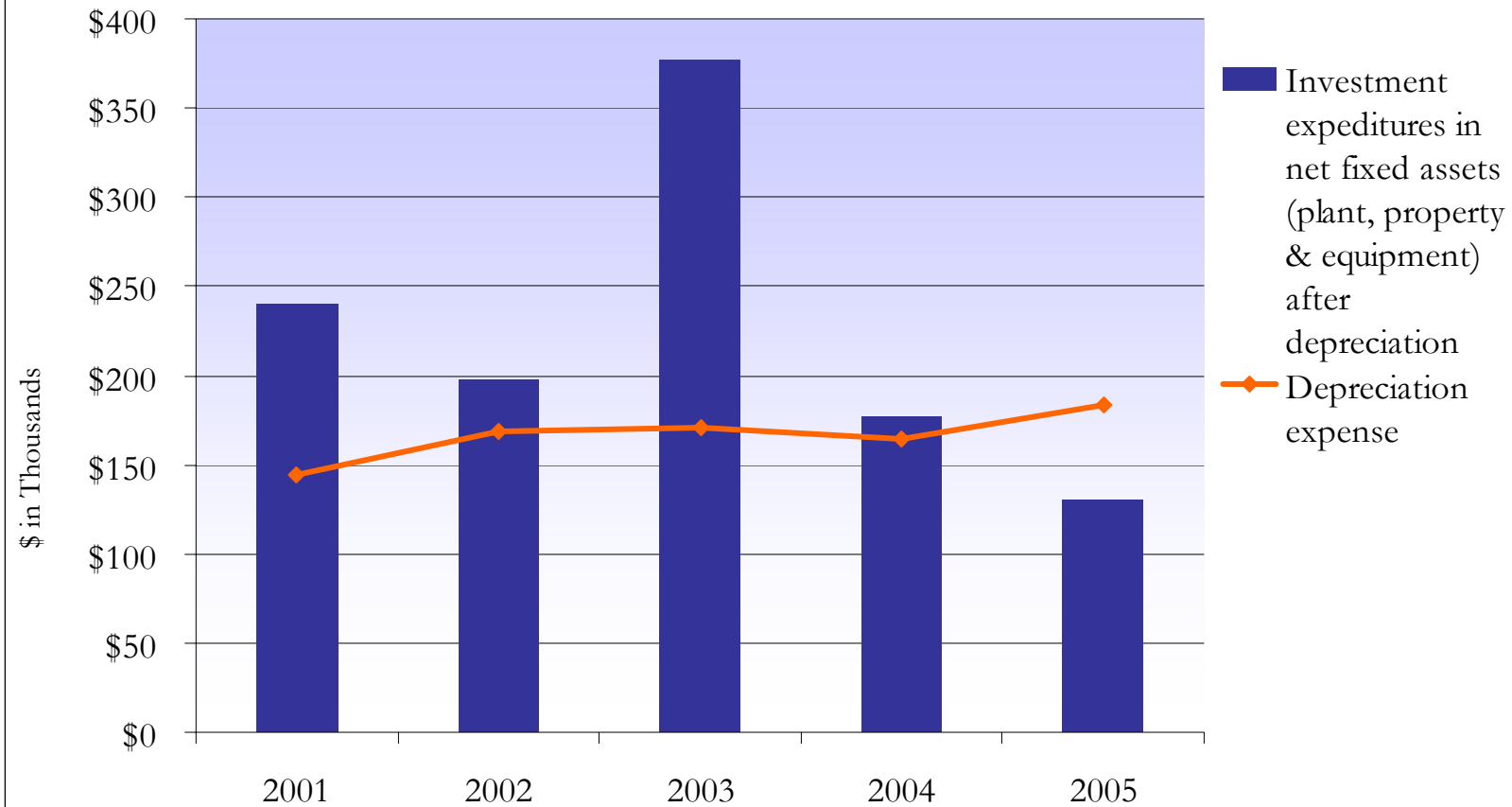
- A more accurate number can be derived by:
 - An engineering analysis of future maintenance and replacement needs.
 - The organization may want to consider the Systems Replacement Plan (SRP), a tool that maps the timing and anticipated costs of running and maintaining facility/facilities over 20 years. Can be used to create an annual capital expenditure budget.
 - A determination, based on funder preferences, of whether it is better to raise money to renovate current facilities gradually each year or in large chunks when specific work becomes necessary.



APPRECIATING DEPRECIATION

Depreciation to PP&E Investment Expenditures

For presentation purposes, cash outflow to purchase investment items & depreciation are positive



FINANCIAL STATEMENTS STRUCTURE

How the Statement of Activities influences the Statement of Financial Position: The change in Net Assets over the course of a fiscal period (i.e. month, quarter, year) will either increase or decrease your total Net Assets, which appears on the Balance Sheet

**Statement of Financial Position
FYE 06/30/05**

Cash Assets	Liabilities
	Surplus/Deficit Net Assets

**Statement of Activities
FY 2006**

Revenue
Earned Contributed
Expenses
Personnel Professional Occupancy Interest Support
Change in Net Assets

**Statement of Financial Position
FYE 06/30/06**

Cash Assets	Liabilities
	Surplus/Deficit Net Assets



GETTING TO THE BOTTOM OF IT: HOW DO WE DETERMINE HEALTH AT THE ENTERPRISE LEVEL?

- How Do Restrictions Really Work In Our Sector? What Are Some Implications?
- Where Do I Find the Bottom Line? How Nonprofit Accounting Can Lead Us Astray
- What's my True Liquidity or Working Capital? Finding the Bottom Line on your Balance Sheet
- How Do I Use Financial Statements to Tell my Story?



WE NEED TO UNDERSTAND THAT THERE ARE DIFFERENT KINDS OF MONEY

Revenue

Ongoing money to pay for the “widgets” and cover operating costs (both direct & indirect!)

Working Capital

“Axle grease,” money used in normal course of operations, e.g. to cover lag in receipt of funds

Risk Capital

One time money set aside for big bets; AKA “10 year flood” money

Growth Capital

One-time money used to fund expansion or refinement of business model

THEN WE CAN THINK ABOUT HOW TO MEASURE AND MONITOR MONEY

- **Months of Cash**

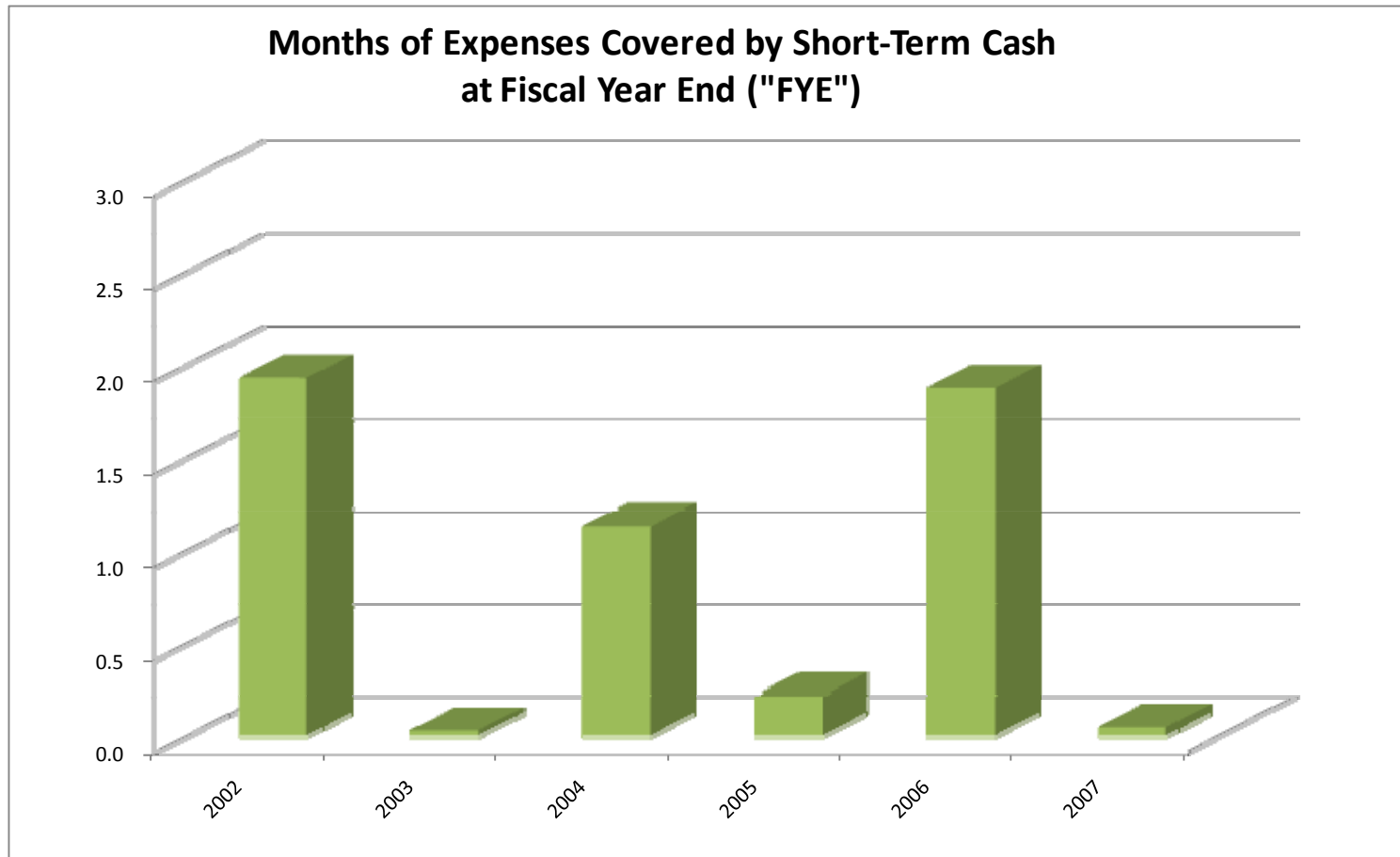
- Represents the number of months the organization could operate with current cash reserves
- **Example**
 - One organization had \$300,000 in cash at the fiscal year end
 - Its annual operating expenses for that same year equaled \$1.2 million
 - One month of expenses = $\$1.2 \text{ million} / 12 \text{ months} = \$100,000$
 - Months of cash = $\$300,000 / \$100,000 = 3 \text{ months}$

- **Cash flow projections**

- A powerful tool for predicting cash needs, allowing organization's to set up structures (such as a line of credit) in advance
 - Line of credit should be used to address cash flow problems, NOT cash problems



HOW MUCH CASH IS ENOUGH?



HOW MUCH CASH IS ENOUGH?

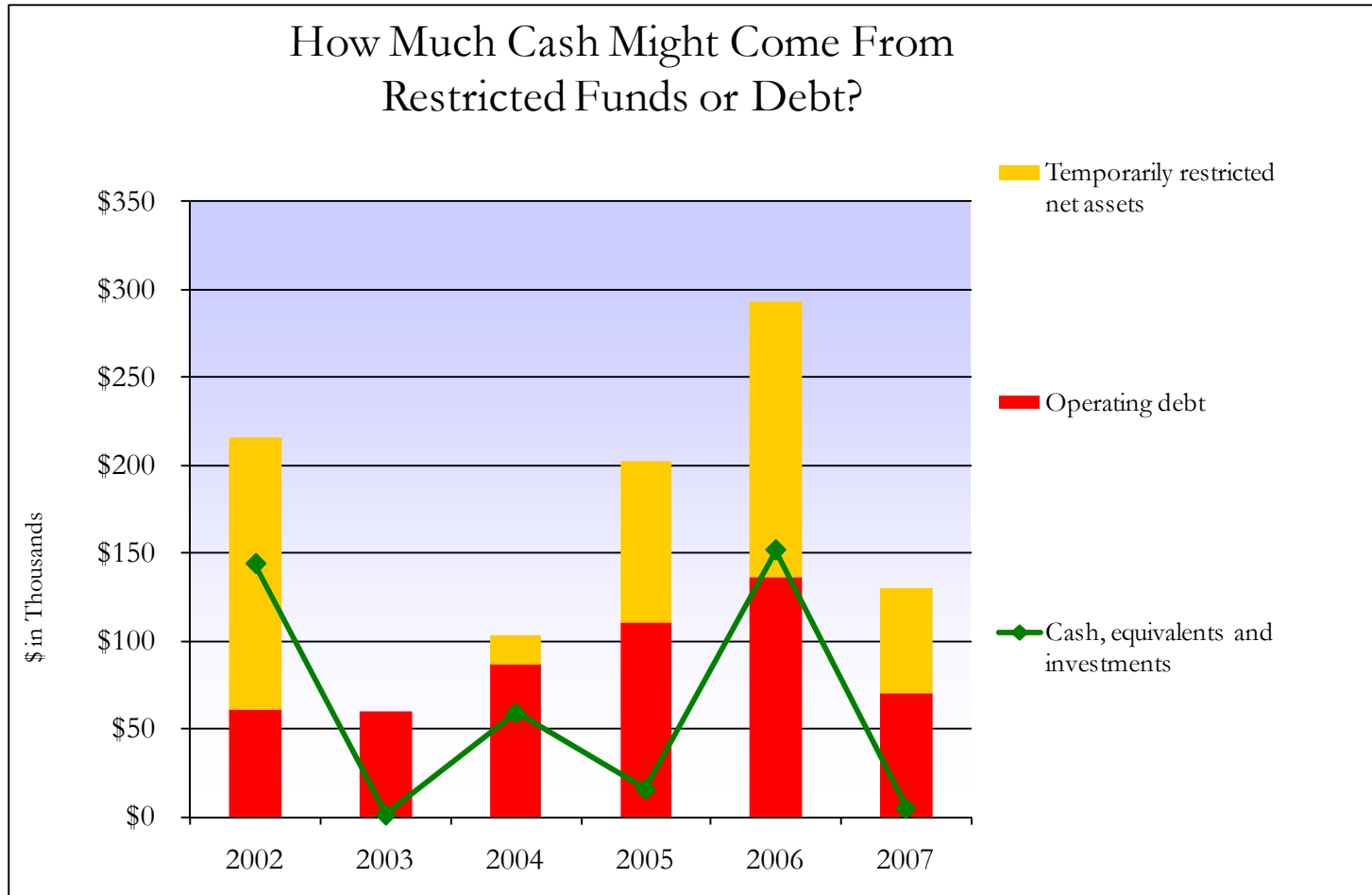
“Rule-of-Thumb” Impact of Working Capital Levels on Operations

NOTE: Reality can be different, especially if funders are reliable and cash flow is even

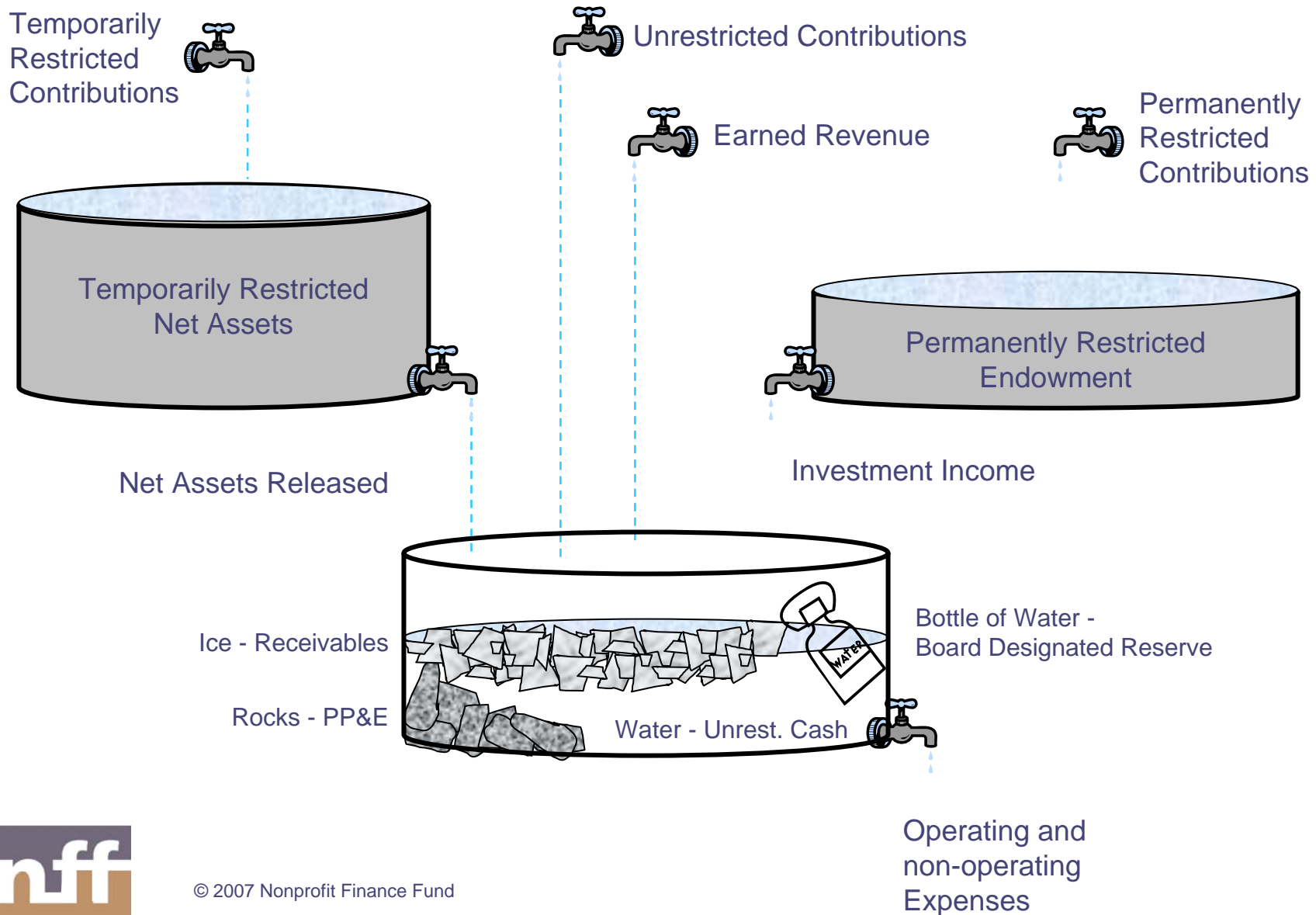
Mos. of Expenses Covered by Cash	Operating Situation
0	Crisis- management is scrambling for cash. Delaying vendors. Checking over-draft.
Less than 1 month	Cash is tight - Line of credit source of liquidity. Delaying vendors.
1-3 months	Room to breath – Can do some long-term thinking. Little room for “rainy days”
3+ months	Handles risk – Ability to withstand shocks such as large facility repairs, funding cuts and possibly recessions.



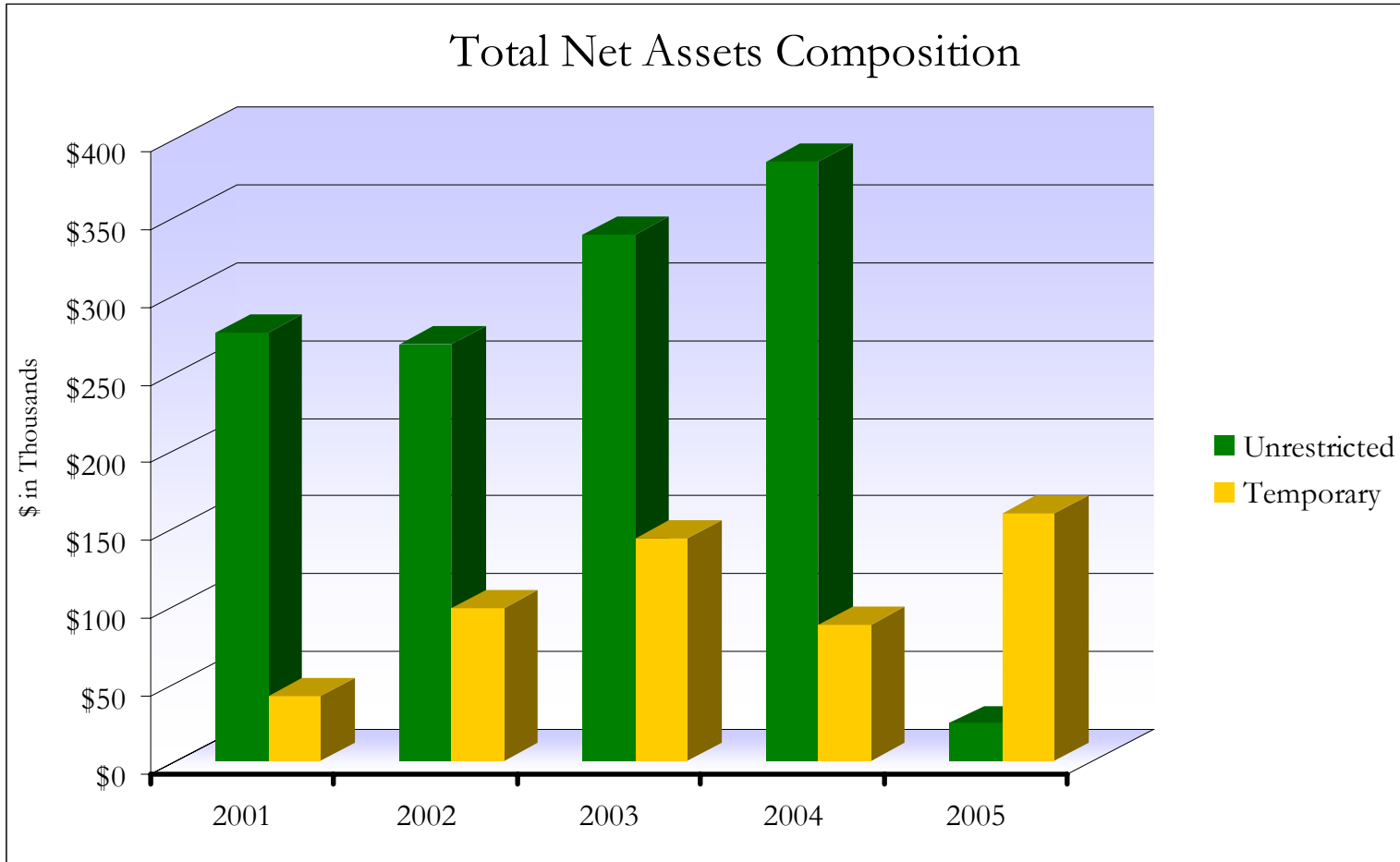
WHAT IS THE NATURE OF CASH? CAN IT BE SPENT TO MEET DAY-TO-DAY EXPENSES OR IS IT "OWED" TO THE FUTURE



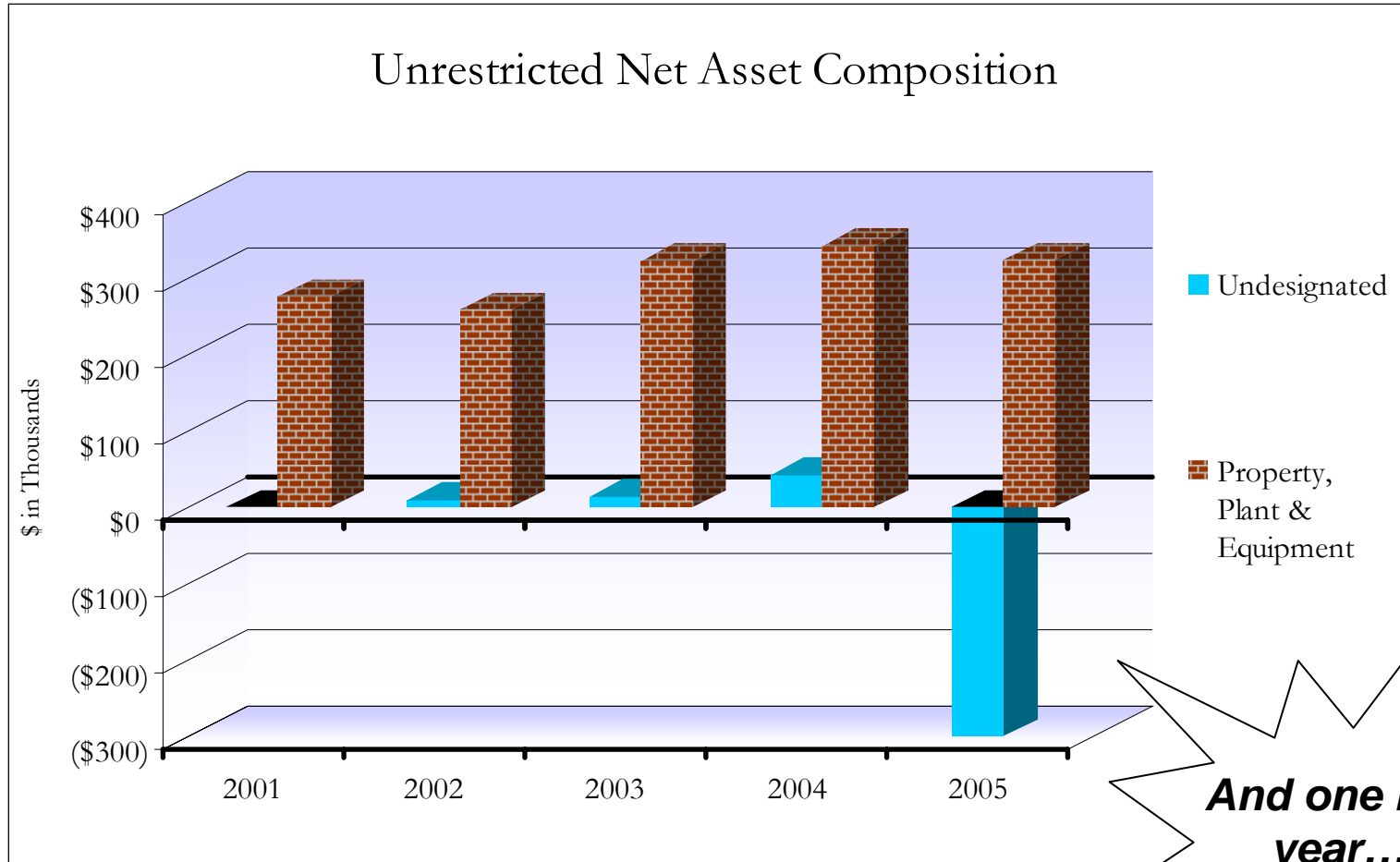
WHAT DO NET ASSETS SAY ABOUT THE HEALTH OF THE BUSINESS?



NET ASSETS SOMETIMES HIDE RISK



UNRESTRICTED IS NOT NECESSARILY "LIQUID." WHERE'S THE REAL WORKING CAPITAL?



And one bad year...

EXERCISE: CALCULATE YOUR OWN UNRESTRICTED NET ASSET COMPOSITION

	2000	2004
Total Net Assets	\$815,000	\$738,000
- Temporarily Restricted	\$84,000	\$150,000
- Permanently Restricted	\$0	\$69,000
<i>=Total Unrestricted Net Assets</i>	<i>\$731,000</i>	<i>\$519,000</i>
- Unrestricted-Board Designated	\$0	\$0
- Unrestricted-PP&E	\$746,000	\$891,000
= Unrestricted "Operating" Net Assets	(\$15,000)	(\$373,000)



EXERCISE: CALCULATE YOUR OWN UNRESTRICTED NET ASSET COMPOSITION--PP&E COMPOSITION

	2000	2004
Land	\$93,000	\$135,000
Building	\$828,000	\$821,000
Equipment	\$235,000	\$201,000
Improvements	\$251,000	\$442,000
(Accumulated Depreciation)	(\$625,000)	(\$708,000)
<i>Net PP&E</i>	<i>\$782,000</i>	<i>\$891,000</i>
Minus facility-related debt	\$37,000	\$0
<i>Unrestricted PP&E Net Assets</i>	<i>\$746,000</i>	<i>\$891,000</i>



CALCULATE YOUR OWN

Total Net Assets		
- Temporarily Restricted		
- Permanently Restricted		
<i>=Total Unrestricted Net Assets</i>		
- Unrestricted-Board Designated		
- Unrestricted-PP&E		
<i>= Unrestricted "Operating" Net Assets</i>		



PP&E COMPOSITION

Land		
Building		
Equipment		
Improvements		
(Accumulated Depreciation)		
<i>Net PP&E</i>		
Minus facility-related debt		
<i>Unrestricted PP&E Net Assets</i>		



GETTING TO THE BOTTOM OF IT: HOW DO WE DETERMINE HEALTH AT THE ENTERPRISE LEVEL?

- How Do Restrictions Really Work In Our Sector? What Are Some Implications?
- Where Do I Find the Bottom Line? How Nonprofit Accounting Can Lead Us Astray
- What's my True Liquidity or Working Capital? Finding the Bottom Line on your Balance Sheet
- How Do I Use Financial Statements to Tell my Story?



USING THE BALANCE SHEET TO TELL YOUR STORY

The composition of the Statement of Financial Position will change every day

Statement of Financial Position
FYE 06/30/04
Dollars in Thousands

Assets		Liabilities	
Cash	\$330	Payables	\$22
Receivables	\$359	Debt	\$518
Prepaid Exp.	\$6	Total Liab.	\$540
PP&E (Net)	\$904		
		Net Assets	
		Total Unres.	\$816
		Temp. Rest.	\$243
		Perm. Rest.	\$ <u>0</u>
		Total	<u>\$1,059</u>
T. A.	\$1,599	T. L & N.A.	\$1,599

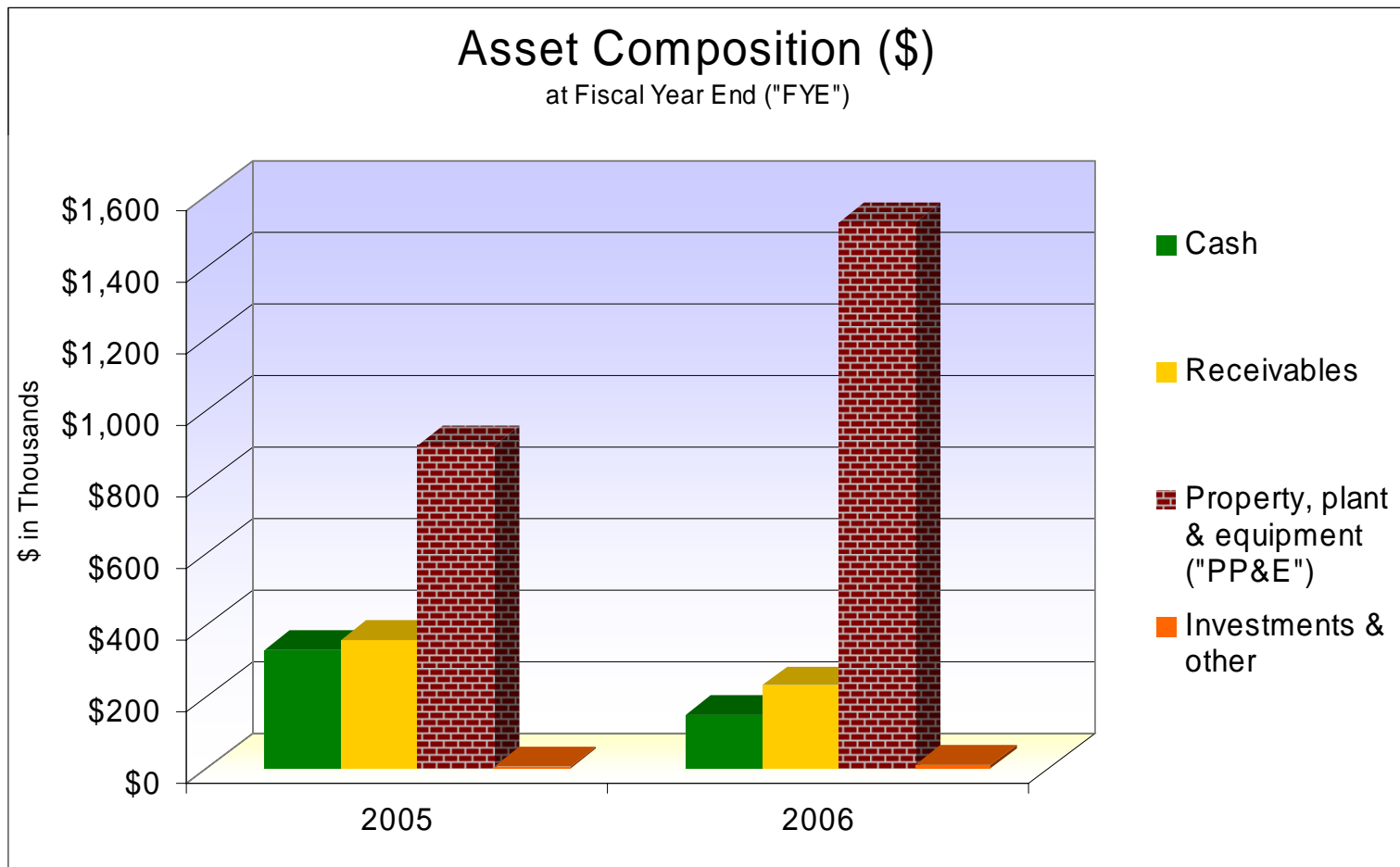
Statement of Financial Position
FYE 06/30/05
Dollars in Thousands

Assets		Liabilities	
Cash	\$150	Payables	\$49
Receivables	\$230	Debt	\$716
Prepaid Exp.	\$8	Total Liab.	\$765
PP&E (Net)	\$1,524		
		Net Assets	
		Total Unres.	\$985
		Temp. Rest.	\$162
		Perm. Rest.	\$ <u>0</u>
		Total	<u>\$1,147</u>
T. A.	\$1,912	T. L & N.A.	\$1,912

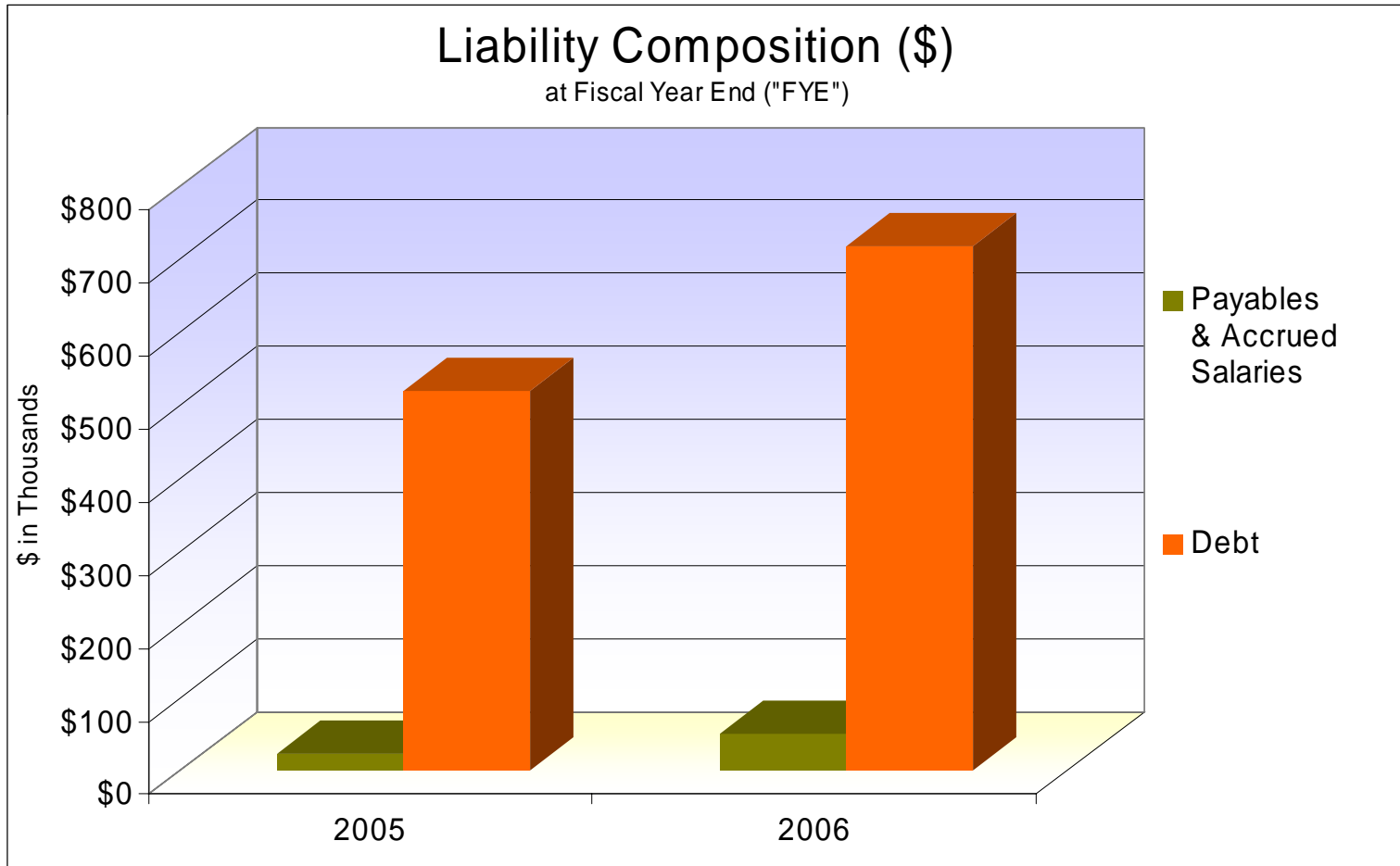
Timeline 



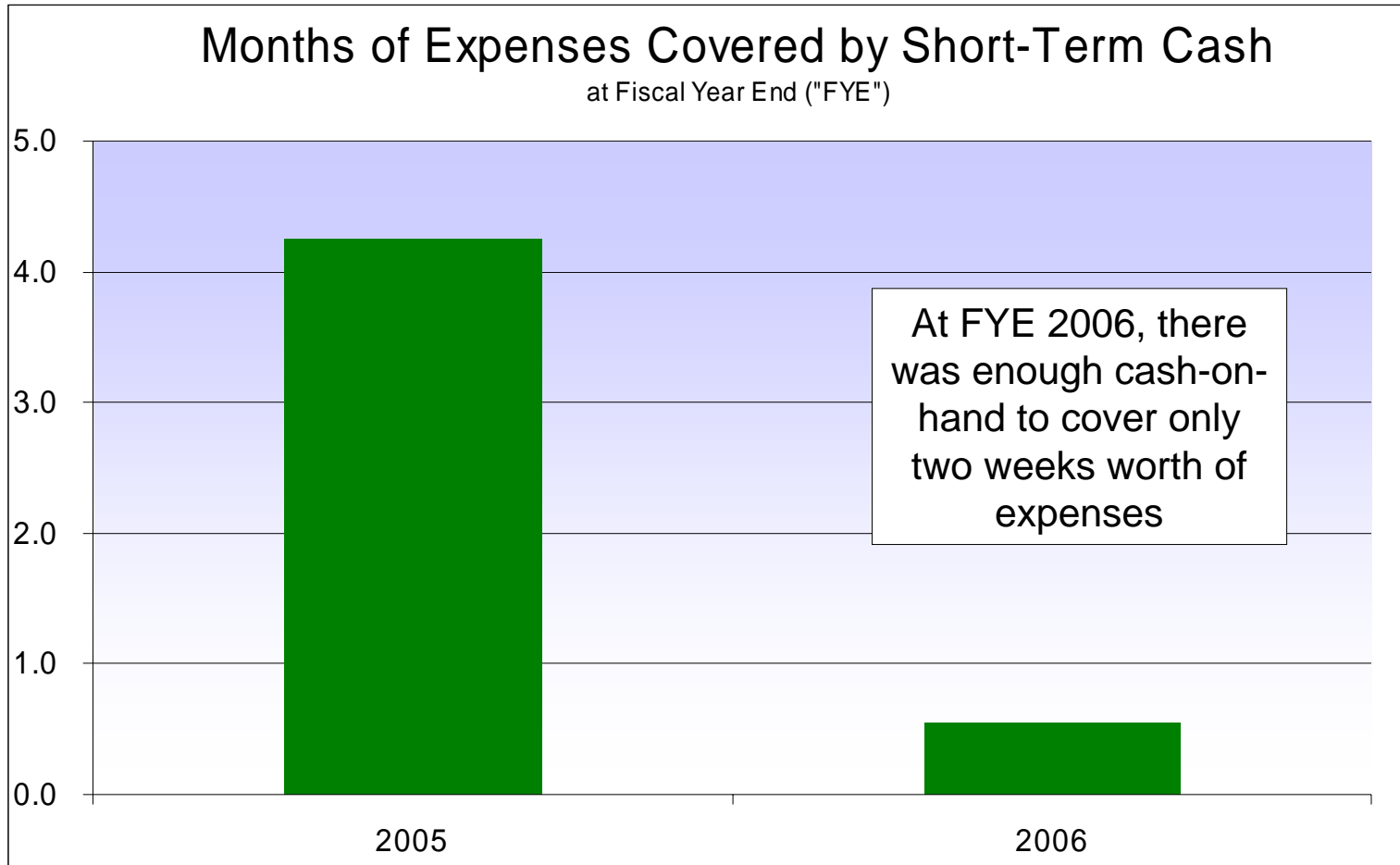
WHAT DECISION WAS MADE?



HOW WAS THE INVESTMENT FINANCED?



HOW WAS LIQUIDITY AFFECTED?



FINANCIAL STATEMENTS STRUCTURE

Key Financial Statements: Where an organization has been, where it is (at a point in time), and where it wants to go

Statement of Activities



Balance Sheet



Budget

Revenue
Earned
Contributed
Expenses
Personnel
Professional
Occupancy
Support
Interest
Surplus/Deficit

Assets	Liabilities
	Net Assets

Budget	Actual	Variance
Revenue		
Expenses		
Surplus/Deficit		

A WORD ON BUDGETING

- Build realistic (bordering on pessimistic) budgets
 - Underestimate revenue and overestimate expenses
- Do not ‘plug’ budgetary gaps with unidentified or unlikely revenue sources.
 - Prioritize incremental expenses so that “if” new revenue sources materialize management has a predefined defined plan to use the revenue strategically
- Start by reviewing the Statement of Activities from the prior year and make adjustments based on what management expects to be different.
- NFF further encourages organizations to:
 - Budget for a surplus rather than breakeven (or at least *manage* to a surplus);
 - Monitor actual results against budget on a monthly/quarterly basis;
 - Prepare and monitor balance sheet on a regular basis;
 - Prepare monthly/quarterly cash flow projections.



Case Study: How NFF Analyzes Nonprofits



ASSESSING FINANCIAL HEALTH

How do this year's numbers compare with last year's? What trends do you see?

What are the amazement numbers?

- 1. Profitability & Savings:** *Does the agency cover its costs? How large are surpluses/deficits relative to revenue? Is the agency saving? If so, is it enough?*
- 2. Revenue Dynamics:** *Where does the organization's money come from? Are they well diversified or at risk? Do the revenue streams appear reliable/consistent?*
- 3. Cost Dynamics:** *What levers does the agency have in its control to manage expenses? How hard is it to tighten the belt? Is management responsive to operating changes and prepared to make difficult decisions?*
- 4. Liquidity:** *Does the agency have enough cash to cover current obligations? How well are they managing receivables? Are they asking others to "pay the bills"?*
- 5. Health of Assets:** *Is the distribution of assets appropriate, given the core business? Is the organization investing in its fixed assets? How "leveraged" are they? What is the composition of net assets? How much is unrestricted and liquid?*



BACKGROUND: THE BERGEN THEATRE

- Excellent and longstanding reputation.
- Poor year at the box office in 2005, leading to additional financial problems in 2006.
- Management says the initial problems were largely “due to a bad economy.”
- Significant management turnover: Executive and Artistic Directors, both of whom had been with the organization for seven years, left last year.
- New Artistic Director, hired six months ago, has strong reputation and appears to have a lot of positive energy.
- The current Executive Director has agreed to stay on until the Hiring Committee finds a replacement.



YOUR ANALYSIS

- Based solely on the numbers, what is your financial assessment of Bergen Theatre?
- What questions would you ask the Hiring Committee that would help you better understand the overall financial situation of the organization?
- What ideas do you have to help this organization succeed financially in the future?



BERGEN THEATER: STATEMENT OF ACTIVITIES

BERGEN THEATER

Statement of Activities

Dollars in thousands
2/7/07 6:47 PM

	Audit Jun-30 2002		Audit Jun-30 2003		Audit Jun-30 2004		Audit Jun-30 2005		Audit Jun-30 2006	
	\$ 000	%	\$ 000	%	\$ 000	%	\$ 000	%	\$ 000	%
Unrestricted Operating Revenue										
Earned revenue										
Investment income	7	1%	7	0%	3	0%	1	0%	0	0%
Earned government	5	0%	10	1%	6	0%	3	0%	-	0%
Earned program	300	27%	410	24%	532	39%	313	28%	120	14%
Other earned	52	5%	79	5%	130	9%	160	14%	237	28%
Earned operating revenue	364	32%	506	30%	671	49%	477	43%	356	43%
Contributed revenue										
Individual and trustee contributions	82	7%	113	7%	137	10%	155	14%	160	19%
Foundations and corporations	363	32%	297	17%	243	18%	250	22%	252	30%
Government	42	4%	47	3%	39	3%	12	1%	24	3%
Special events (before related expenses)	-	0%	-	0%	-	0%	-	0%	-	0%
Net assets released from restriction	269	24%	749	44%	280	20%	222	20%	40	5%
Pass-through (operations)	-	0%	-	0%	-	0%	-	0%	-	0%
Contributed operating revenue	757	68%	1,206	70%	699	51%	639	57%	475	57%
Unrestricted operating revenue	1,120	100%	1,711	100%	1,370	100%	1,116	100%	832	100%
Unrestricted Operating Expenses										
Personnel	506	51%	550	47%	568	45%	644	51%	514	53%
Professional fees	27	3%	39	3%	70	6%	44	3%	36	4%
Occupancy	89	9%	90	8%	101	8%	122	10%	137	14%
Support	375	38%	490	42%	515	41%	459	36%	283	29%
Interest	1	0%	-	0%	-	0%	1	0%	6	1%
Pass-through (operations)	-	0%	-	0%	-	0%	-	0%	-	0%
Unrestricted operating expenses	997	100%	1,169	100%	1,254	100%	1,270	100%	976	100%
Unrestricted operating surplus/(deficit)	123	11%	542	32%	116	8%	(154)	-14%	(145)	-17%
Depreciation	18	2%	93	8%	98	8%	95	7%	94	10%
Unrestricted operating surplus/(deficit) after depreciation	105	9%	449	26%	18	1%	(249)	-22%	(239)	-29%
Temporarily Restricted Assets										
Temporarily restricted assets received	993		58		433		15		114	
Temporarily restricted assets released	(269)		(749)		(280)		(222)		(40)	
Increase (decrease) in temporarily restricted net assets	723		(692)		153		(207)		74	
Change after temporarily restricted activities	829		(243)		171		(456)		(165)	
Unrestricted Non-Operating Activities										
Net gain (loss) on sale of securities (unrealized)	7		-		-		-		-	
Net gain (loss) on sale of securities (realized)	-		(3)		-		(2)		1	
Net gain (loss) on disposition of assets	-		-		-		-		-	
Total non-operating revenue	-		-		-		-		-	
Total unrestricted non-operating expenses	-		-		-		-		-	
Change in net assets from unrestricted non-operating activities	7		(3)		-		(2)		1	
Change after non-operating activities	835		(246)		171		(458)		(165)	
Change in net assets	835		(246)		171		(458)		(165)	



BERGEN THEATER: STATEMENT OF POSITION

BERGEN THEATER

Statement of Financial Position

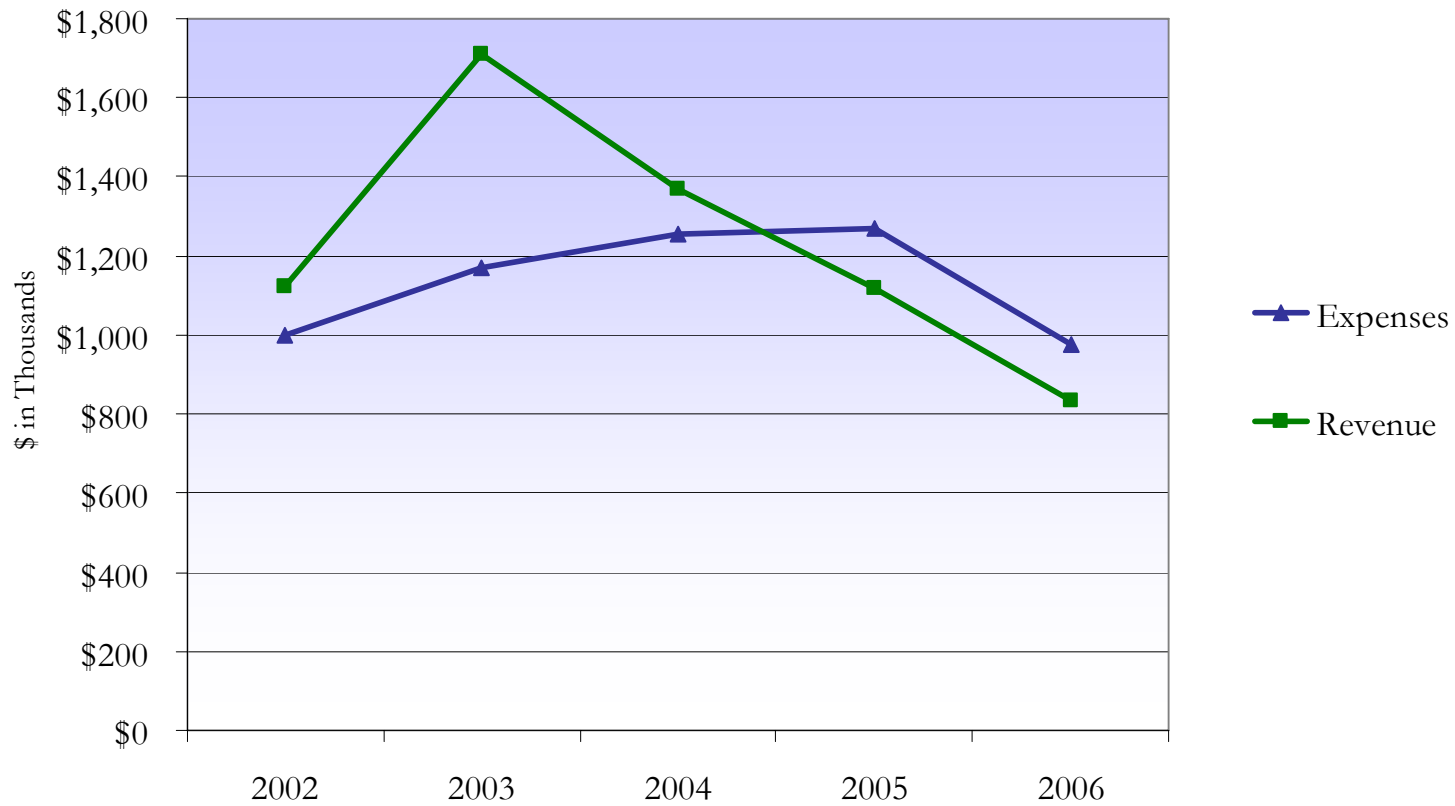
Dollars in thousands
2/7/07 6:47 PM

	Audit Jun-30 2002		Audit Jun-30 2003		Audit Jun-30 2004		Audit Jun-30 2005		Audit Jun-30 2006	
	\$ 000	%	\$ 000	%	\$ 000	%	\$ 000	%	\$ 000	%
ASSETS										
Cash and equivalents *	296	24%	191	18%	272	22%	39	6%	21	3%
Grants and pledges receivable	612	49%	55	5%	229	19%	65	9%	70	12%
Accounts receivable	-	0%	-	0%	-	0%	-	0%	-	0%
Inventory	-	0%	-	0%	-	0%	-	0%	-	0%
Prepaid expenses	22	2%	41	4%	22	2%	24	3%	38	6%
Other current assets	29	2%	-	0%	3	0%	-	0%	5	1%
Total current assets	959	76%	287	27%	527	43%	127	18%	134	22%
Long-term investments *	-	0%	-	0%	-	0%	-	0%	-	0%
Deposits and prepaid rent	-	0%	-	0%	-	0%	-	0%	-	0%
Grants and pledges receivable	39	3%	-	0%	30	2%	-	0%	-	0%
Net fixed assets (plant, property & equipment)	256	20%	760	73%	664	54%	567	82%	473	78%
Other long-term assets	-	0%	-	0%	-	0%	-	0%	-	0%
Total long-term assets	295	24%	760	73%	694	57%	567	82%	473	78%
Total Assets	1,253	100%	1,047	100%	1,221	100%	694	100%	608	100%
LIABILITIES										
Accounts payable	127	10%	57	5%	52	4%	12	2%	14	2%
Accrued salaries & benefits	-	0%	-	0%	-	0%	-	0%	-	0%
Other current liabilities	5	0%	-	0%	46	4%	-	0%	-	0%
Total deferred revenue	-	0%	-	0%	-	0%	-	0%	-	0%
Short-term debt (incl current portion of LT debt)	-	0%	-	0%	-	0%	50	7%	125	21%
Total current liabilities	131	10%	57	5%	98	8%	62	9%	139	23%
Long-term Liabilities	-	0%	-	0%	-	0%	-	0%	-	0%
Long-term debt	-	0%	114	11%	76	6%	43	6%	44	7%
Other long-term liabilities	-	0%	-	0%	-	0%	-	0%	-	0%
Total long-term liabilities	-	0%	114	11%	76	6%	43	6%	44	7%
Total liabilities	131	10%	171	16%	174	14%	105	15%	183	30%
NET ASSETS										
Unrestricted	70	6%	11	1%	125	10%	(29)	-4%	(174)	-29%
Unrestricted - board designated	-	0%	-	0%	-	0%	-	0%	-	0%
Unrestricted - property, plant & equipment	256	20%	760	73%	664	54%	567	82%	473	78%
Total unrestricted net assets	325	26%	771	74%	789	65%	538	78%	300	49%
Temporarily restricted net assets	797	64%	105	10%	258	21%	51	7%	125	21%
Permanently restricted net assets	-	0%	-	0%	-	0%	-	0%	-	0%
Total net assets	1,122	90%	876	84%	1,047	86%	589	85%	425	70%
Total Liabilities and Net Assets	1,253	100%	1,047	100%	1,221	100%	694	100%	608	100%

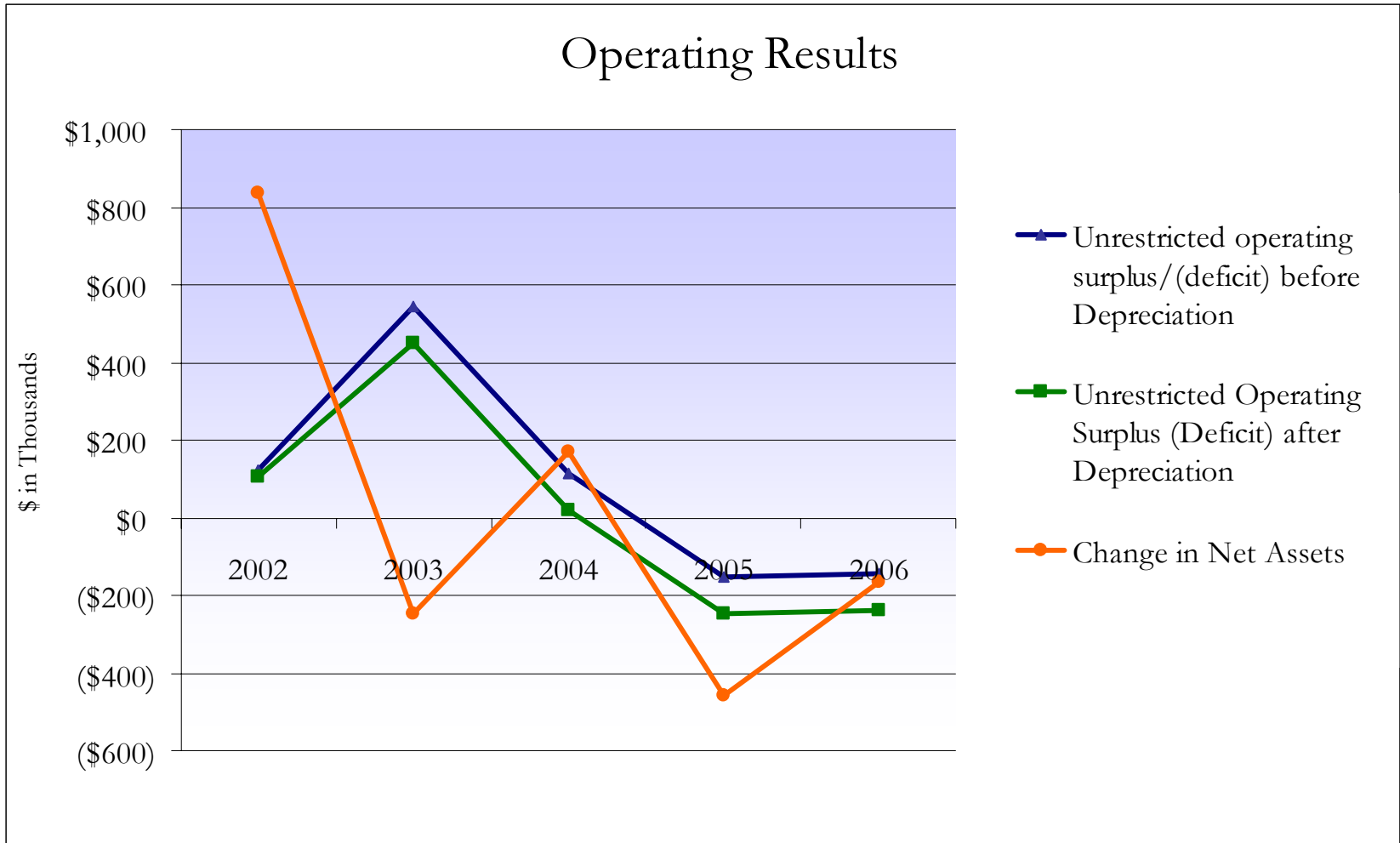


BERGEN THEATER: PROFITABILITY

Revenue & Expense (Unrestricted Operating)

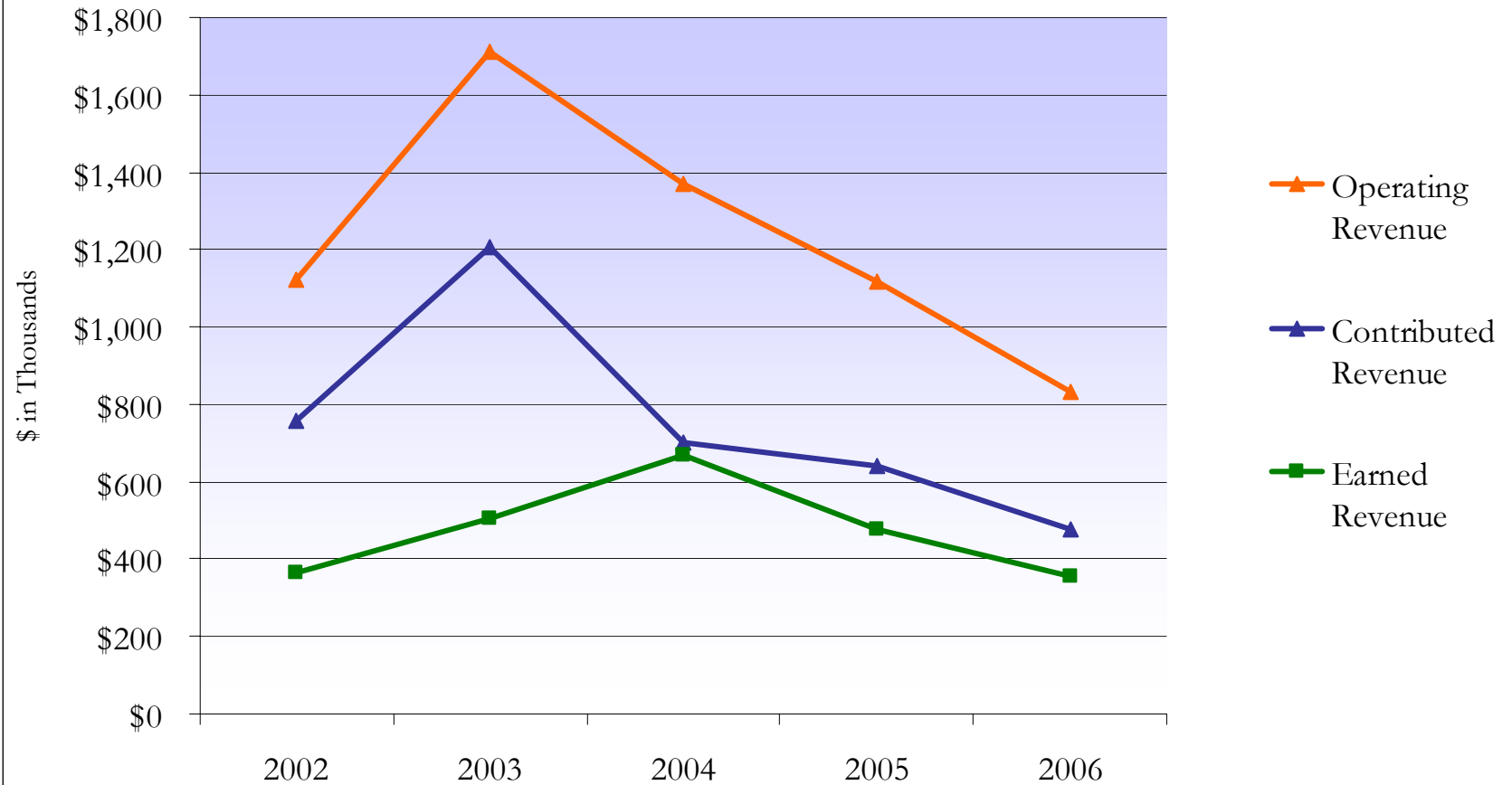


BERGEN THEATER PROFITABILITY

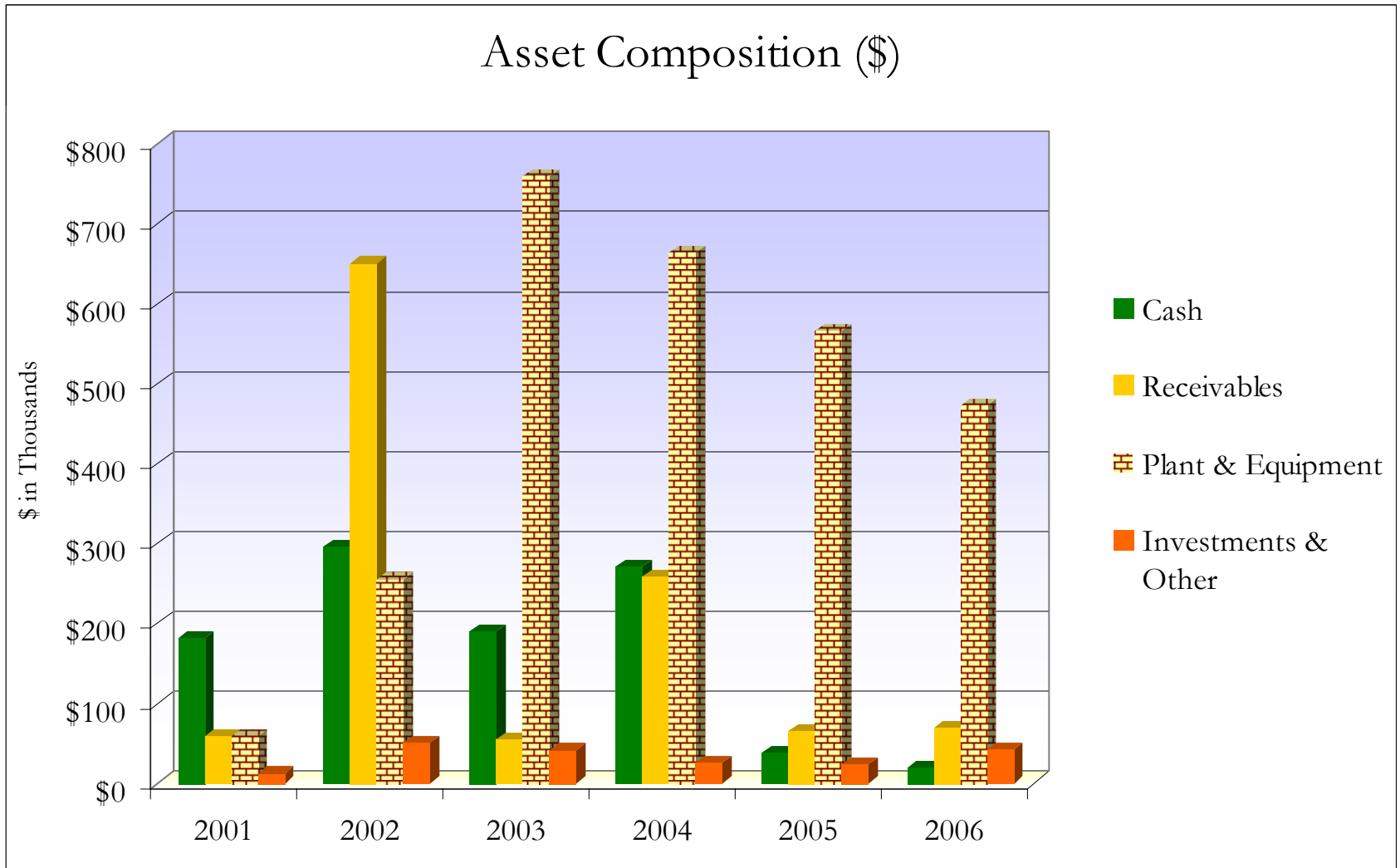


BERGEN THEATER: REVENUE DYNAMICS

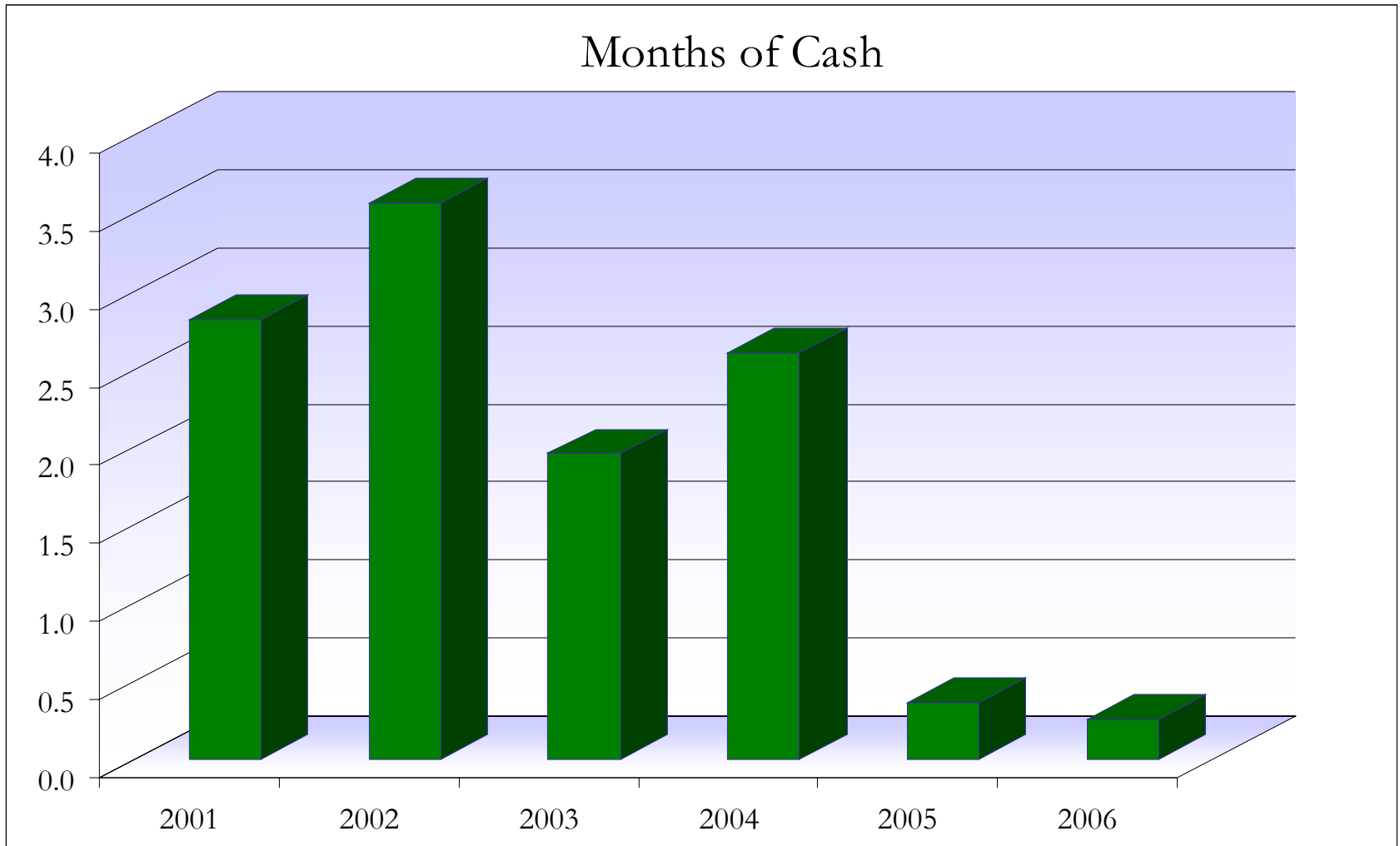
Earned & Contributed (Unrestricted Operating)



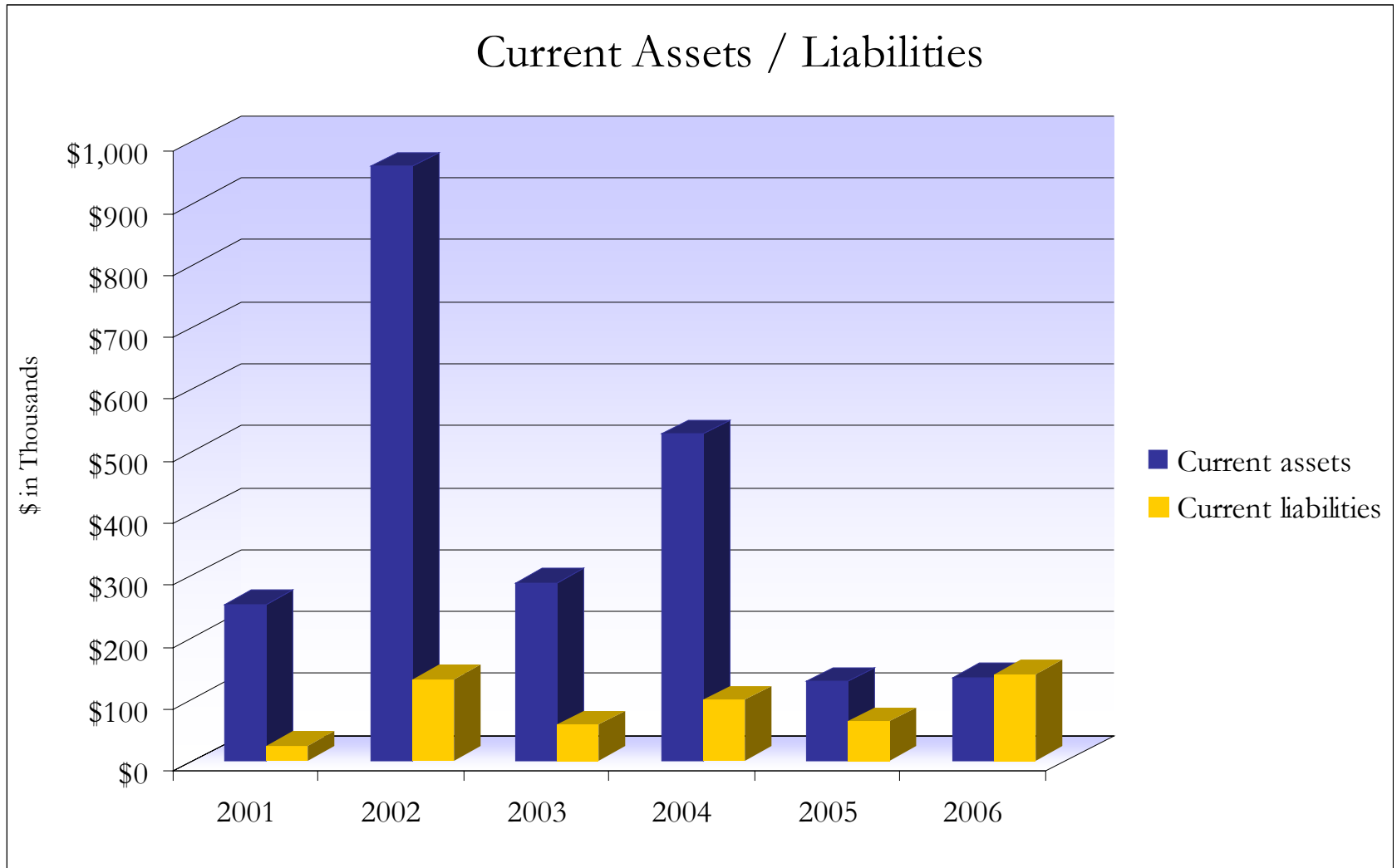
BERGEN THEATER: HEALTH OF ASSETS



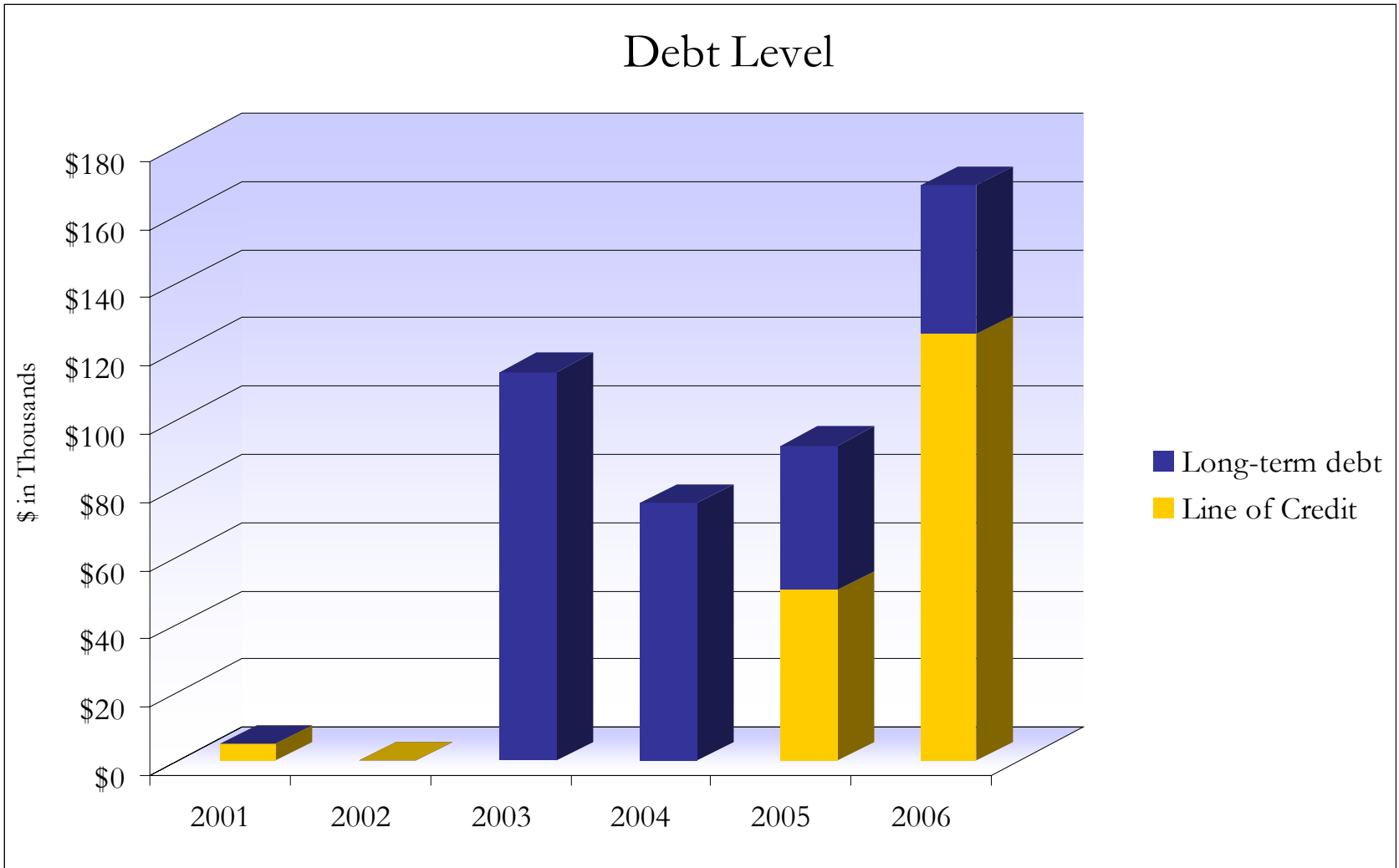
BERGEN THEATER: LIQUIDITY



BERGEN THEATER: LIQUIDITY

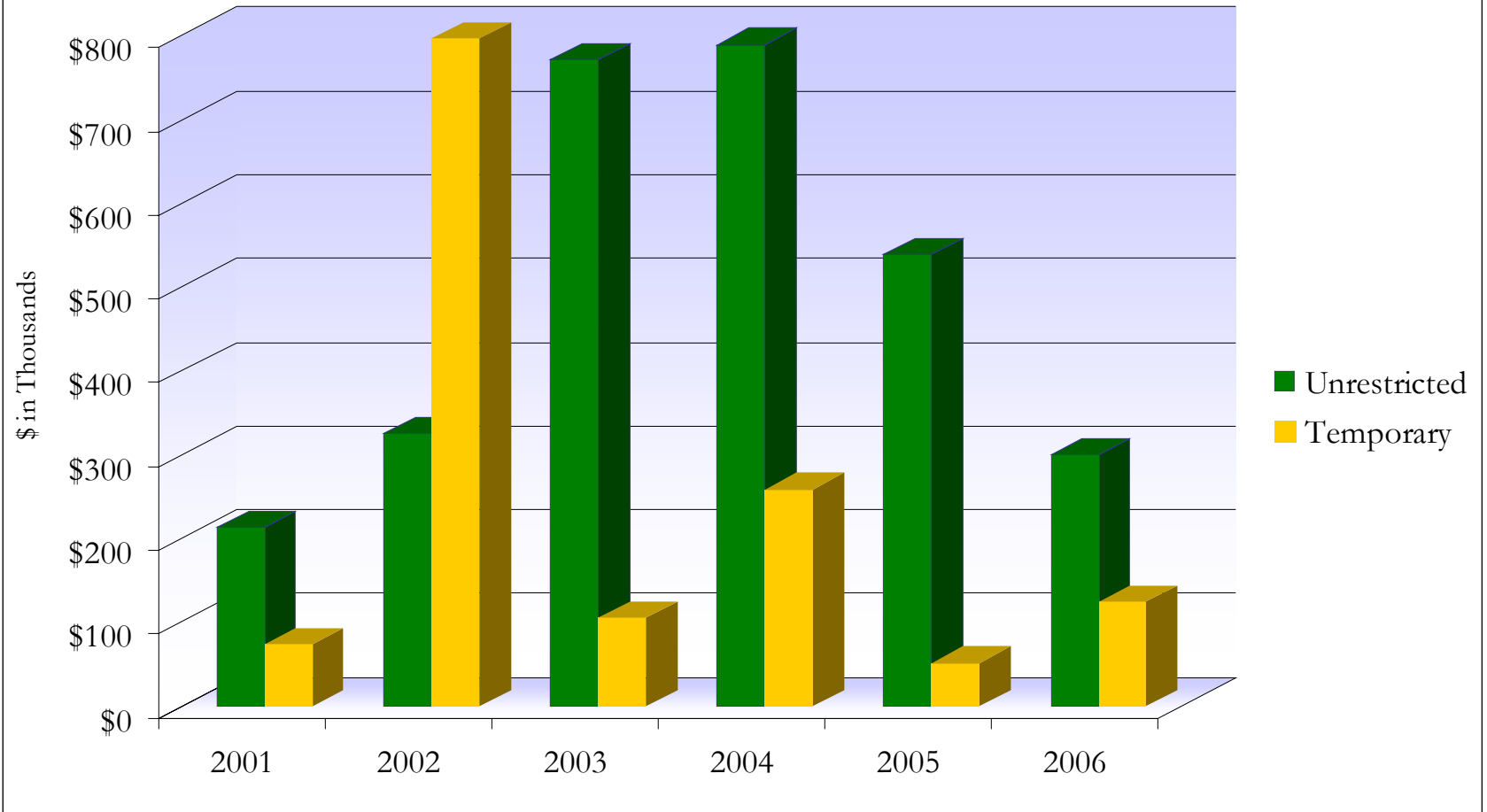


BERGEN THEATER: CAPITAL STRUCTURE



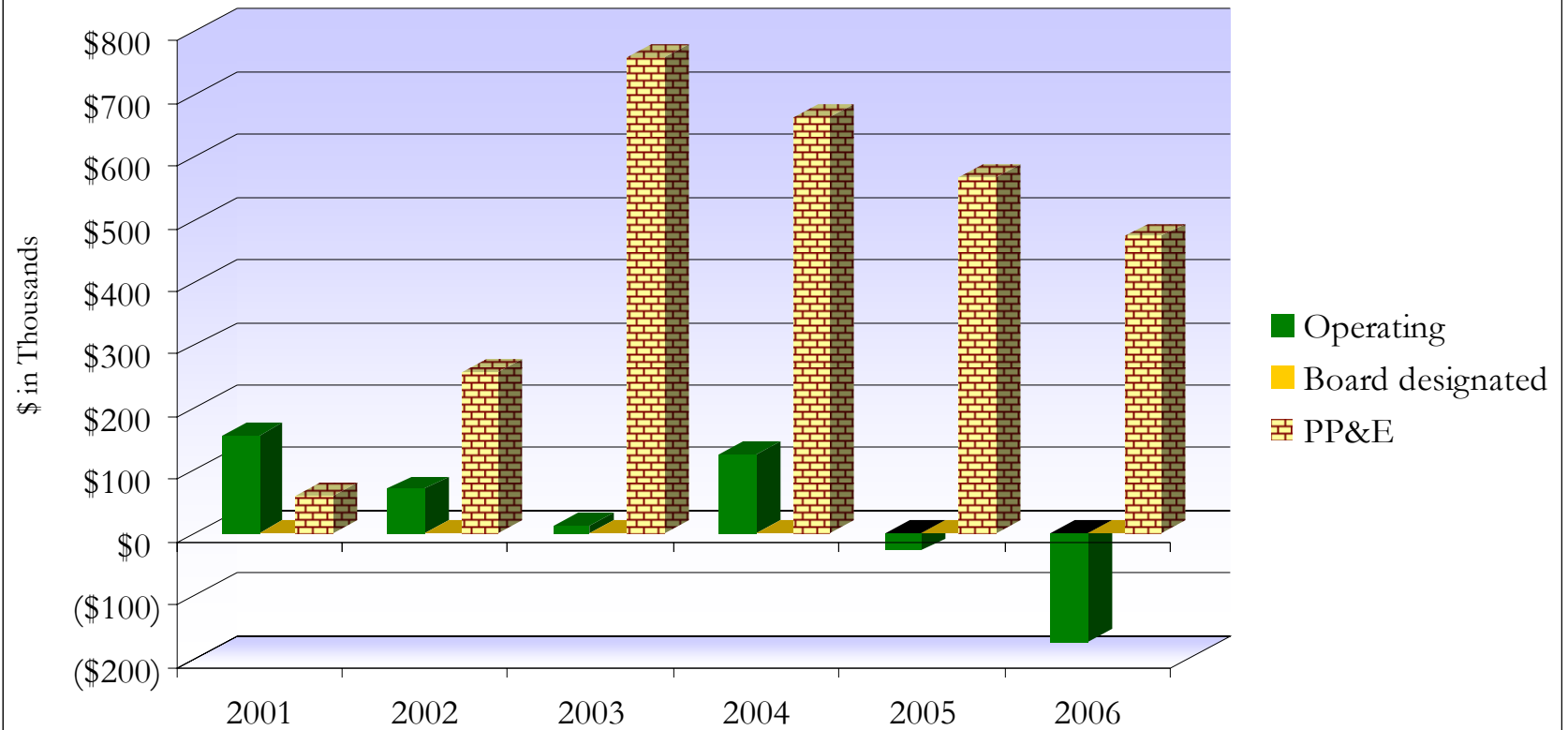
BERGEN THEATER: CAPITAL STRUCTURE

Net Assets & Restriction Level



BERGEN THEATER: CAPITAL STRUCTURE

Unrestricted Net Asset Composition



TAKEAWAYS



TAKE AWAY: NONPROFITS NEED PROFITS

- Many business choices are risky. A cash cushion can help manage this risk.
 - Risk Minus Cash Equals Crisis
- Surpluses need to be sufficient to:
 - Pay for the annual “wear-and-tear” of property, plant & equipment,
 - Finance investments in new fixed assets and/or improvements (that may not be fully financed through a capital campaign),
 - Cover any debt principal payments, and
 - Contribute to growth and savings.
- Surpluses are an indicator of good management and increasingly recognized as such by the funding community



TAKE AWAY: OWN YOUR NUMBERS

Making sound business choices requires:

- 1) Reliable, accurate and timely financial data
- 2) Understanding this data and using it to tell your financial story:
 - Transparently
 - *Without apology*



NFF ACROSS THE NATION

New England

New York

Greater Philadelphia, New Jersey & Delaware

Washington, DC-MD-VA

Detroit

Northern California

National Alliances (for clients outside NFF sites)



Contact:

Dione Alexander
Site Director, Midwest

Nonprofit Finance Fund
645 Griswold, Suite 2202
Detroit, MI 48226
(313) 965-9145 x12
Dione.alexander @nffusa.org

Learn more about us at www.nonprofitfinancefund.org

