



June 12-14
Pacific Grove, California
nativecdficonvening.org

2018 Native CDFI Capital Access Convening

*Bringing Native CDFIs, Funders, and
Investors Together to Bring Capital to
Native Communities*





Accounting Smackdown!



Presenter



Florence Ludka
Chief Financial Officer
First Nations Oweesta



Nonprofit Accounting Basics



Accounting is used to identify how much money is coming in and being spent.



Why is this important?



- Accurately predict cash flows
- Raise capital for lending and other projects
- Know if you can purchase equipment or hire a new staff member
- Grant applications
- Expansions



How do we do this?



Generate reports to show the organization's monetary transactions and net worth.



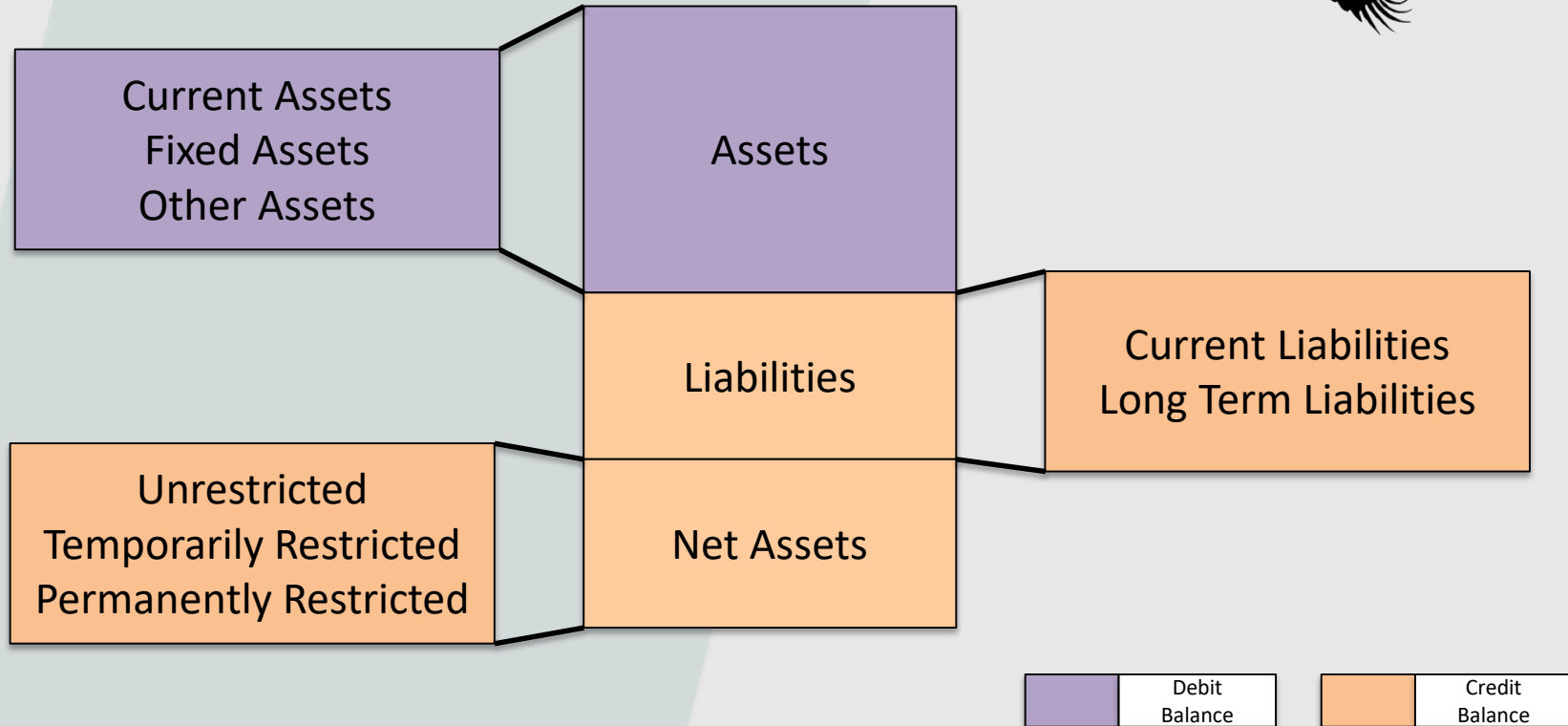
Balance Sheet (Statement of Financial Position)



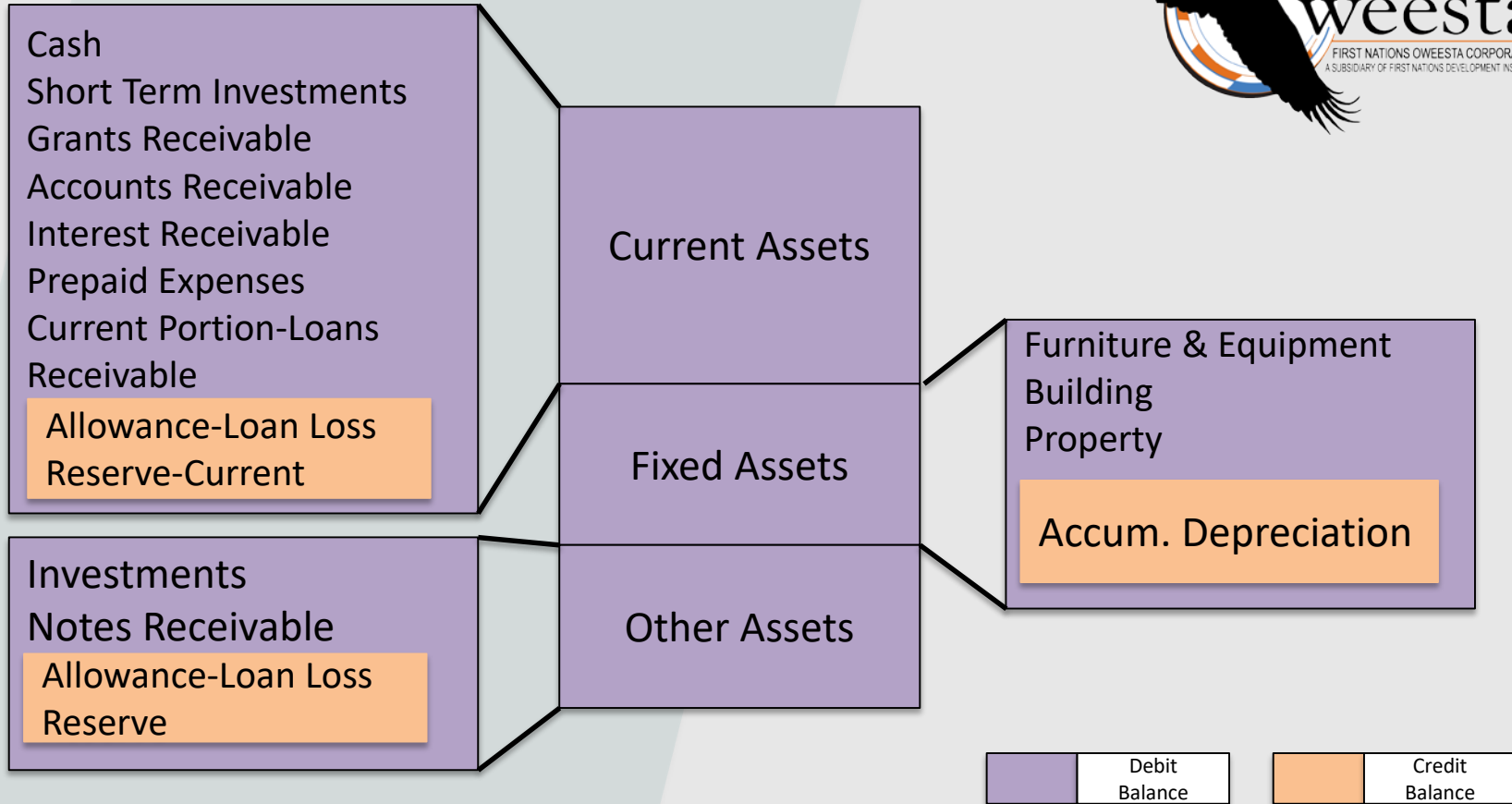
- Shows the organization's asset, liabilities, and net assets
- $ASSETS = LIABILITIES + NET\ ASSETS$
- $ASSETS - LIABILITIES = NET\ ASSETS$



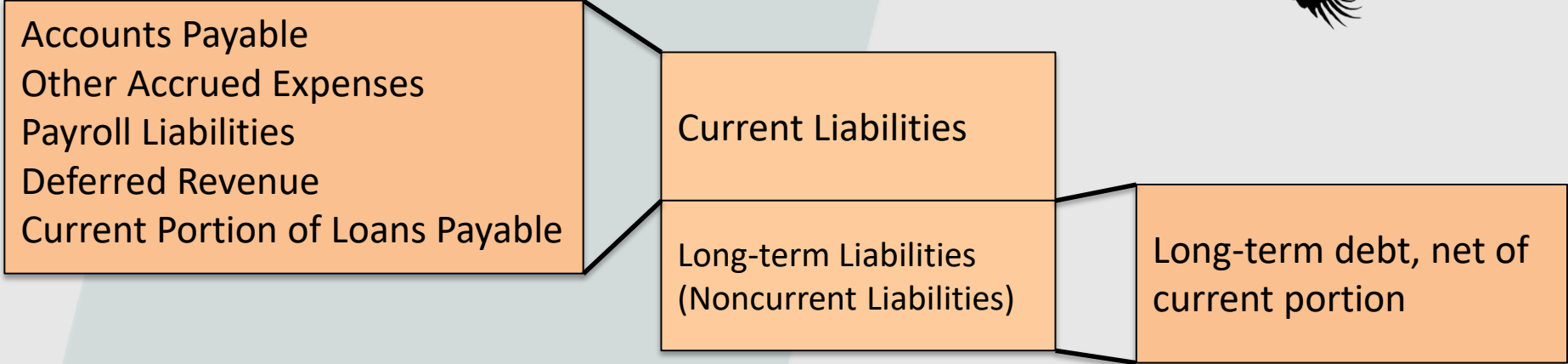
Statement of Financial Position



Assets



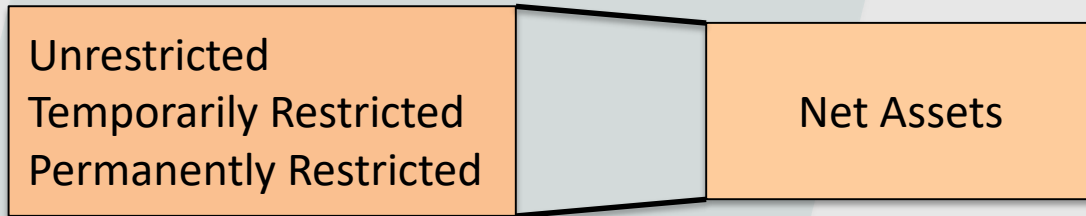
Liabilities



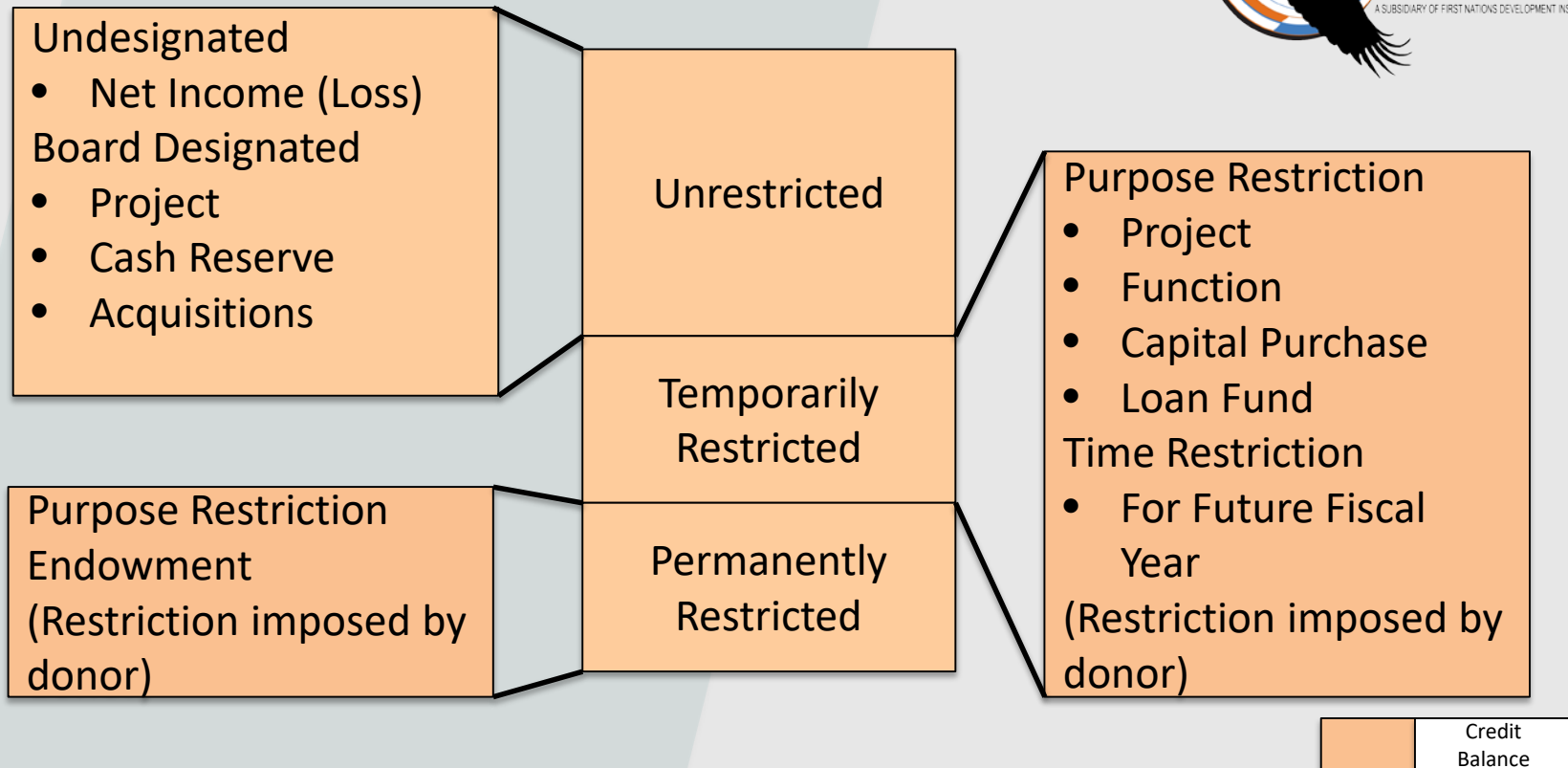
	Credit Balance
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Net Assets



Net Assets



Sample Balance Sheet



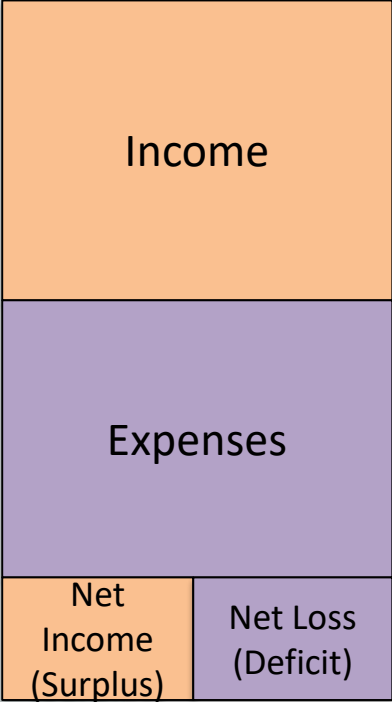
ORG NAME Statement of Financial Position as of [DATE]	Current Year				Notes	Prior Year
	Total To Date	Unrestricted		Restricted		
		Operations	Board Designated			
ASSETS						
Current Assets	50,000	25,000	15,000	10,000	A	42,000
Fixed Assets	20,000	-	20,000	-		20,750
Long Term Assets	-	-	-	-	B	
TOTAL ASSETS	70,000	25,000	35,000	10,000		62,750
LIABILITIES						
Current Liabilities	3,000	3,000	-	-		3,500
Long Term Liabilities	-	-	-	-		-
TOTAL LIABILITIES	3,000	3,000	-	-		3,500
NET ASSETS						
Unrestricted						
Undesignated	22,000	22,000	-	-		26,500
Board Designated	15,000	-	15,000	-	C	
Property, Plant & Equip	20,000	-	20,000	-		20,750
Temporarily Restricted	10,000	-	-	10,000		12,000
Permanently Restricted	-	-	-	-		
TOTAL NET ASSETS	67,000	22,000	35,000	10,000		59,250
TOTAL LIABILITIES & NET ASSETS	70,000	25,000	35,000	10,000		62,750
Note A (Narrative explanation)						
Note B (Narrative explanation)						
Note C (Narrative explanation)						



Income Statement (Statement of Financial Activities)



Income-Expenses=Net Income



Net Income if income is greater
or
Net Loss if expenses are greater

Debit Balance

Credit Balance



Sample Statement of Activities



RECOMMENDED SOA INTERNAL REPORT FORMAT

Show context: History; YTD; Budget; Forecast to year end; Explain variances

	ORG NAME	Prior Year Actual	Current Year to Date	Current Year Budget	% Budget to Date	Year End Forecast	Budget to YE Variance	Notes
	Statement of Activities							
Income by source	Earned Revenue							
	Contributed Revenue							A
	Released from Restriction (1)							
	Total Unrestricted Revenue							
Expenses by function / activity	Program Expense							B
	Development Expense							
	Admin Expense							
	Total Operating Expense							
	NET UNRESTRICTED INCOME							
Separate restricted	Restricted Contributions							C
	Released to Unrestricted							
	NET RESTRICTED INCOME							
	NET ALL ACTIVITY							
Narrative notes	Note A (Narrative explanation)							
	Note B (Narrative explanation)							
	Note C (Narrative explanation)							



Accounting Transactions (behind the scenes)



- A series of debits and credits
- Debits MUST equal credits
- A transaction may apply solely to the Statement of Position
- A transaction may apply to both the Statement of Position and Statement of Activities
- A transaction may not apply solely to the Statement of Activities
- Debits are always on the left and credits on the right
- Debits are always listed first
- Every transaction must have a description



Notes Receivable



<u>Account Description</u>	<u>Date</u>	<u>Debit</u>	<u>Credit</u>
Notes Receivable	05/01/2018	\$1,500	
Checking-Loan Fund	05/01/2018		\$1,500
<i>To record credit builder loan to Aandeg Anong</i>			
Checking-Loan Fund	06/01/2018	\$ 150	
Interest Income	06/01/2018		\$ 50
Notes Receivable	06/01/2018		\$ 100
<i>To record loan payment from Aandeg Anong</i>			



Fixed Assets



<u>Account Description</u>	<u>Date</u>	<u>Debit</u>	<u>Credit</u>
Computers and Software	01/01/2018	\$1,500	
Checking-General	01/01/2018		\$1,500
<i>To record purchase of HP Laptop</i>			
Depreciation Expense	12/31/2018	\$ 200	
Accumulated Depreciation	12/31/2018		\$ 200
<i>To record year 1 depreciation</i>			
Accumulated Depreciation	01/01/2019	\$ 200	
Loss on Disposal of Asset	01/01/2019	\$1,300	
Computers and Software	01/01/2019		\$1,500
<i>To record disposal of broken HP Laptop</i>			



Loan Loss Reserve



<u>Account Description</u>	<u>Date</u>	<u>Debit</u>	<u>Credit</u>
Loan Loss Reserve Expense	12/31/2018	\$ 300	
Loan Loss Allowance	12/31/2018		\$ 300
<i>Establish a loan loss reserve</i>			
Loan Loss Allowance	12/31/2018	\$ 300	
Bad Debt Expense	12/31/2018	\$ 700	
Notes Receivable	12/31/2018		\$1,000
<i>Write off loan from NimKii Makwa</i>			
Loan Loss Reserve Expense	01/01/2019	\$ 250	
Loan Loss Allowance	01/01/2019		\$ 250
<i>Re-establish loan loss reserve</i>			





Questions??





Interactive Exercise





Thank you!!!

