

# THE ESSENTIAL **REPORTS YOUR NONPROFIT NEEDS**



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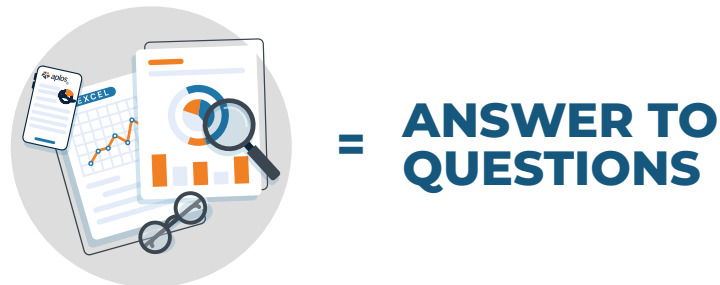
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## ESSENTIAL NONPROFIT REPORTS

Unlike businesses, nonprofits focus on accountability rather than profitability, which means you need to report in very specific ways. Essentially, nonprofit financial reports are answers to questions or a series of questions about your organization.



Some of those questions may include:

- ✓ How much money does your organization have?
- ✓ Where did the money come from?
- ✓ What is the money being used for?
- ✓ Do you have enough money set aside for your various programs or departments?
- ✓ How much money has each department spent out of their budget so far this year?
- ✓ Are you financially on track to stay within the budget you set for the year?
- ✓ How much money have you spent from the grant your organization received?
- ✓ What did you spend the grant money on?

A typical financial report is a collection of summarized data that answers these questions and more. That data is generated from the transactions you enter in your financial system based on the chart of accounts that you created.



## WHY FUND ACCOUNTING MATTERS

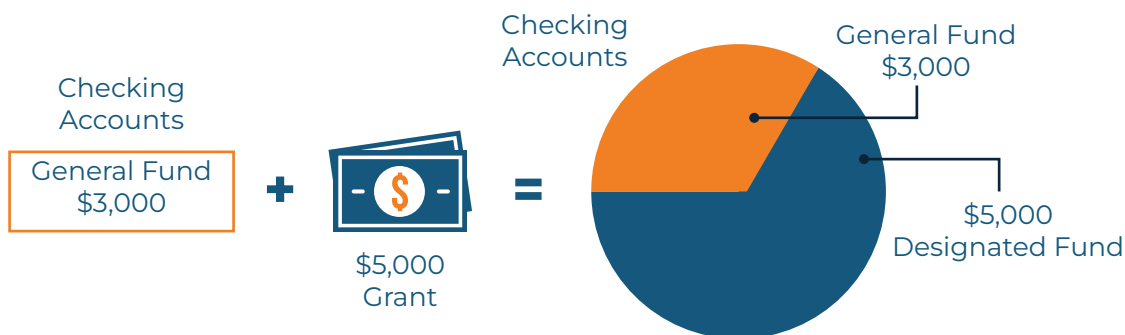
Nonprofits are able to get very specific answers to these questions primarily by using fund accounting as part of their chart of accounts. A fund is what your organization needs to set aside money for.

You can think of each fund like its own mini organization within the larger organization.



Typically, nonprofit organizations work with money that people have donated or given to them via a grant. When a nonprofit receives a grant or donation, they have a responsibility to track that money closely using fund accounting.

When someone designates their donation to a specific purpose in the nonprofit, such as a particular program, the organization needs to set aside that money for that purpose. The same idea would apply if the organization receives a grant that must be used in a certain way (and sometimes within a certain timeframe). The nonprofit also needs to set money aside for general expenses, such as rent, staff, and office supplies.



In this eBook, we will walk through the financial reports nonprofit organizations need. With a true fund accounting system, you will be able to generate the reports your organization needs quickly and easily.



The Essential Reports Your Nonprofit Needs

# THE REPORTS NONPROFITS NEED

## BALANCE SHEET

### BY FUND (STATEMENT OF FINANCIAL POSITION)

A Balance Sheet by Fund, sometimes referred to as a Statement of Financial Position, is similar to a typical business Balance Sheet, but it also contains columns that show a fund-specific breakdown, or it shows a breakdown of each fund on separate pages.

Note: There are ways to create workarounds to rig business accounting systems to mimic fund accounting. However, if you are unable to produce a Balance Sheet by Fund—with the asset, liability, and equity balance by fund—you are not using a true fund accounting system.

A Balance Sheet by Fund is extremely important for knowing where money is being held and how your overall fund balances are being calculated. It's a status of where your non-profit finances stand at a moment in time.

**BALANCE  
SHEET**

=

**WHERE YOUR NONPROFIT FINANCES  
STAND AT A MOMENT IN TIME**

As you can see on this Balance Sheet example, you are able to view the balances for the asset accounts, liabilities, and equity account per fund with its overall balance.

Account Number		Account Name	Amount
<b>Assets</b>			
1010		Savings	\$ 200,000.00
1020		Petty Cash	\$ 696,190.00
1100		Accounts Receivable	\$ 6,834.56
1200		Building	\$ 300,000.00
1210		Equipment	\$ 83,250.00
1220		Vehicles	\$ 49,333.33
Total Assets			\$ 1,335,607.89
<b>Liabilities</b>			
2000		Credit Card	\$ 15,000.00
2010		Accounts Payable	\$ 1,100.00
2020		Payroll Taxes Payable	\$ 100.00
2030		Payroll Benefits Payable	\$ 100.00
2150		Vehicle Loan	\$ 15,000.00
Total Liabilities			\$ 31,300.00
<b>Equity</b>			
3000		General Fund Balance	\$ 991,457.89
3100		Outreach Fund Balance	\$ 35,250.00
3200		Capital Campaign Fund Balance	\$ 206,100.00
3900		PPP Loan Fund Balance	\$ 9,000.00
330000		zzArchive - Grant Fund Balance	\$ 63,000.00




## BALANCE SHEET

### BY FUND (STATEMENT OF FINANCIAL POSITION)

Looking at the General Fund, you can see it has a balance of just over \$991,000. But where is that number coming from? Is it cash? An investment? Petty cash? A fixed asset? Is it money you have available to spend? The standard Balance Sheet doesn't tell you.

When you run a Balance Sheet by Fund, you can view the same Balance Sheet and totals to see exactly what is calculating each fund balance.

Nonprofits need to answer certain questions differently than businesses do. What money do you have? Where is it? How much can you spend? What's the status of a particular fund at any given time? All those questions can be answered on a Balance Sheet by Fund.

		Downtown Organization Balance Sheet by Fund as of 07/01/2022			
Account Number	Account Name	General	Outreach	Capital Campaign	Amount
<b>Assets</b>					
1010	Savings	\$ 0.00	\$ 0.00	\$ 200,000.00	\$ 200,000.00
1020	Petty Cash	\$ 572,340.00	\$ 39,250.00	\$ 10,100.00	\$ 621,690.00
1100	Accounts Receivable	\$ 6,834.56	\$ 0.00	\$ 0.00	\$ 6,834.56
1200	Building	\$ 300,000.00	\$ 0.00	\$ 0.00	\$ 300,000.00
1210	Equipment	\$ 83,250.00	\$ 0.00	\$ 0.00	\$ 83,250.00
1220	Vehicles	\$ 49,333.33	\$ 0.00	\$ 0.00	\$ 49,333.33
<b>Total Assets</b>		<b>\$ 1,011,757.89</b>	<b>\$ 39,250.00</b>	<b>\$ 210,100.00</b>	<b>\$ 1,261,107.89</b>
<b>Liabilities</b>					
2000	Credit Card	\$ 5,000.00	\$ 4,000.00	\$ 3,000.00	\$ 12,000.00
2010	Accounts Payable	\$ 100.00	\$ 0.00	\$ 1,000.00	\$ 1,100.00
2020	Payroll Taxes Payable	\$ 100.00	\$ 0.00	\$ 0.00	\$ 100.00
2030	Payroll Benefits Payable	\$ 100.00	\$ 0.00	\$ 0.00	\$ 100.00
2150	Vehicle Loan	\$ 15,000.00	\$ 0.00	\$ 0.00	\$ 15,000.00
<b>Total Liabilities</b>		<b>\$ 20,300.00</b>	<b>\$ 4,000.00</b>	<b>\$ 4,000.00</b>	<b>\$ 28,300.00</b>
<b>Equity</b>					
3000	General Fund Balance	\$ 991,457.89	\$ 0.00	\$ 0.00	\$ 991,457.89
3100	Outreach Fund Balance	\$ 0.00	\$ 35,250.00	\$ 0.00	\$ 35,250.00
3200	Capital Campaign Fund Balance	\$ 0.00	\$ 0.00	\$ 206,100.00	\$ 206,100.00
<b>Total Equity</b>		<b>\$ 991,457.89</b>	<b>\$ 35,250.00</b>	<b>\$ 206,100.00</b>	<b>\$ 1,232,807.89</b>

A Balance Sheet by Fund will clearly show each fund's assets, liabilities, and equity, and how those totals are being calculated. You can view the exact amounts for each of your funds as well as where that money is—in your checking account, savings, petty cash, etc.—without having to open multiple bank accounts or sift through multiple spreadsheets.

## INCOME STATEMENT

### BY FUND (STATEMENT OF FINANCIAL ACTIVITIES)


A Balance Sheet shows the status of where your nonprofit stands financially on a given day. An Income Statement shows where money is coming from and where it is going. An Income Statement by Fund, sometimes referred to as a Statement of Financial Activities, will look similar to a standard Income Statement (also known as a P&L or Profit & Loss Statement), but it will also have columns that show a fund-specific breakdown. An Income Statement tells the story of how money has been received and how it is being spent.

**INCOME  
STATEMENT**

=

**THE STORY OF HOW MONEY MOVES IN,  
OUT, AND THROUGH YOUR ORGANIZATION**

An Income Statement by Fund will show you not only the total income and expenses that have moved in and out of your organization, but it also shows you a breakdown of how that money is being moved through each of your funds.

 YOUR ORGANIZATION		Downtown Organization Income Statement by Fund for the period of 01/01/2022 to 07/26/2022		
Account Number	Account Name	General	Capital Campaign	Amount
<b>Income</b>				
4000	General Donations	\$ 450.00	\$ 0.00	\$ 450.00
4010	Designated Donations	\$ 0.00	\$ 100.00	\$ 100.00
Total Income		\$ 450.00	\$ 100.00	\$ 550.00
<b>Expense</b>				
5000	Salaries and Wages	\$ 2,200.00	\$ 0.00	\$ 2,200.00
5010	Employer Taxes	\$ 100.00	\$ 0.00	\$ 100.00
5020	Employer Benefit Contributions	\$ 100.00	\$ 0.00	\$ 100.00
5230	Permits and Filings	\$ 0.00	\$ 1,000.00	\$ 1,000.00
511001	Depreciation Expense	\$ 1,166.67	\$ 0.00	\$ 1,166.67
Total Expense		\$ 3,566.67	\$ 1,000.00	\$ 4,566.67
Net Income (Loss)		\$ (3,116.67)	\$ (900.00)	\$ (4,016.67)



INCOME STATEMENT

BY FUND (STATEMENT OF FINANCIAL ACTIVITIES)

The summary section at the bottom of the Income Statement by Fund in Aplos helps tie the Income Statement into the Balance Sheet figures for each fund. This section shows the fund balance as of the beginning of the date range you run the report, such as this year to date. It also includes a line item for Other Fund Balance Movements, which shows what has impacted the fund outside of income and expenses during that date range.

For example, if you did a fund transfer, the income and expenses would remain the same because the cash balance didn't move, but this line would show the reallocation of money that was moved from a different fund.

This report also displays the Net Income (or Net Loss) for each fund as well as the Ending Fund Balance.


Summary			
Beginning Fund Balance	\$ 994,574.56	\$ 207,000.00	\$ 1,201,574.56
+ Other Fund Balance Movements	\$ 0.00	\$ 0.00	\$ 0.00
+ Net Income / (Loss)	\$ (3,116.67)	\$ (900.00)	\$ (4,016.67)
= Ending Fund Balance	\$ 991,457.89	\$ 206,100.00	\$ 1,197,557.89

## BUDGET BY FUND REPORT

Once you create a budget in Aplos, you can run a Budget by Fund report. You can filter by the funds you want to see on the report, such as your General Fund or Grant Fund. Then you can compare your budget to actuals for each of your funds and view those actuals in relation to your organization's overall budget to know if you are staying within the budget you set.

This allows your organization to see where you may need to cut back on spending in certain areas, potentially reallocate funds if they are unrestricted, or make a larger purchase if revenue has exceeded your expectations.

Depending on the type of budgeting your organization does, you may also be able to revise your budget throughout the year as needed.

		Downtown Organization Budget by Fund for the period of 01/01/2022 to 07/26/2022		General ^
Account Number	Account Name	Actual	YTD Budget	Difference
<b>Income</b>				
4000	General Donations	\$ 450.00	\$ 1,750.00	\$ (1,300.00)
<b>Total Income</b>		<b>\$ 450.00</b>	<b>\$ 1,750.00</b>	<b>\$ (1,300.00)</b>
<b>Expense</b>				
5000	Salaries and Wages	\$ 2,200.00	\$ 0.00	\$ 2,200.00
5010	Employer Taxes	\$ 100.00	\$ 0.00	\$ 100.00
5020	Employer Benefit Contributions	\$ 100.00	\$ 0.00	\$ 100.00
511001	Depreciation Expense	\$ 1,166.67	\$ 0.00	\$ 1,166.67
<b>Total Expense</b>		<b>\$ 3,566.67</b>	<b>\$ 0.00</b>	<b>\$ 3,566.67</b>
<b>Total</b>		<b>\$ (3,116.67)</b>	<b>\$ 1,750.00</b>	<b>\$ (4,866.67)</b>
<b>Summary</b>				
Beginning Fund Balance		\$ 994,574.56		
+ Other Fund Balance Movements		\$ 0.00		
+ Net Income / (Loss)		\$ (3,116.67)		
<b>= Ending Fund Balance</b>		<b>\$ 991,457.89</b>		



# CONTRIBUTION STATEMENTS

In addition to standard financial reports, nonprofits also need to be concerned with donor management and donation tracking. Most nonprofit organizations rely on donations, which means they will need to generate summarized or itemized reports of how much money people gave to the organization during the year and which funds people donated to. Contributions should be marked as tax-deductible or non-deductible, and that information is used to generate contribution statements for donors and their tax purposes.

In Aplos, you can generate contribution statements by running a Donations by Contact or Donations by Household report. You can run them annually, quarterly, or otherwise, and you can easily print or email them. It is a huge advantage of having your donor database, donations, and accounting all in the same system.

Downtown Organization Donations by Contact for the period of 01/01/2022 to 07/26/2022										
Name	Household	Date	Note	Contribution Note	Reference ID	Account	Fund	Purpose	Donation Amount	Total
Alex Acree		07/01/2022				4200 - Fundraiser	General Fund	Car wash	\$ 100.00	\$ 100.00
									\$ 100.00	\$ 100.00
Aplos Company		06/30/2022				4200 - Fundraiser	General Fund	Car wash	\$ 600.00	\$ 600.00
									\$ 600.00	\$ 600.00
Jane Doe		06/15/2022				4200 - Fundraiser	General Fund	Car wash	\$ 500.00	\$ 500.00
									\$ 500.00	\$ 500.00
John Doe		06/01/2022				4200 - Fundraiser	General Fund	Car wash	\$ 100.00	\$ 100.00
									\$ 100.00	\$ 100.00
<b>Total</b>									<b>\$ 1,300.00</b>	<b>\$ 1,300.00</b>

TAG-BASED

REPORTS

In addition to a customized chart of accounts and funds, tags in Aplos allow you to implement more granular tracking to see detailed information on your reports and better understand your organization’s financial health.

Sometimes referred to as classes in other software, tags are a way of further categorizing transactions for reporting without overwhelming your chart of accounts with an unnecessary amount of funds that can make your COA unwieldy. Tags capture additional income and expense details so you can quickly filter that information on your reports, allowing you to dive into more granular data.

Like funds, tags add dimensionality to your chart of accounts. If a traditional business COA is a vertical column, then a fund accounting system adds a dimension to be more like a spreadsheet with multiple columns. Adding tag layers creates depth to the spreadsheet so it would be more like a cube.

Standard Chart Of Accounts

Asset
Liability
Equity
Income
Expense

Fund Accounting Chart Of Accounts

General Fund	Grant Fund	Outreach Fund
Asset	Asset	Asset
Liability	Liability	Liability
Equity	Equity	Equity
Income	Income	Income
Expense	Expense	Expense



Fund Accounting Chart Of Accounts With Tags

Now you can generate reports in any combination of accounts, funds, and tags to get the exact information you are looking for. Each vantage point will allow you to view a different segment of the data.

## TAG-BASED REPORTS



As you look at your organization's chart of accounts, your assets are real money you have, and your liabilities are real money you owe, while equity refers to the amount of money you have available.

$$\text{ASSETS} - \text{LIABILITIES} = \text{EQUITY}$$

Your income and expenses tell the story of how money is coming into and going out of your organization. Did your money come from donations, grants, other revenue, etc.? What did you spend your money on?

Funds explain which income and expenses went through each area, demonstrating accountability for how your money is used.

Tags then allow you to tell the story of what happened in further detail, such as where money came from by department, location, event, campaign, etc.



## TAG-BASED REPORTS

For example, if you have one credit card account but multiple credit card holders, you may want to run a report that tracks who has what expenses. You don't want to create a separate liability account to track each card holder as a liability because it's a single credit card account with one balance. It's a single liability, but each card holder contributes to the balance that needs to be paid off. If you want to quickly filter who spent what, tag reports can help you do that.

### Common Tags:

- ✓ Fundraisers
- ✓ Campaigns
- ✓ Departments
- ✓ Locations
- ✓ Credit Card Holders
- ✓ Projects
- ✓ Staff Members
- ✓ Events
- ✓ Revenue-Generating Activities
- ✓ 990 Expenses

**Note:** *If an income or expense holds a balance and needs to be monitored on an ongoing basis, that should be a fund. A tag does not carry a balance.*

## TAG STATEMENT

A Tag Statement shows a summary of the total amount of income minus expenses by tag during the date range you specify, such as this month to date.

For example, you can create a tag for events and view at a glance the total net income (or loss) for each of your events.

Clicking on the total amount allows you to drill down to the Income Statement by Tag.

		Downtown Organization Tag Statement Fundraisers for the period of 01/01/2022 to 07/26/2022	
Tag Number	Tag Name	Amount	
101	Fall Fundraiser	\$ 1,300.00	
102	Spring	\$ 4,000.00	
103	Winter	\$ 5,000.00	
Net Income (Loss)		\$ 10,300.00	

**Note:** Tag reports will only include transactions where tags have been used. If someone did not categorize the transaction using a tag, that activity will not show up on the report. In Aplos, transactions will always need an account and fund. By default, applying a tag is optional, but your organization may opt to require tags for transactions.



## INCOME STATEMENT BY TAG

An Income Statement by Tag will look similar to an Income Statement by Fund, with income and expense accounts and transactions categorized by tag during the time period you choose, such as this year to date.

If you would like to see what has been received and spent by team, for example, you would create a tag for teams. An Income Statement by Tag then allows you to view how much money in a fund has been attributed to each of your teams, as well as the breakdown of the income and expenses by team.


		Downtown Organization Compare Income Statement by Fundraisers for the period of 01/01/2022 to 07/26/2022			
Account Number	Account Name	Fall Fundraiser	Spring	Winter	Amount
<b>Income</b>					
<u>Income</u>					
4000	General Contributions	\$ 0.00	\$ 4,000.00	\$ 0.00	\$ 4,000.00
4200	Fundraiser	\$ 1,300.00	\$ 0.00	\$ 5,000.00	\$ 6,300.00
Total Income		\$ 1,300.00	\$ 4,000.00	\$ 5,000.00	\$ 10,300.00
Total Income		\$ 1,300.00	\$ 4,000.00	\$ 5,000.00	\$ 10,300.00
<b>Expense</b>					
<u>Administrative Expenses</u>					
5020	Rent	\$ 400.00	\$ 100.00	\$ 0.00	\$ 500.00
Total Administrative Expenses		\$ 400.00	\$ 100.00	\$ 0.00	\$ 500.00
<u>Facilities Overhead</u>					
5500	Utilities	\$ 0.00	\$ 0.00	\$ 200.00	\$ 200.00
Total Facilities Overhead		\$ 0.00	\$ 0.00	\$ 200.00	\$ 200.00
Total Expense		\$ 400.00	\$ 100.00	\$ 200.00	\$ 700.00
Totals		\$ 900.00	\$ 3,900.00	\$ 4,800.00	\$ 9,600.00

## BUDGET TO ACTUAL BY TAG

A Budget to Actual report allows you to see the actual income and expenses alongside your budgeted numbers to see how they compare during a set period.

Using the team tag example from the previous report, each team would have its own page on the Budget to Actual Tag report, and you would be able to view the income, budget to actuals, budget percentage, and annual budget for each of your teams.

Once you enter a budget for what you expect to receive and spend for each team, you will then be able to compare transactions during a time period, such as this year to date, to see how closely each team is sticking to its budget.



Downtown Organization  
Budget by Fundraisers  
for the period of 01/01/2022 to 07/26/2022

Fall Fundraiser ^

Account Number	Account Name	Actual	YTD Budget	Difference
Income				
<u>Income</u>				
4200	Fundraiser	\$ 1,300.00	\$ 1,166.69	\$ 133.31
Total Income		\$ 1,300.00	\$ 1,166.69	\$ 133.31
Total Income		\$ 1,300.00	\$ 1,166.69	\$ 133.31
Expense				
<u>Administrative Expenses</u>				
5010	Office Expenses	\$ 0.00	\$ 58.31	\$ (58.31)
5020	Rent	\$ 400.00	\$ 116.69	\$ 283.31
Total Administrative Expenses		\$ 400.00	\$ 175.00	\$ 225.00
Total Expense		\$ 400.00	\$ 175.00	\$ 225.00
Total		\$ 900.00	\$ 991.69	\$ (91.69)

The Essential Reports Your Nonprofit Needs

# STREAMLINE YOUR REPORTING

We hope this eBook has been helpful for you to understand what reports nonprofit organizations need and why those reports are essential.

Simplify your nonprofit's reporting while generating all the details your board is asking for when you use Aplos, a true fund accounting system.

**TRY IT FREE  
FOR 15 DAYS.**

