

Understanding Financial Statements

Balance Sheet

What is a Balance Sheet? – A Balance Sheet will show you how much money you have in each of your bank accounts. This will show you the coop's total *assets*. The Balance Sheet also shows you all your *liabilities*, including loans and equity. Think of this document as an overview that compares *what you have* vs. *what you owe*.

What to look for:

- Cash – Operating Account
- Cash – Capital Reserve Account
- Cash – Tax Escrow Account

General Ledger

What is a General Ledger? – The General Ledger shows you details of all transactions that are coming in and out of your accounts.

What to look for:

- Tax Escrow Funding – How much you are putting into your account?
- Capital Reserve Funding – How much you are putting into your account?
- Capital Reserve Withdrawal – Were any funds taken out of the account to use?

Budget Comparison Report

What is a Budget Comparison Report? – The Budget Comparison Report compares what you are spending / incurring monthly as it compares to your annual budget. This can be helpful if you are looking to track spending over long-term.

What to look for:

- Total Income
- Total Expenses
- Operating Net Income – Do you have a surplus or a deficit?

With this information, you should share why your coop has a net surplus or deficit.

Were there any changes to spending or income that should be noted to your membership?

If Tax Escrow was not transferred, explain why.

Were there any capital reserve expenses that affected your budget? Explain what those were. Your membership should be aware of these.

Accounts Receivable Report

What is an Accounts Receivable Report? – The Accounts Receivable Report shows you how much is owed to the co-op (i.e. late rent). This report shows you the names, address / unit, the current and total amounts owed in late lot rent.

What to look for:

- Are the same individuals showing up every month?
- Are rule violations being sent out through your property management company?
- Does the board need to make a payment plan for members with a significant amount owed?

Remember, this is personal information and should be discussed in executive session.

Other Things to Report On (Not in Monthly Financial Statements)

- Number of Occupied Homes
- Number of Vacant Homes
- Number of Vacant Lots
- Number of Homes for Sale
- Pending Applications

These are good tools to show why you might not be receiving rent. Though boards should never provide personal, private, or legal information to membership, the members do have the right to know how many homes and lots are vacant / to be filled.

Not Sure? Ask Questions!

Every bookkeeper might account for items differently. This means that you may see some deficits, where there should be a surplus. An example of this might be on your Capital Reserve Account. These get credited and debited annually to account for those line items. If you are confused about any line item in your monthly financials, check in with your coach and / or your property management service provider.