



Community treasurers

Session two: Reporting and Financial Strategy

Presenter: Nina Laitala, Institute of Community Directors

Check in

Quick introduction (name and organisation)

1. What aspect of last week's workshop did you think about the most during the week?
2. What prompted more research?
3. What did you feel confident about in your own organisation after last week?

Session 2: Reporting and Financial Strategy

- Financial reporting
- Budgeting and planning
- Risk management

Reporting

What's the story behind the numbers?

1. Context is everything
2. Control the narrative
3. A picture is worth more than a thousand words

When presenting finance reports (profit and loss (budget vs actuals), balance sheet and cash flows), the focus should be:

- What's the trend (this month vs last, this year vs last)?
- Are we on budget? Where are the biggest variances?
- What's our cash position? Do we have enough to cover liabilities?
- Are reserves growing, shrinking, or stable?
- Any unusual items or red flags (e.g. overspends, delayed income)?

Balance Sheet ABC Company Inc.

Dec. 31, 201X

Assets	
Current Assets	
Cash	7,314
Accounts receivable	
Inventory	5,560
Prepaid expenses	
Short-term investments	
Total current assets	12,874
Fixed (Long-Term) Assets	
Long-term investments	2,310
Property, plant, and equipment	14,442
(Less accumulated depreciation)	(2,200)
Intangible assets	
Total fixed assets	14,552
Other Assets	
Deferred income tax	
Other	
Total Other Assets	-
Total Assets	27,426
Liabilities and Owner's Equity	
Current Liabilities	
Accounts payable	9,060
Short-term loans	
Income taxes payable	3,349
Accrued salaries and wages	
Unearned revenue	
Current portion of long-term debt	
Total current liabilities	12,409
Long-Term Liabilities	
Long-term debt	3,450
Deferred income tax	
Other	
Total long-term liabilities	3,450
Owner's Equity	
Owner's investment	6,000
Retained earnings	5,567
Other	
Total owner's equity	11,567
Total Liabilities and Owner's Equity	27,426

City of Overland Park Combining Statement of Revenues, Expenses, and Changes in Fund Net Position Proprietary Funds For the Year Ended December 31, 2015

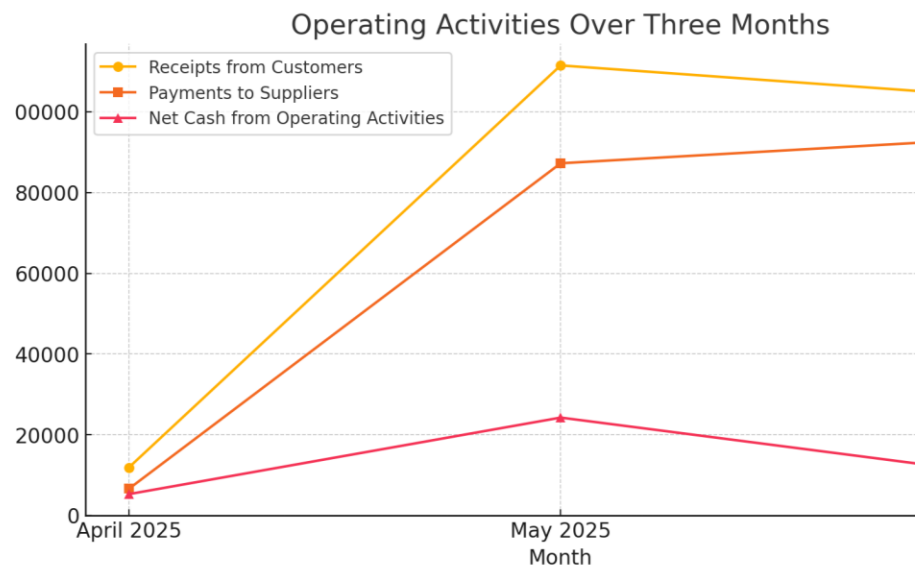
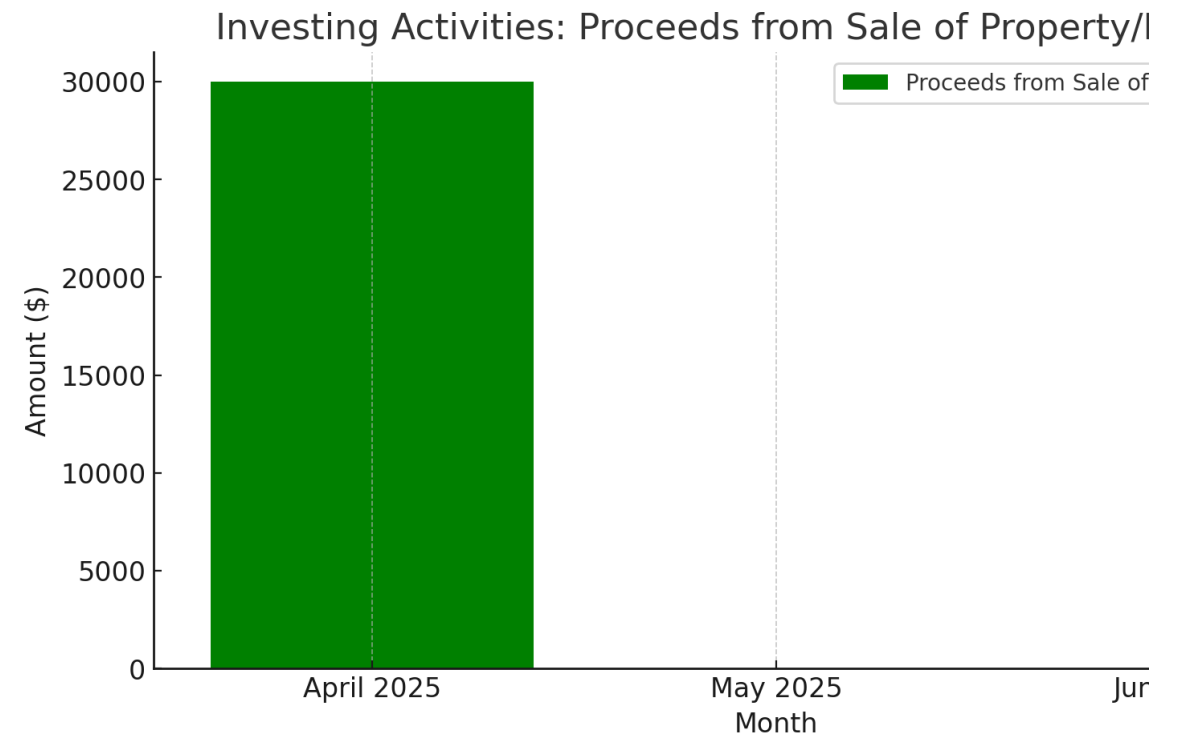
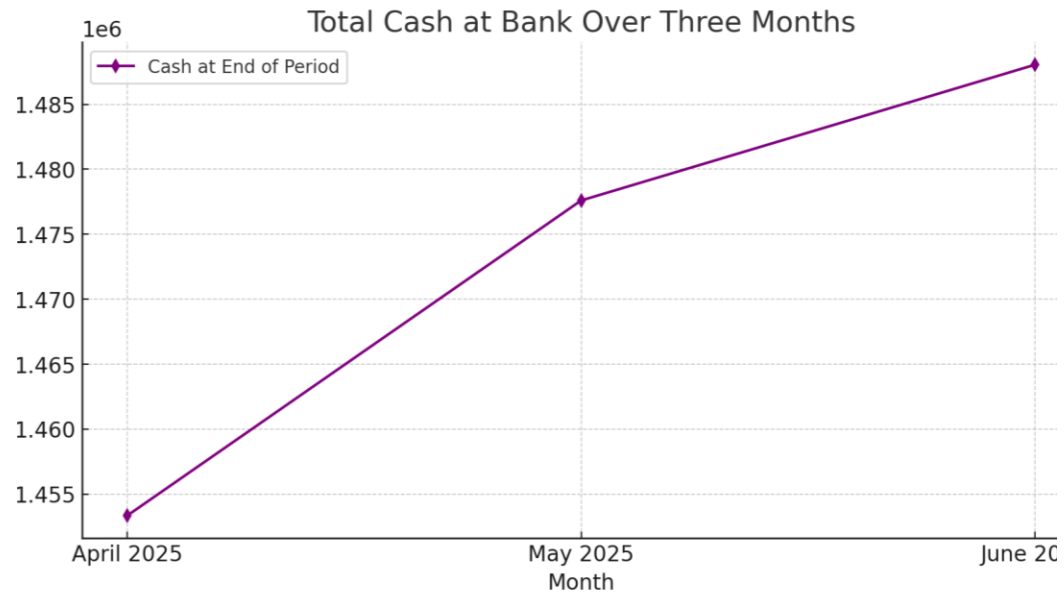
	OPDC	Total Nonmajor Enterprise Funds	Total Enterprise Funds	Governmental Activities Combined Internal Service Funds
Operating revenues:				
Charges for services	\$ 23,503,118	\$ 6,307,662	\$ 29,810,780	\$ 10,607,693
Other reimbursements	78,812	191,966	270,778	486,117
Total operating revenues	23,581,930	6,499,628	30,081,558	11,093,810
Operating expenses:				
Claims paid	-	-	-	12,460,919
Contractual services	-	-	-	(286,631)
Soccer operations	-	1,155,103	1,155,103	-
Golf course operations	-	4,191,913	4,191,913	-
OPDC Operations	18,887,779	-	18,887,779	-
Depreciation	2,449,378	-	2,702,222	-
Total operating expenses	21,337,157	5,599,860	26,937,017	12,174,288
Operating income (loss)	2,244,773	899,768	3,144,541	(1,080,478)
Nonoperating revenues and (expenses):				
Interest earned on investments	16,620	12,244	28,864	41,088
Loss on disposal of capital assets	-	(249)	(249)	-
Interest and amortization expense on long term debt	(5,797,658)	-	(5,797,658)	-
Total nonoperating revenue (expenses)	(5,781,038)	11,995	(5,769,043)	41,088
Income (loss) before transfer	(3,536,265)	911,763	(2,624,502)	(1,039,390)
Transfers in	3,415,446	117,961	3,533,407	100,000
Transfers out	-	(567,160)	(567,160)	-
Change in net position	(120,819)	462,564	341,745	(939,390)
Total net position-beginning of year	(45,265,009)	4,413,929	(40,851,080)	4,389,038
Total net position-end of year	\$ (45,385,828)	\$ 4,876,493	\$ (40,509,335)	\$ 3,449,648

The accompanying notes are an integral part of the basic financial statements.

Statements of cash flows

April 2025 – June 2025

Category	April 2025	May 2025	June 2025	Total (3 Months)
OPERATING ACTIVITIES				
Receipts from Customers	\$11,885	\$111,500	\$103,833	\$227,218
Payments to Suppliers	\$6,601	\$87,251	\$93,388	\$187,240
Net Cash from Operating Activities	\$5,284	\$24,249	\$10,445	\$39,978
INVESTING ACTIVITIES				
Interest Received	\$0	\$0	\$0	\$0
Proceeds from Sale of Property/Equipment	\$30,000	\$0	\$0	\$30,000
Proceeds from Sale of Investments	\$0	\$0	\$0	\$0
Net Cash from Investing Activities	\$30,000	\$0	\$0	\$30,000
FINANCING ACTIVITIES				
Net Increase/Decrease for the Period	\$35,284	\$24,249	\$10,445	\$69,978
Cash at Beginning of Period	\$1,418,063	\$1,453,347	\$1,477,596	-
Cash at End of Period	\$1,453,347	\$1,477,596	\$1,488,041	\$1,488,041
CASH AT BANK				
Operating Accounts and Petty Cash	\$70,011	\$72,000	\$73,000	\$73,000
Savings Maximiser	\$567,008	\$575,596	\$580,041	\$580,041
Term Deposit	\$830,000	\$830,000	\$830,000	\$830,000
Total Cash at Bank	\$1,467,019	\$1,477,596	\$1,488,041	\$1,488,041



Financial summary

What does the board need to know and why?

What's going well?

What to look out for?

How are we progressing our purpose?

Sustainability considerations

- Key variances
- Issues with cash flow in the future
- Operational concerns
- Fundraising considerations
- Link to strategy
- Long term budget and financial planning implications

Breakout rooms

Finance packs

How would you explain these reports to the board in 2 minutes?

“The big picture is...”

“What this means for us is...”

“The main risks/opportunities are...”

“The decision the board needs to make is...”





See you in 10 minutes

Planning

What kind of financial planning does your board do?

Budget

Business plan

Operational plan

Strategic plan
Outlines the high-level: **why and how**

Business or financial plan
Outlines the high-level: **why and how much**

Operations plan
Outlines the fine detail: **what, who and when**

Budget
Estimates the income and expenses of activities

Program budget

Program budget

Program budget

How do you develop a budget?

- Gather past financial performance if you have it
- List the activities and all associated costs
- Break your information into categories:
 - Revenues/income
 - Costs/expenses
 - Fixed (which do not change, such as monthly internet bills or regular confirmed funding)
 - Variable (which do change, such as catering costs or fees for service)
- Factor in risks and contingencies



Elements of a good budget

- Realistic – based on past performance along with future projections & opportunities (if you don't have history it should be conservative)
- Balanced, or shows positive financial health
- Developed as a board-staff partnership including manager input at appropriate levels
- Organised in line with financial statements - line items match for consistent reporting
- Includes supportive services & program budgets
- Projects cash flow
- Adopted before financial year starts and revised if needed



Presenting the budget

Communication

Context

Clarification



Assumptions



Key differences



Line items (income and expenses categories)



Risks



Opportunities



Certainty

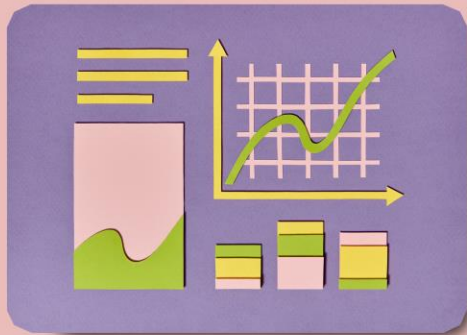
Breakout room challenge

As the treasurer, you're preparing the **2025/2026 budget** when two significant challenges arise:

- **Insurance expense increase:** Insurance premiums are projected to significantly increase, raising the expected annual insurance expense from \$35,000 to \$52,500 due to anticipated regulatory changes and market conditions. This increase is unavoidable and must be factored into the upcoming budget.
- **New strategic program:** The organisation is launching a new program that directly supports a critical strategic goal. The program will receive dedicated funding for only the first six months of the 2025/2026 financial year. After that, the organisation must cover its costs internally to sustain progress toward this strategic goal.

1. How would you adjust the 2025/2026 budget to accommodate both the insurance premium increase and the new program's ongoing costs?
2. Which areas could be reduced, deferred, or reallocated to cover these additional expenses?
3. Would you consider increasing income targets, utilising reserves, or seeking additional grant funding?

AGM Reporting



Who are your members?



What do they need to know?



What do you share in the AGM pack?



What do you share at the AGM?

Reporting

Annual report

Treasurer's report

- Introduction
- What's the story of the year – different streams of income, major expenses, key financial decisions linked to strategy
- What's the impact been?
- Where are the surprise successes?
- What have been the challenges and how have we overcome them?
- Where are we headed?
- What are the potential challenges and opportunities over the next year?

Treasurer's report

This year, we maintained a strong financial position while continuing to deliver impactful programs.

Total Income: \$452,000 (↑ 12% from previous year)

Total Expenditure: \$437,500 (↑ 8% from previous year)

Surplus: \$14,500

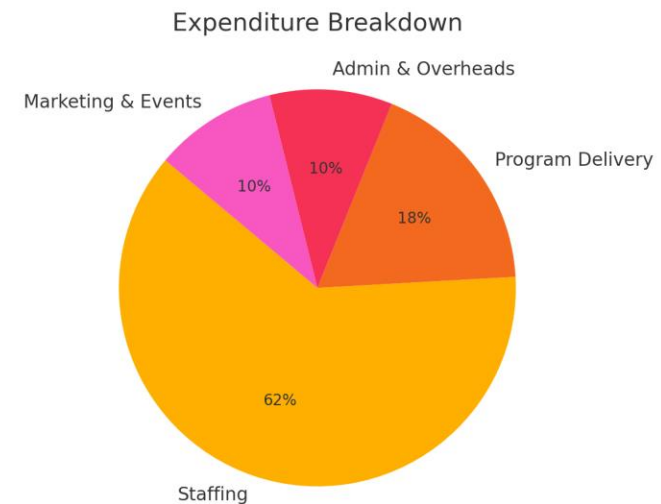
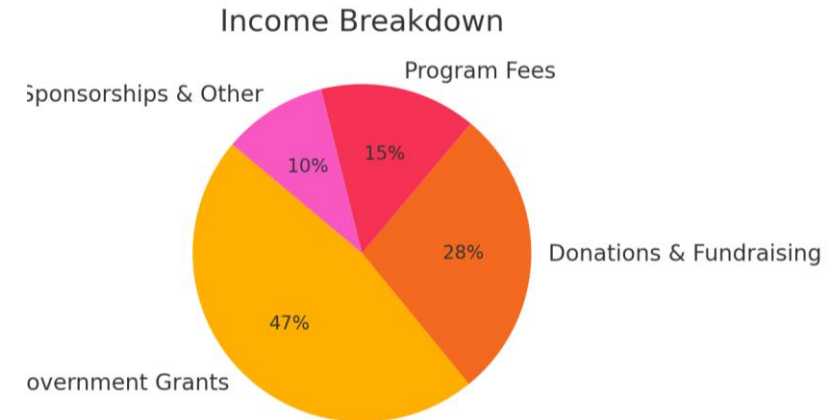
Reserves: \$78,000 (6 months of operating expenses)

Key Highlights:

- Secured 3-year funding agreement
- Grew donations by 22%
- Reduced overheads via tech upgrades & solar

Looking Ahead:

- Inflationary pressure under review
- Focus: financial resilience & income diversification



Financial risks facing not for profits

1. Funding dependency
2. Cash flow shortages
3. Funding non-compliance
4. Fraud or misuse of funds
5. Cybersecurity breaches
6. Rising operational costs
7. Loss of key donors/funders
8. Regulatory or tax changes
9. Unexpected service demands
10. Poor financial oversight or governance

Risk Matrix		Likelihood				
		E Rare	D Unlikely	C Possible	B Likely	A Almost Certain
Consequence	5 Extreme	Medium	High	High	Very High	Very High
	4 Major	Low	Medium	High	High	Very High
	3 Moderate	Low	Medium	Medium	High	High
	2 Minor	Low	Low	Medium	Medium	High
	1 Insignificant	Low	Low	Low	Low	Medium

Risk rating matrix

Risk	Likelihood	Impact	Priority	Controls/ mitigation
Funding dependency	High	Extreme	Very High	Actively pursuing new funding/income opportunities

1. Funding dependency
2. Cash flow shortages
3. Funding non-compliance
4. Fraud or misuse of funds
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Risk	Likelihood	Impact	Priority	Controls/ mitigation

Risk appetite and tolerance

The **risk appetite** statement outlines what kinds of risks the organisation is willing to take to grow, sustain services, or improve its impact.

The **risk tolerance** statement sets clear boundaries for how much financial loss or variance from the budget can be accepted before corrective action is taken.

Example risk appetite statement:

"Our organisation values financial caution while fulfilling our mission to serve vulnerable communities. We are open to moderate risks that support long-term sustainability and improve services, including carefully selected funding and partnerships. However, we have a low tolerance for risks that could harm core services, ethical standards, or financial stability. We avoid speculative investments or financial decisions that may endanger our ability to operate or deliver essential services."

Example risk tolerance statement:

"Our organisation maintains a low financial risk tolerance, aiming for a balanced budget and six months of cash reserves. We may accept temporary deficits if linked to mission-critical projects with clear plans for future fundraising or grants. Revenue variances of up to 10% annually are tolerable without immediate action. However, we do not tolerate risks that reduce reserves below three months or threaten core services."

Reporting

Audits

An audit “tests” every aspect of the organisation that has any kind of financial impact to ensure its fit for purpose and accurate.

Some areas that will be tested during an audit are:

- HR (employee contracts, time sheets, etc.)
- Difference between budget and deliverables
- Justification of performance year on year
- How the money was recognised in the accounts (month by month, or specific to program delivery flow).

Reporting Acquittals

- Keeping accurate records of the project/program
- Compare to the budget
- Demonstrate the impact
- Balanced
- Do it by the due date!

Compliance

What to consider

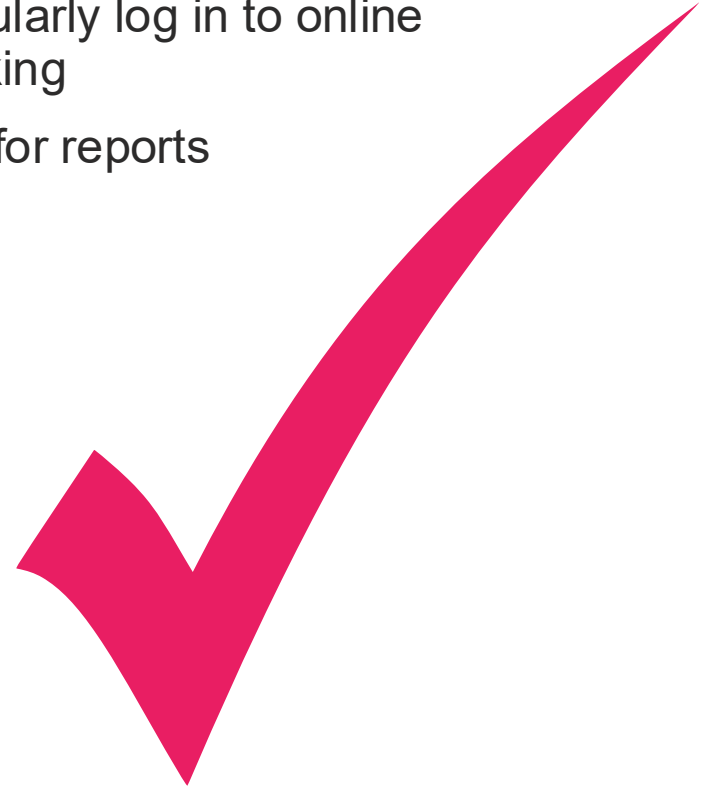
- the organisation's purpose
- funding agreements
- regulatory obligations
- fundraising regulations
- responsibility to members
- insurance obligations
- tax and superannuation requirements
- Common ACNC compliance issues include:
 - Missing cash flow statements.
 - Inconsistencies between the Annual Information Statement (AIS) and financial report.
 - Misclassification between general purpose and special purpose reports.

Establishing a schedule

- Built into the board calendar
- Delegate
- Sign up to sector newsletters to stay up to date with legislative changes
- Spread out the work

How will you know/validate?

- See the receipts/remittance
- Regularly log in to online banking
- Ask for reports



<https://www.communitydirectors.com.au/tools/compliance-checklist-for-nfp-and-community-board-treasurers>

Test your knowledge

1. How can telling the “story behind the numbers” improve the way your board engages with financial reports?
2. Reflecting on your own organisation, what financial risks do you think are most relevant right now—and why?
3. How can you ensure that financial planning (like budgeting and forecasting) supports both day-to-day operations and long-term strategy?
4. What can you do to strengthen financial transparency and accountability to members and/or funders?
5. How can you support the board to make informed financial decisions?

Reflection

Has today given you new ideas
around reporting?

What made you reconsider your
current approach today?



Next week...

Strategic planning and collaboration

- Financial planning and strategy development
- Relationship building with CEO and executive team
- Policies, procedures and continual improvement