

Good financial reporting

One of the key roles of being a Board member is to monitor the finances of the organisation.

It isn't something that Board members are often passionate about, however if the House isn't operating well and isn't financially healthy, it will greatly affect the outcomes for your community.

At NHT we are passionate about good financial reporting. We know that good simple reports against a budget help Board members and the organisation feel confident about how it is tracking, and occasionally highlight where change is needed.

Auditors

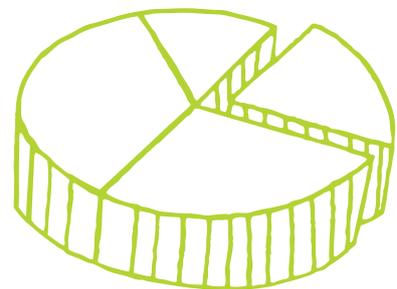
External auditors are independent people, usually from professional services firms, who are specifically employed by the organisation to provide audit services.

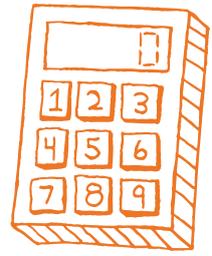
The process for appointment, reappointment and removal of external auditors is laid out in your Constitution.

There are three documents that record financial information on your organisation

1. **Budget:** an estimate of your finances for the coming year.
2. **Profit and Loss statement:** shows your income and expenditure for a certain period (month) or for the year to date
3. **Balance sheet:** is a list of assets and liabilities and provides a picture of the financial health of an organisation at a given moment

Financial reports presented to the Board should be user friendly and must compare spending against budget for each major grant and income source.





All Board members are responsible for the overall finances of the organisation.

Setting the Budget

A budget lets you know your current situation, and lets you look forward. It predicts the expenses you expect to pay and the income you hope to bring in. In order to plan a year of programs or events and to set goals, the House needs to know if its plans can be funded. Knowing how much money is available and allocating it accordingly is the role of the Board along with the manager.

The critical role of the Board is to then monitor how the budget is tracking.

Board reports

Financial reports presented to the Board should be user-friendly and must compare spending against budget for each major grant and income source.

We like the below 1 page visual snapshot as the core of a summary financial report. It compares "Time through year" as percentage and allows you to compare that with the right hand column, which shows as a percentage your actual expenses for the year to date versus the annual budgeted expenses. By comparing the two figures you can see how you're tracking. The report should then include explanations any deviations from budget including potential problem areas and recommendations on what to do.

Budget vs. Actual

As at 30/11/2018
Time through year
41.67%

41.67% means
5 months out
of 12 months

Grant	Annual Budgeted Income	YTD Income	Annual Budgeted Expenses	YTD Expenses	% YTD vs Budgeted Expenses
House	120,000.00	72,000.00	119,000.00	49,000.00	41.17%
Literacy	16,000.00	16,000.00	16,000.00	5,500.00	34.38%
Garden	10,000.00	5,000.00	10,000.00	12,000.00	120.00%

An example of what a one page summary could look like

