

FINANCIAL REPORTS

The following financial reports are extremely useful tools for an affiliate and its Board to understand its financial health and make projections. Further, if an affiliate applies for a grant, a funder may require submission of this financial data. Each type of report below has a link to a dummy example.

ACE National does need to collect the balance sheet and profit & loss for all affiliates in order to report to the insurance carriers and IRS. Please upload both documents in the affiliate section of the database when the final versions are prepared for your tax filing.

STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

This report is a snapshot of an affiliate's financial position at a point in time. The report summarizes an affiliate's assets, liabilities, and net assets at a specified date. Net assets are reported in terms of unrestricted, temporarily restricted, and permanently restricted assets.

To be in compliance, an affiliate must send ACE National a copy of its year-end Balance Sheet. The balance sheet for each affiliate needs to be shared with the insurance carrier to determine the exposure for financial coverage insurance.

STATEMENT OF ACTIVITY (PROFIT AND LOSS)

Also known as an income and expense statement, this report reflects an affiliate's financial activity over a period of time. It shows income minus expenses, which results in either a profit or a loss.

Affiliates annually must send ACE National a copy for their year-end P&L statement.

STATEMENT OF CASH FLOW

This report summarizes the resources that become available to an affiliate during the reporting period and the uses made of such resources. It is especially useful in real-time because it reports income that has been received and expenses that have been paid. For planning purposes, a statement of projected cash flow enables an affiliate and its Board to anticipate any shortfalls.



STATEMENT OF FUNCTIONAL EXPENSES

Functional expenses are reported by their functional classification. All nonprofit organizations are now required to report their expenses based on their functional classification and by the natural classification, as per [Financial Accounting Standards Board guidelines](#).

Nonprofit organizations report their expenses by both functional and natural class. Organizations record expenses according to these functional classifications:

PROGRAM

Program expenses are any costs related to running the various programs and services offered by a nonprofit organization, as per its mission. For established nonprofits, program expenses often make up the majority of their overall costs.

MANAGEMENT AND GENERAL

Management and general costs are supporting expenses associated with funding the day-to-day operations of the organization. These expenses don't directly relate to the mission of the nonprofit and usually include costs like governance, bookkeeping and management.

FUNDRAISING

Fundraising costs are supporting expenses associated with an organization's call for financial support or monetary contributions. This would include all expenses related to fundraising events, direct mail campaigns requesting donations and the salaries of