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Professional Services to Not-for-Profit Organizations

***ABC Nonprofit Theater Group
Board Package Sample***



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**ABC Nonprofit Theater Group
Board Package: As of September 30, 2007**

DATE: October 31, 2007
TO: MEMBERS OF THE FINANCE COMMITTEE
FROM: EXECUTIVE DIRECTOR
RE: FIRST QUARTER FINANCIAL RESULTS

The purpose of this memo is to summarize the fiscal year 2008 (FY 08) first quarter results of ABC Nonprofit Theater Group (ABC). Please find a copy of the following reports in this Board Package:

1. Budget-to-Actual Variance Report for the quarter ended September 30, 2007: Organization-Wide
2. Budget-to-Actual Variance Report for the quarter ended September 30, 2007: By Program
3. Statement of Financial Position as of September 30, 2007
4. FY 08 Monthly Cash Flow Forecast

1. Budget-to-Actual Variance Reports

While ABC expected to generate a surplus of \$83,138 in the first quarter of FY 08, the organization reports a deficit of (\$94,833).

Q1 Revenues:

Total first quarter budgeted revenue is \$476,835, while actual revenue collected during this period is \$297,150. This (\$179,685) variance in collected revenue is primarily attributable to the following:

- Individual Contributions: Approximately \$120,000 in individual contributions was expected to be raised through the direct mail campaign, which was scheduled for distribution at the close of the last fiscal year. However, because mailings were delayed and were not distributed until this past month (September), these individual contributions are not likely to be received until well into the second quarter.
- Special Events: Due to inclement weather conditions, ABC's summer picnic took place indoors at the City Arena instead of outside at the City Park. Attendance did not reach predicted levels, as ABC's summer picnic brought in a little over half of predicted revenue, totaling around \$7,300.
- Foundation Contributions: Foundation contributions for the quarter total \$239,450, which is \$55,550 short of budget. This variance is partly due to a change in funding from Foundation XYZ. At the end of FY 07, ABC applied for a \$200,000 grant from Foundation XYZ. However, Foundation XYZ indicated through a letter of commitment dated August, 30, 2007 that it will provide only \$150,000 in program funding.

Q1 Expenses:

Expenses for the first quarter of FY 08 total \$391,982, approximately 99.6 percent of budgeted expenses. Significant variances of specific line item expenses include:

- Personnel: Actual personnel expenses of \$146,920 fell \$17,489 short of budget, as the Director of Operations resigned at the end of FY 07, and a replacement has not yet been hired.

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Board Package: As of September 30, 2007**

- Rent: Rental costs associated with expansion were underestimated in the FY 08 budget. Total organization-wide first quarter rental expenditures increased to \$56,500 (\$14,625 above budget) to support such expansion.
- Marketing and Communications: The design and launch of ABC's new website boosted marketing and communication expenditures to \$24,916 (\$16,391 above budget). Initially, project completion had not been scheduled until the end of the second quarter. Management expects the advanced completion of this project to help increase holiday gala ticket sales.
- Direct Mail: Expenses of \$7,010 were incurred for ABC's direct mail campaign.
- Ratio of Program, Administrative, and Fundraising Expenses: First quarter program, administrative and fundraising expenses over total expenditures were equal to 72.3, 7.1, and 20.6 percent, respectively.

2. Statement of Financial Position

Total assets as of September 30, 2007 is \$656,141, which consists of \$601,141 in current assets, \$6,990 in net fixed assets, and \$48,010 of other long term assets. ABC reports relatively high levels of cash, representing approximately 40 percent of total assets, at the end of the first quarter. Accounts receivables totaling \$320,172 are also high, due in part to the delay in receipt of a \$150,000 grant from XYZ Foundation.

ABC has not used any long-term debt, and liabilities consist purely of current liabilities. Due in part to high levels of accounts receivable, accounts payable levels are increasing. At the end of the first quarter accounts payable total \$105,891. Management is working to pay outstanding invoices in a timely, tactical manner, carefully considering ABC's credit terms.

3. FY 08 Cash Flow Forecast

ABC anticipates a shortfall of cash receipts during the beginning of the second quarter, as the organization awaits the receipt of individual and foundation contributions.

December is expected to generate considerable funds, due to:

- The annual holiday gala; and
- Individual donations made to ABC before the close of the calendar year.

ABC's two performance seasons take place from January to February and from May to June. Cash outflows are expected to increase during performance seasons.

Cash outflows attributable to rent and facilities expenses are projected to be approximately \$90,000 over the 2008 fiscal year budget, as ABC's expansion is more costly than anticipated.

ABC Nonprofit Theater Group
Budget vs. Actual Report: Organization-Wide
July through September 2007
Figures in U.S. Dollars

	Q1 Budget	Q1 Actual	Variance	Variance as % of Q1 Budget	FULL YEAR	
					PROJECTED Jul 07 - Jun 08	APPROVED BUDGET Jul 07 - Jun 08
Revenue						
Restricted						
Foundation Contributions	295,000	239,450	-55,550	-18.8%	400,450	400,000
Total Restricted	295,000	239,450	-55,550	-18.8%	400,450	400,000
Unrestricted						
Individual Contributions	157,100	38,179	-118,921	-75.7%	798,179	860,000
Corporate Contributions	10,250	10,000	-250	-2.4%	37,000	38,000
Foundation Contributions	-	-	-	n.a.	100,000	100,000
Special Events	13,000	7,286	-5,714	-44.0%	82,286	87,000
Total Unrestricted	180,350	55,465	-124,885	-69.2%	1,017,465	1,085,000
Other Revenue						
Program Related Sales & Fees	1,485	2,049	564	38.0%	154,549	155,000
Interest Income	0	185	185	n.a.	185	-
Total Other Revenue	1,485	2,234	749	50.4%	154,734	155,000
Total Revenue	476,835	297,150	-179,685	-37.7%	1,572,649	1,640,000
Expense						
Personnel Expenses	164,410	146,920	-17,489	-10.6%	642,051	712,443
Professional Services	24,563	19,132	-5,431	-22.1%	100,132	108,250
General Office Expenses	28,371	23,377	-4,994	-17.6%	98,377	113,483
Facility & Equipment Expenses						
Rent	41,875	56,500	14,625	34.9%	240,647	167,500
Utilities	4,500	5,583	1,083	24.1%	25,861	18,000
Other Facility & Equipment Expenses	6,177	6,947	770	12.5%	35,501	24,710
Total Facility & Equipment Expenses	52,552	69,031	16,478	31.4%	302,009	210,210
Travel & Meetings	9,373	4,951	-4,422	-47.2%	35,956	37,490
Marketing & Communications	8,525	24,916	16,391	192.3%	38,816	34,100
Program Expenses	88,311	82,280	-6,031	-6.8%	323,302	353,243
Development						
Special Events	7,500	3,510	-3,990	-53.2%	24,958	30,000
Direct Mail Expenses	0	7,010	7,010	n.a.	7,010	-
Total Development	7,500	10,520	3,020	40.3%	31,968	30,000
Depreciation Expense	250	250	0	0.0%	1,000	1,000
Other Expenses	9,844	10,606	762	7.7%	35,552	39,375
Total Expense	393,697	391,982	-1,715	-0.4%	1,609,162	1,639,593
Net Income	83,138	-94,833	-177,970	-214.1%	-36,513	407

ABC Nonprofit Theater Group
Budget-to-Actual Report: By Program
 July through September 2007
 Figures in U.S. Dollars

	Program A			Program B			Administration			Fundraising			Total	
	Q1 Budget July - Sept 2007	Q1 Actual July - Sept 2007	Variance July - Sept 2007	Q1 Budget July - Sept 2007	Q1 Actual July - Sept 2007	Variance July - Sept 2007	Q1 Budget July - Sept 2007	Q1 Actual July - Sept 2007	Variance July - Sept 2007	Q1 Budget July - Sept 2007	Q1 Actual July - Sept 2007	Variance July - Sept 2007	Q1 Budget July - Sept 2007	Q1 Actual July - Sept 2007
Revenue														
Restricted														
Foundation Contributions	132,750	131,698	(1,053)	162,250	107,753	(54,498)	-	-	-	-	-	-	295,000	239,450
Total Restricted	132,750	131,698	(1,053)	162,250	107,753	(54,498)	-	-	-	-	-	-	295,000	239,450
Unrestricted														
Individual Contributions	73,324	22,550	(50,774)	31,036	9,545	(21,491)	17,719	5,449	(12,270)	31,218	9,601	(21,617)	153,298	47,145
Corporate Contributions	8,626	2,653	(5,973)	3,651	1,123	(2,528)	2,085	641	(1,444)	3,673	1,130	(2,543)	18,035	5,547
Foundation Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Special Events	4,313	1,326	(2,987)	1,826	561	(1,264)	1,042	321	(722)	1,836	565	(1,272)	9,018	2,773
Total Unrestricted	86,264	26,530	(59,734)	36,513	11,229	(25,284)	20,846	6,411	(14,435)	36,728	11,295	(25,432)	180,350	55,465
Other Revenue														
Program Related Sales & Fees	-	1,896	1,896	-	-	-	-	-	-	1,485	154	(1,331)	1,485	2,049
Interest Income	-	-	-	-	-	-	-	185	185	-	-	-	-	185
Total Other Revenue	-	1,896	1,896	-	-	-	-	185	185	1,485	154	(1,331)	1,485	2,234
Total Revenue	219,014	160,123	(58,891)	198,763	118,982	(79,781)	20,846	6,596	(14,251)	38,213	11,449	(26,764)	476,835	297,149
Expense														
Personnel Expenses	80,712	74,769	(5,943)	32,089	29,117	(2,972)	18,121	7,224	(10,897)	33,488.40	35,810	2,322	164,410	146,920
Professional Services	2,875	2,768	(107)	-	100	100	16,750	10,870	(5,880)	4,937	5,394	457	24,563	19,132
General Office Expenses	2,865	4,768	1,903	1,067	1,711	644	1,540	2,188	648	22,898	14,709	(8,189)	28,371	23,377
Facility & Equip. Expenses														
Rent	30,425	41,052	10,626	3,772	5,090	1,317	2,130	2,874	744	5,547	7,485	1,937	41,875	56,500
Utilities	3,270	4,056	787	405	503	98	229	284	55	596	740	143	4,500	5,583
Other Facility & Equip. Expenses	3,434	4,301	867	904	1,055	151	1,010	310	(701)	829	1,282	453	6,178	6,947
Total Facility & Equip. Expenses	37,129	49,409	12,280	5,081	6,647	1,566	3,370	3,468	98	6,973	9,507	2,534	52,553	69,030
Travel & Meetings	5,375	3,111	(2,264)	-	60	60	3,175	641	(2,534)	823	1,139	316	9,373	4,951
Marketing & Communications	6,194	6,229	35	768	6,229	5,461	434	7,475	7,041	1,129	4,983	3,854	8,525	24,916
Program Expenses	48,311	45,012	(3,299)	40,000	37,268	(2,732)	-	-	-	-	-	-	88,311	82,280
Development														
Special Events	-	-	-	-	-	-	-	-	-	7,500	3,510	(3,990)	7,500	3,510
Direct Mail Expenses	-	-	-	-	-	-	-	-	-	-	7,010	7,010	-	7,010
Total Development	-	-	-	-	-	-	-	-	-	7,500	10,520	3,020	7,500	10,520
Depreciation Expense	70	70	-	93	93	-	55	55	-	33	33	-	250	250
Other Expenses	4,779	7,254	2,475	608	665	57	2,062	2,142	80	2,394	545	(1,849)	9,844	10,606
Total Expense	188,310	193,390	5,080	79,706	81,890	2,184	45,506	34,062	(11,444)	80,175	82,640	2,465	393,697	391,982
<i>As % of Total</i>	<i>47.8%</i>	<i>49.3%</i>		<i>20.2%</i>	<i>20.9%</i>		<i>11.6%</i>	<i>8.7%</i>		<i>20.4%</i>	<i>21.1%</i>			
Net Income	30,703	(33,267)	(63,971)	119,057	37,092	(81,965)	(24,660)	(27,467)	(2,807)	(41,962)	(71,191)	(29,229)	83,138	(94,833)

ABC Nonprofit Theater Group
Statement of Financial Position
As of September 30, 2007
Figures in U.S. Dollars

As of September 30, 2007

ASSETS

Current Assets	
Cash	\$ 268,597
Accounts Receivable	320,172
Prepaid Insurance	12,372
<u>Total Current Assets</u>	<u>601,141</u>
Fixed Assets	
Equipment, Furniture & Fixtures	11,685
<u>Accumulated Depreciation</u>	<u>(4,695)</u>
Net Fixed Assets	6,990
Other Long Term Assets	48,010
TOTAL ASSETS	\$ 656,141

LIABILITIES & NET ASSETS

Liabilities	
Current Liabilities	
Accounts Payable	105,891
Accrued Liabilities	13,151
<u>Deferred Revenue</u>	<u>110,848</u>
Total Current Liabilities	229,890
Total Liabilities	229,890
Total Net Assets	426,250
TOTAL LIABILITIES & NET ASSETS	656,141

ABC Nonprofit Theater Group
Cash Flow Forecast
Fiscal Year 2008
Figures in U.S. Dollars

	FY 08 BUDGET	Actual July	Actual Aug	Actual Sept	Projected Oct	Projected Nov	Projected Dec	Projected Jan	Projected Feb	Projected March	Projected April	Projected May	Projected June	Total	Variance
INFLOW															
Opening Balance		\$ 352,805	\$ 334,781	\$ 312,422	\$ 268,597	\$ 192,516	\$ 295,436	\$ 549,355	\$ 537,094	\$ 479,834	\$ 414,824	\$ 411,813	\$ 361,553		
Restricted															
Foundation Contributions	400,000	74,000	74,000	91,450	-	150,000	5,000	-	-	-	2,000	2,000	2,000	400,450	450
Unrestricted															
Individual Contributions	860,000	17,181	11,454	9,545	40,000	90,000	300,000	55,000	55,000	55,000	55,000	55,000	55,000	798,179	(61,821)
Corporate Contributions	38,000	4,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	37,000	(1,000)
Foundation Contributions	100,000	-	-	-	-	-	-	50,000	-	-	50,000	-	-	100,000	-
Special Event Income	87,000	-	7,286	-	-	-	65,000	-	-	-	10,000	-	-	82,286	(4,714)
Other Revenue															
Program Related Sales & Fees	155,000	102	1,639	307	500	500	500	30,000	35,000	500	500	40,000	45,000	154,549	(451)
Investments	-	185	-	-	-	-	-	-	-	-	-	-	-	185	185
Total Cash IN	1,640,000	95,468	97,379	104,302	43,500	243,500	373,500	138,000	93,000	58,500	120,500	100,000	105,000	1,572,649	(67,351)
OUTFLOW															
Salaries and Benefits	712,442	48,969	48,969	48,969	52,396	52,396	52,396	56,326	56,326	56,326	56,326	56,326	56,326	642,051	(70,391)
Professional Fees	108,250	6,122	7,270	5,740	4,000	25,000	4,000	10,000	10,000	4,000	4,000	10,000	10,000	100,132	(8,118)
General Office Expenses	113,483	7,481	8,883	7,013	7,000	7,000	7,000	10,000	10,000	7,000	7,000	10,000	10,000	98,377	(15,106)
Facility & Equipment Expenses	210,210	17,258	25,886	25,886	25,886	25,886	25,886	25,886	25,886	25,886	25,886	25,886	25,886	302,009	91,799
Travel & Meetings	37,490	1,485	1,238	1,733	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	35,956	(1,534)
Marketing & Communications	34,100	997	1,495	22,424	1,100	1,100	1,100	2,100	2,100	1,100	1,100	2,100	2,100	38,816	4,716
Program Expenses	353,243	24,684	20,570	28,798	20,250	20,250	20,250	37,000	37,000	20,250	20,250	37,000	37,000	323,302	(29,941)
Development	30,000	3,156	2,630	3,682	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	31,968	1,968
Depreciation Expense	1,000	83	83	83	83	83	83	83	83	83	83	83	83	1,000	-
Other Expenses	39,375	3,257	2,714	3,800	2,865	2,865	2,865	2,865	2,865	2,865	2,865	2,865	2,865	35,552	(3,823)
Total Cash Outflow	1,639,593	113,491	119,738	148,127	119,581	140,581	119,581	150,260	150,260	123,510	123,510	150,260	150,260	1,609,162	(30,431)
Month Result		(18,023)	(22,359)	(43,825)	(76,081)	102,919	253,919	(12,260)	(57,260)	(65,010)	(3,010)	(50,260)	(45,260)		
Operating Month Balance		334,781	312,422	268,597	192,516	295,436	549,355	537,094	479,834	414,824	411,813	361,553	316,292		
ROLLING CASH FLOW BALANCE		\$ 334,781	\$ 312,422	\$ 268,597	\$ 192,516	\$ 295,436	\$ 549,355	\$ 537,094	\$ 479,834	\$ 414,824	\$ 411,813	\$ 361,553	\$ 316,292		