

Financial Report Red Flags!

What stories do your financial reports tell?

What will a potential funder learn?

The following are indications of problems:

- ❗ Inability to produce an annual surplus in excess of breakeven. Coverage of all costs (i.e. depreciation and debt reduction) should be an annual goal
- ❗ Revenues declining or continually missing budget
- ❗ Frequent expense variances from budget
- ❗ Decrease in unearned (contributed) revenue
- ❗ Negative trends in comparison to prior years' results (i.e. decreasing revenue or increasing expenses)
- ❗ Liquid assets are insufficient to cover Temporarily Restricted Net Assets
- ❗ Lack of reserves to address short-term cash flow issues and to fund fixed asset replacement.
- ❗ No or low debt capacity
- ❗ Deferring needed maintenance of capital assets
- ❗ Late completion of your financial audit. Could indicate books and records are not properly maintained.
- ❗ Qualified, adverse or disclaimer opinion on audited financial statements
- ❗ Internal financial statements are not properly reconciled (net assets do not roll forward from one period to another)
- ❗ Financial statements are not reconciled to the Form 990



**Learn more about how we can help
with your financial storytelling!**

**Contact Patti Withington, Director at
215-525-3132 / patriciaw@yptc.com**

www.YPTC.com