



S2BonusEpisode1: What Financial Statements Do You Need at Your Next Board Meeting? An Interview with Sandra Ray, CPA

The Nonprofit Founder's Club Podcast Transcript

[00:00:00] **Alesha Mathis:** Welcome to the Nonprofit Founders Club. I'm Alesha Mathis. I help nonprofits build a nonprofit without being the sole funder. And today I have the very special honor and pleasure of introducing you to Sandi Ray. She is a nonprofit cpa. That means she actually specializes in nonprofits. She [00:00:30] knows nonprofit tax law, which is totally awesome,

[00:00:35] **Alesha Mathis:** And so I am so happy to welcome you, Sandy to the Nonprofit Founders Club.

[00:00:43] **Sandi Ray:** Thank you, Alesha. I'm happy to be here. So I know that I did not tell near enough about you. So tell us about you and your firm.

[00:00:55] **Sandi Ray:** I am the founder of Sandra E. Ray, CPA. We have [00:01:00] been in business for over 35 years and we specialize in nonprofit organizations.

[00:01:08] **Sandi Ray:** And approximately five years ago we decided to be exclusively nonprofit. It's. Nonprofits were more than half of our business anyway, and we just love what we do with the nonprofits and being part of the team that gets all this work done that everybody does out there in the community. And so we help [00:01:30] nonprofits, smaller organizations that can't afford a full-time cpa.

[00:01:35] **Sandi Ray:** We help them with compliance issues, budgeted forecasting, accounting, reporting, and day-to-day bookkeeping. That's awesome. Do, do you also help with getting a nonprofit started? So we, we do do that as well. We can do 10 23 applications. We've done those. So that is, that is a [00:02:00] thing that we can assist with.

[00:02:01] **Sandi Ray:** Obviously that's, that's an important part of the process. Yeah. So you, you really are from very start to getting started. Yes. Yes. So, okay. That so today we decided, we were talking about financial statements that are needed at your next board meeting. And this can be your first board meeting or any board meeting.

[00:02:25] **Sandi Ray:** So The big question, what are the financial [00:02:30] statements that are are needed for a board meeting? Well, I, I would say this, the financial statements that you need at the board meeting are the same financial statements that you would present to anybody, like at, at a bank or, or at a grant application.

[00:02:45] **Sandi Ray:** We're going to need the statement of financial position, which is commonly known as the balance sheet, which lists all your assets and your liabilities, and it lists the restrictions. Unrestricted portions of your net assets.[00:03:00] Another one you're going to need is your statement of activities, which is your revenue and your expenditures.

[00:03:06] **Sandi Ray:** And I like to have that with a budget comparison with where we are year to date with our budgets so that we can monitor that as well. And if you're fortunate enough to have been in business for three or four years comparing to prior year is always helpful too. And then finally, the, the. The statement of functional expenses.

[00:03:28] **Sandi Ray:** So we can look at income and [00:03:30] expenses for each one of our programs. We can allocate overhead, we can see what our direct expenses are, we can see if we're breaking even, or or if we're not breaking even. And, and for those. Organizations that are already on accrual based accounting. I like to do a statement of cash flows as well, so we can see the difference between, you know, all of those paper accruals versus what's actually happening with our cash.

[00:03:59] **Alesha Mathis:** [00:04:00] That sounds overwhelming.

[00:04:01] **Alesha Mathis:** It does it's easier that it seems when you have the right system in. So it, it, I, I'm just thinking I'm a founder. I'm sitting here listening. I am so overwhelmed at what you're saying. So why are these particular statements necessary? Why, why do I need to be thinking about this?

[00:04:27] **Sandi Ray:** Well, I mean, we have, we [00:04:30] have, obviously, we need to be monitoring what's going on with that, with that. Resources and obligations of the organization and these statements provide a summary of, of those activities so we can keep track of our cash and, and make sure that. That what's happening with cash and monitoring our cash is what we expect it to be.

[00:04:55] **Sandi Ray:** We can keep track of what's going on with programs making sure when we're [00:05:00] comparing that to budget, that it, things are going the way we anticipate it. So really it's, it's a governance type of thing so that we can keep track of what's going on with our organization because as board members, we have a fiduciary responsibility.

[00:05:15] **Sandi Ray:** To the organization. So this is just a big part of, of keeping on top of what's going on with the organization financially. Right. And I'm glad you mentioned that there is a fiduciary duty. It's, [00:05:30] it's a legal obligation that a board member has. And it is to help keep those finances sustainable or, or solid.

[00:05:42] **Sandi Ray:** So the next question is who should be preparing these documents? Obviously, it should not be the person who doesn't know what they're doing, . And, and sometimes it falls on, you know, when, when you're, you're [00:06:00] a, you're the only one there and you wear many, many hats it it falls on you. But The most important thing that you can do is bring in the experts to help you with all of those things so that you can wear those mini hats and, but not have to do all of the detailed work that goes on behind it.

[00:06:20] **Sandi Ray:** So, I would recommend somebody with knowledge in bookkeeping and accounting would be doing these types of things for you and. It [00:06:30] really, truly is difficult to have a good set of internal control procedures with only one person. So you, you need to have the treasurer involved in addition to the, the other officers of the corporation or the executive committee of the board outsource accountants.

[00:06:51] **Sandi Ray:** A bookkeeper, an experienced bookkeeper the right software. Those are all like critical pieces of this. Okay. So [00:07:00] would the treasurer be the one then to oversee all of this? Yes, Yes. That's generally the treasurer's responsibility for all of the, the resources and obligations of the, of the organization that it generally falls on them.

[00:07:16] **Sandi Ray:** They're generally the one who is the ultimate check signer, unless they can delegate that to someone. So yeah, that, that, that's a big part of the treasurer's job. Okay. And. [00:07:30] If someone has never seen these documents before because I know there's a lot of people out there I didn't actually learn how to read one until, well, I took an accounting class in college, but then when I got into nonprofit work, I saw this, these documents of a lot.

[00:07:52] **Sandi Ray:** So if no one's ever seen these documents, where can we find them? How? How do we. How [00:08:00] do we get to see what, what one looks like to know what we're doing, ? I have, I, I have some samples that I can provide and, and if you want to get in touch with me via my LinkedIn account or Facebook or my website or my.

[00:08:16] **Sandi Ray:** I'm happy to provide those, but just this morning I was googling non-profit financial statements and you can find samples all over the place. as far as far as what [00:08:30] to do. Some of them are older and the terminology's a little bit out of date, but, Basically it's, you know, here's a list of our, our assets and our liabilities, and another statement is this is all of our income and this is our expenses.

[00:08:43] **Sandi Ray:** So those are, those are the basics of the, of the financial statements. Okay. Well you, you've mentioned LinkedIn and some thing, some other places. So give us a total list of how people can find out more about. We are [00:09:00] on LinkedIn under Sandra E. Ray cpa. We have a Facebook page, Sandra E. Ray cpa. We have our own Facebook group no Nonsense Nonprofits.

[00:09:11] **Sandi Ray:** And then our website is Sandra Ray cpa.com. All right, And I will be sure to. Put those links in the description or show notes or wherever we're at . How can someone [00:09:30] download what we were talking about those documents? Again, I just wanna reiterate how someone can download your freebie, which are the, the documents. And you'd mentioned emailing or contacting you on LinkedIn. So tell 'em one more time in case they missed it. , if you, if you would reach out to me via LinkedIn or Facebook.

[00:09:55] **Sandi Ray:** Sandra E. Ray, cpa or our website Sandra [00:10:00] E. Ray cpa.com. We're happy to provide those documents to you. You can just email me, atray Sandra Ray cpa.com, . It's kinda drs, but it's. It's, I love that it rhymes. I love it because it, it just has that ring to it and it's easy to remember.

[00:10:26] **Sandi Ray:** Okay. Well thank you for being [00:10:30] here. I appreciate it, and I will talk to y'all, to the founders later. Have a great day.