Saskatchewan Soccer Financial Statements - Information Sheet

Accounting is an information system that identifies, measures, records and communicates relevant, reliable, consistent, and comparable information about an organization's economic activities. Its objective is to help people make better decisions. It also helps people better assess opportunities, products, investments, and social and community responsibilities. **Bookkeeping** is the recording of financial transactions, either manually and electronically, for the purpose of creating a reliable bank of data. **Financial Accounting** is the flow of goods and services both internally and externally of an entity.

Generally Accepted Accounting Principles (GAAP) are standards, conventions and methods that accountants must use when drawing up accounts. GAAP uses accrual accounting which is when transactions are recorded when they are felt (i.e. payment is received, payment is issued), as opposed to when they occur, and this system gives a truer depiction of financial performance at any point in time.

The **Financial Statements** of an organization are a widely used and helpful way to get a clear picture of the organization's financial health. The statements are a necessary part of the information required to make decisions about the present and future direction of the organization. Financial statements normally include four reports plus notes.

If an organization is incorporated and registered with the government, an **audit** is required. An audit is an independent review and test of an organization's accounting systems and records; it is performed to add credibility to the financial statements. If the organization has been audited by an external auditor, the auditor will give their opinion as to whether the financial statements fairly reflect the financial picture of the organization for a particular period and at a particular point in time, usually the year-end. They also report whether the statements are presented in accordance with GAAP.

If your organization is a non-profit and hires an external accountant to perform a review or an audit of your annual financial statements, the statements will have to be prepared following **Accounting Standards for Not-for-profit Organizations**. In this case, the statements will include a Statement of Financial Position, a Statement of Operations, a Statement of Changes in Net Assets, and a Statement of Cash Flows.

Revenues are the value of assets exchanged for products and services provided to customers as part of a business's main operations. **Expenses** are costs incurred or the using up of assets from generating revenue.

Assets are the properties or economic resources held by a business. Cash and accounts receivable are types of assets. **Liabilities** are debts or obligations of a business. Typical liabilities are accounts payable and notes payable. An **accounts payable** is a liability created by buying products or services on credit. It reflects amounts owed to others. A **note payable** is a liability expressed by a written promise to make a future payment at a specific time.

Statement of Operations: also sometimes called the Statement of Revenues and Expenditures, or the Statement of Activities. In for-profit business, they're often called Income Statements or Statements of Profit and Loss. This statement covers a period of time, either the fiscal year, or a month or quarter, or the fiscal year to date. It's important to be aware of what time period the statement is covering. It includes **revenues**, with a line for each income source, and a revenue total, **expenses**, with a line for each item/way your organization spends money, and an expense total, and ends with a bottom line, the difference between revenues and expenses, indicating whether there was a surplus or deficit. A **surplus** means that there were more revenues than expenses. A **deficit** means that there were more expenses than revenues. The Statement of Operations should be in the same format as your budget so that you can easily compare one to the other.

Statement of Financial Position: also sometimes called the Statement of Fund Balances and in the for-profit world, is often referred to as a Balance Sheet. The Statement of financial Position reports the financial position of a business on a specific date, usually at the end of a month, quarter, or year. It lists the types and dollar amounts of assets, liabilities and equity. Financial snapshot. Doesn't show activity over period of time.

Statement of Cash Flow: describes the sources and uses of cash for a reporting period. It also reports the amount of cash at both the beginning and the end of a period. Shows how cash is moving in and out of the organization over a given period of time.

Statement of Changes in Net Assets: reports on changes in equity over the reporting period. This statement starts with beginning equity and shows adjustments for transactions that increase (investments by the owner and net income) and decrease (owner withdrawals and net loss) the total equity.