

## Treasurer's Tip – Financial Reports

Financial reports are essential to any organization. Financial reports keep the organization abreast of its financial health. Though there is no set form for which these reports must appear, they should meet the following:

1. Be easy to understand.  
Reports need to meet the educational and cultural needs of the audience reading it. Major decisions are made based on financial information. Thus the audience needs to be able to review the report and glean necessary information quickly and easily.
2. Numbers don't mean anything alone.  
Numbers on a page don't mean anything if they don't relay the information necessary to make wise decisions. The financial report may need to include comparison to current budget, comparison to previous year, percentage shortfall or excess, or a brief narrative to detail significant changes. Include necessary information to help the audience understand what they are looking at.
3. Be concise and accurate.  
The audience may get bogged down in excessive details. So, provide the necessary information in as concise a format as possible but don't make it so short that it creates an inaccurate financial picture. More than one type of report may be necessary. A more detailed report may be needed for the governing board while a shorter version is adequate for the congregation.
4. Be completed in a timely manner.  
When financial reports are not prepared in a timely manner at the end of an accounting period (monthly, quarterly, yearly, etc.) it can create delays in making any necessary corrections or having up-to-date knowledge for making decisions.

When trying to determine whether the church's financial reports are effective, consider the following questions:

1. When reviewing the financial report is it easy to determine what has been spent in each specific area so far this year? (Ex.: facilities, grounds, Sunday School, etc.)? Is it easy to determine how much is left in the budget for each area?
2. When reviewing the financial report is it easy to determine which programs or activities are doing significantly better or worse than expected?
3. When reviewing the financial report is it easy to compare current positions to the previous years?
4. When reviewing the financial report could a sentence or two make some things clearer?

Remember, the financial report is an instrument used to make major decisions. It must be clear, concise, accurate, and understandable. The treasurer may need to experiment with a few formats to determine which meets the specific needs of the church's governing board, trustees, and congregation. It is possible to have a variety of reports to accommodate each group's needs.