

Part B: Income Statements

An *income statement* (also called a *revenue & expense* report, or *profit & loss*) shows how the organization is actually getting and spending money, and compares that to what you had planned for the current fiscal year.

Most nonprofits look at income statements every month.

Example: Actual vs. Budget

Now let's assume we have run our new parenting group for 6 months (in a January – December fiscal year). How does our actual income and spending compare to our budget?

The columns compare how *House of Hope* is actually doing (*actual* or *Year to Date*) with its plans (*budget*), for that month or quarter and for the year so far.

Year to Date (*YTD*) means how much you have brought in or spent up in the current fiscal year, up to the date on the income statement.


Income Statement - June 30

Line items	Year to Date	Budget
INCOME		
Grant	5,000	5,000
Food in-kind donations	350	600
Total income	5,350	5,600
EXPENSES		
Group costs (staff, food, bus tickets, etc.)	3,148	6,000
Total expenses	3,148	6,000
Net surplus (deficit)	1,350	(400)

Percentage – Year to Date/Budget

- A quick way to see if we are on track is to divide the actual year to date by the budget for each line item, resulting in a percentage.
- Then we compare that % to how far along we are in the fiscal year.
- This is helpful mostly for regular monthly expenses (such as personnel or rent) and to keep focused on fundraising.

Income Statement – June 30 (excerpt)

Line Items	Year to Date	Budget	Percentage	Explanation
INCOME				Since this statement is dated June 30, or half-way through the fiscal year, we want to see at least 50% of expected income by now.
Grant	5,000	5,000	100%	The funder gave us all the money at the beginning of the year, so 100% of it is in.
Food <i>in-kind donations</i>	350	600	58%	We budgeted \$50/month, but the grocer was generous and gave us a little more. So instead of \$300 in-kind, we received \$350 so far.

Example – Income Statement

Here is what our parenting group income statement might look like:

Line items	Year to Date	Budget	Percentage	<i>Explanation</i>
INCOME				Since this statement is dated June 30, or half-way through the fiscal year, a normal percentage is 50%.
Grant	5,000	5,000	100%	The funder gave us all the money at the beginning of the year, so 100% of it is in.
Food in-kind donations	350	600	58%	We budgeted \$50/month, but the grocer was generous and gave us a little more. So instead of \$300 in-kind, we received \$350 so far.
Total income	5,350	5,600	95%	Wow, it is only 6 months into the fiscal year, and we already have 95% of income in.
EXPENSES				
Group costs (staff, food, bus tickets, etc.)	3,148	6,000	52%	Expenses are on track of our budget. (Time to go thank the parenting group staff!)
Total expenses	3,148	6,000	52%	Same as above.
Net surplus (deficit)	1,350	(400)		Right now our project is running at a surplus (yea!), but we could still end the fiscal year at a deficit (boo). You might ask staff if they can reduce spending by \$400, or try to cover more expenses through in-kind donations.