

What You Own, and What You Owe

Nonprofit leaders (that means you) also think about the organization's...

- *Assets*: what you own
- *Liabilities*: what you owe
- *Net Assets*: net worth (assets - liabilities)

Assets – What You Own

- Cash (such as bank accounts)
- Savings, certificates of deposit, and any investments
- Property (major items, vehicles, buildings)
- *Accounts Receivable*: what people owe you (invoices you have sent)

Liabilities – What You Owe

- Payroll, taxes, and accrued vacation that are due to employees but not yet paid.
- *Accounts Payable*: payments due to others (bills received but not yet paid)
- Debts (such as a mortgage or loan on a line of credit)

Net Assets

What you own, minus what you owe.

- $\text{Assets} - \text{Liabilities} = \text{Net Assets or equity}$
- Same idea as a person's *net worth*.
- Net assets represent what your agency has accumulated over time, since its birth.
- We'll revisit assets, liabilities and net assets in Lesson 2.