



## Financial Statements: 6 Things Every Board Member Should Know

### 1. How much is owed to the Cooperative?

This information is also referred to as “Accounts Receivable” and represents rent that is owed by members to the cooperative. You can find this on the Balance Sheet under the Assets section.

### 2. How much money is in each of the Cooperative’s bank accounts?

Also listed on the Balance Sheet under the Assets section – the cooperative likely has an Operating Account (or it may be called Checking Account), a Working Capital Account (savings), and several Escrow accounts – one for property taxes (monthly savings to pay taxes), one for insurance (monthly savings to pay insurance) and Reserve Accounts – Replacement Reserve (monthly savings for long-term capital improvements), Debt Service Reserve (money set-aside at purchase for emergency mortgage payment) and there may be other accounts.

### 3. How much money does the Cooperative owe to vendors?

This information is also referred to as “Accounts Payable” and represents money that is owed to outside vendors. You can find this on the Balance Sheet under the Liability section.

### 4. Is there a deficit or surplus this month? Year to Date?

This can be located on the Income Statement, or sometimes called the Profit & Loss Budget to Actual Statement. At the end of a period, after all revenue has been recorded, and all the expenses have been recorded, is there a positive surplus or a negative deficit?

### 5. How are we doing in relation to the budget? (What is the budget variance)?

This information is on the Income Statement or Profit & Loss Budget to Actual Statement and shows your variance to budget for the month, and Year to Date.

### 6. How much is being spent on capital expenditures?

The Replacement Reserve Account, found on the Balance Sheet, should increase every month, as reserves are put away and saved. If the account is decreasing, ask why? Are funds being spent on approved projects?