

Financial Statement Overview

Financial statements are prepared quarterly to report the fiscal position and progress of HMDCB throughout the year. The statements are prepared by the HMDCB Finance Manager and reviewed by the Executive Director and then sent to the Secretary/Treasurer for review. The HMDCB Board of Directors has an opportunity to review current financial statements at each in person meeting. Upon completion of the annual financial review, an independent CPA will present an audited version of the financial statements to the Board.

The HMDCB financial statements are maintained and prepared on the accrual method of accounting in accordance with accounting principles generally accepted in the United States. The presentation of these statements follows best practices in financial reporting.

Best practice reporting will accomplish these objectives:

- ✓ Support financial decisions during the year
- ✓ Track actual performance
- ✓ Forecast likelihood of meeting budgetary financial goals
- ✓ Monitor key metrics that drive financial results
- ✓ Identify variances that can lead to improved performance
- ✓ Focus on trends
- ✓ Compares actual results to benchmark data

Following is a high-level comprehensive guide to understanding HMDCB's financial statements.

- **Annual (12 month) Financial Summary:** The purpose of this report is to provide high level financial status update of forecasted **annual** net excess / (deficit) results with relevant comments regarding trends, opportunities and key metrics impacting performance.
Forecast as of "Month" column –represents forecasted annual results based upon year to date actual and forecasted activity for the remainder of the year.
Actual column - provide high level financial status of total year net excess / (deficit) results for the prior three years for comparative information.
- **Year to Date Trends:** The purpose of this report is to provide high level financial status update of **year to date** net excess / (deficit) results with a comparison to budgeted amounts year to date (a variance column is included). Also included is two prior years' results year to date for comparative analysis.
- **Twelve Month Program Summary:** The purpose of this report is to show high level financial status update **by program** (cost center) with relevant comments. Forecasted annual results are displayed with detail of revenue and expense in comparison to Budget. The report separates revenue generating and non-revenue generating cost centers.

- **Balance Sheet:** The Balance Sheet shows the overall financial health of HMDCB. It provides a high-level look at financial liquidity and net assets. The Balance Sheet Summary helps to examine monthly cash flow activity in assets and liabilities.
- **All Program Forecast Detail:** This report is similar to the annual results provided in the *Financial and twelve month program summary*. The purpose of this report is to show more detailed information by revenue and expense line items compared to budget; identifying variances.