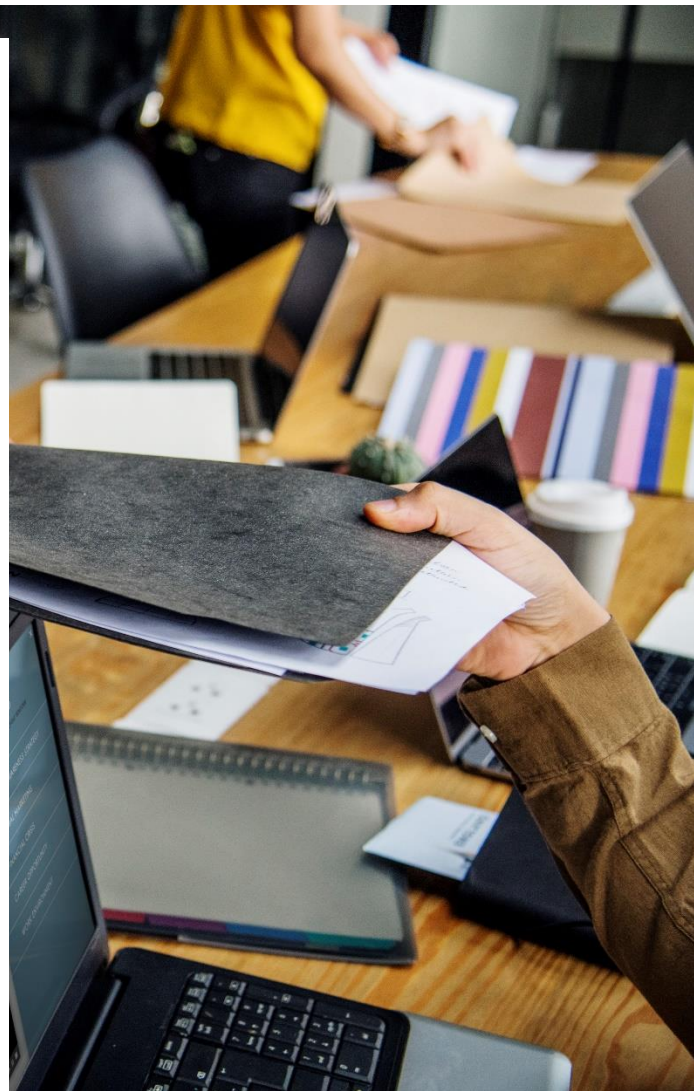


Nonprofit Financial Management: Definitions & Terminology



ATOP FINANCIAL SERVICES
We specialize in the details.





Full Glossary: The Main Nonprofit Accounting Terms to Know

A

Accounts Payable

For goods or services purchased, an organization owes money to its suppliers and/or vendors.

Accounts Receivable

Money owed to an institution for goods and services sold or money pledged as a grant or contribution to it. Grants receivable is another name for it.

Accrued Expenses or Liabilities

Payment is postponed for items incurred within an accounting period. Salary arrears, sales tax arrears, and rent arrears are just a few examples.

Accumulated Depreciation

The overall value of fixed assets has dropped to date due to general wear and tear or obsolescence.

AIA Document G702

The American Institute of Architects devised this form to capture the costs of work completed as of a given date as well as the costs of work remaining to be completed under a building contract.

Amortization

Repayment of the principal and interest on the loan.

Appraisal

An official report is prepared by a professional real estate appraiser in order to determine the worth of a real estate property. Cost, replacement value, acquisition, and market value are the three valuation approaches employed.

Assets

An item that provides a current or future economic value to a company.

Assumed Name

A different name under which a person or a legal entity can do business. DBA stands for "doing business as name."

Audit

A Certified Public Accountant prepares a financial statement as of a specific date, usually covering a 12-month period (CPA).

Authorization of Borrowing

A board of directors or trustees resolution admitting and authorizing the incurrence of debt. A borrowing resolution is another name for it. See the officer's certificate for further information.

B**Balance Sheet**

The financial standing of a company (assets, liabilities, and net assets) at the conclusion of business on a specific date is shown in this statement.

Balloon

When the amortization is longer than the maturity of the underlying note, the final payment of a loan is larger than the preceding installments.

Basis Points

One-tenth of a percent is a fraction of a percentage point. Used to describe interest rates; for example, 50 basis points equals 12%.

Board-Designated Net Assets/Reserves

Unrestricted net assets with a specific use or purpose as established by the board of directors of a company.

Borrowing Base

A monitoring system that ensures money advanced under a line of credit is proportional to the asset being funded or the source of repayment.

Borrowing Resolution

See authorization of borrowing and officer's certificate.

Bridge Loan

A short-term loan that is expected to be paid back with permanent or long-term funding. Loans secured by contract receivables or capital campaign promises that are expected to be repaid as the funds are received.

Building Code

A governmental unit's building construction and occupancy regulations, ordinances, or statutory requirements.

Building Permit

A municipal government's permission to construct or renovate a certain structure at a given location. Depending on the situation, multiple permits may be required.

Building Reserve

A reserve fund for capital improvements. Money placed aside to pay for facility repair, where the sums can be significant, the final need is definite, but the specific timing is unknown.

Business Model

A cost structure and revenue plan that includes earned and donated sources is how an organization raises and spends money, or how an organization provides and supports its activities.

By-Laws

A file that outlines how a legal entity is governed and what activities it may or may not engage in.

C**Capital**

The long-term finance and financing available to an organization to execute its objective. The composition and distribution of Assets, Liabilities, and Net Assets represent capital.

Capital Campaign

A fundraising campaign held outside of (and in addition to) yearly operating fundraising to raise funds for a facility (or capital project), an endowment, and/or savings.

Capital Improvement

A facility or equipment upgrade (as distinguished from maintenance or repair) that will have a life of more than one year, and that adds to an organization's asset base.

Capital Project

A long-term, capital-heavy investment project to improve a capital asset such as a building, machinery, stock or expensive art.

The purchase or leasehold of a building or other physical space; a refurbishment; a construction project; a relocation; a change in the number of sites; or the purchase of equipment. Any project that entails a facility change.

Capital Structure

The assets, liabilities, and net assets that make up the balance sheet, as well as its nature, content, and amount. A well-balanced financial structure enables businesses to take risks, experiment, and pursue new opportunities.

Capitalization

An accounting method here the value and cost of an asset are expensed over the useful life of that asset rather than at the point when the expense was incurred. Capital structure is another name for capitalization.

Case Statement

A case for support that explains an organization's history, current status, future plans, including facility plans, and fundraising targets, and is typically developed for a capital campaign.

Cash Flow

The receipt and disbursement of monies.

Cash Flows From Financing Activities

Lines of credit, notes payable, and term loans payments and/or receipts.

Cash Flows From Investing Activities

Payments and/or revenues resulting from the purchase or sale of marketable securities, as well as payments and/or receipts resulting from fixed assets such as property and equipment.

Cash Flows From Operating Activities

Accounts and grants receivable, inventories, accounts payable, accrued liabilities, and deferred revenue are all examples of cash changes in working capital items.

Certificate of Incorporation

A page issued by a government official, such as the secretary of state, confirming the formation of a legal body, giving the date, location, and full legal name.

Certificate of Occupancy (C of O)

A file issued by a local government building department that allows a specific number of persons to use a specific location for specific activities.

Change Capital

NFF coined the term "Change Capital" to separate dependable, repeating revenue from one-time capital injections.

Change in Net Assets

Total revenue (including limited and non-operating revenue) less total costs equals net assets (including non-operating). The overall portrayal of a "bottom line" is the change in total net assets.

Change Order

A written order to alter a facility project.

Clean-Up

Term used to express a lender's requirement that a line of credit be paid off in full for a predetermined time, usually a minimum of 30 days, throughout the course of a one-year cycle.

Closing Costs

Lawyer's costs, survey fees, title searches, and insurance, and fees to file deeds and mortgages are all expenses associated with transferring real estate from a seller to a buyer.

Closing Fee

A cost charged by a lender for providing a borrower with a loan. Compensation for the costs of

underwriting the loan and keeping the commitment available for a set amount of time until closing is taken into account.

Collateral

Collateral is an asset promised to a lender until a loan is repaid. If the borrower defaults on the loan, the lender has the legal right to seize and sell the collateral to repay the loan.

Commitment Fee

A lender fee associated with the lender's commitment to lend. These are often associated with unused lines of credit or loans that are undisbursed.

Commitment or Commitment Letter

A written declaration describing and acknowledging a lender's terms.

Community Development Finance Institution (CDFI)

CDFIs (Community Development Financial Institutions) are private financial institutions that provide responsible and inexpensive loans to low-income, low-wealth, and other disadvantaged people and communities.

Compliance Audit

Compliance audits review your organization's adherence to regulations and requirements set by the federal, state, and local governing entities as well as your bylaws and other compliance requirements.

Compilation

A financial report prepared by a Certified Public Accountant as of a specific date, usually covering a twelve-month period, but not reviewed or audited (CPA).

Compound Annual Growth Rate

A CAGR of X percent is a computation that estimates average yearly percentage growth over a specific period of time, for example, a firm with \$100K in revenue in 2000 and \$500K in revenue in 2004.

Construction Documents

Drawings, specifications, and legal pages that define the requirements for the project's construction.

Construction Loan

A construction loan is a short-term loan used to fund building.

Construction Manager

A licensed general contractor who provides pre-construction, professional management, and technical services, as well as assisting in the identification of cost-effective ways to meet facility needs.

Contingency

A budgeted sum (typically a percentage of total building expenses) set aside to cover unanticipated hard or soft costs.

Contributed Revenue/Income

Individual, foundation, corporate, or government donations generate revenue or income with no items or services offered by the organization in direct return for the funds.

Credit Enhancement

Any type of financial incentive that induces a lender to make a loan. Often enables lenders to provide more funding than they might otherwise, or to lend to borrowers that do not fit standard risk profiles.

Credit/Financial Analysis

The process of comprehending and analyzing an organization's financial past and future possibilities.

Current Assets

Items that are typically converted to cash, sold, or consumed within one year.

Current Debt

Obligations that are due within one year of the financial statement's date. It includes loans under credit lines, notes with a one-year maturity or less, and the current share of long-term debt (the amount due in the next twelve months).

Current Grants & Pledges Receivable

Money owed to an organization in the next twelve months for products and services sold or pledged as a grant, contribution, or pledge.

Current Liabilities

Obligations that are typically paid back within a year.

Current Portion of Long-Term Debt

The amount of principal on a long-term debt that is due in a year. This amount does not include interest.

Current Ratio

The ratio of current assets to current liabilities is a popular indicator of short-term solvency.

D**Days Payable**

The average number of days it takes for an organization to pay its invoices to outside vendors.

Days Receivable

The average number of days it takes for an organization to collect due receipts.

DBA

Doing business as. See assumed name.

Debt

Amount due to a person or organization as a result of a loan. A promissory note, bond, mortgage, or other document detailing repayment terms and interest requirements can be used to symbolize debt.

Debt Service

The annual payments of a loan's principle and interest. Note that interest expenditure will appear on the Statement of Activities, although principal will be on the Balance Sheet, if financial statements are prepared on an accrual basis.

Default

Defaults in debt repayment occur in two primary ways. First, when a borrower fails to make a scheduled interest or principal payment on a loan, the borrower is said to be in default. Second, when a loan covenant is broken, it is called a technical default.

Deferred Revenue/Income

A client pays for a transaction that hasn't happened yet.

Deficit

During a fiscal period, the difference between expenses and revenue. Deficits can be calculated before and after depreciation, as well as non-operating activities. See surplus.

Depreciation

A non-cash expense associated with lowering the book value of a fixed asset over its stipulated accounting or useful life owing to general wear and tear. Depreciation is simply a rough estimate of the cost of replacing fixed assets.

Direct Costs

Direct expenses are costs that can be traced back to a specific program, product, or service that is directly related to a nonprofit's objective.

E

Earned Revenue/Income

Tuition or performance-based government contracts are examples of revenue or money obtained by an organization in exchange for its products or services. Take a look at the revenue/income that has been contributed.

Economies of Scale

Theory that the more of a good or service you create, the less each new unit costs, i.e. efficiency.

Endowment

Also known as investment funds. Typically, this refers to money that has been given to a charity and has been kept intact (and increased) in order to create investment income.

Environmental Audit Phase I

A report that determines the risk or actuality of environmental pollution of a real estate property, usually produced by an environmental engineering firm or another competent body.

Equity

The discrepancy between the market value of an asset and the amount of debt attached to that asset. Also refers to the amount of money invested in a project by a developer or owner.

Expenses

Represent the whole cost of running the business, including employee and other party payments, operating expenses, debt, principal payments, capital expenditures, non-cash expenses, fixed assets, and so on.

External Audit

These nonprofit audits are conducted by third-party organizations and individuals, providing an outsider's perspective of your organization.

F

Facility Fee

An annual fee, which is typically a percentage of the credit limit, charged against the maximum revolving amount.

Facility Project

The purchase or leasehold of a building or other physical space; a refurbishment; a construction project; a relocation; a change in the number of sites; or the purchase of equipment. Any project that entails a facility change.

FASB

The Financial Accounting Standards Board, which is a private body that establishes and updates Generally Accepted Accounting Principles (GAAP). For more information on the requirements for organizations, see [GAAP for nonprofits](#).

Feasibility Study

An assessment of the possibility that a suggested idea, plan, or project will meet specified financial and operational goals. Frequently used to assess the viability of a new business, facility project, or capital campaign.

Financial Audit

During these audits, your auditor will review your organization's various financial statements and reporting to determine opportunities that will help improve the financial health of your organization. They'll also examine your internal controls to ensure the security of your finances.

Financial Intermediary

A financial intermediary is a third party who connects two parties in a financial transaction. Foundations, commercial banks, and CDFIs are examples of financial intermediaries.

Financial Statement

A written report that quantitatively describes an organization's financial health. A balance sheet, an income statement, a statement of cash flows, and, in some cases, a statement of functional expenses make up a full financial statement.

Fixed Assets

The net worth of an organization's physical assets (e.g., property, buildings, equipment, and improvements) that cannot be easily converted to cash. Frequently referred to as "property and equipment" (P&E).

Fixed Price Contract

A contract between the owner/developer and the general contractor in which the contractor undertakes to complete the project for a certain amount regardless of cost.

G

GAAP

The acronym GAAP stands for Generally Accepted Accounting Principles. The Financial Accounting Standards Board produces a set of widely accepted norms, conventions, standards, and processes for reporting financial data.

Pro Tip: GAAP has rules that only apply to nonprofit organizations. Labeling net assets, describing cash flow, investments and contributions are all different between the for-profit and nonprofit world.

General Conditions

The section of the construction contract form that lists the relevant parties' rights, duties, and relationships. Security, job site insurance, temporary structures, deconstruction, and utilities are all things to consider.

General Contractor

The project's principal contractor, who manages the project on-site and executes the actual construction work, or employs smaller, more specialized subcontractors to undertake certain tasks.

GMP Contract

GMP Contract stands for Guaranteed Maximum Price Contract and is a construction phrase that refers to the highest money that the agreed-upon construction standards can cost.

Good Standing Certificate

A certificate issued by a government body, generally a secretary of state, stating that a legal entity, such as a company or partnership, has met all of the filing requirements to be permitted to conduct business in that state.

Grants Receivable

See accounts receivable.

Guarantee

A guarantee is a written agreement by a third party to repay a loan owed by another organization if that entity defaults on the loan. A guarantor might be an individual or a business.

H

Hard Costs

The direct costs of building or constructing a structure, also known as 'bricks and mortar' costs, as opposed to legal, financing, architects', and other fees that are required for the project but are not evident in the actual structure.

HVAC

HVAC is an acronym for heating, ventilation, and air conditioning systems, which are commonly sold as a package in modern buildings.

I

Impact Investing

Investments that aim to have a beneficial social or environmental impact as well as a financial return are referred to as impact investments.

In-Kind

Non-cash objects of value such as specialized volunteer labor, donated commodities, or professional services are examples of in-kind endowments. The recognition of in-kind revenue and expenses is governed by specific accounting standards.

Income Statement

An overview of an organization's revenue and expenses throughout a given accounting period. Also known as a profit and loss statement or a statement of operations.

Indirect Costs

Indirect expenses are those that can't be linked to a specific program, product, or service that helps a nonprofit accomplish its objective.

Intercreditor Agreement

A legal page that spells forth the rights of two or more lenders who have made loans to the same borrower.

Interest

Interest is one of the costs of using money that a lender charges a borrower for the usage of the principal over time, usually stated as an annual percentage.

Interest Only

A loan in which the payments solely cover the interest that has accrued over a set length of time. The entire loan amount (principal) is then either amortized over a set length of time or paid off all at once (balloon).

Internal Audit

Internal audits are conducted by your organization's management team. The purpose is to discover opportunities for improvement and determine if there are better ways to do things than how they're currently being done. Essentially, internal nonprofit audits allow your organization to take a step back from everyday tasks and determine the best course of action to move the nonprofit forward.

IRS Determination Letter

The Internal Revenue Service issues a file to a nonprofit organization verifying its status as tax-exempt and identifying the type of exempt organization, such as 501(c)(3), as well as the date of that exemption.

L

Leasehold Improvements

Renovations to rented premises to meet the needs of the tenant. The landlord or the tenant may be responsible for these costs.

Letter of Credit

A bank-issued instrument or document that guarantees a customer's payment up to a defined amount for a given period in exchange for a fee. It eliminates the seller's risk by substituting the bank's credit for the buyer's.

Letter of Intent

A lender's non-binding proposal outlining the terms under which it would consider providing a given amount of money to a specific borrower. Take a look at commitment.

Liability

Claims against an organization's assets or items owed to it.

Lien

A legal claim made against an asset to secure a loan that must be paid when the asset is sold. Liens can be organized in a variety of ways.

Line of Credit (LOC)

A loan in which the lender permits advances up to a certain amount over a certain time period until the maturity date.

Liquid Net Assets

The expected amount of unrestricted net assets that are not invested in property and equipment (P&E) or reserves designated by the board of directors. This is the amount of unrestricted net assets that can be used to support operations.

Liquidity

A measure of how much cash and "near cash" (assets that can be converted to cash quickly, such as marketable securities) a business has on hand, usually calculated as the value of cash and cash equivalents minus current obligations.

LLC

A mixture between a partnership and a corporation, a limited liability company (LLC) is a business form that combines the advantages of each. Its owners are protected from personal accountability, and all profits and losses are distributed to them directly without any intermediaries.

Loan Closing

Final loan docs are signed during this legal session. At this moment, the loan may or may not be funded.

Loan Documents

These are legal documents that outline the terms of the loan and the borrower's and lender's rights and obligations.

Loan Term

The length of time that a borrower is anticipated to repay a loan. The amortization, which affects the periodic payback amounts and whether there is a high or balloon principal balance owing at maturity, may not be the same as the loan term.

Loan-To-Value Ratio

The Loan-to-Value Ratio is a measure of how much money you owe compared to how. The ratio of the amount a lender is willing to lend divided by the property's appraised or other value.

Long-Term Debt

Debt commitments that are due in more than a year. Multi-year term loans, mortgage loans, and capitalized long-term leases are all included.

Long-Term Grants & Pledges Receivable

Money owed to an organization for products and services sold or pledged to the organization as a grant, contribution, or pledge in the last year. The money will not be sent to the organization for at least a year.

M

Maturity Date

The date on which a loan obligation must be repaid.

Mis-capitalization

Funding and financing that is uneven, unsuitable, or insufficient. Mis-capitalization encompasses both under-capitalization (inadequate investment) and over-capitalization.

Mission-Related Investment (MRI)

While there is no legal definition for an MRI, it is commonly used to refer to impact investments that seek financial as well as social or environmental rewards.

Months of Cash

The amount of months the organization could function with its present cash reserves is measured in months of cash. The cash position at a given moment (typically at the conclusion of the fiscal year) divided by the average monthly operating expense before depreciation.

Months of Undesignated Unrestricted Net Assets

The number of months in which truly liquid and unconstrained net assets are available to meet daily needs.

Mortgage

Security instrument by which a borrower (mortgagor) grants a lender (mortgagee) a lien on property as collateral for a loan.

N

Net Assets

Net worth is defined as the difference between total assets and total liabilities. Nonprofit net assets are categorized as those with or without donor restrictions.

Net Assets Released From Restrictions

Due to the fulfillment of donor-imposed criteria about the timing or purpose of the contribution, funds are transferred from restricted net assets to unrestricted net assets.

Net Fixed Assets, or Net Property & Equipment

Net Fixed Assets, also known as Net Property & Equipment, is a term used to describe the value of a company's

After depreciation, the net worth of property and equipment is calculated. See the section on property and equipment for further information.

Net Grant

A term established by the National Foundation for the Arts to indicate the total grant amount minus the expenditures that organizations incur to handle the award (e.g., reporting requirements, proposal writing, and funder updates).

Non-Operating Activities

Non-Operating Activities are any activities that are not related to the operation of a revenue and expenses that aren't directly tied to the organization's principal mission or operations.

Non-Operating Debt

Debt that isn't related to the organization's major business and program activities, or day-to-day operations (e.g. loans to finance fixed assets and buildings).

Non-Operating Net Assets

Capital campaign funds, for example, are temporarily restricted resources that are not directly tied to the organization's programs or operations.

Non-Operating Revenue

Capital receipts and temporarily or permanently restricted revenue are examples of money that is not directly tied to an organization's programs or operations.

Non-Use Fee

The borrower pays a fee based on the average amount of the commitment not drawn or utilized. Non-use fees typically range from 0.5 % to 50 basis points. Usually applied to revolving lines of credit, but it can also be applied to other sorts of loans.

Note

Also known as a promissory note. A document signed by the borrower evidencing the debt.

O

Occupancy Expenses

All expenses associated with the rent, utilities, insurance, and upkeep of the program and office space.

Officer's Certificate

A certificate issued by an officer of the corporation stating that the mentioned board resolution was adopted and is still in effect during a duly called board meeting.

Operational Audit

Operational audits assess your organization's operation systems, productivity, staffing, IT, HR, and other functions. This type of nonprofit audit can provide insight into why your organization is hitting or missing your goals and how to create a more efficient and effective organization.

Operating Activities

Items that are related to the major business or program operations of the organization. They are also known as "above the line" activities since they are not factored into the operating surplus or deficit (the "bottom line").

Operating Debt

Debt to support the organization's main business or program activities, and day-to-day operations (e.g. line of credit).

Operating Expenses

The costs of running a business on a regular basis. One-time, extraordinary, or capital items, such as cash passed through to other agencies, losses from property sales, realized/unrealized investment gains, or debt principal payments, are excluded.

Operating Reserve

Operating Reserve Funds are placed aside each year to cover potential operating losses caused by unexpectedly low revenue or excessive operating costs (a.k.a rainy-day reserve).

Operating Revenue

Operating Revenues are funds that have been received as unrestricted or have been temporarily released from a temporary limitation in order to cover operating expenses.

Opinion of Counsel

A letter from an attorney representing a borrower in a debt or loan transaction stating that the paperwork the borrower is signing indicates a binding commitment on the borrower to repay the debt according to the terms outlined.

Owner

The company or organization that engages an architect and contractors to design and build a facility. The owner does not have to own the facility being renovated; for example, while making leasehold improvements, a building renter can be the "owner."

Owner's Representative

The person designated as the owner's official representative in relation to a project, particularly in terms of overseeing construction progress on-site.

P

Pass-Through Revenue

Funds contributed to the organization that must be spent on behalf of, or passed through to a secondary recipient. Re-grants are an example.

Permanently Restricted Net Assets

Traditional endowments, for example, have donor-imposed stipulations that the principal not be spent; some or all of the earnings are available for specific or general operations. Permanently Restricted Net Assets Funds with donor-imposed stipulations that the principal not be spent, e.g., traditional endowments.

Points

Borrowers have traditionally paid points to get lenders to make a mortgage loan; higher points may result in a lower rate for the borrower.

Prepaid Expenses

Prepaid Expenses are expenses that an organization pays for before they are due. Insurance premiums and rent are two examples of items that might be paid in advance for a 12-month period.

Prime Rate

The Wall Street Journal and other sources published a nationwide average rate of interest charged by banks, commercial lenders, and other financial institutions.

Principal

The amount of money borrowed and returned by the borrower, as opposed to interest, which is the fee charged for utilizing or borrowing the funds.

Pro Forma Income and Expenses

A statement that shows an organization's predicted annual income and operational expenses to reflect a future event, such as the completion of a project.

Program-Related Investment (PRI)

Program-related investments (PRIs) are a type of impact investment, typically connected with foundations, that support charitable endeavors and are meant to return principal under the terms of the investment.

Project Manager

The person who has been appointed or hired to oversee and coordinate all areas of the project. Seek the advice of the construction manager and the owner's representative.

Property & Equipment (P&E)

Property & Equipment (P&E) is the net worth of an organization's physical assets (e.g., real estate, buildings, equipment, and improvements) that cannot be simply converted to cash. Often referred to as fixed assets.

R

Ratio Analysis

Financial numbers are converted into ratios, which are then used to assess an organization's financial trends and health.

Real Estate Broker

A licensed agent who serves as a go-between for a buyer and a seller of real estate. As a tenant's representative, a broker can locate suitable locations and arrange a lease that matches the tenant's requirements.

Recovery Capital

Recovery Capital assists organizations in recovering from financially harmful gaps or restoring an impaired capital base by lowering debt, funding much-needed facility/equipment repairs, and/or lowering or restructuring debt and other commitments.

Renovation

The process of upgrading an existing building, which can range from modest alterations to significant reconstruction, is referred to as "upgrading."

Replacement Reserve

Money set aside to purchase new materials. May be listed on financial statements as an expense and may be credited back if not spent.

Request for Proposals (RFP)

Once the scope of the project is specified, a request is issued to prospective consultants or contractors that includes everything asked in an RFQ, as well as a proposal of how the consultant would approach the job and what fees would be involved.

Request for Qualifications (RFQ)

A request for basic information about areas of competence, references from previous clients, services, methodology, and cost structure given to prospective consultants or contractors.

Reserves

Reserves are funds placed aside to cover anticipated future expenses. Reserves can be set up for a variety of reasons, including emergencies/rainy days, capital improvement and building replacement needs, and future planning.

Restatements

Revisions to a company's previous financial statements. Fraud, misrepresentation, or a simple clerical or mathematical error can all lead to the necessity for restatements.

Revenue

Payments for services, gifts from people, foundations, and companies, government funding and contract payments, profits from fundraising activities, and investments are all sources of revenue. NFF distinguishes between capital and reliable revenue.

Review

A financial report prepared and examined, but not audited, by a Certified Public Accountant as of a specific date and usually covering a twelve-month period (CPA).

Revolving Line of Credit

A line of credit, which works similar to a credit card, where a borrower typically pays a monthly payment in exchange for the ability to repeatedly draw money up to a predefined credit limit.

S**Scope of Work**

A detailed explanation of the tasks that must be completed for a particular project.

Security

Real estate or personal property is used as collateral to secure a loan, providing the lender with tangible property that may be sold in the event of default to repay the obligation.

Security Agreement

A security agreement is a legal contract signed by a borrower that grants a lender a security interest in an asset or property pledged as collateral.

Short-Term Debt

Debt that is due within a year of the financial statement's date. The current (amount due in the next twelve months) portion of long-term debt includes advances under lines of credit, notes with maturities of one year or less, and the current (amount due in the next twelve months) portion of long-term debt.

Soft Costs

Soft costs are expenses incurred in the development of a real estate project that are not related to the bricks and mortar. Financing fees, fundraising fees, interest costs, inspection fees, permits, architectural, and legal fees are among these expenses.

Stakeholder

Board members, trustees, subscribers, members, clients, staff, donors and past donors, foundations, businesses, and volunteers are all those who care about or are concerned about an organization.

Statement of Activities

An overview of an organization's revenue and expenses throughout a given accounting period. Also known as a profit and loss statement or an income statement.

Statement of Cash Flows

Cash sources and uses, classified into three categories, that reconcile cash at the beginning of the year with cash at the end of the year:

Statement of Financial Position

See balance sheet.

Subordinated Loan

A loan that falls behind other lenders' claims and can only be repaid in liquidation after other debts with a

higher claim or priority have been met. The conditions of a loan, as well as the collateral or lien position on which it is secured, might make it subordinate.

Surplus

The difference between revenue and expenses in a certain accounting period. Surpluses can be calculated before or after depreciation and non-operating activities are taken into account.

Survey

A surveyor's or other qualified entity's document that uniquely identifies the location and limits of a real estate property, including the legal description.

Swing Space

Swing Space is a temporary space used while a construction or remodeling project is underway.

T**Temporarily Restricted Cash (Current)**

Money having time or purpose constraints that must be met within twelve months, allowing the organization to receive unrestricted revenue within the year.

Temporarily Restricted Cash (Non-Current)

Revenue that will not be released from time or purpose restrictions for organizational use for more than a year.

Temporarily Restricted Net Assets

Net assets that have accumulated over time and are subject to a donor-imposed time or purpose limitation that must be met before they can be released.

Term

The amount of time a loan has been outstanding.

Title Reports

A title insurance company's report recording the ownership history of a real estate property, which can include searches, commitments, and insurance policies.

Triple Net Lease

A lease in which the tenant pays its share of the utilities, taxes, and insurance associated with the property's operation in addition to the rent.

U**UCC (Uniform Commercial Code)**

A set of standards for all U.S. states to follow for certain types of commercial transactions.

Underwriting Process

The process of analyzing the financial situation of an organization and its project (if applicable) in relation to the terms and conditions of a loan and a loan applicant's capacity to meet those terms and conditions.

Undesignated Net Assets

Undesignated Net Assets are assets that haven't been designated yet.

Net assets are unrestricted net assets minus board-designated assets and net plant and equipment investments. This figure shows the total amount of net assets available to meet operating needs.

Unrestricted Liquid Net Assets

The expected amount of unrestricted net assets that aren't invested in P&E or reserves designated by the board. This is the amount of unrestricted net assets that can be used to support operations. Undesignated and unfettered are other terms for the same thing.

Unrestricted Net Assets

Unrestricted Net Assets Funds with no restrictions on their usage or purpose from the outside world.

Unsecured Debt

A loan obligation that isn't secured by a specific piece of collateral.

W

Working Capital

Also known as net working capital. The quantity of liquid assets (unencumbered cash and near-cash) that a company has on hand or is readily available (e.g., through a line of credit)