**EJF Quick Sheet**

**10 Steps to Understanding the Monthly Financial Report**

1) Is the cash balance of the **operating account** equal to 10%-20% of the annual assessment budget? (NCB Operating on Balance Sheet Comparison report)

2) Does the **reserve account** display the monthly reserve contribution transfer? Is the reserve fund balance at least 80% of the Reserve Study recommendation? (NCB MM account plus any other investment accounts on Balance Sheet Comparison report)

3) Did the **Accounts Receivable** balance increase or decrease? Is Board action required? (Accounts Receivable on Balance Sheet Comparison report and AR Aging report)

4) In the **Reserve Equity** section were the reserve transactions posted? In the **Members’ Equity** is Net Income(Loss) positive or negative? (Reserve Equity and Members’ Equity on Balance Sheet Comparison report)

5) Review the monthly numbers on the **Statement of Revenue and Expenses**. Pay attention to the Year-to-Date columns; these are often more useful. Focus on variances greater than 10%. (Statement of Revenue and Expenses report)

6) Review the **Summary Statement of Revenue and Expenses** for gaps, trends, or missing information. (Summary Statement of Revenue and Expenses report)

7) The **general ledger** provides detail about every account, but often the expense items are the most useful. (GL Trial Blance Report).

8) Check the **bank reconciliation report** for accounts with missing statements (“Out-of-Balance") or stale checks or deposits. (Bank Account Reconciliation Report)

9) **Bank statements** show all activity. Review checks to identify any payees or amounts that seem unusual or need clarification. (Bank Account Reconciliation Report-you see a bank statement for each bank account)

10) Review **investment accounts** for upcoming maturity dates, cash balances (should not be too large), and types of investments. (Bank Account Reconciliation Report – look of the monthly statement)