

# Explain your financial statements

## And leave no room for interpretation.

### Salaries



All forms of compensation paid to employees, including base salaries, bonuses, and employee benefits.



**A significant increase in payroll expenses has been observed.**

- Have you revised your salary scale upward? Have you introduced or enhanced employee benefits?
- Is the organization in a growth phase involving new hires?
- If a one-time grant enabled the temporary hiring of a specialist for a specific project, please indicate this clearly to demonstrate that the increase is not recurring.

### The balance sheet



A financial statement that presents an organization's assets, liabilities, and equity at a specific point in time, illustrating its financial health.



**Your working capital is negative or very low.**

- Please explain the context.
- What is your strategy?
- Have you implemented mitigation or recovery measures?
- If the organization has made strategic investments (for example, the purchase of new equipment or technologies), please indicate how these investments are intended to improve long-term sustainability.

### Revenue



All revenue generated by the organization, including donations, grants, and other sources of funding.



**A decrease in donations has been observed.**

- Is the organization in the declining phase of a major fundraising campaign?
- Have one-time grants come to an end?
- Have partnerships with funders concluded?
- If the organization has launched an alternative fundraising campaign or sought new partnerships, this may be mentioned to explain the compensation strategies that have been implemented.

### Expenses



The total expenses incurred by the organization to carry out its activities, including operating costs, salaries, and general and administrative expenses.



**Significant variations have been observed.**

- Professional fees: Are these the result of contract-based hiring, strategic planning initiatives, or a fundraising campaign?
- Has a new service been created?
- Has the organization been affected by inflation?
- Has the organization relocated?
- Were there any unforeseen expenses (for example, major repairs)?
- Has the organization undergone an internal restructuring?

# Explain your financial statements

## And leave no room for interpretation.

### Deferred contributions



Funds or donations received but not yet used, carried forward to a subsequent fiscal year due to project incompleteness or other justified reasons.



**A donation does not appear in the revenues for the current year, in whole or in part.**

- Please explain why it has been deferred (for example, the project is not yet completed but the fiscal year has ended).
- Explain how the amount is being deferred: prorated over the remaining months, deferred in full, or another method.
- Has a significant donation been deferred due to a delay in project approval by a funder or a change in the project's implementation conditions? Please specify clearly.

### Deficits



A financial situation in which expenses regularly or cumulatively exceed revenues, resulting in a funding shortfall.



**Recurring or accumulated deficits have been observed.**

- Is the organization's sound management and long-term sustainability at risk?
- Are these deficits attributable to a specific context? Do you have a strategy in place to eliminate the deficit?
- Is the deficit a deliberate situation intended to highlight a funding shortfall?
- Is the deficit the result of a strategic investment in a new program with high funding potential or expected long-term returns (for example, the sale of services)? If so, please specify.

### Reserves



Funds set aside by the organization to address unforeseen circumstances or to finance future projects, without an immediate specific allocation.



**Reserves and unallocated funds have been identified.**

- Please explain the rationale behind the reserve timeframe: why three months, six months, or one year? Justify the amount (for example, in relation to an upcoming project).
- If the organization has an unallocated surplus, explain how you plan to use it.
- If reserves are earmarked for a project under development (such as the expansion of a service), it is important to specify this in order to demonstrate that these funds are intended for a planned and purposeful use.

### In brief



A one-page explanatory document designed to prevent any premature conclusions by the funder and to facilitate the processing of your application.

This page may include highlights of significant adjustments made after the end of the fiscal year, such as a grant received after the financial statements were closed.

*The J. Armand Bombardier Foundation team extends its sincere thanks to the Dufresne and Gauthier Foundation for its inspiration, as well as to the Béati Foundation, the Chamandy Foundation, the Morris and Rosalind Goodman Family Foundation, the Hewitt Foundation, and the Marcelle and Jean Coutu Foundation for their reviews and valuable suggestions.*