

Explain your financial statements: leave no room for interpretation!

Wages



There has been a marked increase in the total payroll.

- Have you raised your pay scale?
- Have you added benefits?
- Are you in a period of growth, involving new hires?
- If a one-off grant has enabled the temporary hiring of a specialist for a specific project, mention this to clarify that the increase is non-recurring.

Balance sheet



Your working capital is negative or very low.

- Explain the context.
- What is your strategy?
- Do you have any mitigation or recovery measures?
- If the organization has made strategic investments (e.g. purchase of new equipment or technology), describe how these investments are intended to improve long-term viability.

Assets



We're seeing a drop in donations.

- Are you in the winding down phase of your major campaign?
- Have any one-off grants come to an end?
- Have any partnerships with funders come to an end?
- If the organization has launched an alternative fundraising campaign or sought new partnerships, this could be mentioned to explain the compensation strategies put in place.

Liabilities



Explain the major variations:

- Professional fees: Is this the result of contractual hiring? Strategic planning? A fundraising campaign?
- Increase in expenses:
 - Have you created a new service?
 - Are you affected by inflation?
 - Have you moved?
 - Have you had any unforeseen expenses (major repairs)?
 - Have you restructured internally?

Deferred contributions >>

The donation from the donor to whom you are applying does not appear in this year's income (in whole or in part).

- Explain why you are deferring it. E.g. the project is not finished but it is the end of the financial year;
- Explain how you are deferring it: in proportion to the remaining months, in full, etc.
- A major donation is being postponed because of a delay in the approval of a project by a donor or a change in the conditions under which the project is being carried out? Let us know!

Recurring or accumulated deficits



- Are the sound management and sustainability of the organization at stake?
- Is it due to a particular situation?
- Do you have a strategy for making up the deficit?
- Is it a voluntary demonstration to show the shortfall?
- Is the deficit due to a strategic investment in a new programme with high funding potential or even expected long-term returns (e.g. sale of services)? Tell us about it!

Reserves and unallocated sums



- Explain the choice of timeframe for the reserve: why three, six months, one year?
- Explain the amount. E.g. a forthcoming project.
- You have an unallocated surplus: explain what you plan to use it for.
- If reserves are earmarked for a project under development (such as the expansion of a service), it is important to explain this to show that these funds are earmarked for a planned use.

In short...



A maximum of one explanatory page (or so), which will avoid any hasty conclusions on the part of the funder and make it easier to process your application.

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

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Wages



Total remuneration paid to employees, including basic salary, bonuses and fringe benefits.

Balance sheet



A financial document that presents an organisation's assets, liabilities and shareholders' equity at a given point in time, illustrating its financial health.

Assets



All income generated by the organisation, including donations, grants and other sources of funding.

Liabilities



Total expenditure incurred by the organisation in carrying out its activities, including operating costs, wages and overheads.

Deferred contributions >>

Funds or donations received but not yet used, carried forward to a subsequent financial year because the project has not been completed or for other reasons.

Recurring or accumulated deficits



A financial situation where expenditure regularly or cumulatively exceeds income, resulting in a shortfall.

Reserves and unallocated sums



Funds set aside by the organisation to deal with unforeseen circumstances or to finance future projects, without any immediate specific allocation.

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