



# Bean Counting 101

Presented by:  
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# BEAN COUNTING 101

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CASH VS. ACCRUAL ACCOUNTING  
EXERCISE

The National Association of Good Looking People received their documents for not-for-profit status on January 1<sup>st</sup>, a Monday. You were hired as the first Executive Director and you were hired to get the organization started and you hired one staff member.

One of your first responsibilities is to report to the board of directors on the financial condition of NAGLP after their first month of operations.

The following transactions occurred during January:

1. You recruited fifty founding members who all agreed in writing to pay \$1,000 dues each. Thirty-six paid sometime in January.
2. Your salary is \$52,000 per year and your staff's salary is \$26,000. Pay days are bi-weekly on Fridays.
3. The bill for the January newsletter in the amount of \$2,000 was received on January 20<sup>th</sup>, but the terms said net/30. The invoice was paid on February 20<sup>th</sup>.
4. The following bills for additional expenses were received in January:

January office supplies	\$ 250	Paid in January
January rent	\$1,000	Paid in February
January postage	\$ 500	Paid in January
January utilities	\$ 250	Paid in February
5. The organization's annual meeting is to be held on June 15<sup>th</sup>. The following transactions pertaining to the meeting occurred in January:
  - They paid a \$1,000 deposit on the hotel in January
  - They received \$15,000 in exhibit booth deposits in January
6. They ordered office furniture (desks, chairs, filing cabinets, etc.) and paid the \$5,000 invoice in January.
7. The invoice for the annual office contents insurance premium in the amount of \$1,200 was received and paid in January.
8. They ordered a supply of a book, *History of Attractive People*:
  - 1,000 books were delivered and they paid the \$10,000 invoice in January
  - 35 orders for the books at a selling price of \$25 per book were received. The

books were sent out with invoices in January

-They received payment for 10 of the invoices and deposited \$250 in January

9. One of the founding members died, and the organization was named in the person's will, and they received a check for \$100,000. The accompanying documentation said they could never spend the money however!

The documentation also stated that the organization could use the interest earned on the \$100,000 to fund the organization's operations. The January interest check received was for \$100 and was deposited in January.

10. The organization started a scholarship fund and appealed to members for contributions and received \$10,000 in January. They awarded scholarships in January in the amount of \$4,000.

NAGLP  
Statement of Financial Position  
(Balance Sheet)  
January 31, 20xx

	<b>Assets</b>	
<b>Current Assets:</b>	<u>Cash Method</u>	<u>Accrual Method</u>
Unrestricted cash	\$ _____	\$ _____
Accounts receivable:		
Dues	_____	_____
Publication Sales	_____	_____
Inventory	_____	_____
Pre-paid expenses	_____	_____
Total Current Assets	\$ _____	\$ _____
<b>Capitalized Assets:</b>		
Furniture	\$ _____	\$ _____
Less accumulated depreciation	_____	_____
Total Capitalized Assets	\$ _____	\$ _____
<b>Restricted Cash:</b>		
Temporarily restricted account	\$ _____	\$ _____
Permanently restricted account	_____	_____

Total Restricted Cash	\$ _____	\$ _____
Total Assets	\$ _____	\$ _____

**Liabilities and Net Assets**

**Current Liabilities:**

Accounts payable	\$ _____	\$ _____
Salaries payable	_____	_____
Total Current Liabilities	\$ _____	\$ _____

**Deferred Income:**

Dues	\$ _____	\$ _____
Annual Meeting	_____	_____
Total Deferred Income	\$ _____	\$ _____

**Net Assets:**

Unrestricted Net Assets	\$ _____	\$ _____
Temporarily Restricted Net Assets	_____	_____
Permanently Restricted Net Assets	_____	_____
Total Net Assets	\$ _____	\$ _____
Total Liabilities & Net Assets	\$ _____	\$ _____

**NAGLP**  
**Statement of Unrestricted Activity**  
**(Income Statement)**  
**For the One Month Ended January 31, 20xx**

	<u>Cash Method</u>	<u>Accrual Method</u>
<b>Revenues:</b>		
Dues	\$ _____	\$ _____
Exhibit Booth Deposits	_____	_____
Publication Sales	_____	_____
Less Cost of Goods Sold	_____	_____
Interest from Restricted Fund	_____	_____
 Total Revenues	 \$ _____	 \$ _____

**Expenses:**

Salaries	\$ _____	\$ _____
Newsletter Printing	_____	_____
Office Supplies	_____	_____
Rent	_____	_____
Postage	_____	_____
Utilities	_____	_____
Hotel Deposit	_____	_____
Furniture Purchase	_____	_____
Depreciation	_____	_____
Insurance	_____	_____
Book purchase	_____	_____
Total Expenses	\$ _____	\$ _____

Increase/Decrease in Unrestricted Net Assets	\$ _____	\$ _____
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**NAGLP**  
**Statement of**  
**Permanently Restricted Activity**  
**For the One Month Ended January 31, 20xx**

<b>Revenues:</b>	<u>Cash Method</u>	<u>Accrual Method</u>
Endowment Received	\$ _____	\$ _____
<b>Expenses:</b>	\$ _____	\$ _____

Increase in Permanently

Restricted Net Assets                                  \$\_\_\_\_\_                                  \$

NAGLP  
Statement of  
Temporarily Restricted Activity  
For the One Month Ended January 31, 20xx

<b>Revenues:</b>	<u>Cash Method</u>	<u>Accrual Method</u>
Scholarship contributions	\$_____	\$

**Expenses:**

Scholarships awarded	\$ _____	\$ _____
Increase in Temporarily Restricted Net Assets	\$ _____	\$ _____

## WORKSHEET #1

**Unrestricted Cash:**

Dues	\$ _____
Salaries	_____
Office Supplies	_____
Postage	_____
Hotel Deposit	_____
Exhibit Booths	_____
Furniture Purchase	_____
Insurance	_____
Book Purchase	_____
Book Sales	_____
Interest	_____
Balance, end of	

**Permanently Restricted Cash:**

Endowment	\$ _____
Balance, end of January	\$ _____

**Temporarily Restricted Cash:**

Scholarships Received	\$ _____
Scholarship Awarded	_____



January      \$ \_\_\_\_\_ Balance, end of January \$

**Accounts Receivable, Publication Sales:**

Books Sold	X	Selling Price	=	Gross Sales
_____		\$ _____		\$ _____
		Amount Collected	-	_____
		Balance Due		\$ _____

**WORKSHEET #2**

**Depreciation Calculation:**

Cost	÷	Life in Months	=	Depreciation per month
\$ _____		_____		\$ _____

**Journal Entry:**

Debit Depreciation Expenses	\$ _____
Credit      Accumulated Depreciation	_____

**Inventory and Cost of Goods Sold Calculations:**

Amount paid for books \$ \_\_\_\_\_ ÷ # of books purchased \_\_\_\_\_  
= *Cost* of each book purchased: \$ \_\_\_\_\_

Original

	X		=		Inventory
	X		=		
	X		=		Ending Inventory
				\$	

# of books sold	X	Cost of each book	=	Cost of Goods Sold
		\$		\$

### WORKSHEET #3

**Deferred Due:**

Amount Received	÷	Months	=	Dues Revenue Earned
\$		\$		\$

Amount Received	-	Dues Revenue Earned	=	Deferred Dues Revenue
\$		\$		\$

**Salaries Payable:**

\$78,000 ÷ 12 months = \$6,500/mo.    \$6,500 - \$6,000 paid = \$

**Accounts Payable:**

Newsletter            \$

Rent \_\_\_\_\_  
Utilities \_\_\_\_\_

Total           \$

**Pre-Paid Expenses:**

Hotel Deposit   \$  
Insurance           \_\_\_\_\_

Total           \$