

Board Development Topic: Understanding Financials

Date of Board Meeting:

March 31, 2022

Strategic Priority:

- High Quality Teaching and Learning
- Engagement of All Students, Families, and Communities
- Effective Policy and Procedures
- Healthy, Sustainable Physical & Social Environments

Quality Indicator(s):

QI 6.2 – The Director keeps the Board informed about Division operations.

QI 6.3 – The Director provides the Board with balance, sufficient, concise information and clear recommendations for actions items in agendas.

QI 6.6 – The Director ensures high quality management services are provided to the Board.

Information for the Board (10 fast facts):

1. What are Financial Statements?
 - a. Financial statements are reports that summarize important financial accounting information about the division. They are like the financial dashboard of the school division. There are three main types of financial statements: the balance sheet, income statement, and cash flow statement.
 - b. Financial statements are audited annually to ensure accuracy.
 - c. Provincial Auditor reviews GSSD financial statements approximately every three years.
2. Balance Sheet
 - a. A snapshot of school division finances at a certain moment in time. The balance sheet is broken into three general categories including Assets, Liabilities, and Equity.
 - b. Can also be called the Statement of Financial Position.
3. Assets
 - a. Items of value that the school division owns.
 - b. Includes cash & cash equivalents, accounts receivable, investments, furniture & equipment, land, buildings, vehicles, etc.
4. Liabilities
 - a. Debts owed to others such as accounts payables, long-term debt, or deferred revenues.
5. Equity
 - a. Remaining value of the school division after subtracting the liabilities from assets.
6. Balance sheet formula
 - a. $Equity = Assets - Liabilities$
 - b. The school division value consists of what is owned (assets) minus what is owed (liabilities).
7. Income Statement
 - a. Called the Statement of Operations and Accumulated Surplus from Operations in school division financials.
 - b. Focuses on revenues and expenses during a particular period of time.
 - c. Expenses are subtracted from revenues to determine operating surplus or deficit.

8. Cash Flow Statement
 - a. Measures how well cash is generated to pay any debt obligations, fund operating expenses and investments.
9. Accrual Accounting Method
 - a. Recognizes revenue when it is earned and expenses when they are billed out.
 - b. Gives a more realistic idea of revenue and expenses during a period of time.
10. Cash Basis Accounting
 - a. Recognizes revenue and expenses only when money changes hands.
 - b. Does not recognize accounts payable or receivable.

Respectfully submitted,

Quintin M. Robertson, Director/CEO
Good Spirit School Division