

Financial Reports

Two of the most important principles in handling other people's money are to deposit promptly all money received, and to make all disbursements by check or obtain a receipt for all cash transactions. Doing so both protects the Treasurer and provides a verifiable record of all transactions.

The first thing that a Chapter Treasurer should do is establish a bank account. PTG Bylaws state, "Chapter funds shall be deposited in the name of the "Piano Technicians Guild, Inc., (chapter name)," in a federally insured depository." The account should have at least two signatures on record. The bank may require a federal tax identification number. Each Chapter must apply for and obtain their own unique federal tax identification number.

The Chapter Treasurer is obliged to keep current and accurate records of chapter funds and to be prepared to report the financial condition of the chapter at each meeting. The simple, running checkbook balance is really not sufficient for this purpose because all monies are lumped together regardless of source or purpose.

The following forms can be modified to fit any size Chapter by adding to or deleting unnecessary line items. The sample forms included in the Tool Kit are basic financial reports. By following the "letters" You can see how the different accounts tie together to create these reports. The individual account ledgers tie to the Balance Sheet and Profit/Loss Statement. But, all financial reports start with the development of the Budget. These are sample forms but all worksheets are available in Excel format in the Chapter Resources area of www.ptg.org.

Budget: Each year the Treasurer should prepare a budget estimating income and expenses for the coming year. Try to take into account the projects for the upcoming year such as education, training, chapter/member promotion, newsletter publications, etc. The Chapter should approve the proposed budget.

Account Ledger: Prepare a ledger for each account on your Budget. The ledger is a running total of every transaction for each account. Setting up these ledgers will make creating the financial reports much easier. Copy the balances of each account ledger onto the Trial Balance. By following the "letters" on the Trial Balance to the Balance Sheet and Profit/Loss Statement, you will create the necessary financial reports. If you have downloaded the Excel spreadsheets from the website, the program should automatically create the financial reports once you have inserted the balances into the Trial Balance.

Balance Sheet: This report shows the financial position of your Chapter, at any given time.

Profit/Loss Statement: This report shows the income and expenses for each budgeted area, as well as, whether the Chapter is showing a profit or loss for the year. The total profit or loss amount is carried over to the Balance Sheet.

As mentioned previously, the size and activity of your Chapter will dictate the type of financial reporting that is necessary. At the very least, each Chapter should prepare a yearly Budget and report cash flow based on bank statements.

The most important thing to remember is that accurate record keeping is imperative. Be sure to keep supporting documentation for every transaction and that all transactions are recorded promptly and accurately.