

## Overview of Accounting at Humanities Montana

Humanities Montana uses three main types of financial statements including the balance sheet/statement of financial position, the profit and loss statement/statement of activities and the operating budget.

### Balance sheet/Statement of financial position

The balance sheet provides a snapshot of Humanities Montana financials at a specific moment in time, listing what is owned, what is owed and how much money is remaining.

Humanities Montana uses a balance sheet to report during the fiscal year and a statement of financial position in the audited financial statements. The main difference between a balance sheet and the statement of financial position is that nonprofits do not have owners. The statement of financial position does not include any equity, it includes net assets. Net assets are simply the amount remaining after Humanities Montana liabilities are subtracted from the assets, reflected by the following equation.

$$\text{Assets} - \text{Liabilities} = \text{Net Assets}$$

### Profit and loss statement/Statement of activities

The profit and loss statement also known as an operating statement or an income statement. This statement reflects how “profitable” Humanities Montana is for the given period listing revenue received during the reporting period less any expenses or losses.

Humanities Montana uses a profit and loss statement to report during the fiscal year and a statement of activities in the audited financial statements. The main difference between the profit and loss statement and the statement of activities is the profit and loss statement calculates net income and the statement of activities calculates change in net assets.

### Operating Budget

Humanities Montana operating budget forecasts for planned programs and activities for the fiscal year and during the fiscal year the actual revenue and expenses are reported in relation to the operating budget.

### Form 990

Humanities Montana is required to file a Form 990 each year. This discloses revenues, expenses and changes to net assets to the public. This published information can be found on the IRS website tax exempt organization search.

### Nonprofit vs. for profit accounting

	<b>Nonprofits</b>	<b>For-profits</b>
Primary financial statements	Statement of financial position Statement of activities	Balance sheet Income statement
Assets, net liabilities	Net assets	Equity
Tax status	Tax-exempt, if approved by the IRS Under Section 501	Subject to income taxes