



SPRINGFIELD HISTORICAL SOCIETY, INC.
PO BOX 6
SPRINGFIELD, NH 03284

October 7, 2008

To: Board Members
Officers
Committee Chairs

Subject: How to read the treasurer letter

According to the constitution and by-laws the treasurer is to control spending to not exceed the budgeted expense line items and report on it at the end of each quarter. These reports are to be reviewed and certified by the auditors.

The treasurer letter consists of three pages:

1. Overview letter with year-to-year comparisons by quarter and year-to-date highlights
2. Functional income and expense by line item detail against budget and fund balances
3. History of fund balances, changes in fund balances and income and expense highlights

Overview Letter

This is the management review and analysis of the quarter and year-to-date, year-over-year changes in key items. It opens with a significant highlights statement and follows with a data matrix showing percentage changes for Income, expense, net of income and expense and the asset balances. Then there are separate discussions for the income and expense data with analysis and explanation for the changes.

Functional Income and Expense Detail

Our organization is aligned functionally with our missions. These include Administration & General, Meetings & Events, Museum, Newsletter and Scholarship. We have three funds set up to segregate these mission functions: General, Memorial and Scholarship. The functions and funds are listed across the top of the report as columns. We capture these areas using classifications for each entry. We have sub-classifications to indicate in whose name a contribution is made or for what year dues are paid. You do not see these sub-classifications in this report.

We have income and expense categories. The income categories are not controlled by budget, but are forecasted to show if the net budget will likely be positive or negative for the full year. There are sub-categories for some items such as dues. You see these dues sub-categories in this report.

Expenses or spending is controlled by category line item in the full-year budget. Year-to-date spending is not to exceed the full-year budget amount by line item. The board can approve a budget change at any

time. The chronology of budget creation and changes is reviewed and certified by the auditors as is spending against the budgeted line items.

As a small organization we keep our books on a cash basis. This means that there are no receivables, payables, inventories, prepaid items, capital, or equity items as there are in accrual accounting. As such, the net of income and expense is the same as the net of cash inflows and cash out flows. That net is also equal to the change in asset balances for the same time periods being reported. In this report you see that on the Grand Total line of income and expense and the Net change line of balances in the total column. Those two figures in the total column must be equal. This reporting structure is parallel to that used to report to the IRS and to the New Hampshire Attorney General Charitable Trust Unit each year.

History Reports

The third page covers yearly periods from the start of cash accounting (year-end 2003) to the present for the following items : fund balances, change in fund balances and income and expense key lines. The three funds mentioned earlier and their totals are in the first table showing the balance at the end of each year. Some of these fund balances are invested in a Memorial Fund CD and a Scholarship Fund CD. The variance of the fund balance to the CD balance is shown in the last line. Anytime that excess cash is available per cash flow projections it is invested in CD's. This holds true for general fund balances as well. The accounting classification controls the balance change in the fund, not the CD balance.

You can see the change in the balance of each fund in the second table. These tie back to the prior chart grand total line. Under the Memorial Fund and under the Scholarship fund columns on the grand total line your will see the amounts that reflect the same changes that are shown in the second table of this page. All other columns on the prior page taken together constitute the net change in the general fund.

The third table shows the income and expense over time for key line items. Income is broken down into contributions, dues and all other. Expense is aggregated by function. The functional expense in this table corresponds to the total expense by column in the prior report.

Respectively submitted,

Brandt Denniston, treasurer