

Analyzing financial statements argumentative essay

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A non-profit organization uses the current ratio to evaluate some of its assets. These assets are both cash and other things that could be changed into cash, and they might be used if necessary to pay their costs of operating. A non-profit organization uses the long-term solvency ratio to find out if they are likely to be able to pay their bills. This ratio will tell the non-profit exactly how much they depend on contributions from other sources outside of their organization. The organization uses the management/expense ratio to tell them how much they should set aside for administrative costs, besides their program costs.

If they save too much money in this category, they can spend less money on their programs. The revenue/expense ratio tells them how much funding they have used to support their fund-raising. The revenue/expense ratio is like the management/expense ratio because if too much money goes into revenue/expense, not enough will go to their programs.

Customers

Discuss the purpose, advantages, disadvantages, and type of feedback provided by a line item, performance, and program budget in a 350- to 700-word essay. Using performance, line-item, and program budget systems has a few advantages. Each system is best for a particular reason.

Each system has both its pros and its cons. The administration will consider the needs of its organization, and with this in mind choose which system they should use. Martin (2009) explains, “ The three major budgeting systems (line-item, performance, and program) provide the financial performance feedback in a performance measurement system” (p. 77). A

performance budgeting system's most important advantage is that it gives the administration information about the cost of the organization's " outputs. " For example, this performance budgeting system calculates the cost to the organization of particular individual services.

If this budget is related to a homecare program, it would take into account even service that is included in or related to the homecare service-- for instance, if there is a separate charge for administration of medicines or for travel time. Only the program-level is the right place for this kind of budget system. This kind of budget also gives a great deal of detail, which makes it often better than line-item budgeting. One disadvantage to performance budgeting is that it is more difficult to calculate. An umbrella is a useful metaphor for a program budgeting system. It reaches over each of the individual program expenses.

A cafeteria, for example, has expenses like supplies, utilities, salaries. A program budget does not list each individual expense; it instead gives the program a total figure of cost. Administration can use a program budget to look at the smaller parts of the total budget. This system's disadvantage is that it only applies at the program level and does not give any details about which expenses come from what. A simpler kind of budget system is the line-item, which is easy to use. Administration can quickly read a line-item budget and use it to predict the future expenses of the organization.

If there is any question of verification, the information can be accessed at any time. A line-item system would take into account particular things like salaries, donations, and the operating expenses of the organization-- like utilities or the phone. A line-item budgeting system, though, is not suitable
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for use by a large organization, which is a disadvantage. It does not outline what the organization spends on the costs of its programs. Both a performance budget and a program budget are used at the program level, but a program budgeting system and a performance budget system operate in different ways.

The biggest difference is that a performance budget calculates how much each of the organization's individual services costs them. For examples, for the homecare program, this kind of budget would take all of the services offered with the homecare program into account in its budget for this program. These could be particular charges for medicine administration or for time spent traveling, for example. An umbrella is a useful metaphor for a program budgeting system. It reaches over each of the individual program expenses. A cafeteria, for example, has expenses like supplies, utilities, salaries.

A program budget does not list each individual expense; it instead gives the program a total figure of cost. Administration can use a program budget to look at the smaller parts of the total budget. A human service agency must always keep its expenses in mind. They need the kind of detailed information that comes from a performance budgeting system in order to know exactly how much each service costs them. Keeping this kind of budget lets the administration guess how much things will cost in the future, and change their costs if the need to.

A program budget lets the administration know exactly how much their programs costs, so that they can adjust their costs by looking at the budget.

The program budget tells their administrators how much each of their
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programs costs compared to others. Provide a 350- to 700-word response to the following: Identify and describe two types of traditional approaches to fund development, and two types of nontraditional approaches to fund development that would be appropriate for the XYZ Corporation, and provide a conclusion of the organization's current and future financial picture.

An agency can try several different kinds of fund development. Each of these forms is to attain the same purpose – the help the agency to reach the funds for a particular goal. Traditional approaches to fund development: Fund raising: The organization might have scheduled Campaigns to ask for money in an organized way large company might give the organization a donation that would then lower their own taxable income. Most organizations use the mail or telemarketing to get publicity for their campaigns.

The organization might have:

- Special events To raise funds through auctions or other rewards for donations, they might use a raffle or a walk-a-thon, among other ways, to raise funds in this form.
- Client's donations Is another source of funding for an organization, a client might give donations to an organization without hoping for any reward or service, often from gratitude.
- Entrepreneurial approaches to fund development: Entrepreneurial approach: Affinity marketing Is a joint venture between a vendor and an organization which raises money for the organization?

A store could tell its customers, for example, that they will contribute a set portion of their profit to a particular organization. This relationship benefits

both parties involved with it. The vendor wins because they make a profit on each item and bring in more customers. The customer gets the satisfaction of contributing to a cause and buying something that they want. The organization wins because they get funds with little to no effort.

An individual might contribute from their estate with a Bequest program. This way, a person leaves money for an organization in their will. The organization might decide to enter into a

Commercial Venture

An organization could sell its services to people who can pay in many ways. Willing clients with handicrafts skills might donate things that the organization could sell on the internet. This kind of fundraising needs a lot of planning and organizing, and the organization still needs to keep receiving donations while they plan their commercial venture. The venture itself might require extra costs. People might be more willing or able to donate items to support an organization than to donate cash.

Reference

1. Martin L. (2001). Financial Management for Human Service Administration, Boston, MA Allyn and Bacon