



# Financial management for associations

# Main terms

- **Budget**, estimation how money will be used during the year, decided by members
- **Accounting**, keeping track of where the money comes from and where does it go to. Each transaction is linked to account.
- **Account list**. These doesn't mean only bank accounts but a list of expense, income and asset accounts for example “membership fees” income account, “events” expense account and “bank account” asset account. Each associations should have account list and accounts are normally numbered with certain logic.
- **Receipt**, proof of purchase or sale or other transaction
- **Treasurer**, the person who handles associations finances in practice (sometimes together with the chair)

# Main keypoints for associations

- Associations should use their money according to their official rules
- Budget for the year is decided by member meeting, and board should try to follow the budget.
- Accounting is required by law! So **don't lose the receipts!**
- From your accounting will be created the financial statement by treasurer or accountant
- That will be checked by performance auditor (toiminnantarkastaja) or financial auditor (tilintarkastaja) who will give a statement for your member meeting if funds have been used accordingly
- Members will then (in most cases) give the previous board a freedom from liability (vastuuvapaus) after hearing the statement from the performance auditor

## Example ry

## BUDGET ESTIMATE 2020

	Cost centre	ESTIMATE 2020	OUTCOME 2019	OUTCOME 2018	Explanation
<b>INCOMES</b>					
	Merchandise sales	600	500	550	All merchandise sale (cocard, badges, bags etc)
	Corporate relations	2000	2500	2200	Corporate co-operation
	Events	1500	1230	1443	Tickets and participation fees for events
	Other incomes	100	244,72	100	Incomes that don't fit well in any of the other cost centre
	Membership fees	900	860	650	
	AYY support	500	500	500	
	<b>INCOME IN TOTAL</b>	<b>5600</b>	<b>5834,72</b>	<b>5443</b>	
<b>EXPENSES</b>					
	Meeting costs	1200	1000	925	Board meeting fees, mainly food & snacks
	Boards refreshment budget	900	629	600	
	Advocacy	600	524	865	
	Events	1600	2000	2000	
	New students	800	1370	1123	
	Other expenses	500	200	515	Expenses that don't fit well in any of the other cost centre
	<b>EXPENSES IN TOTAL</b>	<b>5600</b>	<b>5723</b>	<b>6028</b>	
	<b>Surplus</b>	<b>0</b>	<b>111,72</b>	<b>-585</b>	

Example ry

**BUDGET ESTIMATE 2020**

	Cost centre	ESTIMATE 2020	OUTCOME 2019	OUTCOME 2018	Accounts list
<b>INCOMES</b>					
	Merchandise sales	600	500	550	3001 Merchandise sales
	Corporate relations	2000	2500	2200	3002 Corporate relations
	Events	1500	1230	1443	3003 Events
	Other incomes	100	244,72	100	3004 Other incomes
	Membership fees	900	860	650	3005 Membership fees
	AYY support	500	500	500	7001 supports
	<b>INCOME IN TOTAL</b>	<b>5600</b>	<b>5834,72</b>	<b>5443</b>	
<b>EXPENSES</b>					
	Meeting costs	1200	1000	925	4001 meetings
	Boards refreshment budget	900	629	600	4002 refreshment
	Advocacy	600	524	865	4003 advocacy
	Events	1600	2000	2000	4004 events
	New students	800	1370	1123	4005 new students
	Other expenses	500	200	515	4006 other expenses
	<b>EXPENSES IN TOTAL</b>	<b>5600</b>	<b>5723</b>	<b>6028</b>	
	<b>Surplus</b>	<b>0</b>	<b>111,72</b>	<b>-585</b>	

# Proof of purchases (receipts)

- Do I need the receipt? **ALWAYS YES!** Can also be in digital format.
- Treasurer makes sure that all is collected during the year
- It is a good idea to keep the original paper receipts at least until financial statement has been approved even if those are digitized.



**RECEIPT** LOGO

East Repair Inc.  
1912 Harvest Lane  
New York, NY 12210

<b>BILL TO</b> John Smith 2 Court Square New York, NY 12210	<b>SHIP TO</b> John Smith 3787 Pineview Drive Cambridge, MA 12210	<b>RECEIPT #</b> US-001	<b>RECEIPT DATE</b> 11/02/2019
		<b>P.O.#</b> 2312/2019	<b>DUE DATE</b> 26/02/2019

QTY	DESCRIPTION	UNIT PRICE	AMOUNT
1	Front and rear brake cables	100.00	100.00
2	New set of pedal arms	15.00	30.00
3	Labor 3hrs	5.00	15.00
	Subtotal		145.00
	Sales Tax 6.25%		9.06
	<b>TOTAL</b>		<b>\$154.06</b>

**Thank you**

**TERMS & CONDITIONS**  
Payment is due within 15 days  
Please make checks payable to: East Repair Inc.

# Proof of sale

- When selling stuff with cash, do notes what is sold, how many and with what price.
- Keep copy of sent invoices for accounting
- If someone needs a receipt from a cash sales, this is handy →



**East Repair Inc.** **INVOICE**

1912 Harvest Lane  
New York, NY 12210

**Bill To**  
John Smith  
2 Court Square  
New York, NY 12210

**Ship To**  
John Smith  
3787 Pineview Drive  
Cambridge, MA 12210

**Invoice #** US-001  
**Invoice Date** 11/02/2019  
**P.O.#** 2312/2019  
**Due Date** 26/02/2019

QTY	DESCRIPTION	UNIT PRICE	AMOUNT
1	Front and rear brake cables	100.00	100.00
2	New set of pedal arms	15.00	30.00
3	Labor 3hrs	5.00	15.00
		Subtotal	145.00
		Sales Tax 6.25%	9.06
		<b>TOTAL</b>	<b>\$154.06</b>

	Apple	
	Mango	
	Pineapple	
	Strawberry	
	Watermelon	

# Accounting

- An association's financial management is one of the most important prerequisites of the community's functionality.
- Well-managed finances are beneficial to both the association's members and its Board.
- Financial management is regulated, and it must be done with care.
- A registered association is legally bound to keep accounting records, meaning it is obliged to systematically manage its finances.





# Accounting #2 - Single-entry bookkeeping system

Example ry			
Fiscal period 1.1.-31.12.2011			
Date	Receipt number	Explanation	
1.1.2011	1	Membership payments January	100,00
3.1.2011	2	Invoice 25/2010	-80,00
6.1.2011	3	One apple sold	5,00
6.1.2011	4	AYY grant	500,00
12.1.2011	5	Membership payments / Mikko Mallila	8,00
29.11.2011	6	Fall meeting rent	-250,00

# Accounting #3 - Double-entry bookkeeping

- Double-entry bookkeeping (kaksinkertainen kirjanpito) system is required to do by associations
- Made popular by this guy, Luca Pacioli →
- “Every entry to an account requires a corresponding and opposite entry to a different account. The double-entry has two equal and corresponding sides known as debit and credit. The left-hand side is debit and right-hand side is credit. In a normally debited account, such as an asset account or an expense account, a debit increases the total quantity of money or financial value, and a credit decreases the amount or value.”  
(Wikipedia)



# Accounting #4 - Double-entry bookkeeping

- Basic idea of double entry bookkeeping in expenses is:
  1. Where was the money used to?
  2. Where was it used from?
- Example:
  1. 10€ used for apples
  2. Source of money: cash box
- And in incomes same idea:
  1. 15€ of oranges sold
  2. Money deposit made to: bank account
- **You won't learn double entry bookkeeping today but try to memorized the idea!**



# Accounting #5 - Double-entry bookkeeping

- With every account there is debet- and kredit side
- Incomes will be marked in one income account's kredit side and on one asset account's debet side
- Expenses will be marked on asset account's kredit side and some expense account debet side
- Simple rule: **debet = positive number** and **credit = negative number**



# Accounting #6 - Single-entry bookkeeping system

Example ry			
Fiscal period 1.1.-31.12.2011			
Date	Receipt number	Explanation	
1.1.2011	1	Membership payments January	100,00
3.1.2011	2	Invoice 25/2010	-80,00
6.1.2011	3	One apple sold	5,00
6.1.2011	4	AYY grant	500,00
12.1.2011	5	Membership payments / Mikko Mallila	8,00
29.11.2011	6	Fall meeting rent	-250,00

# Accounting #7 – double entry simple spreadsheet



Example ry Päiväpääkirja														
Fiscal period 1.1.-31.12.2011			ASSET ACCOUNT		ASSET ACCOUNT		INCOME ACCOUNT		EXPENSE ACCOUNT		INCOME ACCOUNT			
			debet	credit	debet	credit	debet	credit	debet	credit	debet	credit		
Date	Receipt number	Explanation	Bank Account		Cash box		Primary operations income		Primary operations expenses		Grants		Sums for checking	
1.1.2011	1	Membership payments January			100,00			100,00					100,00	100,00
3.1.2011	2	Invoice 25/2010		80,00					80,00				80,00	80,00
6.1.2011	3	One apple sold	5,00					5,00					5,00	5,00
6.1.2011	4	AYY grant	500,00									500,00	500,00	500,00
12.1.2011	5	Membership payments / Mikko Mallila	8,00					8,00					8,00	8,00
29.11.2011	6	Fall meeting rent		250,00					250,00				250,00	250,00
31.12.2011	1	Depositing cash to bank account	100,00			100,00							100,00	100,00
			613,00	330,00	100,00	100,00	0,00	113,00	330,00	0,00	0,00	500,00	1 043,00	1 043,00

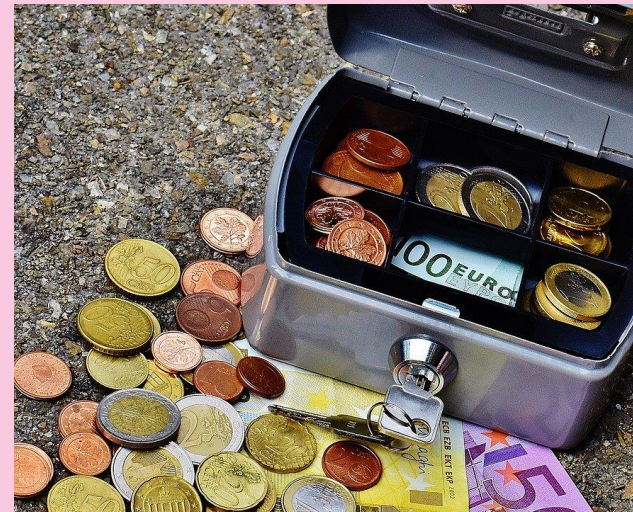
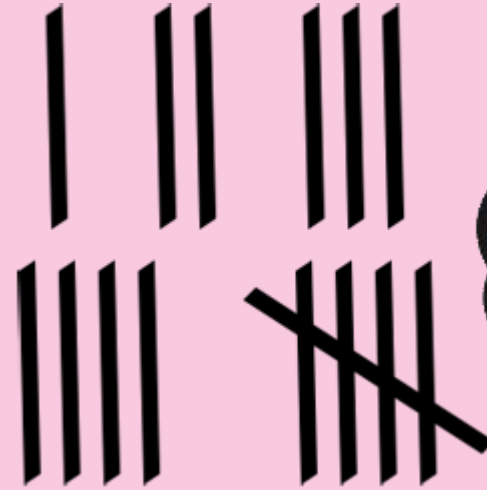
# Accounting #7 – double entry simple spreadsheet

Example ry Päiväpääkirja														
Fiscal period 1.1.-31.12.2011			ASSET ACCOUNT		ASSET ACCOUNT		INCOME ACCOUNT		EXPENSE ACCOUNT		INCOME ACCOUNT			
			debet	credit	debet	credit	debet	credit	debet	credit	debet	credit		
Date	Receipt number	Explanation	Bank Account		Cash box		Primary operations income		Primary operations expenses		Grants		Sums for checking	
1.1.2011	1	Membership payments January			100,00			100,00					100,00	100,00
3.1.2011	2	Invoice 25/2010		80,00					80,00				80,00	80,00
6.1.2011	3	One apple sold	5,00				5,00						5,00	5,00
6.1.2011	4	AYY grant	500,00								500,00		500,00	500,00
12.1.2011	5	Membership payments / Mikko Mallila	8,00				8,00						8,00	8,00
29.11.2011	6	Fall meeting rent		250,00					250,00				250,00	250,00
31.12.2011	1	Depositing cash to bank account	100,00			100,00							100,00	100,00
			613,00	330,00	100,00	100,00	0,00	113,00	330,00	0,00	0,00	500,00	1 043,00	1 043,00



# Accounting #8 the cash

- All transactions with cash should be listed
- Less cash you use, the easier the accounting is
- Most of the errors and confusions in accounting comes from cash flow
- Keep a paper sheet about deposits / withdraws always on the cash box so everything is marked
- Tally marks are great way to keep track of cash sales during the day





# Accounting #9, main points

- Keep ALL of the receipts! Mark down what purpose those where used. Digitize them rather sooner than later!
- Arrange those some way (for example per month or per quarter of a year).
- Keep track of the use of cash (including deposits to bank account and withdraws from the cash boxes)
- Bank account will keep track of itself
- When you combine two above, you've basicly done double entry book keeping, then it is just a matter of presenting it in right way
- You have the whole year to figure out how to get numbers out in the way the financial statement requires. Ask the previous board for help



# Financial statement (tilinpäätös)

- Final results of the fiscal period (in most cases, calendar year)
- Made from all the accounting done during the year
- It includes:
  - **Profit & loss statement** (tuloslaskelma), explains how much money received from which operations and used to what purposes
  - **Balance** (tase) and it's breakdown (tase-erittely). Explains association's assets & debts
  - Required attachments:
    - **Journal** (päiväkirja) = all accounting transactions in chronological order
    - **Nominal ledger** (pääkirja) = all accounting transactions organized per account



**Profit & loss statement (TULOSLASKELMA)**

	1.1.–31.12.2019		1.1.–31.12.2018	
<b>PRIMARY OPERATIONS (VARSINAINEN TOIMINTA)</b>				
Incomes		400,00		0,00
Expenses				
Events	2 400,00		0,00	
Depreciation (poistot)	100,00		0,00	
Other Expenses	400,00	-2 900,00	0,00	0,00
PROFIT / LOSSES (TUOTTO-/KULUJÄÄMÄ)		-2 500,00		0,00
<b>FUNDRAISING (VARAINHANKINTA)</b>				
Incomes	1 500,00		0,00	
Expenses	100,00	1 600,00	0,00	0,00
PROFIT / LOSSES (TUOTTO-/KULUJÄÄMÄ)		-900,00		0,00
<b>INVESTMENTS</b>				
Incomes	2 000,00		0,00	
Expenses	200,00	2 200,00	0,00	0,00
PROFIT / LOSSES (TUOTTO-/KULUJÄÄMÄ)		1 300,00		0,00
<b>GRANTS</b>		500,00		0,00
<b>OUTCOME</b>		1 800,00		0,00
Tilinpäätössiirrot				
Poistoeron muutos	0,00		0,00	
Verotusperusteisten varausten muutos	0,00		0,00	
Konserniavustus	0,00	0,00	0,00	0,00
<b>SURPLUS (TILIKAUDEN YLIJÄÄMÄ (ALIJÄÄMÄ))</b>		<u>1 800,00</u>		<u>0,00</u>

<b>Balance (example)</b>		
	<b>31.12.2019</b>	<b>31.12.2018</b>
<b>Vastaavaa</b>		
<b>PYSYVÄT VASTAAVAT</b>		
Aineettomat hyödykkeet	100,00	0,00
Aineelliset hyödykkeet	200,00	0,00
Sijoitukset	400,00	0,00
<b>VAIHTUVAT VASTAAVAT</b>		
Vaihto-omaisuus	0,00	0,00
Saamiset	0,00	0,00
Rahoitusarvopaperit	0,00	0,00
Rahat ja pankkisaamiset	0,00	0,00
<b>Vastaavaa yhteensä</b>	<b>700,00</b>	<b>0,00</b>
<b>Vastattavaa</b>		
<b>OMA PÄÄOMA</b>		
Muut oman pääoman erät	0,00	0,00
Edellisten tilikausien ylijäämä (alijäämä)	500,00	0,00
Tilikauden ylijäämä (alijäämä)	200,00	0,00
Oma pääoma yhteensä	700,00	0,00
<b>TILINPÄÄTÖSSIIRTYMIEN KERTYMÄ</b>	0,00	0,00
<b>PAKOLLISET VARAUKSET</b>		
<b>VIERAS PÄÄOMA</b>		
Pitkäaikainen	0,00	0,00
Lyhytaikainen	0,00	0,00
<b>Vastattavaa yhteensä</b>	<b>700,00</b>	<b>0,00</b>

Tili: 1000-9999 Tositenro: 1-999999 Tositelaji: 1-89 Pvm:1.11.2015 - 30.11.2015

Tili	Tosite	Pvm	Selite Tunniste Kustannuspaikka Projekti	EUR Debet	EUR Kredit	EUR Saldo
1120	Rakennukset (24%)					
1120	Rakennukset (24%)					
		1.11.2015	Saldo			0,00
	1.1	1.11.2015	Avaava tase	50 000,00		50 000,00
	1.22	30.11.2015	Poistot ja varastonmuutos		1 000,00	49 000,00
			Tili yhteensä	50 000,00	1 000,00	49 000,00
1200	Kalusto ja muu irtain (alv) (24%)					
		1.11.2015	Saldo			0,00
	1.1	1.11.2015	Avaava tase	30 000,00		30 000,00
	1.19	26.11.2015	Kalustohankinta	50 000,00		80 000,00
	1.22	30.11.2015	Poistot ja varastonmuutos		625,00	79 375,00
			Tili yhteensä	80 000,00	625,00	79 375,00
1531	Tavarat					
		1.11.2015	Saldo			0,00
	1.1	1.11.2015	Avaava tase	26 600,00		26 600,00
	1.22	30.11.2015	Poistot ja varastonmuutos		20 600,00	6 000,00
			Tili yhteensä	26 600,00	20 600,00	6 000,00
1701	Myyntisaamiset					
		1.11.2015	Saldo			0,00
	1.1	1.11.2015	Avaava tase	6 000,00		6 000,00
	1.3	3.11.2015	Myynti	9 920,00		15 920,00
	1.9	12.11.2015	Käteismyynnit	14 880,00		30 800,00
	1.17	24.11.2015	Myynnit	12 400,00		43 200,00
	1.20	30.11.2015	Myynnit	12 400,00		55 600,00
			Tili yhteensä	55 600,00		55 600,00
17631	Vähennettävä alv (Hankintojen alv-saamiset)					
		1.11.2015	Saldo			0,00
	1.2	2.11.2015	Ostot	1 200,00		1 200,00
	1.7	7.11.2015	Kahvitarvikkeet	2,40		1 202,40
			Kahvitarvikkeet	2,80		1 205,20
	1.12	18.11.2015	Ostovelka, puh.kulut, Kauppalehti	48,00		1 253,20
			Ostovelka, puh.kulut, Kauppalehti	12,30		1 265,50
	1.13	19.11.2015	Toimistotarvikkeita	12,00		1 277,50
	1.14	20.11.2015	Pakettiauton polttoaine	96,00		1 373,50
	1.19	26.11.2015	Kalustohankinta	12 000,00		13 373,50
	1.23	30.11.2015	Alv-kirjaukset		13 373,50	0,00
			Tili yhteensä	13 373,50	13 373,50	0,00
1900	Käteisvarat					
		1.11.2015	Saldo			0,00
	1.1	1.11.2015	Avaava tase	600,00		600,00
	1.4	4.11.2015	Käteismyynti	12 400,00		13 000,00
	1.5	5.11.2015	Siirto pankkiin		10 000,00	3 000,00
	1.9	12.11.2015	Käteismyynnit	620,00		3 620,00
	1.17	24.11.2015	Myynnit	496,00		4 116,00
	1.20	30.11.2015	Myynnit	620,00		4 736,00

# Sending invoices

- You can make PDF invoices in [www.laskupohja.fi](http://www.laskupohja.fi) or use ready made excel sheets like <https://cdn.ukkopro.fi/wp-content/uploads/excel-laskutuspohtja.xls>
- When sending electronic invoices you can use use Verkosto by Posti (<https://verkosto.posti.fi>) or Basware. For example Aalto University only accepts e-invoices
- Note e-invoice is not the same as PDF or email invoice
- It is better to use invoices with reference number as transactions with reference numbers normally has lower fees.
- For example in normal bank account transaction received without reference number can cost 0,5€



# Important stuff to remember

- When making deals with companies remember **value added tax aka VAT** (ALV)! Normally 24% is added to the invoice. Important thing to remember when doing budgets for events etc.
- Associations don't (normally) get the VAT back from state but companies do
- So always remember to ask “**Is VAT included?**”
- There is few exceptions to 24%, for example performances are 10% or 0%, bus trips are 10%, restaurant food 14% etc.



# Alternatives to selling stuff with cash

- If you want to receive card payments, you can consider getting **iZettle**, **SumUp**, **Nets** etc. Account is usually free, the card machine costs and there is provisions for each payment varying from 1-3%
- **Mobilepay**, you can get your own Mobilepay number to your association for free but there is provisions (6 cents per transaction)
- Also many providers have event tickets sale system etc.
- Even if there is provisions these services save loads of time from the treasurer. And time = money.





# How to pay fees or salaries to someone

- **For small associations easiest way is to do payment with invoice.** Ask the one who is paid to send an invoice (remember VAT). There is several services which provide easy way to do this is example Eezy.fi and Ukko.fi
- If you want to pay salaries as employer, you have to belong to Prepayment register (ennakonperintärekisteri).
- After that you can use e.g. [www.palkka.fi](http://www.palkka.fi) to pay salaries or accounting office. You also have to deal with tax officials yearly after this, so invoice is easiest.
- Normally if you pay salary for 100€, the costs for association will be around 125-135€ after employer's costs
- Paying salaries with cash without a receipt is illegal. Taxes and other mandatory social security payments must be carried by your association, the receiver or 3<sup>rd</sup> party



# Read some more from

- AYY Association Guide → Administration and finances <https://yhdistysopas.ayy.fi>
- In Finnish bit more detailed blog series by A-J Kaijanaho Pienen yhdistyksen kirjanpito ja tilinpäätös : <https://antti-juhani.kaijanaho.fi/newblog/archives/788>
- All kinds of excel files can be downloaded from: [www.tinyurl.com/ayytraining2019](http://www.tinyurl.com/ayytraining2019)
- Google Spreadsheet example of combined journal & nominal ledger: <https://docs.google.com/spreadsheets/d/1ksKT-chq-XRPhCto7SQNtkqVXi7mWCTOVeu-OGEK0xU/edit#gid=0>