RISE TO GOLD
CPRP CERTIFICATION™
Exam Prep Course
FALL 2025

Katie Troline, CPRE, MBA, AAPRA Fellow
Founder/CEO/Trainer
Gold Medal Force, LLC

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CPRP PREP WEEK #3

FINANCE

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SIX-WEEK VIRTUAL COURSE SYLLABUS

Introductions/Syllabus/Course	Thursday, September 25	1-3 p.m. CT
Communications	Thursday, October 2	1 – 3 p.m. CT
Finance	Thursday, October 9	* 1 – 3 p.m. CT
Human Resources	Thursday, October 16	1 – 3 p.m. CT
Operations	Thursday, October 23	* 1 – 3 p.m. CT
Programming	Thursday, October 30	1 – 3 p.m. CT

*Class time may be extended

PRACTICE QUESTIONS EXAM
SAVE THE DATE: Wednesday, November 12, 2025 - 1:00 - 4:00 pm CT

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Financial Management

Financial Management is the overall coordination of financial resources.

- **Develop a budget** to guide use of funds over time (FISCAL YEAR)
- **Obtain alternative funds** to meet goals and objectives
- **Purchasing and Cash Handling** Procedures
- **Ultimate Responsibility - CEO & Board but shared with other employees**

Staff Responsibilities

- Budget Development
- Monitoring of Budget:
  - Programs, Events, Program Areas, Divisions/Departments

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Budgeting

Two main classifications within a budget

Revenues

and

Expenses

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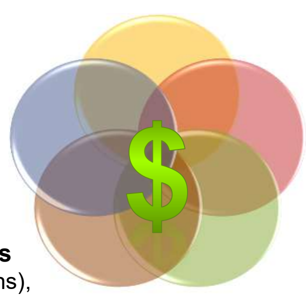
Collect Financial and Operating Data

Attendance Figures:

for programs, events, facilities.
Registration history
to predict, justify, defend
budget increase or decrease

Cash Reports:

Daily Revenues, Gate Receipts
number of facility visitors (admissions),
$$ (price per person),
amount of sales (purchases)



Activity Reports:

itemized by facility usage:
number of participants, lessons,
items sold, rentals.
Program participants in classes
tracking

Room Usage:

facility rental and program use figures
daily or hourly counts
Busy facility = hourly room counts
Shows facility use patterns

Maintenance Report:

completed work requests,
pending work requests,
scheduled work requests
workflow, productivity, repairs
completed and cost of repairs

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Budgeting

Two main classifications within a budget (Revenues and Expenses)

Revenues

- Revenue numbers should be watched carefully as agencies can not spend more than they have.
- Revenue is described as income brought into the park and recreation agency. Types of revenue may include tax appropriations, program/event fees, grants, facility rental fees and more.

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Revenue Source #1

Compulsory Income = Taxes

Real property tax (mills)

Real property taxes - assessment of land and anything built on it. Property is assessed 30-50% lower than fair market value. Appraised value = assessed valuation

Personal property tax

Taxes on household, business property, vehicles, boats, furnishings (Tangible - physical)
Taxes on stocks and bonds (Intangible - monetary - not physical)

Sales tax

Taxes assessed on the sale of tangible goods

Excise tax

Taxes on specific goods and services – hotel/motel, car rental, sin tax: tobacco, alcohol, gas - commonly used to fund large projects, paid by manufacturer

Income tax

Taxes on income earned in some states

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Revenues Source #1

Compulsory Income = Taxes

Real property tax

Taxes on property and improvements made to the property

Real Property Taxes – tax rates expressed in terms of **mills**

UNIT	# of mills
1= one dollar	1000
10 = one dime	100
.01 = one cent	10
.0015	1.5
.001	1

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mills question examples Real Property Taxes – tax rates expressed in terms of mills

TWO WAYS TO CALCULATE - PICK THE EASIEST WAY FOR YOU!!

Q1: A property with an assessed value of $100,000 located in a municipality has an established mill rate of 10 mills for Recreation. How much tax would the municipality collect for Recreation?
A. $100
B. $10
C. $10,000
D. $1000
Remember: $1 = 1000 mills

Q1 Option A
Assessed Valuation $100,000
Stem says "established mill rate of 10 mills"
Divide 10 mills / 1000 = .01
Multiply $100,000 x .01 = $1000

Q1 Option B
Assessed Valuation $100,000
Stem says "established mill rate of 10 mills"
Multiply $100,000 x 10 mills = $1,000,000
Divide $1,000,000 / 1000 = $1000

Q2: A property with an assessed value of $375,000 located in a municipality has an established mill rate of 20 mills for Recreation. Rate will increase to 21 mills next year. How much tax would the municipality collect for Recreation next year?
A. $787
B. $7875
C. $395
D. $3950

Q2 Option A
Assessed Valuation $375,000
Stem says "established mill rate of 20 mills, increase 21 mills"
Divide (21mills/1000) **NEXT**: Multiply ($375,000 x .021) = $7875

Q2 Option B
Assessed Valuation $375,000
Stem says "established mill rate of 20 mills, increase 21 mills"
Multiply ($375,000 x 21mills) **NEXT**: Divide ($7,875,000/1000) = $7875

Q3: A property valued at $200,000 located in a municipality has an established mill rate of 10 mills for Recreation. If the property is newly assessed at 60% of the value, how much tax would the municipality collect for Recreation?
A. $1200
B. $2000
C. $200
D. $120

Q3 STEP 1
Current property value $200,000
Stem says "newly assessed at 60%"
Multiply $200,000 x .60 (of price) = $120,000 (new assessed valuation)

Q3 Option A
NEW Assessed Valuation $120,000
Stem says "established mill rate of 10 mills"
Divide 10 mills / 1000 = .01
Multiply $120,000 x .01 = $1200

Q3 Option B
New Assessed Valuation $120,000
Stem says "established mill rate of 10 mills"
Multiply $120,000 x 10 = $1,200,000
Divide $1,200,000 / 1000 = $1200

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Revenue Source #2

Gratuitous Income

Revenue received without expectation of return!

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Revenue Source #2 - Grants (Gratuitous Income)

Grants

- **Come from state, federal, and private foundations**
- **Usually available only for a limited time period**
- **Agency must assume financial responsibility (maintenance and operational costs) once the capital project is complete**
- **Matching grants popular with Park & Recreation Agencies**

Grant Process

- **Planning the Project - Scope**
- **Searching for Funding Opportunities**
- **Writing and Submitting Grant Proposals**
- **Attention to Detail/Deadlines/Grant Mission Alignment**

Elements of a Grant Application

- **Cover letter**
- **Executive summary**
- **Problem statement**
- **Project Schedule**
- **Budget**
- **Qualifications**
- **Appendices**

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Revenue Source #2
Alternative Revenue (Gratuitous Income)

Gifts – No expectation of anything in return
Donations – Can be tax write-off
Planned Giving – Bequests Program

Types
- Cash, Stocks
- Homes, Business, Land, Car, Personal Property
- Life Insurance Policy, Wills

Agency Donation Policies and Procedures
- Do we Need it?
- Does it fit our Philosophy?
- Does it match our Image?
- Is there a Benefit to it?
- Is it Sustainable?

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Revenue Source #3

Earned Income

- FEES AND CHARGES - PROGRAMS
- ADMISSIONS - FESTIVALS/EVENTS
- ENTRANCE FEES – AQUATIC CENTERS/OPEN GYM
- RENTAL FEES – FACILITIES/PARKS/PAVILIONS
- USER FEES – LICENSE/PERMIT (ORG. 5K RUN)

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Cash Handling

Fee Collection/Deposit Procedures

- **Major source of revenue:** Fees and Charges (Cash) / Rental Income / Retail Sales
- **Examples of cash handling practices**
  - Smaller agencies may only have one collection point
  - Larger agencies may have multiple collection points

Expand Your Cash Flow Intake

- Cash Handling Policies for each major source of revenue
- Multiple Site Collections
- Procedures and Policies for each Handling Site [Best Method for Handling Cash]
- Deposit Procedures for Processing and Security

SAFES, REGISTRATION SOFTWARE, CASH REGISTER, DAILY PICKUP PROCEDURES

- Revenue Collection Policies and Procedures (for each source)
- Definitive Procedures for Collection at each Location
- Deposit Procedures for Processing and Security

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Systematic Accounting System

Why Do We NEED This?

- Avoid dishonesty
- Reduce potential corruption
- Avoid participation criticism

How Do We get Accountability?

- Post List of Fees at each location
- Assign two employees to a registration site
- Customers and staff should be separated (desk, window, table, etc)
- Cash Register with Receipts or Manual Receipts
- Reconcile cash receipts to compare to actuals
- Report overages and shortages to supervisor every day
- Rotate Attendants
- Make daily deposits with ALL cash
- Keep cash secured in safe, deposits secure, etc.
- Provide keys to authorized personnel only
- Schedule unannounced audits frequently
- Person taking the cash cannot be person entering cash into accounting system

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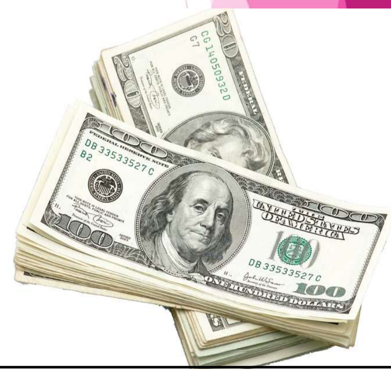
Cash Handling

Petty Cash

- **Cash on-hand for small purchases and consumables** **($100 max)**
- **Tracked very closely**
- **Special petty cash handling practices need to be in place:**
  - **Only accessible through PC Manager**
  - **Secure cash (locked away separately)**
  - **Not a change fund**
  - **Cannot split purchases to stay under $100**
  - **Reimburses only funds expended**
  - **Receipts and Vouchers**
  - **Cannot be used for meals, personal services, traveling**



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Revenues Source #4 - Contracts

Contractual Receipts

- **Vendor Sales**
- **Services**

Cost of doing service vs. Contracting
Resource expense vs % of Gross Sales/Annual Fee

Concessions

- **Canoe, Kayak and Raft Rentals**
- **Equipment shops**
- **Instructional Services**

Long-term or Short-term Agreements/Contracts
Agency Named as Additional Insured
Agency Control and Approval

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Revenue Source #5 - Investment Income

Investment Income

- Investment of Agency Funds to build Interest $$
  - Money Markets
  - Stocks
  - Mutual Funds
- Endowment Funds
  - Donations or Bequests
  - Use interest $$ toward special projects (staff training)
  - Board to oversee funds

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Request for Sponsorships

Alternate Revenue Source and MORE #6

Sponsorships with Expectations

- **Their involvement is a donation – They pect something in return**

Sponsors Donate:

- **Cash**
- **In-kind Services, Equipment, Volunteers**

Sponsors Receive:

- **Sponsor Recognition: naming rights**
- **Marketing: logo, banners program, event, brochures, newsletters, press release**
- **Vendor Booth**
- **Stage Presence**
- **VIP Tickets and Free Food/Drink**
- **Local, Regional, National**

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Request for Sponsorship

Elements of a Sponsorship Proposal

- **Event History**
  - Overview, Length, Current Sponsors
- **Event Logistics**
  - Date, Location, Time, Goal Schedule, Activities, Layout, Budget, Marketing Plan, Event Staff, Top Sponsors
- **Sponsor Benefits**
  - Target Market, Alignment with Sponsor and Image, Economic Impact

Sponsorship Packages

- Title Sponsor – naming rights, first right of refusal
- Presenting Sponsor – 25-50% of title sponsor
- Official Sponsor – 10% of value of title sponsor (smaller businesses)
- Official Supplier – less than 10% of value of title sponsor (goods and services)

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Budgeting
Two main classifications within a budget (Revenues and Expenses)

Expenditures

Payment (Disbursement), Expense or Cost of doing business

Expenditures include expenses accrued by the agency.
Agency expense cannot exceed revenue (Ex. Renovated Center)

Expenditures Include:
- Salaries and Wages (LARGEST EXPENSE)
- Equipment & Supplies
- Maintenance and Repairs
- Utilities
- Insurance
- Contractual Services

Capital Disbursements
Fixed Assets, Construction, New Equipment

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Purchasing Options

Credit Cards

Credit Card - card used for specific purchases which is **paid off over time with higher fees**

Purchasing Card [P-card]

Credit Card - card used for specific purchases **paid off monthly**

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Prepare Program/Event Budget

- Revenues
- Expenditures
- Budget format
- Cost control centers

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Budget Format

THE Budget Format - IS CALLED: Object-Classification Budgeting system

We call these budgets Line-Item Budgets. For test purposes, understand they are really Object-Classification Budgets

Budget Classification refers to the **method of grouping like-items together** (contractual services, commodities, personnel services)

Object (Line Item)– refers to **items of financial cost** (personnel, services, equipment – here salaries and wages)

OBJECT CLASSIFICATION BUDGET (LINE ITEM BUDGET)	
1000 Services: Personnel	BUDGET CLASSIFICATION
1100 Salaries, Regular Full Time	OBJECT OR LINE ITEM 1100 - 1400
1200 Salaries, Temporary Part Time	
1300 Wages, Regular (FT, Hourly)	
1400 Wages, Temporary (FT, Hourly)	

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Budget Format

Object (or Line Item)

Individual Items are the Individual Items within EACH BUDGET CLASSIFICATION

1000: Services: Personnel

1100: Salaries, Regular FT

BUDGET CLASSIFICATION
1000: Services: Personnel

OBJECT or LINE ITEM
1100: Services: Salaries, Regular Full Time

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Budget Format

Cost Centers

Organizational unit administered by a staff person responsible for the activities (programs/services) of that unit, including its budget. Financial Transactions are organized separately for that unit (EX. 02 Recreation BELOW)

1000: Services: Personnel

1100: Salaries, Regular Full Time

01 Administration
02 Recreation
03 Golf
04 Operation

BUDGET CLASSIFICATION
1000: Services: Personnel

OBJECT or LINE ITEM
1100: Services: Salaries Regular FT

COST CENTER
01 Administration
02 Recreation
03 Golf
04 Operation

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Budget Format

Cost Centers/Subordinate Function Cost Centers

Subfunctions (Activities) within a department broken down with financial transactions organized and administered by a professional responsible for each activity.

02 Recreation

02.3 Gymnastics

COST CENTER
01 Administration
02 Recreation
03 Golf
04 Operation

SUBORDINATE FUNCTION
02.1 Swim Lessons
02.2 Youth Sports
02.3 Gymnastics
02.4 Dance Operation

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OBJECT CLASSIFICATION (LINE ITEM) BUDGET w/Sub-Function

REMEMBER

1000 Personnel - Budget Classification

The first line is considered the **BUDGET CLASSIFICATION**. This will be the budget division that is least specific.

1100 Salaries Regular (Full-time) – Object or Line Item

The second line is where the budget gets more specific but is still a part of the overall budget classification. On this budget you will see where the full-time regular salaries is the **LINE ITEM or OBJECT**.

02 Recreation – Cost Center

The next line down is the **COST-CONTROL CENTER** and in this case that is recreation (an individual department). Therefore, we are looking at the finances related to full-time regular salaries in the recreation department.

02.1-4 Swim Lessons, Youth Sports, Gymnastics, Dance

Another Level of Cost Center – Subordinate Function Cost Center

This is in the study guide as another level of budgeting. Be aware of it listed also as a cost control center broken down as sub-functions within a department budget (example Recreation) - all financial transactions are organized separately by activity and administered by a staff person responsible for the activities of that unit allowing a comparison of revenues and expenses.

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Develop/Manage a Budget

Effective dialogue with supervisor includes:

- Thorough understanding of fees and charges (price, cost-recovery)
- Develop a program budget (detailed revenue and expenses, program description)
- Justify expenditures by line item (worksheets)

Prepare a budget for area of responsibility

Typical budget process is completed in three stages

- Budget process is cyclical - continuous each year
- Planning begins 1 year in advance
- Know deadlines for development to draft to iterations to completion
- Be clear and concise regarding agency goals

Budgets: ops and programs calculated from bottom to top, then Director to Finance Director, revised again and again until adopted.

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Cost Recovery to Recommend Fees

FEES AND CHARGES

Programs must: Break Even, Make Money (Surplus/Profit) or Subsidized

Forecasting is essential in price setting – Educated guess

PROGRAM DEMAND = MINIMUM & MAXIMUM ENROLLMENTS

- an art & science to estimating (gut reaction)
- better to underestimate demand and overestimate expenses
- community needs and interests
- ability to participate
- tracking participant #s over years
- know your competition from outside organizations
- community response to trends:
    - Early Adopters - right after something is new
    - Middle Adopters - wait a bit to see how the new thing is going
    - Late Adopters - Traded in Flip Phone for an iPhone 6

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Cost Recovery to Recommend Fees

FEES AND CHARGES

Programs must: Break Even, Make Money (Surplus/Profit) or Subsidized

Forecasting is essential in price setting – Educated guess

TYPES OF COSTS

FIXED COSTS – TWO TYPES

Costs NEVER change with the number of participants

1. **Direct Fixed Costs**: Cost resulting from holding the program (room rental, instructor)
2. **Indirect Fixed Costs/Overhead Costs**: Costs shared among programs (i.e., administrative expenses, utilities, maintenance)

VARIABLE COSTS

Costs for operating the program - based on the number of participants (t-shirts, supplies, etc.)

CHANGING FIXED COSTS

Change by Volume of Participants (a 4th Basketball Team was added requiring another paid coach)

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Program Budget Analysis

Program Cost = (F+V)/N

(FIXED COSTS + VARIABLE COSTS)
/ NUMBER OF PARTICIPANTS
=
PROGRAM COST

Please remember to ADD the Fixed Costs and Variable Costs together FIRST then divide by the number of participants

[MATHEMATICAL ORDER OF OPERATIONS - ANYTHING IN PARENTHESIS FIRST]

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Allocating Indirect Costs - two ways to split

- **Equal-share allocation**: each program pays an equal share
- **Percentage-of-budget allocation**: program pays percentage of indirect costs that is equal to percentage of overall budget program commands

$100,000 Director of Parks and Recreation Salary expense allocated between all program areas of the agency

Allocation	Tennis	Golf	Fitness	Bowling
Equal Share	$25,000	$25,000	$25,000	$25,000
Percentage	40% ($40,000)	25% ($25,000)	30% ($30,000)	5% ($5,000)

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Level of Cost-Recovery

To determine cost-recovery level, agency must determine whether the service is public, merit, or private service.

PUBLIC SERVICE

FREE TO EVERYONE
(100% SUBSIDIZED)

- Playgrounds
  Trails
  Parks

MERIT

SUBSIDIZED
(Reduced Fees, balance of cost is paid for by tax dollars or alternate source)

- After School Programs, Senior Programs, Teen Center

PRIVATE

EVERYONE PAYS FULL PRICE

- Fees Set for Break-even or for Profit
- Adult Classes, Athletic Leagues

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Cost-Recovery

WHAT IS THE COST PER HOUR TO OPERATE?

Fixed costs	Price/month	# months operated	Total
Capital costs	$4,300	7 months	$30,100
Administration (overhead)	$375	7 months	$2,625
Ice installation/removal	$2,000		$2,000
Basic maintenance	$2,000	7 months	$14,000
Basic services	$1,100	7 months	$7,700
Total fixed costs (F)			**$56,425**

Variable costs	Total
Supplies	$29,821
Equipment	$20,250
Total variable costs (V)	**$50,071**

Total costs (F&V)	$106,496
Hours of operation	2,250
Cost per hour (Total costs/Hours of operation)	**$47**

PROGRAM COST =

(F+V) / N

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Cost-Recovery Rate

This is the percentage the program will be subsidized, break even, or MAKE a profit

Practice these again on your own please

Unit Cost × (1 − Subsidy Rate) = Price to Charge

User Group		Subsidy level	Price per hr.	Formula	
Sync skating	100% - 45%	45%	$25.85	$47 * (1-.45)	55%
Public skating	100% - 0%	0%	$47.00	$47 * (1-.00)	100%
Open skating	100% - 100%	100%	Free	$47 * (1-1.0)	0%
Junior hockey	100% - 10%	10%		$47 * (1-.10)	90%
Women's hockey	100% + 45%	-45%	$68.15	$47 * (1.45)	1.45%

What is the cost per hour for Junior Hockey with a 10% subsidy?

$47 x (1 - .10) =
(100% - 10%) = 90%
$47 x 90% or .90 = $42.30

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Recommend Fee Schedules and Policies

Current demand for increased services and reduced taxes, and challenges to produce revenue, have led agencies to operate more like a business.

Differential Pricing

Charging different prices for the same activity based on the desirability of the facility used, its location, prime or non-prime hours of service, and customer characteristics such as age or the ability to pay.

Example 1: Senior Center Yoga vs. Adult Rec Center Yoga vs. Kids Teen Center Yoga

Example 2: Athletic Field Rentals - Weekdays before 3pm / Sunday Mornings vs. weekdays afterschool and evenings, Friday/Saturday

Example 3: Premiere Golf Course vs Golf Course

Fees are used to:

- Recover costs
- Create new resources
- Establish value
- Influence behavior

…TOGETHER with Cost-Recovery are used to **ESTABLISH FEE SCHEDULES**

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Budgeting

Operating within an Existing Budget

- Budget Statements
- Cash Flow Statements
- Balance Sheets
- Project or Program Reports
- Break-even analysis

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Operate within an existing budget

Once approved, staff are expected to operate within the existing budget

BUDGET STATEMENTS provide park and recreation professionals with a report on the allocated and expended monies:

- **Allocated:** Budgeted and Approved by the governing agency such as your Recreation Commission or Park Board.
- **Expended:** Dollars that have been spent to date

Provides an avenue to determine where you are with money spent compared to the money you budgeted for the year. This can be divided up monthly or quarterly.

Expended monies should not exceed the allocated funds in the budget.
You may need to adjust spending toward end of quarter or fiscal year.

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Budget Statements

▶What was allocated for staff expenditures?

▶What has been expended for contracts?

▶What is the balance of total revenues?

▶Which expenditure exceeded allocation?

XYZ Parks & Recreation
Budget Statement—1st & 2nd Quarters—End June 30

	Actual	Budget	Committed/ Encumbered	%	Balance
Revenues					
Golf	$22,367	$72,500	$0	30.9%	$50,133
Tennis	$14,456	$23,500	$0	61.5%	$9,044
Ice arena	$11,148	$30,000	$0	37.2%	$18,852
Total revenues	$47,971	$126,000	$0	38.1%	$78,029
Expenditures					
Staff	$31,963	$52,100	$1,500	64.2%	$18,637
Equipment	$3,147	$3,100	$0	101.5%	($47)
Utilities	$1,610	$2,430	$0	66.3%	$820
Bonds	$8,051	$16,000	$0	50.3%	$7,949
Contracts	$2,684	$4,300	$500	74.0%	$1,116
Maintenance	$3,221	$4,300	$0	74.9%	$1,079
Total expenditures	$50,676	$82,230	$2,000	61.6%	$29,554

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Budget Statements

2022 TRAINING & TRAVEL BUDGET

Organization	XYZ Park District		Year	2021			
Department	Professional Development		Submitted by:	Nancy Thompson			
Annual Training Alottment:	$40,000		Alternate Funding:		0		
1Q Budget	$2,242	3Q Budget	$10, 720	Total Budgeted	$39,572		
2Q Budget	$15,400	4Q Budget	$11,210	Total Spent	$2,242	Remaining	$37,758

1st Quarter Training and Travel Budget (January - March)

Item	Description/Justification	QTY	UNIT	Total Budget	Spent
Registration	Description/Justification			$710.00	$1000.00
Supplies	Description/Justification			$300.00	$100.00
Mileage	Description/Justification			$650.00	$75.00
Materials	Description/Justification			$38.72	$300.00
Hotel	Description/Justification			$12.78	$67.00
Supplemental	Description/Justification			$265.33	$450.00
Incidentals	Description/Justification			$87.77	$175.00
Food	Description/Justification			$178.00	$75.00

Allocated and Expended Monies

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Cash Flow Statement

Cash flow statements also provide professionals a method of evaluating revenues and expenditures.

Illustrates Whether Cash Flow is Positive or Negative:

- **Negative Cash Flow = Shortage**
- **Positive Cash Flow = Overage**

These are primarily used to help evaluate seasonal finances.
Shows money coming and going on a monthly basis.

Finance departments may be able to better invest overages if they find that the agency has an overage during certain months or times of year.

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Cash Flow Statements

Cash Flow Statement Company XYZ FY Ended June 30,2023 all figures in USD		
Cash Flow From Operations		
Net Earnings		2,000,000
Additions to Cash		
Depreciation		10,000
Decrease in Accounts Receivable		15,000
Increase in Accounts Payable		15,000
Increase in Taxes Payable		2,000
Subtractions From Cash		
Increase in Inventory		(30,000)
Net Cash from Operations		2,012,000
Cash Flow From Investing		
Equipment		(500,000)
Cash Flow From Financing		
Notes Payable		10,000
Cash Flow for FY Ended 31 Dec 2003		**1,522,000**

Examines revenues and expenditures

Cash flow is negative (shortage) or positive (overage)

Cash flow statements assist with seasonal evaluations

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Cash Flow Statements

Midwest Sports Center
Cash Flow Statement—1st & 2nd Quarters

	Jul	Aug	Sept	Oct	Nov	Dec	Total
A. Revenues	$13,000	$18,100	$27,200	$32,800	$35,500	$36,900	$163,500
B. Expenses	$18,800	$18,600	$21,200	$23,000	$24,200	$25,200	$131,000
C. Monthly cash flow (A-B)	($5,800)	($500)	$6,000	$9,800	$11,300	$11,700	
D. Cumulative cash flow	($5,800)	($6,300)	($300)	$9,500	$20,800	$32,500	
E. Cash position at beginning of month	$10,000	$4,200	$3,700	$9,700	$19,500	$30,800	
F. Cash position at end of month (E+C)	$4,200	$3,700	$9,700	$19,500	$30,800	$42,500	

*Note that numbers in parentheses indicate a negative balance

- Monthly Cashflow is Positive or Negative
- Cumulative Cashflow = D: current month + C: next month (July D + Aug C = Aug D)
- Cash Position Start of Month = Money in the Bank: July F = Aug E
- Cash Position End of Month = Add E + C in the same month

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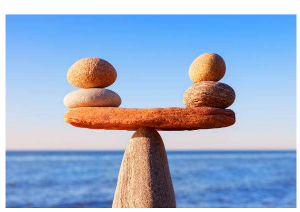
Balance Sheets

Sometimes called statements of financial position and represent the accounting equation:

Assets = Liability + Equity

The BALANCE SHEET shows what it owns and what it owes to others.

- **Assets** = economic resources of the agency (land, cash, inventory)
- **Liabilities** = what the agency owes (bond payment, equipment purchased that month)
- **Equity** = portion of the agency that is owned clear of debt



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Budgeting – Balance Sheets

CLASSY COMPANY
Balance Sheet
December 31, 20X3

Assets			
Current assets			
Cash		$100,000	
Short-term investments		50,000	
Accounts receivable		75,000	
Inventories		200,000	
Prepaid insurance		25,000	$450,000
Long-term investments			
Stock investments		$ 40,000	
Cash value of insurance		10,000	50,000
Property, plant & equip.			
Land		$ 25,000	
Buildings and equipment	$150,000		
Less: Accum. depreciation	(50,000)	100,000	125,000
Intangible assets			
Goodwill			275,000
Other assets			
Receivable from employee			10,000
Total assets			$910,000

Liabilities		
Current liabilities		
Accounts payable	$ 80,000	
Salaries payable	10,000	
Interest payable	15,000	
Taxes payable	5,000	
Current portion of note	40,000	$150,000
Long-term liabilities		
Notes payable	$110,000	
Bank Loan	35,000	
Mortgage obligation	75,000	
Deferred income taxes	80,000	300,000
Total liabilities		$450,000
Stockholders' equity		
Capital stock	$300,000	
Retained earnings	160,000	
Total stockholders' equity		460,000
Total liabilities and equity		$910,000

Assets = Liabilities + Equity

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Budgeting – Break-even analysis

Park and Recreation Programs **MUST**

Break Even, Make Money (Surplus) or be Subsidized

CHARGE TYPES

- **Fee recovers some of the costs**
- **Fee recovers all costs**
- **Fee covers all costs plus a profit**

SUBSIDY: funded by an alternative source or the organization

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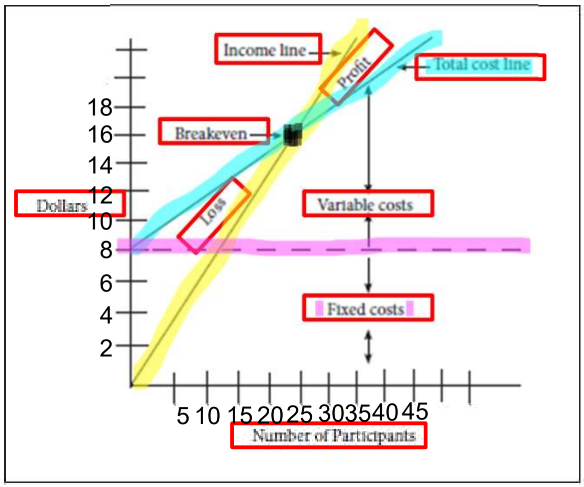
Budgeting

Break-even analysis



What is the cost for the program at break-even point?

How many participants are needed to break even?

How much are the fixed costs?

What are the variable costs for 32 participants?

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Break-Even Analysis

Financial analysis technique that can be used to determine sources and amounts of revenue necessary for various participation levels. Helps to determine loss, break-even point, and contribution margins.

Break-even Analysis Graph

The graph is based on ▼ number of participants vs. ▼dollars brought into an agency.

REMEMBER▼ fixed costs are the costs that do not change based on the number of participants and the ▼ variable costs will increase based on the number of participants in the program.

CHART-TWO LINES ▼total cost line and the **▼ income line**. These lines will help you determine where your program needs to be in order to make a **▼ profit or where it will be operating at a ▼loss. The ▼ break-even point is where the program is not making a profit but is also not operating at a loss.**

Total cost line begins at the top of the fixed cost dashed line. **This is based on the fact that fixed costs will always be included and they are independent of the number of participants.**

Once the registrations have covered both the fixed costs and the variable costs the program hits the break-even point and any additional registrations will move the program into making profit.

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Weekly Reading/Homework:

*Read Chapters PRIOR to the UPCOMING CLASS
*Begin to Highlight Definitions
*Take Notes
*Begin to Create Index Cards for Terms/Definitions

STUDY DATES FOR EACH MODULE

DAILY STUDY CHAPTERS DATES/TIMES	READ at least 15-20 MINS. A DAY B4 NEXT CLASS	CLASS DATES
Human Resources	Oct 10 – Oct 15	Thursday, October 16
Operations	Oct 17 – Oct 22	Thursday, October 23
Programming	Oct 24 – Oct 29	Thursday, October 30

PRACTICE QUESTIONS EXAM
SAVE THE DATE: Wednesday, November 12, 2025 - 1:00 - 4:00 pm CT

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Finance Questions
Here we Go!

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