



# Financial Statements: Telling Your Company's Story

DR. MICHAELIA BLACK, CPA  
AFWA EDUCATION SEMINAR

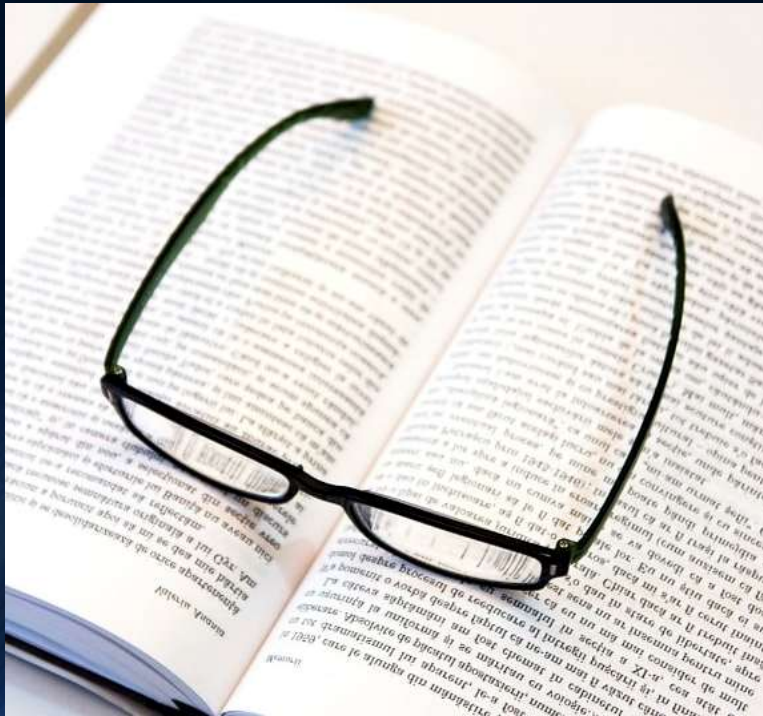
# Agenda

- The Importance of Your Story
- Financial Statements
- Differences for Other Types of Businesses
- Other Types of Statements
- 2025 ASUs
- Current FASB Projects
- Questions

The background is a deep blue gradient with a complex, abstract pattern of curved lines and a grid-like structure that creates a sense of depth and movement. The lines are more pronounced on the right side, curving away from the center.

# The Importance of Your Story

# Your Story



- Financial statements are an opportunity to communicate the success of your organization.
- They provide required information to users.
- Not only do they tell the numbers, but they tell the story behind the numbers.

# Who needs to know your story?

- Board
- Investors
- Funders
  - Banks/Creditors
  - Donors/Grantors
- Regulatory Bodies





# Financial Statement Presentation

# Primary Statements

- Income Statement
- Statement of Equity
- Balance Sheet
- Cash Flow Statement

# Income Statement

- Story of the earnings and expenses over a given time period
- Also known as:
  - Profit and Loss Statement (P&L)
  - Statement of Earnings
  - Statement of Operations
  - Statement of Financial Performance
  - Statement of Financial Results

**Walmart Inc.**  
**Consolidated Statements of Income**

<i>(Amounts in millions, except per share data)</i>	Fiscal Years Ended January 31,		
	2025	2024	2023
<b>Revenues:</b>			
Net sales	\$ 674,538	\$ 642,637	\$ 605,881
Membership and other income	6,447	5,488	5,408
Total revenues	680,985	648,125	611,289
<b>Costs and expenses:</b>			
Cost of sales	511,753	490,142	463,721
Operating, selling, general and administrative expenses	139,884	130,971	127,140
Operating income	29,348	27,012	20,428
<b>Interest:</b>			
Debt	2,249	2,259	1,787
Finance lease	479	424	341
Interest income	(483)	(546)	(254)
Interest, net	2,245	2,137	1,874
Other (gains) and losses	794	3,027	1,538
Income before income taxes	26,309	21,848	17,016
Provision for income taxes	6,152	5,578	5,724
Consolidated net income	20,157	16,270	11,292
Consolidated net (income) loss attributable to noncontrolling interest	(721)	(759)	388
Consolidated net income attributable to Walmart	\$ 19,436	\$ 15,511	\$ 11,680
<b>Net income per common share:</b>			
Basic net income per common share attributable to Walmart	\$ 2.42	\$ 1.92	\$ 1.43
Diluted net income per common share attributable to Walmart	2.41	1.91	1.42
<b>Weighted-average common shares outstanding:</b>			
Basic	8,041	8,077	8,171
Diluted	8,081	8,108	8,202
Dividends declared per common share	\$ 0.8300	\$ 0.7600	\$ 0.7467

See accompanying notes.

# Balance Sheet

- Snapshot of the company's accounting equation at a point in time
- Also known as:
  - Statement of Financial Position
  - Statement of Financial Condition

**Walmart Inc.**  
**Consolidated Balance Sheets**

<i>(Amounts in millions)</i>	<b>As of January 31,</b>	
	<b>2025</b>	<b>2024</b>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 9,037	\$ 9,867
Receivables, net	9,975	8,796
Inventories	56,435	54,892
Prepaid expenses and other	4,011	3,322
<b>Total current assets</b>	<b>79,458</b>	<b>76,877</b>
Property and equipment, net	119,993	110,810
Operating lease right-of-use assets	13,599	13,673
Finance lease right-of-use assets, net	6,112	5,855
Goodwill	28,792	28,113
Other long-term assets	12,869	17,071
<b>Total assets</b>	<b>\$ 260,823</b>	<b>\$ 252,399</b>
<b>LIABILITIES, REDEEMABLE NONCONTROLLING INTEREST, AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Short-term borrowings	\$ 3,068	\$ 878
Accounts payable	58,666	56,812
Accrued liabilities	29,345	28,759
Accrued income taxes	608	307
Long-term debt due within one year	2,598	3,447
Operating lease obligations due within one year	1,499	1,487
Finance lease obligations due within one year	800	725
<b>Total current liabilities</b>	<b>96,584</b>	<b>92,415</b>
Long-term debt	33,401	36,132
Long-term operating lease obligations	12,825	12,943
Long-term finance lease obligations	5,923	5,709
Deferred income taxes and other	14,398	14,629
Commitments and contingencies		
Redeemable noncontrolling interest	271	222
<b>Shareholders' equity:</b>		
Common stock	802	805
Capital in excess of par value	5,503	4,544
Retained earnings	98,313	89,814
Accumulated other comprehensive loss	(13,605)	(11,302)
<b>Total Walmart shareholders' equity</b>	<b>91,013</b>	<b>83,861</b>
Nonredeemable noncontrolling interest	6,408	6,488
<b>Total shareholders' equity</b>	<b>97,421</b>	<b>90,349</b>
<b>Total liabilities, redeemable noncontrolling interest, and shareholders' equity</b>	<b>\$ 260,823</b>	<b>\$ 252,399</b>

See accompanying notes.

# Notes to the Financial Statements

- Where you tell more of the story
- Significant Accounting Policies used
- Application of accounting practices
- How certain calculations were assessed
- Legal proceedings
- Company's history & leadership
- Values
- Risks
- MD&A
- Segments, Products, Industry



# Differences for Other Types of Businesses

# Non-Profit

## Statement of Activities

Demonstration FUND Organization (DMOFND)			
01/01/2018 to 02/28/2018			
3/22/2018 9:27:50 AM	Fund Start to End		Page 1
	Without Donor Restrictions	With Donor Restrictions	Total
<b>Public Support / Revenue and Gains</b>			
<b>Public Support:</b>			
Fundraising	6,000.00	17,132.17	23,132.17
Mail and Membership	0.00	13.00	13.00
Special Events	0.00	1,024.00	1,024.00
Less: Direct Costs	0.00	476.75	476.75
Net	0.00	547.25	547.25
Legacies & Bequests	0.00	16.00	16.00
Other	0.00	15.00	15.00
<b>Revenues and Gains</b>			
Other Investment Income	0.00	18.00	18.00
Net Realized Gains on Long-Term Investments	0.00	19.00	19.00
Grants	0.00	6.10	6.10
Contracts	0.00	6.20	6.20
Products & Services	0.00	17.00	17.00
Tax Revenue	0.00	19.10	19.10
Gain on Sales of Assets and Other Revenues	0.00	19.20	19.20
Net Assets Released from Restrictions	(500.00)	0.00	(500.00)
<b>Total Revenue and Gains</b>	<b>(500.00)</b>	<b>104.60</b>	<b>(395.40)</b>
<b>Total Public Support / Revenue and Gains</b>	<b>5,500.00</b>	<b>17,828.02</b>	<b>23,328.02</b>
<b>Expenses</b>			
Program Services	0.00	60.10	60.10
Other Services	0.00	77.00	77.00
Management and General	0.00	5,360.00	5,360.00
Membership Development	0.00	63.00	63.00
Fundraising	0.00	61.00	61.00
Depreciation	0.00	133.33	133.33
Other	200.00	0.00	200.00
Taxes	0.00	300.00	300.00
<b>Total Expenses</b>	<b>200.00</b>	<b>6,054.43</b>	<b>6,254.43</b>
<b>Change in Net Assets</b>	<b>5,300.00</b>	<b>11,773.59</b>	<b>17,073.59</b>
<b>Net Assets, Beginning of Period</b>	<b>960.00</b>	<b>5,946.33</b>	<b>6,906.33</b>
<b>Net Assets, End of Period</b>	<b>6,260.00</b>	<b>17,719.92</b>	<b>23,979.92</b>

# Non-Profit

## Statement of Financial Position

Statement of Financial Position			
Demonstration FUND Organization (DMOFND)			
1/1/2018 to 2/28/2018			
3/22/2018 9:27:20 AM	Fund Start to End		Page 1
	Without Donor Restrictions	With Donor Restrictions	Total
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	0.00	175,335.30	175,335.30
Accounts and Interest Receivable	0.00	2,010.00	2,010.00
Notes Receivable	0.00	0.00	0.00
Inventories	17,639.99	1,000.00	18,639.99
Contributions Receivable	0.00	0.00	0.00
Short Term Investments	0.00	0.00	0.00
Interest/Taxes/Penalties Receivable	0.00	0.00	0.00
Notes and Loans Received Current Portion	0.00	0.00	0.00
Due from Other Classes	0.00	0.00	0.00
<b>Total Current Assets</b>	<b>17,639.99</b>	<b>178,345.30</b>	<b>195,985.29</b>
<b>Non Current Assets</b>			
Contributions Receivable	0.00	0.00	0.00
Notes and Loans Receivable	0.00	0.00	0.00
Land Buildings and Equipment - Accumulated Depreciation	0.00	16,916.67	16,916.67
Long Term Investments	0.00	10,000.00	10,000.00
Other	0.00	666.66	666.66
<b>Total Assets</b>	<b>17,639.99</b>	<b>205,928.63</b>	<b>223,568.62</b>
<b>Liabilities and Net Assets</b>			
<b>Current Liabilities</b>			
Account / Vouchers Payable	0.00	90,857.43	90,857.43
Accrued Liabilities	0.00	0.00	0.00
Refundable Advances	0.00	0.00	0.00
Current Portion of Long Term Debt	0.00	0.00	0.00
Interest/Taxes Payable	0.00	0.00	0.00
Due to Other Classes	0.00	0.00	0.00
<b>Total Current Liabilities</b>	<b>0.00</b>	<b>90,857.43</b>	<b>90,857.43</b>
<b>Non Current Liabilities</b>			
Long Term Debt	0.00	100,000.00	100,000.00
Other	0.00	7,777.77	7,777.77
<b>Total Liabilities</b>	<b>0.00</b>	<b>198,635.20</b>	<b>198,635.20</b>
<b>Net Assets</b>			
<b>Without Donor Restrictions</b>			
Designated by Board Action	0.00	-----	0.00
Unappropriated Surplus	960.00	-----	960.00
Reserve for Contingencies	0.00	-----	0.00
Reserve for Encumbrances	0.00	-----	0.00
Invested in Net Operating Assets	0.00	-----	0.00
Retained Fund Balance	0.00	-----	0.00
<b>With Donor Restrictions</b>	<b>-----</b>	<b>5,946.33</b>	<b>5,946.33</b>
Change in Net Assets - Current Year	6,300.00	11,727.09	18,027.09
<b>Total Net Assets</b>	<b>7,260.00</b>	<b>17,673.42</b>	<b>24,933.42</b>
<b>Total Liabilities and Net Assets</b>	<b>7,260.00</b>	<b>216,308.62</b>	<b>223,568.62</b>

# Small Business

## Income Statement

AFWA Coffee, Inc. Income Statement For Year Ended December 31, 2025		
Revenues:		
Coffee & Beverage Sales	\$ 185,000	
Food Sales	65,000	
Merchandise Sales	10,000	
Total Revenues		\$ 260,000
Cost of Goods Sold:		
Coffee Beans & Ingredients	45,000	
Food Supplies	20,000	
Packaging & Disposable Items	5,000	
Total COGS		70,000
Gross Profit		\$ 190,000
Operating Expenses:		
Wages & Salaries	80,000	
Rent	36,000	
Utilities	6,000	
Marketing & Advertising	5,000	
Depreciation Expense	3,000	
Insurance	2,500	
Repairs & Maintenance	2,000	
Office & Miscellaneous Supplies	1,500	
Total Operating Expenses		136,000
Operating Income		\$ 54,000
Interest Income	200	
Interest Expense	(1,200)	
Net Other Income / (Expense)		(1,000)
Net Income Before Taxes		\$ 53,000
Income Tax Expense (20%)		10,600
Net Income		\$ 42,400

# Small Business

## Balance Sheet

AFWA Coffee, Inc. Balance Sheet For Year Ended December 31, 2025		
<b>Assets</b>		
Current Assets:		
Cash	\$	35,000
Accounts Receivable		5,000
Inventory (Coffee, Food, Supplies)		8,000
Prepaid Expenses		2,000
Total Current Assets		\$ 50,000
Non-Current Assets:		
Equipment (Espresso Machines, Furniture, etc.)		60,000
Less: Accumulated Depreciation		(15,000)
Leasehold Improvements		20,000
Total Non-Current Assets		65,000
Total Assets		\$ 115,000
<b>Liabilities &amp; Owner's Equity</b>		
Current Liabilities:		
Accounts Payable		7,000
Accrued Expenses (Wages, Utilities)		3,000
Short-Term Loan		5,000
Total Current Liabilities		\$ 15,000
Long-Term Liabilities:		
Bank Loan Payable		30,000
Total Liabilities		\$ 45,000
Owner's Equity:		
Owner's Capital		25,000
Retained Earnings		42,400
Total Owner's Equity		\$ 67,400
Total Liabilities & Owner's Equity		\$ 112,400

# Other Types of Statements

# Other Statements & Their Use

- Statement of Comprehensive Income
- Comparative Statements
- Horizontal or Vertical Statements
- Budgets
- Production Reports
- Segmented Statements

# Segmented Statements

Gorman Nurseries, Inc. Segmented Income Statement For the Coming Year			
	<u>Poinsettias</u>	<u>Fruit Trees</u>	<u>Total</u>
Sales	\$ 970,000	\$ 3,100,000	\$ 4,070,000
Less: Variable Costs			
Variable COGS	460,000	1,630,000	2,090,000
Variable Selling - Commissions	38,800	124,000	162,800
Contribution Margin	\$ 471,200	\$ 1,346,000	\$ 1,817,200
Less: Direct Fixed Expenses			
Direct Fixed Overhead	260,000	200,000	460,000
Direct Fixed Selling & Admin	246,000	87,000	333,000
Segment Margin	<u>\$ (34,800)</u>	<u>\$ 1,059,000</u>	\$ 1,024,200
Less: Common Fixed Expenses			
Common Fixed Overhead			400,000
Common Selling & Admin			450,000
Operating Income			<u>\$ 174,200</u>



# FASB Updates

2025 ASUs  
Current Projects

# ASU 2025-01

- Income Statement – reporting comprehensive income – expense disaggregation disclosures (Subtopic 220-40)
- Clarification on application date for ASU No. 2024-03 for those with non-calendar YE (Dec 31).

<https://www.fasb.org/standards/accounting-standard-updates>

## ASU 2025-02

- Liabilities (Topic 405)
  - Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 122
  - SEC Materials – General – SEC Staff Guidance – SAB Topic 5.FF, Accounting for Obligations to Safeguard Crypto-Assets an Entity Holds for Its Platform Users

<https://www.fasb.org/standards/accounting-standard-updates>

# ASU 2025-03

- Business Combinations (Topic 805) and Consolidation (Topic 810)
  - Determining the Accounting Acquirer in the Acquisition of a Variable Interest Entity
  - Clarification of definitions for “Acquirer” and “Acquiree”
  - Clarifying guidance on VIE’s (Variable Interest Entities), valuation of business combinations
  - Increase comparability between transactions involving VIEs and those not VIEs

<https://www.fasb.org/standards/accounting-standard-updates>

## ASU 2025-04

- Compensation-Stock Compensation (Topic 718) and Revenue from Contracts with Customers (Topic 606)
  - Clarifications to Share-Based consideration Payable to a Customer
  - Reduce diversity in practice and improve the decision usefulness and operability.

<https://www.fasb.org/standards/accounting-standard-updates>

# ASU 2025-05

- Financial Instruments-Credit Losses (Topic 326)
  - Measurement of Credit Losses for Accounts Receivable and Contract Assets
  - Address challenges encountered when applying Topic 326 and/or Topic 606.

<https://www.fasb.org/standards/accounting-standard-updates>

# ASU 2025-06

- Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40)
  - Targeted Improvements to the Accounting for Internal-Use Software
  - Modernize the accounting for software costs under Subtopic 350-40

<https://www.fasb.org/standards/accounting-standard-updates>

## ASU 2025-07

- Derivatives and Hedging (Topic 815) and Revenue from Contracts with Customers (Topic 606)
- Derivatives Scope Refinements and Scope Clarification for Share-Based Noncash Consideration from a Customer in a Revenue Contract

<https://www.fasb.org/standards/accounting-standard-updates>

# Current FASB Projects

- Debt Exchanges
- Environmental Credit Programs
- Government Grants

<https://www.fasb.org/projects/current-projects>

# QUESTIONS



*Thank You*

Michaelia Black, EdD, CPA  
Asst Professor of Accounting  
Lee University  
[mblack@leeuniversity.edu](mailto:mblack@leeuniversity.edu)

