

ALSN Continues the Conversation

Interpreting Organizational-Level Financial Statements

Smith, TB & Welch, TD. (2021). *Nursing Administration Quarterly* Vol. 45, No. 4, pp. 353–359

Abstract:

An organization's financial statements reflect their financial well-being and determine their ability to meet the health care needs of the citizens in their community. It is imperative that nursing leadership recognize the key components of an organization's annual consolidated financial statements, the balance sheet and income statement, and know how to interpret them to provide efficient, high-quality health care and to be successful in their role as nurse leaders. This article provides exemplars of these key documents with detailed instructions for the interpretation and understanding of the organization's financial statements, which will enable the reader to accurately and adeptly interpret their own organization's financial statements, as well as the statements from other organizations.

Discussion Questions:

Competencies related to finance are among the most challenging for nurse leaders to develop. *Finance Matters in Nursing Leadership* is a new column in NAQ that will provide readers with the opportunity to learn finance-related concepts and skills. In this inaugural column, Drs. Smith and Welch present a learning activity to develop skill in reading financial statements.

1. How might you incorporate this activity in a graduate level nursing leadership course or a nurse leader competency development program?
2. How could you build on the discussion of financial statements in a leadership roundtable forum? Could you share your organization's financial statements for leaders to learn from?