BETTER THAN A SPREADSHEET

BOOKKEEPING AND FINANCIAL REPORTING FOR SMALL NONPROFITS

~SPECIAL GUEST: ARAMIS SUNDIATA, PJP~
01 How comfortable are you with financial reporting or bookkeeping?

02 What is something you like about managing money?

03 What is something you do not like about managing money?

For Use Later: Pull out a financial report your organization has produced.
WHAT IS FINANCIAL REPORTING?

A way to show other people how money has been used in your organization.

Shows information for a particular time and can help with future planning.

Think of the financial report as an expression of the mission of the nonprofit.
WHY CARE?

- Isn't this just taking me away from my mission?
REFLECTION

WHAT STORY DOES YOUR FINANCIAL REPORT TELL?
FINANCIAL REPORTING IN 5 STEPS

1. Assemble a tracking team
2. Develop a tracking process
3. Create a tracking calendar
4. Stay on top of it & check it!
5. Add it all up and Communicate
1) ASSEMBLE A TRACKING TEAM

Key Questions:
- Who spends the money?
- Who raises the money?
- Who has access to the bank account?
- Who has time to organize the information?
REFLECTION:

WHO IS ON THE TRACKING TEAM FOR YOUR ORGANIZATION?
A SEAT AT THE TABLE

• Assign roles and responsibilities
• Agree on authority to make decisions
• Ideally these will be in writing
  • Helps with clarity and transition/turnover
2) DEVELOP A TRACKING PROCESS

• How will communication happen when expenses are incurred, or revenue is received?

• What amount of detail is needed with that communication?
  • Date
  • Amount
  • Payee or Payer
  • Purpose (Class)
TRACKING METHODS

• What are your fiscal year dates?
  • January to December
  • July to June – this is what PDF uses and how FS reporting needs to be communicated to us

• How will you track the information?
  • Spreadsheet
  • Accounting/Bookkeeping Software
3) CREATE A TRACKING CALENDAR

- Plan out when major expenses are likely to happen
- Quarterly check-ins on spending and revenue
- Integrate reporting deadlines into your calendar
  - PDF report will be due August 30th
  - Sample Goal: Have all income and expenses entered by July 30th
4) STAY ON TOP OF IT & CHECK IT!

- Weekly/Monthly data entry
- Monthly/Quarterly reconciliation with bank statements and donation reports
Communicate regularly to avoid duplication of effort and to share information and assumptions.

Document! Don’t rely on memory. Write down assumptions and formulas. This will be very important when reporting similar information in the future.
5) ADD IT ALL UP AND COMMUNICATE

- One person compiles all information, reviews it for consistency and distributes to everyone involved.
  - Communicate to staff/board/funders/donors
- Include budgeted amounts and actual totals
- Forecast cash flow
DIGGING DEEPER

HOW TO TELL YOUR STORY WITH NUMBERS
Income - Expense = Change in Net Assets

Over a specific period of time (i.e. month, quarter, year).

When Income – Expense > $0 We have a surplus!

Building reserves

When Income – Expense < $0 We have a deficit...

Drawing from reserves
CHARTER OF ACCOUNTS

Contributed Support:

• Income that is obtained in support of the organization’s cause or mission (such as donations, bequests, or foundation grants).

Earned Revenue:

• Income that is obtained by providing a good or service in exchange for fees (such as tuition, ticket sales, and some but not all government contracts).

Personnel Expenses:

• Nonprofit budgets generally list personnel expenses first, as they are the largest expense for most organizations.

Non-Personnel Expenses:

• Some organizations further group non-personnel expenses into other meaningful categories, which can be helpful for producing summary reports.
TYPES OF FINANCIAL REPORTS

Operating Financial Report - shows what the organization has earned in revenue vs. what the organization has spent in expenses from operations.

Program Financial Report - a snapshot of information related to a specific program.

Different information can be used for different reporting purposes.
**BUDGET DASHBOARD**

**Summary:**
- Shows Q1
- Compares total FY goals with actual YTD numbers.
- Ahead of where we expected to be at this point in the fiscal year.

<table>
<thead>
<tr>
<th></th>
<th>Fiscal Year Target</th>
<th>Year to Date Target</th>
<th>Year to Date Actual 3.31.20</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$250,000</td>
<td>$23,000</td>
<td>$45,000</td>
<td>New donors</td>
</tr>
<tr>
<td>Expenses</td>
<td>$230,000</td>
<td>$39,000</td>
<td>$43,000</td>
<td>Increase in healthcare benefits</td>
</tr>
<tr>
<td>Projected surplus (deficit)</td>
<td>$20,000</td>
<td>$(16,000)</td>
<td>$2,000</td>
<td></td>
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</tbody>
</table>
## FORECAST CASH FLOW

<table>
<thead>
<tr>
<th>Prepare</th>
<th>Monitor and adjust</th>
<th>Review</th>
</tr>
</thead>
</table>
| Prepare a cash flow projection with your budget that includes:  
- Cash, Beginning of Period  
- Add: Sources of Funds  
- Less: Uses of Funds  
- Cash, End of Period | Monitor and adjust cash flow projections regularly (monthly/quarterly) | Review rolling 12-month cash flow projections with staff/board/volunteers |
On average, we have 4 months of positive cash flow.
**RISK FACTORS**

Are you communicating about your finances in a confusing way?

Investigate discrepancies between budget vs. actual numbers.
THANK YOU!