

What Every Non-Profit Professional Needs to Know About Finance

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An Executive and his money...

**Money is a terrible master
but an excellent servant.**

- P.T. Barnum



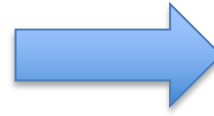
Don't let budget drive your strategy...
Strategy comes first.

Mark Pearson

Executive and Artistic Director
College Light Opera Co.



What is a Budget?



Budget:

A financial plan that lists expected expenses and income during a particular period

- Cambridge Dictionary

...Yes, but more importantly it's

an expression of an organization's values, priorities, goals and expectations.





Who makes the budget?

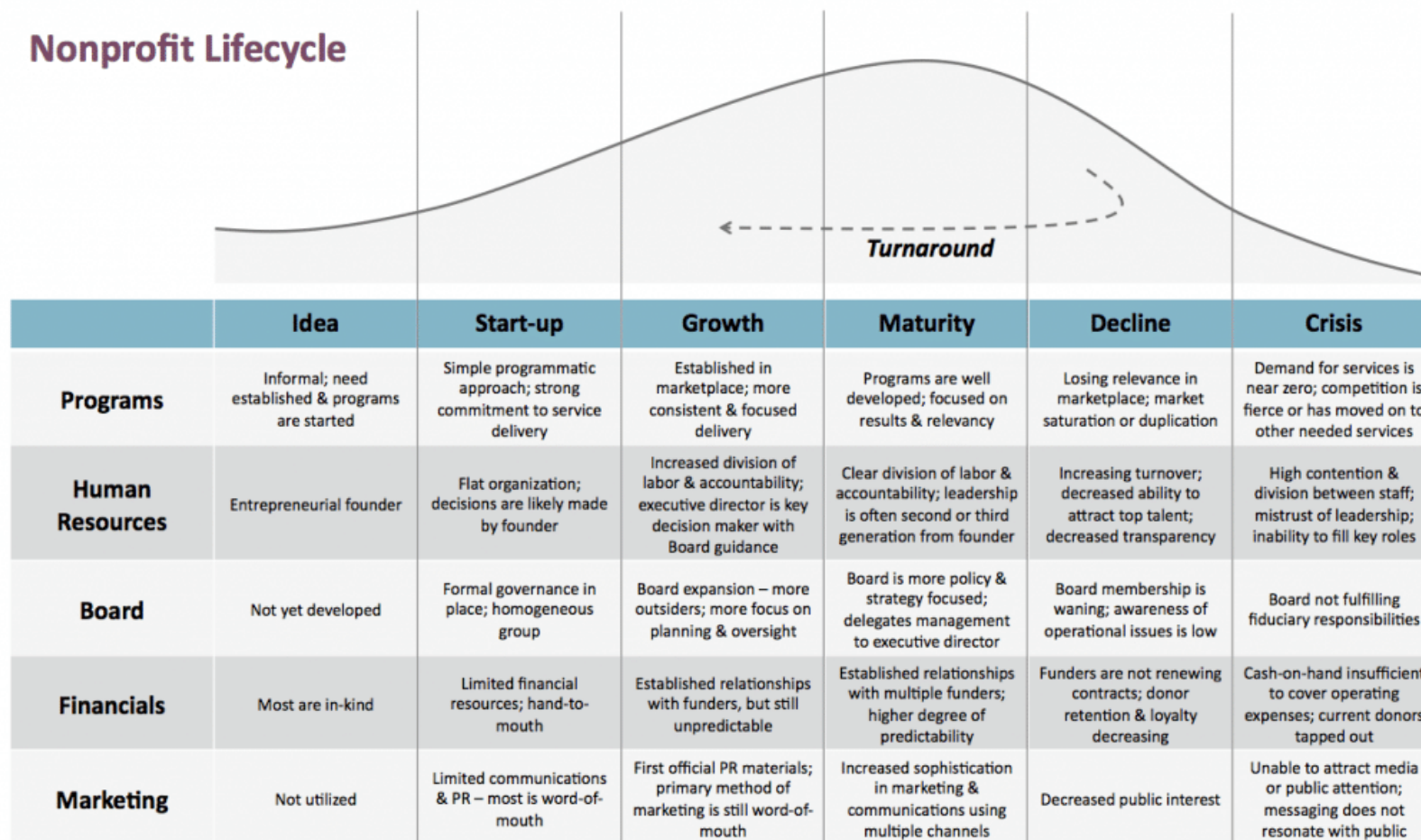
A: The Board B: The Executive C: Development D: Bookkeeper

E: All of the above!

Communication and consensus among this group is essential for a realistic and effective budget process.



Nonprofit Lifecycle



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Identify any growing panes that might be related to your lifecycle and...

... don't be afraid to adjust mission if necessary. This could result in adjustment to budget and or evolution of staff.





What should the Executive worry about?

- Mission Fulfillment
- Keeping things goal oriented
- The long view
- Staying open to creative solutions
- Fight for your "loss leader" projects (as long as they fit into the big picture!)
- What adjustments will be needed to make sure you have the cash needed to manage the risk or unpredictability in your strategy?



Every year provides an opportunity to make progress on your organization's strategic goals by reflecting them in the budget.





FACT:
Financial uncertainty never goes away.



Always look for ways to expand by diversifying revenue sources, managing cash flow and developing solid, realistic budgets.



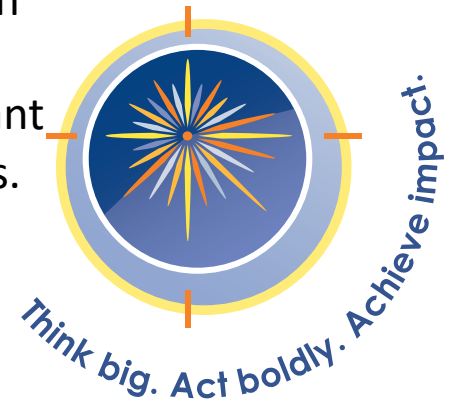
Work with development and bookkeeping to identify, monitor and respond to financial metrics such as cost per primary outcome.



Base decisions on more than one year of financial history.



Consider future goals to keep current plans aligned with strategic direction. By consistently anchoring budget decisions in the past without consideration of the future, you run the risk of creating stagnant plans or reflecting over-zealous ambitions. The budget decisions your organization makes today should reflect your broader program and organizational goals and objectives.



The Art...and Science of Forecasting



How to develop a realistic fundraising budget

...and keep your Executive Director happy!

Lisa Walker

Highfield Hall & Gardens



A Passing Fancy by Patrick Dougherty



According to ***UnderDeveloped***, a national study from CompassPoint and the Evelyn and Walter Haas Jr. Fund, one in five Development Directors describe their partnership with the Executive Director as weak or non-existent. And many complain that they don't have enough involvement in developing budgets and fundraising targets to ensure realistic performance goals.



Board of Directors to Executive Director: You need to raise more money!

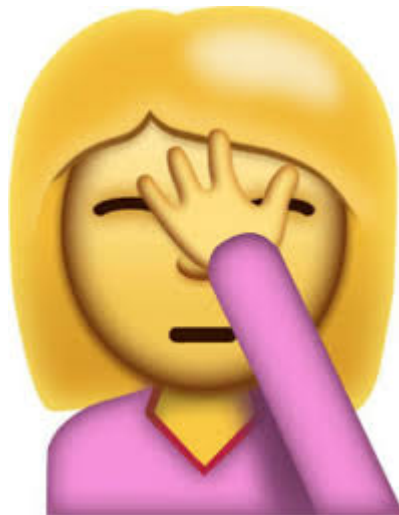
Executive Director: OK!

Executive Director to Development Officer: Your fundraising goal this year is \$1,000,000!

Development Officer to Executive Director: But last year we only raised \$300,000...

Executive Director: I know, but you can just find more donors, write more grants; or see if we can get [*insert name of a billionaire here*] to donate to us.

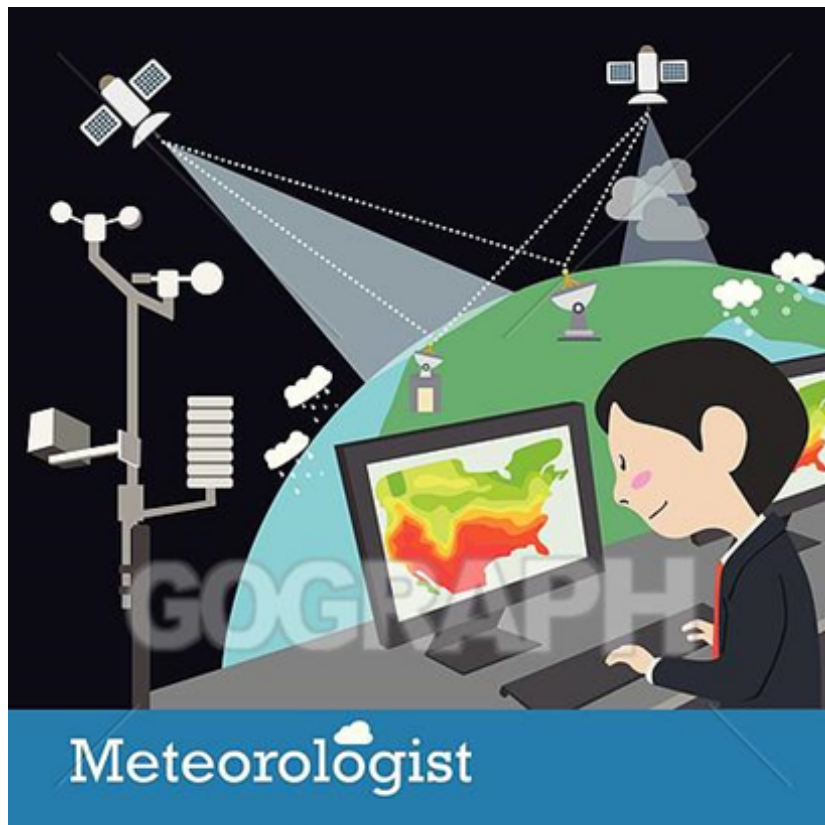
Development Officer:



How can we, as professional fundraisers, help our Executive Director and our organization successfully predict the probability of revenue?

Your database is a goldmine – mine it!

Similar to how a meteorologist collects and analyzes data to predict/forecast the weather, fundraisers must use the data in their database to predict the probability of revenue.



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Using science, technology, and DATA
to predict something = **Good!**



Your budget is the road map for the year. It should reflect and quantify the annual strategy. Don't just fill in the blanks to make the numbers work.

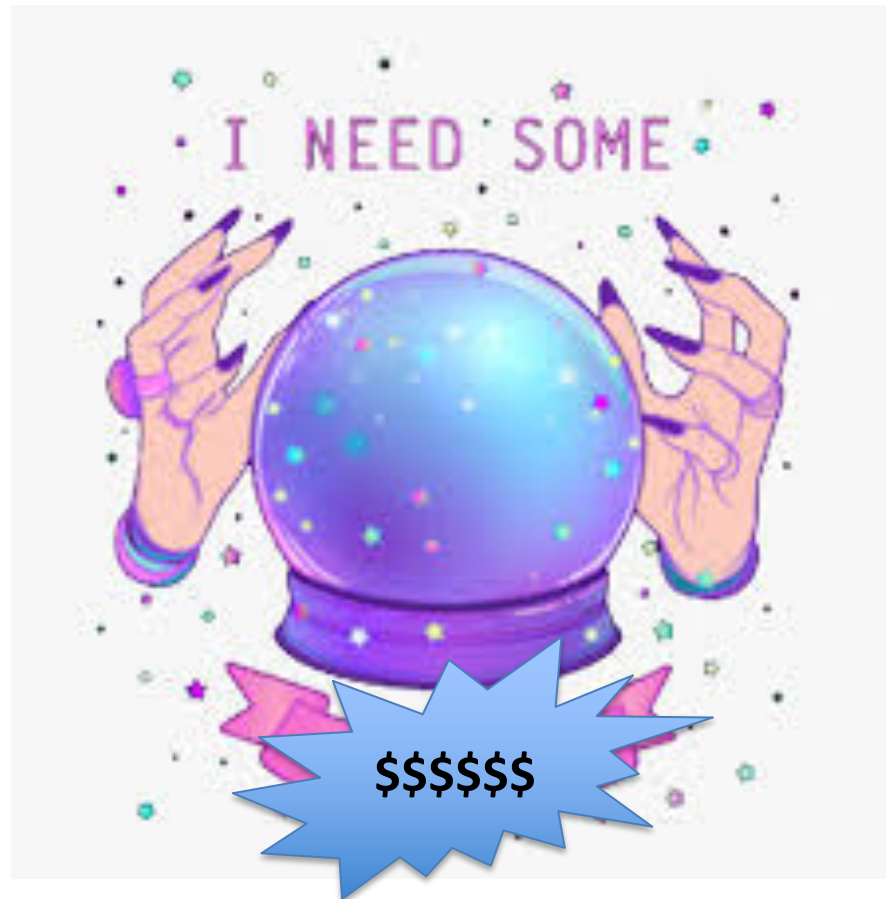
Fundraising Goal #1 – What do we need to raise?

- Don't try to raise all the money you can THEN figure out how to spend it. That's the tail wagging the dog. Decide what programs you want to deliver, then figure out what it will cost. THAT'S how much you need to raise.
 - DO NOT HAVE A vague goal. Be specific – down to the penny – how much you need to raise. Why?
- Fundraise \$50,000 to support 500 women who are victims of domestic violence
 - Fundraise \$10,000 to support the renovation of the animal shelter
 - Gain 100 new donors (unrealistic!)
 - Raise 25% more in donations compared to last quarter



Fact: Small nonprofits are more likely to fall short on the revenue side than to exceed their budgeted expenses.

Without a crystal budgeting ball, how can you more precisely predict contributed revenue? While expenses are relatively easy to forecast, revenue can be one of the more difficult parts of developing a budget. Forecasting unknown or uncertain contributed revenue can be tricky and can increase risk in your budget. One way you can manage this uncertainty is to predict the probability of your revenue.



Start by “grading” expected revenue, using the letters A, B, C, & D to distinguish different levels of risk for each revenue source . Next, assign each grant award a percentage that indicates the likelihood of receiving that grant in your next fiscal year.



| % Probability Table | Low | High | | Notes |
|-----------------------------|-----|------|----------|---|
| Written / Verbal Commitment | 90% | 100% | A | Revenue that is secured or committed |
| Proposal | 50% | 75% | B | Proposal submitted, historically probable, high probability |
| LOI | 25% | 50% | C | In discussion, design moderate probability |
| Introduction/meeting | 5% | 25% | D | Speculative, new relationship or no relationship |



| | Budget | | Letter Ranking | ENTER Revenue Probabilities |
|---------------------------------------|----------------------|--|----------------|--------------------------------|
| | Without Restrictions | | | |
| ABC Community Foundation | 85,000 | | A | 100% |
| Sunshine Foundation | - | | | |
| Farhills Foundation | 15,000 | | B | 75% |
| XYZ Foundation | 20,000 | | B | 75% |
| Fair Weather Foundation | 185,000 | | B | 75% |
| Stage Coach Bank Foundation | 15,000 | | C | 50% |
| 123 Foundation | 65,000 | | A | 100% |
| NF Foundation | - | | | 0% |
| To be raised | 30,000 | | D | 25% |
| Net assets released from restrictions | 120,000 | | A | 100% |
| Total foundations | 535,000 | | | |



| | | Budget Without Restrictions FY 2018 | Budget With Restrictions FY 2018 | Budget Total FY 2018 | Variance Total | Notes |
|---------------------------------------|--|--|---|----------------------------|-------------------|--|
| Revenue | | | | | | |
| Total earned revenue | | 85,100 | - | 85,100 | 10,000 | |
| <i>Contributed revenue</i> | | | | | | |
| <u>Foundations</u> | | | | | | |
| ABC Community Foundation | | 85,000 | | 85,000 | - | Long-time funder, 100% likely |
| Sunshine Foundation | | - | 240,000 | 240,000 | 140,000 | 2-year grant; 100% likely |
| Farhills Foundation | | 15,000 | | 15,000 | 5,000 | 75% likely |
| XYZ Foundation | | 20,000 | | 20,000 | (10,000) | Expecting a decline this year |
| Fair Weather Foundation | | 185,000 | | 185,000 | - | Long-time funder, but 75% likely |
| Stage Coach Bank Foundation | | 15,000 | | 15,000 | - | 50% likely |
| 123 Foundation | | 65,000 | | 65,000 | - | 100% likely; received award letter |
| NF Foundation | | - | | - | (15,000) | Funder says we need to take a year off this year |
| To be raised | | 30,000 | | 30,000 | 30,000 | Proposals to 5 new funders expecting to receive \$10 |
| Net assets released from restrictions | | 120,000 | (120,000) | - | - | |
| Total foundations | | 535,000 | 120,000 | 655,000 | 150,000 | |
| Total government | | 80,000 | - | 80,000 | (5,000) | |
| Total corporations | | 15,000 | | 15,000 | - | |
| Special event | | 50,000 | | 50,000 | 5,000 | Gala |
| Individuals | | 10,000 | | 10,000 | 2,000 | |
| Board | | 5,000 | | 5,000 | 1,000 | Added 2 board members; it's expected that each bo |
| Total contributed revenue | | 695,000 | 120,000 | 815,000 | 153,000 | |
| Total Revenue | | 780,100 | 120,000 | 900,100 | 163,000 | |

Fundraising Goal #2

- Number of donors to renew

Your first priority should be retaining your current, active donors.

Donor retention is something that not near enough people pay attention to, yet it's critical to long-term fundraising success.

- Why?**
- A high retention rate indicates that a nonprofit has a healthy support system.
 - Keeping existing donors is more cost effective than acquiring new ones.
 - Cost effective marketing – long time donors are more likely to act as spokespersons for your cause.
 - Potential for larger gift amounts: there is a direct correlation between retention and gift size.



Side bar on donor retention:

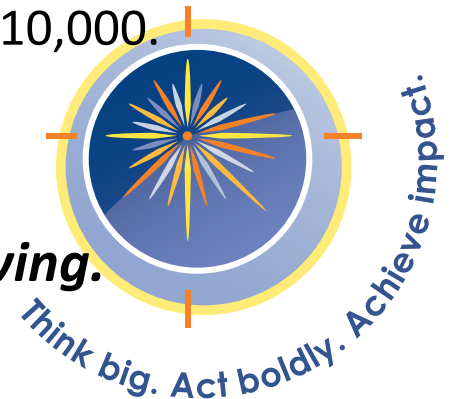
Don't forget to move your donors up the giving ladder, however be realistic and measured. Patience is a virtue.

It is very difficult to take a donor who has been giving just \$1,000 and upgrade them to \$25,000, even if you know they have the money. You have to move donors to higher giving levels incrementally, one rung at a time. Remember, major donors do not make gifts, they make investments.

A \$1,000 donor can be successfully asked for \$50,000, \$100,000 or more, but a response in the affirmative will be the exception, not the rule. The best option would be to take the time to build and cultivate the relationship. Explain the bigger need, but ask the donor to consider a gift of \$5,000 or \$10,000.

...and always remember to thank the donor!

Often times that is what can make or break continued giving.



Fundraising Goal #3

- Number of donors to acquire/Donor Growth Rate

While costly it is still important to spend a little time and money on attracting new donors. You want as many people as possible to share your successes and be inspired by opportunities for investment. This is why it's important to think about how to build your pipeline of future supporters.

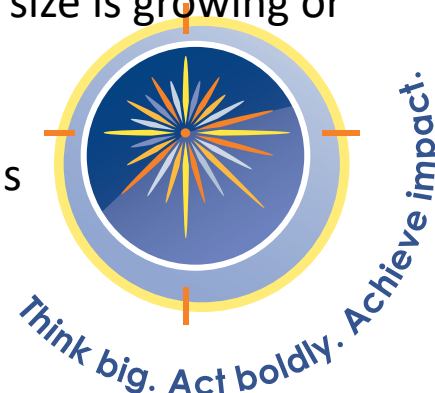
Cost effective tips for identifying new donors:

- Start with your inner circle. The first place to look for new donors is your inner circles of volunteers and supporters. These individuals already believe in you, and they want to see you succeed. Their personal networks are an invaluable source for finding new donors.
- Social media followers; newsletter subscribers.
- Event attendees
- Like minded donors – longshot but sometimes pans out.



Bottom line:

- Donor Acquisition Costs Are High: Nonprofit professionals focus on donor retention because of the high initial cost of recruiting first-time donors. It can take 18-24 months for nonprofits to recoup the amount of money they spend to attract a first-time donor, as most gifts are generally 2 to 3 times less than the marketing/recruiting cost.
- Capture The Data. It's impossible to calculate your retention rates without tracking your donors and gifts.
- Make a concerted effort to track as much information as you can on your donor in real-time so you're not just storing it all in your head for a later day. The more accurate your data is, the better you can accommodate donor trends year after year.
- When analyzing your donor retention rates, look at average annual gift amounts. By comparing the average annual gift amount of year #1 to the average annual gift amount from year #2, you can also learn whether your average gift size is growing or decreasing alongside your retention rate.
- Any changes, particularly negative ones, indicate you should refocus your efforts.



Recap:

Be Specific

- What is your overall goal?
- How much is restricted or designated (for something specific)
- How much do you need to fundraise or how many donors do you need to acquire to accomplish the goal?
- Know your donors – how many donors do you have that will be interested in funding something specific. How many donors do you have that will contribute to unrestricted funding?



Is the goal Measurable?

- Without being able to measure progress – you won't know if you've met your fundraising goals.
- An organization should be able to track progress and measure success.
- Set measurable fundraising goals!



Is the goal attainable?

As a nonprofit, you should strive to set goals that stretch you and are ambitious enough to challenge you. However, those goals should not be unrealistic and unattainable.

To understand what's achievable and feasible for your nonprofit, consider:

- the success of your previous fundraising campaigns;
- the average number of donors;
- the average donation size.

Have you calculated the Dependency Quotient?

Dependency Quotient measures the extent to which an organization is dependent on its top donors to fund its work. It's an indicator of how vulnerable the organization could be in the face of changed priorities among its top funders. Generally speaking, organizations would seek to have a lower Dependency Quotient, indicating that they are more resilient to changes in top donor giving.

Example: If an organization's top five donors contributed \$250,000 during the past three years, and the total organizational expenditures for the same three-year period were \$1,000,000, then its Dependency Quotient is 25% ($\$250,000 / \$1,000,000$), meaning it would have to replace 25% of its budget if it lost its top five donors.



Are your goals relevant to your organizations mission?

Ask yourself:

- Does this fundraising goal contribute to my mission and vision?
- Is this going to significantly positively impact my intended beneficiaries?
- Does the fundraising goal relate to my yearly strategy?
- What is the return on investment in terms of impact?



Time-Based

Having a timeline also helps with tracking progress. For example, you could be one month into a two-month campaign, but you only raised 15% of the planned amount. This informs your decision-making. You are now able to re-plan and think of ways you can increase your efforts and meet the end goal in time.



Financial Management for Non-Profit Organizations

Tammy Glivinski
Glivinski & Associates, Inc.
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Board Governance

- Align Activities with Purpose
 - Mission
 - Bylaws
 - Strategic Plan
 - Execution
- Strategic Resources...now and in future
 - Financial (sources and sufficiency)
 - Practice (uses and effectiveness)
 - Alignment
 - SWOT
- Oversight
 - CEO
 - Audit
 - *Duty of Loyalty*



Board Financial Responsibility

Financial Reporting

- Expectations
- Transparency
- Compliance Testing
- Fraud Prevention
- Consequences
- External Auditor...Selection, Schedule, Un-Qualified, and Management Letter
- GAGS-2011, GAAP, 990s, WR1/941, etc.

Establishing Guidelines and Policies

Procedures

- Organizational Chart
- Internal Controls/Approval Process
- Accounting and Budgeting
- Board and Periodic Reporting
- Compliance

Internal Controls

- Staff Duties – delegation
- Cash/deposit handling – from collection to deposit
- Disbursement handling – authority, check signing, online banking, etc.
- Daily Reconciliations – formal process, checks and balances
- Closing processes

Internal Controls

Cape Cod Non-Profit Ticket Sales Reconciliation 2011

| | 8/15/2011 | MTD |
|-----------------------------------|-------------------------|--------------------------|
| Gross Ticket Sales | | |
| Per Box Office | 2219 | 33285 |
| Per Online Program Database | <u>12494</u> | <u>187410</u> |
| Total Ticket Sales | 14713 | 220695 |
| Ticket Fees | <u>1016</u> | <u>15240</u> |
| Net Sales Before Fees | 15729 | 235935 |
| Deposit Reconciliation | | |
| Per Online Program Database | | |
| Amex | 2420 | 36300 |
| MC/Visa/Discover | <u>11090</u> | <u>166350</u> |
| TOTAL PAYMENTS | 13510 | 202650 |
| Other Pmts/Comps | | |
| Credits | 0 | 0 |
| Cash | 1912 | 28670 |
| Checks | <u>307</u> | <u>4605</u> |
| Total Other | 2219 | 33275 |
| Total Payments | <u>15729</u> | <u>235925</u> |
| Cash Over/(Short) | 0 | 10 |

Accounting & Budgeting

Creating a Custom Chart of Accounts

- Revenue
 - Contributed
 - Earned
 - Program
- COGS
- Expenses
 - Administrative
 - Development
 - Marketing
 - Occupancy
 - Personnel
- Other Income/Expense
 - Interest etc.

Creating a Budget

- New or Established Organization
- Integrity of Historical Data
- Building Assumptions
- Feasibility of Assumptions
- What is a Balanced Budget?

Accounting & Budgeting

Allocating for profit/cost centers

- Development
- Program I
- Program II
- Program III
- Administrative

Accounting & Budgeting

Accrual Basis

Cape Cod Non-Profit Income & Expenditures by Cost Center January through December 2011

| | Administration | Development | Stage 1 | Stage 2 | TOTAL |
|--------------------------------|-----------------|----------------|----------------|----------------|------------------|
| | Jan - Dec 11 | Jan - Dec 11 | Jan - Dec 11 | Jan - Dec 11 | Jan - Dec 11 |
| Ordinary Income/Expense | | | | | |
| Income | | | | | |
| Contributed Income | 0 | 525,000 | 0 | 0 | 525,000 |
| Earned Income | 0 | 0 | 44,667 | 22,333 | 67,000 |
| Program Income | 0 | 0 | 453,333 | 226,667 | 680,000 |
| Total Income | 0 | 525,000 | 498,000 | 249,000 | 1,272,000 |
| Cost of Goods Sold | | | | | |
| Merchandise | 500 | 0 | 0 | 0 | 500 |
| Program Personnel | 100,000 | 0 | 120,000 | 120,000 | 340,000 |
| Program Expenses | 0 | 0 | 22,667 | 11,333 | 34,000 |
| Royalties | 0 | 0 | 45,333 | 22,667 | 68,000 |
| Total COGS | 100,500 | 0 | 188,000 | 154,000 | 442,500 |
| Gross Profit | -100,500 | 525,000 | 310,000 | 95,000 | 829,500 |
| Expense | | | | | |
| Administrative Expenses | 145,000 | 0 | 0 | 0 | 145,000 |
| Development | 0 | 25,000 | 0 | 0 | 25,000 |
| Marketing | 115,000 | 0 | 0 | 0 | 115,000 |
| Occupancy Expenses | 220,000 | 0 | 0 | 0 | 220,000 |
| Personnel | 270,000 | 0 | 0 | 0 | 270,000 |
| Total Expense | 750,000 | 25,000 | 0 | 0 | 775,000 |
| Net Ordinary Income | -850,500 | 500,000 | 310,000 | 95,000 | 54,500 |
| Other Income/Expense | | | | | |
| Interest Income | 500 | 0 | 0 | 0 | 500 |
| Net Other Income | 500 | 0 | 0 | 0 | 500 |
| Net Income | -850,000 | 500,000 | 310,000 | 95,000 | 55,000 |

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Accounting & Budgeting

Accrual Basis

Cape Cod Non-Profit Income & Expenditures by Event January through December 2011

| | Production 1 | Production 2 | Production 3 | Production 4 | Event 1 | Event 2 | Event 3 | Event 4 | Total |
|---|--------------|--------------|--------------|--------------|---------|---------|---------|---------|---------|
| Ordinary Income/Expense | | | | | | | | | |
| Income | | | | | | | | | |
| Program Income | | | | | | | | | |
| Ticket & Workshop Income | 165,000 | 175,000 | 150,000 | 190,000 | | | | | 680,000 |
| Fundraisers | | | | | 15,000 | 15,000 | 15,000 | 22,000 | 67,000 |
| Total Program Income | 165,000 | 175,000 | 150,000 | 190,000 | 15,000 | 15,000 | 15,000 | 22,000 | 747,000 |
| Total Income | 165,000 | 175,000 | 150,000 | 190,000 | 15,000 | 15,000 | 15,000 | 22,000 | 747,000 |
| Cost of Goods Sold | | | | | | | | | |
| Program Personnel | 82,500 | 87,500 | 75,000 | 95,000 | | | | | 340,000 |
| Program Expenses | 8,250 | 8,750 | 7,500 | 9,500 | | | | | 34,000 |
| Royalties | 16,500 | 17,500 | 15,000 | 19,000 | | | | | 68,000 |
| Total COGS | 107,250 | 113,750 | 97,500 | 123,500 | - | - | - | - | 442,000 |
| Gross Profit on Productions & Events | 57,750 | 61,250 | 52,500 | 66,500 | 15,000 | 15,000 | 15,000 | 22,000 | 305,000 |
| Expense | | | | | | | | | |
| Advertising & Promotion | 5,000 | 5,000 | 5,000 | 5,000 | 500 | 500 | 500 | 500 | 22,000 |
| Other | 500 | 500 | 500 | 500 | | | | | 2,000 |
| Total Expense | 5,500 | 5,500 | 5,500 | 5,500 | 500 | 500 | 500 | 500 | 24,000 |
| Net Income | 52,250 | 55,750 | 47,000 | 61,000 | 14,500 | 14,500 | 14,500 | 21,500 | 281,000 |

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Reporting

Board Reporting

- Financial/Executive Committee
- Monthly – YTD and current month
 - Budget vs. Actual
 - Previous year comparison
 - Balance Sheet and supporting schedules
 - Cash Flow Rolling Projections
- Board at Large
 - Dashboard reports – periodic
 - Annual Reports
- Footnotes

Reporting

Accrual Basis

Cape Cod Non-Profit I & E Budget vs. Actual January through December 2011 Collapsed

| | Jan - Dec 11 | Budget | \$ Over Budget | % of Budget | |
|--------------------------------|------------------|------------------|----------------|----------------|----------|
| Ordinary Income/Expense | | | | | |
| Income | | | | | |
| Contributed Income | 525,000 | 500,000 | 25,000 | 105.0% | A |
| Earned Income | 67,000 | 80,000 | -13,000 | 83.75% | |
| Program Income | 680,000 | 700,000 | -20,000 | 97.14% | B |
| Total Income | 1,272,000 | 1,280,000 | -8,000 | 99.36% | |
| Cost of Goods Sold | | | | | |
| Merchandise | 500 | 0 | 500 | 100.0% | |
| Program Personnel | 340,000 | 375,000 | -35,000 | 90.67% | |
| Program Expenses | 34,000 | 40,000 | -6,000 | 85.0% | |
| Royalties | 68,000 | 95,000 | -27,000 | 71.58% | C |
| Total COGS | 442,500 | 510,000 | -67,500 | 86.77% | |
| Gross Profit | 829,500 | 770,000 | 59,500 | 107.73% | |
| Expense | | | | | |
| Administrative Expenses | 145,000 | 150,000 | -5,000 | 96.67% | |
| Development | 25,000 | 15,000 | 10,000 | 166.67% | |
| Marketing | 115,000 | 110,000 | 5,000 | 104.55% | |
| Occupancy Expenses | 220,000 | 200,000 | 20,000 | 110.0% | D |
| Personnel | 270,000 | 280,000 | -10,000 | 96.43% | |
| Total Expense | 775,000 | 755,000 | 20,000 | 102.65% | |
| Net Ordinary Income | 54,500 | 15,000 | 39,500 | 363.33% | |
| Other Income/Expense | | | | | |
| Other Income | | | | | |
| Interest Income | 500 | 0 | 500 | 100.0% | |
| Total Other Income | 500 | 0 | 500 | 100.0% | |
| Net Income | 55,000 | 15,000 | 40,000 | 366.67% | |

- A** Additional appeal sent out
- B** Attendance down by 3%
- C** Related to attendance
- D** New heating system of \$17,000 installed

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Reporting

Accrual Basis

Cape Cod Non-Profit I & E Prev Year Comparison January through December 2011

| | Jan - Dec 11 | Jan - Dec 10 | \$ Change | % Change |
|--------------------------------|------------------|------------------|-----------------|------------------|
| Ordinary Income/Expense | | | | |
| Income | | | | |
| Contributed Income | 525,000 | 1,500,000 | -975,000 | -65.0% A |
| Earned Income | 67,000 | 63,000 | 4,000 | 6.35% |
| Program Income | 680,000 | 700,000 | -20,000 | -2.86% B |
| Total Income | 1,272,000 | 2,263,000 | -991,000 | -43.79% |
| Cost of Goods Sold | | | | |
| Merchandise | 500 | 0 | 500 | 100.0% |
| Program Personnel | 340,000 | 350,000 | -10,000 | -2.86% |
| Program Expenses | 34,000 | 35,000 | -1,000 | -2.86% |
| Royalties | 68,000 | 88,000 | -20,000 | -22.73% B |
| Total COGS | 442,500 | 473,000 | -30,500 | -6.45% |
| Gross Profit | 829,500 | 1,790,000 | -960,500 | -53.66% |
| Expense | | | | |
| Administrative Expenses | 145,000 | 200,000 | -55,000 | -27.5% |
| Development | 25,000 | 35,000 | -10,000 | -28.57% |
| Marketing | 115,000 | 130,000 | -15,000 | -11.54% |
| Occupancy Expenses | 220,000 | 250,000 | -30,000 | -12.0% C |
| Personnel | 270,000 | 270,000 | 0 | 0.0% |
| Total Expense | 775,000 | 885,000 | -110,000 | -12.43% |
| Net Ordinary Income | 54,500 | 905,000 | -850,500 | -93.98% |
| Other Income/Expense | | | | |
| Other Income | | | | |
| Interest Income | 500 | 2,800 | -2,300 | -82.14% |
| Total Other Income | 500 | 2,800 | -2,300 | -82.14% |
| Net Other Income | 500 | 2,800 | -2,300 | -82.14% |
| Net Income | 55,000 | 907,800 | -852,800 | -93.94% |

A \$1,000,000 pledge receivable booked in 2010

B Attendance is down by 3%

C Renting less space this year

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Reporting

Accrual Basis

Cape Cod Non- Profit Balance Sheet Prev Year Comparison As of December 31, 2011

ASSETS

Current Assets

Checking/Savings

| | | | |
|-------------------------------|---------------|---------------|---------------|
| Checking | 65,500 | 15,000 | 50,500 |
| Money Market | 7,000 | 5,000 | 2,000 |
| CD | 5,500 | 5,000 | 500 |
| Total Checking/Savings | 78,000 | 25,000 | 53,000 |

Accounts Receivable

| | | | |
|----------------------------------|---------------|--------------|---------------|
| Accounts Receivable | 30,000 | 5,000 | 25,000 |
| Total Accounts Receivable | 30,000 | 5,000 | 25,000 |

Total Current Assets

| | | |
|---------|--------|--------|
| 108,000 | 30,000 | 78,000 |
|---------|--------|--------|

Fixed Assets

| | | | |
|------------------------------|------------------|------------------|---------------|
| Building | 1,400,000 | 1,400,000 | 0 |
| <Accum Deprn-Building> | -210,000 | -200,000 | -10,000 |
| Computers & Equipment | 22,000 | 20,000 | 2,000 |
| <Accum Deprn-Computers> | -19,200 | -19,000 | -200 |
| Total Tangible Assets | 1,192,800 | 1,201,000 | -8,200 |

Total Fixed Assets

| | | |
|-----------|-----------|--------|
| 1,192,800 | 1,201,000 | -8,200 |
|-----------|-----------|--------|

TOTAL ASSETS

| | | |
|------------------|------------------|---------------|
| 1,300,800 | 1,231,000 | 69,800 |
|------------------|------------------|---------------|

LIABILITIES & NET ASSETS

Liabilities

Current Liabilities

| | | | |
|----------------------------------|--------------|---------------|---------------|
| Accounts Payable | 7,000 | 2,000 | 5,000 |
| Line of Credit | 0 | 12,000 | -12,000 |
| Total Current Liabilities | 7,000 | 14,000 | -7,000 |

Long Term Liabilities

| | | | |
|------------------------------------|----------------|----------------|----------------|
| Mortgage | 688,000 | 700,000 | -12,000 |
| Loan | 47,000 | 50,000 | -3,000 |
| LOC | 0 | 12,000 | -12,000 |
| Total Long Term Liabilities | 735,000 | 762,000 | -27,000 |

Total Liabilities

| | | |
|---------|---------|---------|
| 742,000 | 776,000 | -34,000 |
|---------|---------|---------|

Net Assets

| | | | |
|-------------------------|----------------|----------------|----------------|
| Unrestricted | 503,800 | 455,000 | 48,800 |
| Temporarily Restricted | 55,000 | 0 | 55,000 |
| Total Net Assets | 558,800 | 455,000 | 103,800 |

TOTAL LIABILITIES & NET ASSETS

| | | |
|------------------|------------------|---------------|
| 1,300,800 | 1,231,000 | 69,800 |
|------------------|------------------|---------------|

Glivinski
& Associates, Inc.

Key Indicators

Current Ratio – Measures the ability to pay short-term obligations, the higher the ratio the more capable

Current Assets/Current Liabilities

Example: Current Assets 108,000

Current Liabilities 7,000

Current Ratio 15.43

Days in Payable – Measures how long it takes to pay creditors

Accounts Payable/(Cost of sales/Number of days)

Example: Accounts Payable 7,000

Cost of Sales 1,217,500

Days in Payables 2.1



Key Indicators

Debt to Equity Ratio – Measures financial leverage – what portion of equity and debt is used to finance assets.

High ratio means aggressive in financial growth

Example: Total Liabilities 742,000

Equity 558,800

Debt to Equity Ratio 1.33

Days Cash Available – Measures the number of days it takes to deplete the cash of the business $(\text{Cash} \times 365) / \text{Cost of Sales}$

Example: Cash 78,000

Cost of Sales 1,217,500

Days Cash Available 23

Key Indicators

Cape Cod Non-Profit Key Indicators

| | <u>As of 12/31/2011</u> | <u>As of 12/31/2010</u> | <u>\$ Change from FY 10</u> |
|------------------------------|-----------------------------|-----------------------------|---------------------------------|
| Balance Sheet: | | | |
| Cash Balance | 78,000 | 25,000 | 53,000 Improved |
| Total Assets | 1,300,800 | 1,231,000 | 69,800 Improved |
| Total Liabilities | 742,000 | 776,000 | (34,000) Improved |
| Net Assets | 558,800 | 455,000 | 103,800 Improved |
| Income & Expense: | | | |
| Net Income/(Deficit) | 55,000 | 907,800 | (852,800) Declined |

| | <u>As of 12/31/2011</u> | <u>As of 12/31/2010</u> | <u>Benchmark Target</u> |
|----------------------|-----------------------------|-----------------------------|-----------------------------|
| Current Ratio | 15.429 Improved | 2.143 | 1.5 |
| Days in Payables | 2.009 Declined | 0.323 | under 30 |
| Debt to Equity Ratio | 1.3 Improved | 1.7 | under 1 |
| Days Cash Available | 22.4 Improved | 4.0 | around 30 |

Reporting-Annual Reports to General Membership

Cape Cod Non-Profit Change in Cash Position

FYE 12/31/xx

TOTAL

| | |
|---|-----------|
| Ordinary Income/Expense | |
| Income | |
| Total Income | 1,272,000 |
| Total Cost of Goods Sold | 442,500 |
| Total Expense | 775,000 |
| Net Ordinary Income | 54,500 |
| Net Other Income | 500 |
| Net Income | 55,000 |
| Beginning Year Cash Balances per Books | |
| Checking accounts | 15,000 |
| Money Market accounts | 5,000 |
| CD/Investment | 5,000 |
| Total Beginning Cash Balances | 25,000 |
| Add: Net Income | 55,000 |
| Cash Available in Year | 80,000 |
| Less: Assets Purchased | (2,000) |
| Calculated Cash Balance End of Year | 78,000 |
| Ending Balances per Banks | |
| Checking accounts | 65,500 |
| Money Market accounts | 7,000 |
| CD | 5,500 |
| Total Bank Balances End of Year | 78,000 |
| Balance Sheet | |
| Staff Report | |
| Membership Report | |
| Donor Report | |
| Projected Events/Changes | |

Glivinski
& Associates, Inc.

Cash Flow vs. I & E

Annual Basis

Cape Cod Non-Profit Cash Flow Projection January 2012 through December 2012

| | Jan 12 | Feb 12 | Mar 12 | Apr 12 | May 12 | Jun 12 | Jul 12 | Aug 12 | Sep 12 | Oct 12 | Nov 12 | Dec 12 | TOTAL | % of Inc |
|--|-----------------|-----------------|-----------------|-----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|-----------------|-----------------|------------------|----------------|
| Ordinary Income/Expense | | | | | | | | | | | | | | |
| Income | | | | | | | | | | | | | | |
| Contributed Income | 45,000 | 60,000 | 45,500 | 16,000 | 50,000 | 90,000 | 90,000 | 90,000 | 25,000 | 10,000 | 10,000 | 60,000 | 591,500 | 41.54% |
| Earned Income | 500 | 500 | 500 | 5,000 | 10,000 | 18,000 | 25,000 | 25,000 | 8,000 | 4,000 | 500 | 500 | 97,500 | 6.85% |
| Program Income | 20,000 | 20,000 | 20,000 | 50,000 | 75,000 | 75,000 | 180,000 | 190,000 | 75,000 | 10,000 | 10,000 | 10,000 | 735,000 | 51.62% |
| Total Income | 65,500 | 80,500 | 66,000 | 71,000 | 135,000 | 183,000 | 295,000 | 305,000 | 108,000 | 24,000 | 20,500 | 70,500 | 1,424,000 | 100.00% |
| Cost of Goods Sold | | | | | | | | | | | | | | |
| COGS Personnel | 10,000 | 10,000 | 10,000 | 10,000 | 25,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 35,000 | 10,000 | 310,000 | 21.77% |
| Production Expenses | 100 | 100 | 100 | 100 | 5,000 | 10,000 | 15,000 | 12,000 | 5,000 | 100 | 100 | 100 | 47,700 | 3.35% |
| Royalties | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 2,000 | 18,000 | 18,000 | 18,000 | 7,000 | 6,000 | 6,000 | 100,000 | 7.02% |
| Total COGS | 15,100 | 15,100 | 15,100 | 15,100 | 35,000 | 52,000 | 73,000 | 70,000 | 63,000 | 47,100 | 41,100 | 16,100 | 457,700 | 32.14% |
| Gross Profit | 50,400 | 65,400 | 50,900 | 55,900 | 100,000 | 131,000 | 222,000 | 235,000 | 45,000 | (23,100) | (20,600) | 54,400 | 966,300 | 67.86% |
| Expense | | | | | | | | | | | | | | |
| Administrative Expenses | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 15,000 | 15,000 | 15,000 | 15,000 | 10,000 | 10,000 | 10,000 | 140,000 | |
| Development | 2,000 | 2,000 | 2,000 | 2,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 2,000 | 2,000 | 2,000 | 39,000 | |
| Marketing | 5,000 | 5,000 | 10,000 | 10,000 | 30,000 | 20,000 | 15,000 | 15,000 | 5,000 | 5,000 | 5,000 | 5,000 | 130,000 | |
| Occupancy Expenses | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 25,000 | 25,000 | 25,000 | 25,000 | 20,000 | 20,000 | 20,000 | 260,000 | |
| Personnel | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 360,000 | |
| Total Expense | 67,000 | 67,000 | 72,000 | 72,000 | 95,000 | 95,000 | 90,000 | 90,000 | 80,000 | 67,000 | 67,000 | 67,000 | 929,000 | |
| Net Ordinary Income | (16,600) | (1,600) | (21,100) | (16,100) | 5,000 | 36,000 | 132,000 | 145,000 | (35,000) | (90,100) | (87,600) | (12,600) | 37,300 | |
| Other Income/Expense | | | | | | | | | | | | | | |
| Other Income | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 600 | |
| Net Income | (16,550) | (1,550) | (21,050) | (16,050) | 5,050 | 36,050 | 132,050 | 145,050 | (34,950) | (90,050) | (87,550) | (12,550) | 37,900 | |
| Net Cash Available for Debt Service | (16,550) | (1,550) | (21,050) | (16,050) | 5,050 | 36,050 | 132,050 | 145,050 | (34,950) | (90,050) | (87,550) | (12,550) | | |
| Total Debt Service | | | | | | | | | | | | | | |
| Accounts Payable & Revolving | 10,000 | 10,000 | | | | | | | | | | | | |
| Note Payments: | | | | | | | | | | | | | | |
| Mortgage | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | | |
| Loan | 250 | 250 | 250 | 250 | 250 | 250 | 250 | 250 | 250 | 250 | 250 | 250 | | |
| LOC | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | | |
| Total Debt Service | 12,250 | 12,250 | 2,250 | 2,250 | 2,250 | 2,250 | 2,250 | 2,250 | 2,250 | 2,250 | 2,250 | 2,250 | | |
| Net Cash After Debt Service | (28,800) | (13,800) | (23,300) | (18,300) | 2,800 | 33,800 | 129,800 | 142,800 | (37,200) | (92,300) | (89,800) | (14,800) | | |
| Unrestricted Cash Beg. of Period | 72,500 | 43,700 | 29,900 | 6,600 | (11,700) | (8,900) | 24,900 | 154,700 | 297,500 | 260,300 | 168,000 | 78,200 | | |
| Unrestricted Cash End of Period | 43,700 | 29,900 | 6,600 | (11,700) | (8,900) | 24,900 | 154,700 | 297,500 | 260,300 | 168,000 | 78,200 | 63,400 | | |
| Restricted Cash Balance | 5,500 | 5,500 | 5,500 | 5,500 | 5,500 | 5,500 | 5,500 | 5,500 | 5,500 | 5,500 | 5,500 | 5,500 | | |
| Total All Cash End of Period | 49,200 | 35,400 | 12,100 | (6,200) | (3,400) | 30,400 | 160,200 | 303,000 | 265,800 | 173,500 | 83,700 | 68,900 | | |

Glivinski
& Associates, Inc.

Compliance

- Annual Secretary of State Filing
- Employee vs. Contractor
 - Tax and Reporting
- Review vs. Audit
- Other Tax Reporting
 - Sales Tax-In regular course of business
 - Fundraising/Isolated-non
 - Raffle-Licensing/local tax
- Conflict

Measuring Results-Understanding Benchmarks

Resources:

- www.frogloop.com
- <http://nonprofitsocialnetworksurvey.com>
- www.e-benchmarksstudy.com
- www.convio.com
- [Boardsource.com](http://boardsource.com)

Thank You!

Mark Pearson

Lisa Walker

Tammy Glivinski

