



# Financial Pressure Points: How to Respond with Financial Clarity in the Instability of 2026

June 11, 2026



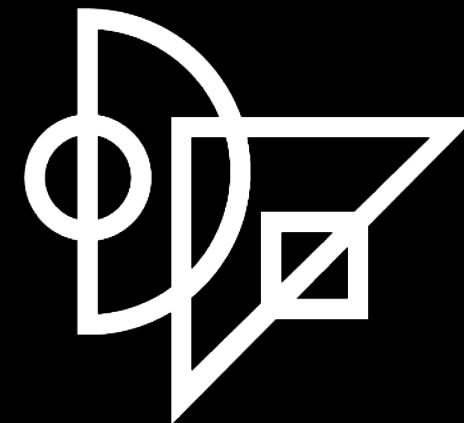
# Presenters



Shétu Rose  
CEO and  
Co-Founder

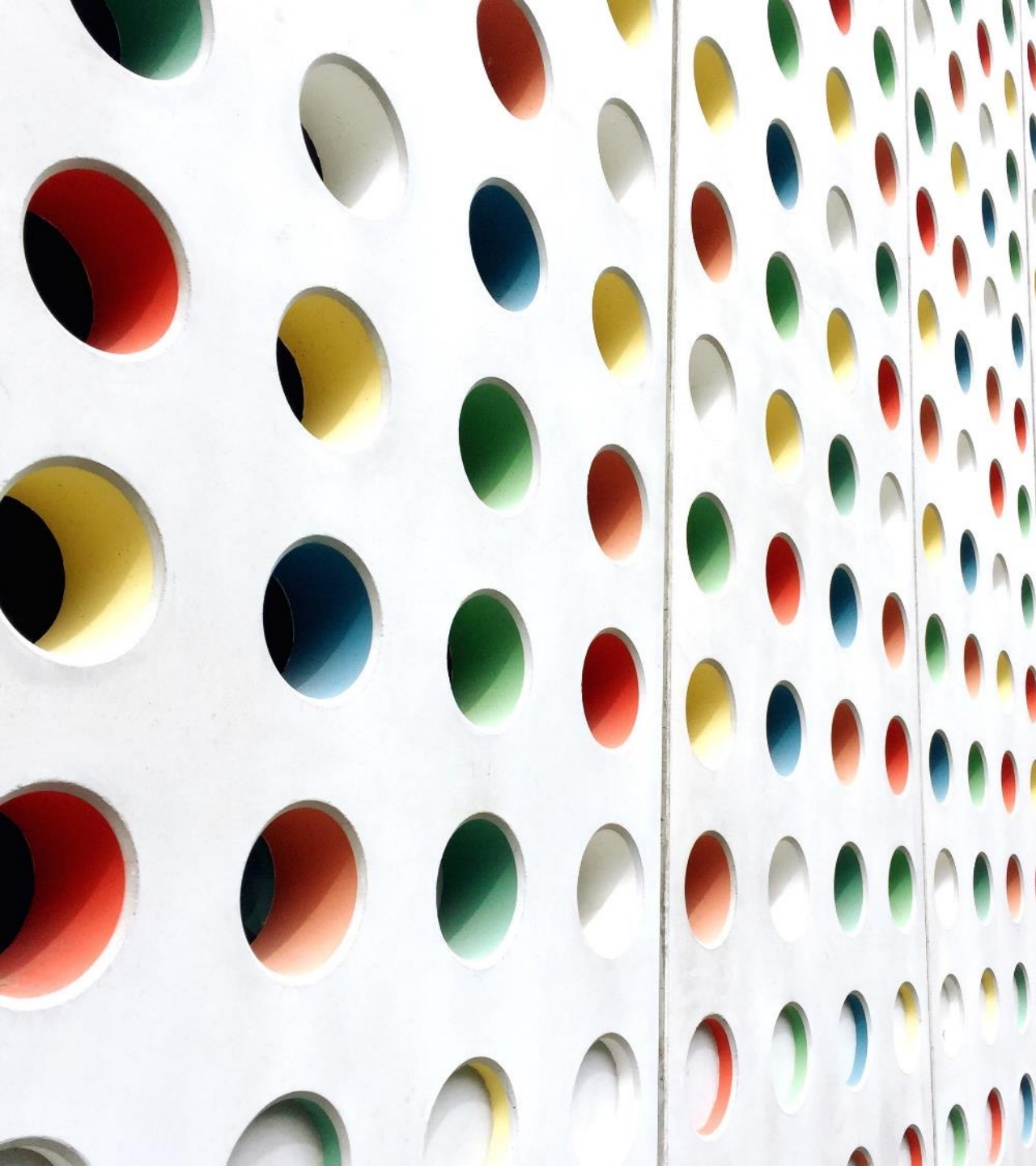


Curt Klotz  
Co-Founder



# DIVERGE FINANCE

Collective Effort towards building an  
inclusive financial ecosystem that  
advances BIPOC and LGBTQ+ talent  
in financial leadership



# Financial Pressure Points

**Awareness and Relief**

# Common Sources of Nonprofit Financial Stress



- Uncertain funding
- Loss of government grants
- Increased community need
- Changes in funder priorities
- Unsteady individual giving
- Inflationary costs
- Staffing shortages
- Unclear financial reports

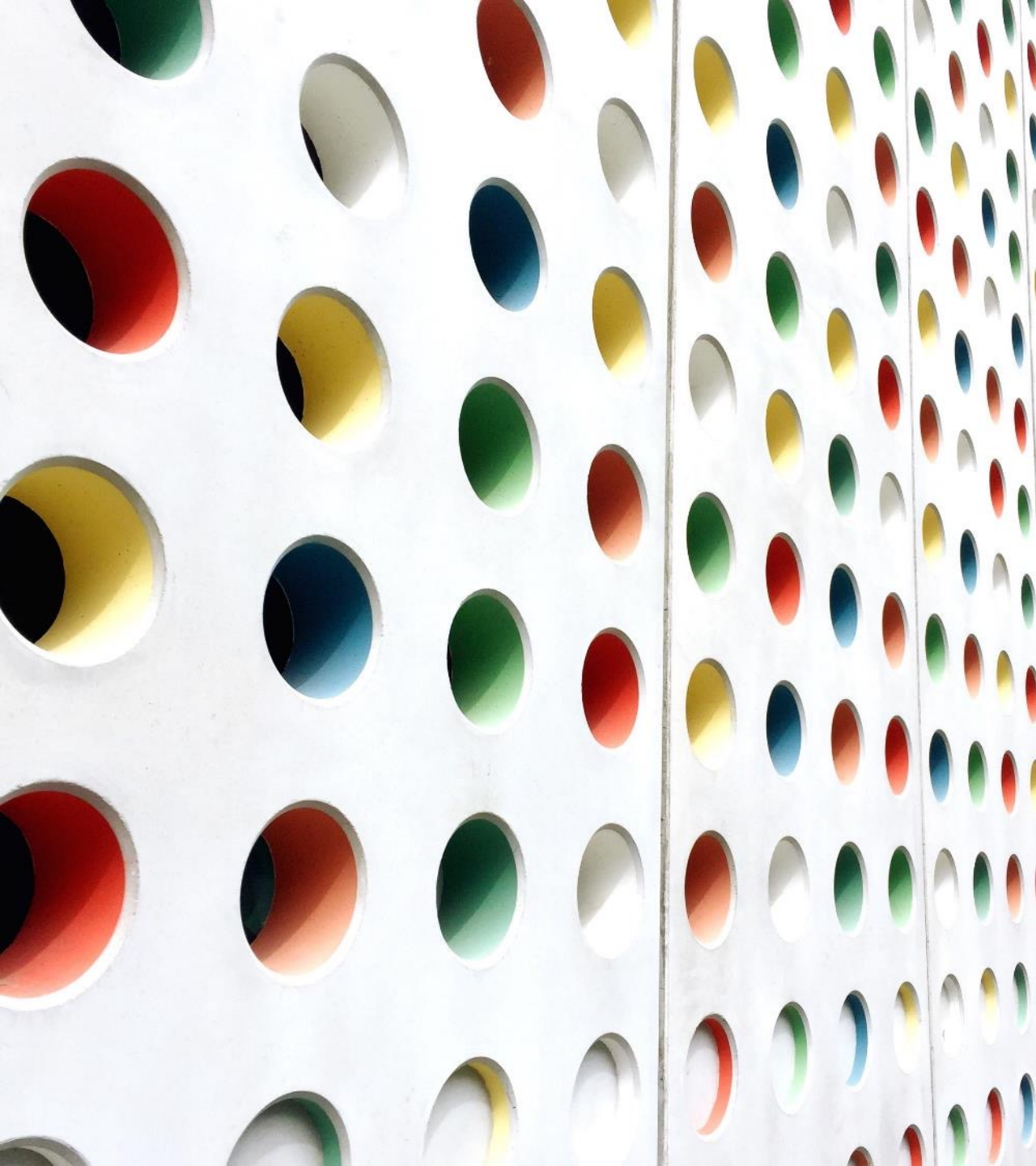
Identify the  
stress points



Then apply pressure  
to the right spots

# We'll Address these Financial Pressure Points

- 1) Cash Reserves – Money Sustaining Mission
- 2) Restricted Revenue – Crafting Helpful Restrictions
- 3) Accounting Systems Design – The Art of Rows and Columns
- 4) Business Model Reality Check – Understanding the Flow
- 5) Functioning Finance – Building a Strong Finance Team



Pressure Point 1

Cash Reserves

**Money Sustaining Mission**



The number one relief for financial challenge: CA\$H

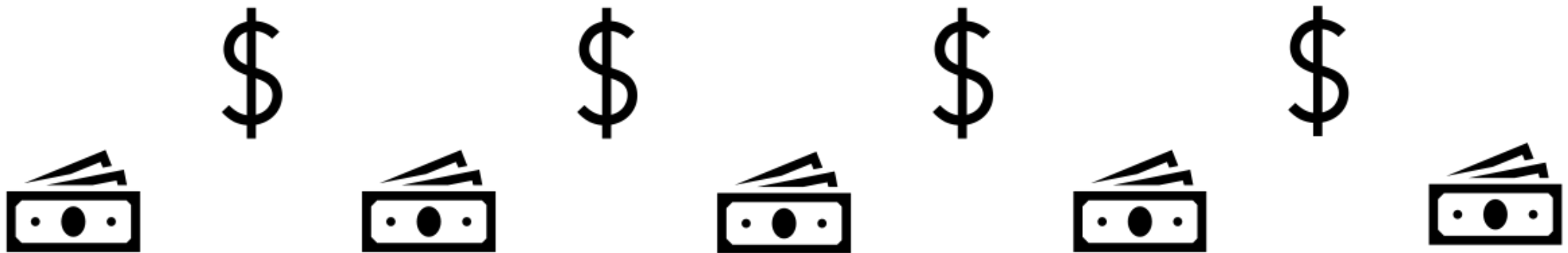
Have adequate cash reserves on hand  
and/or access to a line of credit



# How Much Cash Is Enough?

There is no universal answer to the question:

**How much cash reserve should a nonprofit have on hand?**



## **Beware of quick and easy answers:**

- All nonprofits should have cash reserves equal to *3 months of budgeted expenses*
- All nonprofits should have cash reserves of *6 months of average monthly cash outlays*
- ~~All nonprofits...~~

# Two Useful Approaches to Setting A Cash Reserve Goal

- 1) Set Goal based on Your Organization's Receivables Cycle
- 2) Set Goal based on Emergency Operations Budget (Cash Basis)



# Reserve Goal Based On Receivables Cycle

## Start by analyzing flow of revenue into organization:

- How regular and predictable are each of your revenue types?
- What lead time is needed to respond to drops in each type of revenue?
- How is each item weighted based on percentage of your total revenue?

Revenue Item	Annual Budget	Receivables Cycle	Reserve Need	Weighting	Reserve Goal
Private Foundation Grants	\$ 240,000	Spread evenly throughout fiscal year	50%	1.5	\$ 180,000
Individual Contributions	65,000	Heavily concentrated in November/December	100%	1.0	65,000
Reimbursable Government Grants	390,000	Regularly pay 60 days after invoicing	17%	2.0	130,000
Third-Party Insurance Billing	75,000	Regularly pay 30 days after invoicing	8%	1.0	6,200
Program Service Fee Income	35,000	Unpredictable	100%	1.0	35,000
Membership Dues	56,700	Spread evenly throughout fiscal year	50%	1.0	28,400
<b>TOTAL</b>	<b>\$ 861,700</b>				<b>\$ 444,600</b>

Reserve Goal = \$444,600

Goal for cash on hand needed to endure unexpected dips in revenue  
Subjective, but specific to the nuances of your organization

# Reserve Goal Based on Emergency Operations Budget

## Calculating an Emergency Operations Budget:

- Make hard decisions about what core program and administrative expenses would be cut.
- Remove noncash expense (depreciation, prepaids, etc.)
- Add cash outlays not shown as expenses (capitalized equipment, debt payments, etc.)
- Consider any liabilities that need to be paid (accounts payable, deferred revenue, etc.)

Expense Item	Annual Budget	Emergency Measures & Adjustments	Dollar Change	Emergency Budget (Cash Basis)
Salaries and Wages	\$ 326,800	Reduce staff to core program and admin	\$ (145,000)	\$ 181,800
Benefits and Taxes	91,500	Benefits reduced proportionately	(40,600)	50,900
Direct Client or Community Assistance	125,000	Only reduced if specific funding ends	-	125,000
Occupancy	49,500	Remove occupancy-related depreciation	(10,500)	39,000
IT and Equipment	78,200	Remove IT- and equipment-related depreciation	(16,200)	62,000
Travel Expenses	65,000	Essential travel only	(49,000)	16,000
Meeting and Convening Expenses	32,000	Shift to virtual meeting spaces	(22,500)	9,500
Shared Operating Expenses	87,700	Reduced proportionate to staff reduction	(38,900)	48,800
Other Expenses (Including Interest Expense)	6,000	Only minor adjustment possible	(1,000)	5,000
Replace failing technology	-	Purchase 3 laptops for essential programs	6,000	6,000
Loan principal repayment	-	Principal portion of payments on line of credit	24,000	24,000
<b>TOTAL</b>	<b>\$ 861,700</b>		<b>\$ (293,700)</b>	<b>\$ 568,000</b>

# Timeframe for Your Emergency Operations Budget?

The period determines your **Cash Reserve Goal**

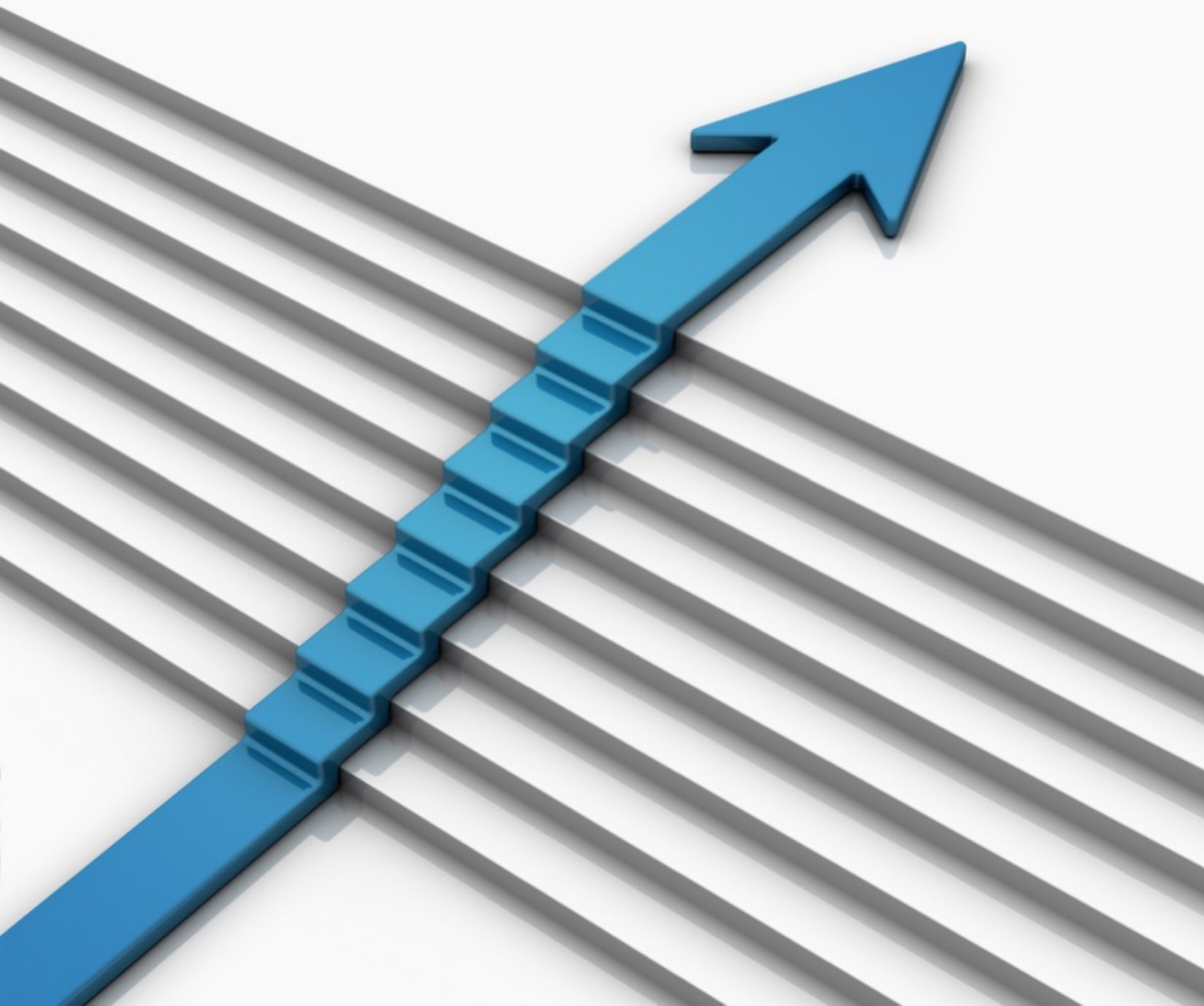
Expense Item	Emergency Budget (Cash Basis)
Salaries and Wages	\$ 181,800
Benefits and Taxes	50,900
Direct Client or Community Assistance	125,000
Occupancy	39,000
IT and Equipment	62,000
Travel Expenses	16,000
Meeting and Convening Expenses	9,500
Shared Operating Expenses	48,800
Other Expenses (Including Interest Expense)	5,000
Replace failing technology	6,000
Loan principal repayment	24,000
<b>TOTAL</b>	<b>\$ 568,000</b>

How long to wind down?

How long to responsibly exit community?

3 months? 6 months? 12 months?

**12 months = \$568,000**



# Goal Set. How Do We Get There?

## Building a **Cash Reserve**

- Determine *beginning balances*
- Include both *unrestricted* and available *restricted* cash
- Requires budgeting for and operating at a *surplus*

# How to Calculate Available Restricted Cash?

<b>Restricted Cash on Hand - Previous Years</b>	<b>\$ 138,400</b>
<b>Restricted Cash on Hand - Current Year</b>	<b>295,000</b>
<b>Minus amount not available to spend in current fiscal year *</b>	<b>(135,000)</b>
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<b>Available Restricted Cash</b>	<b>\$ 298,400</b>

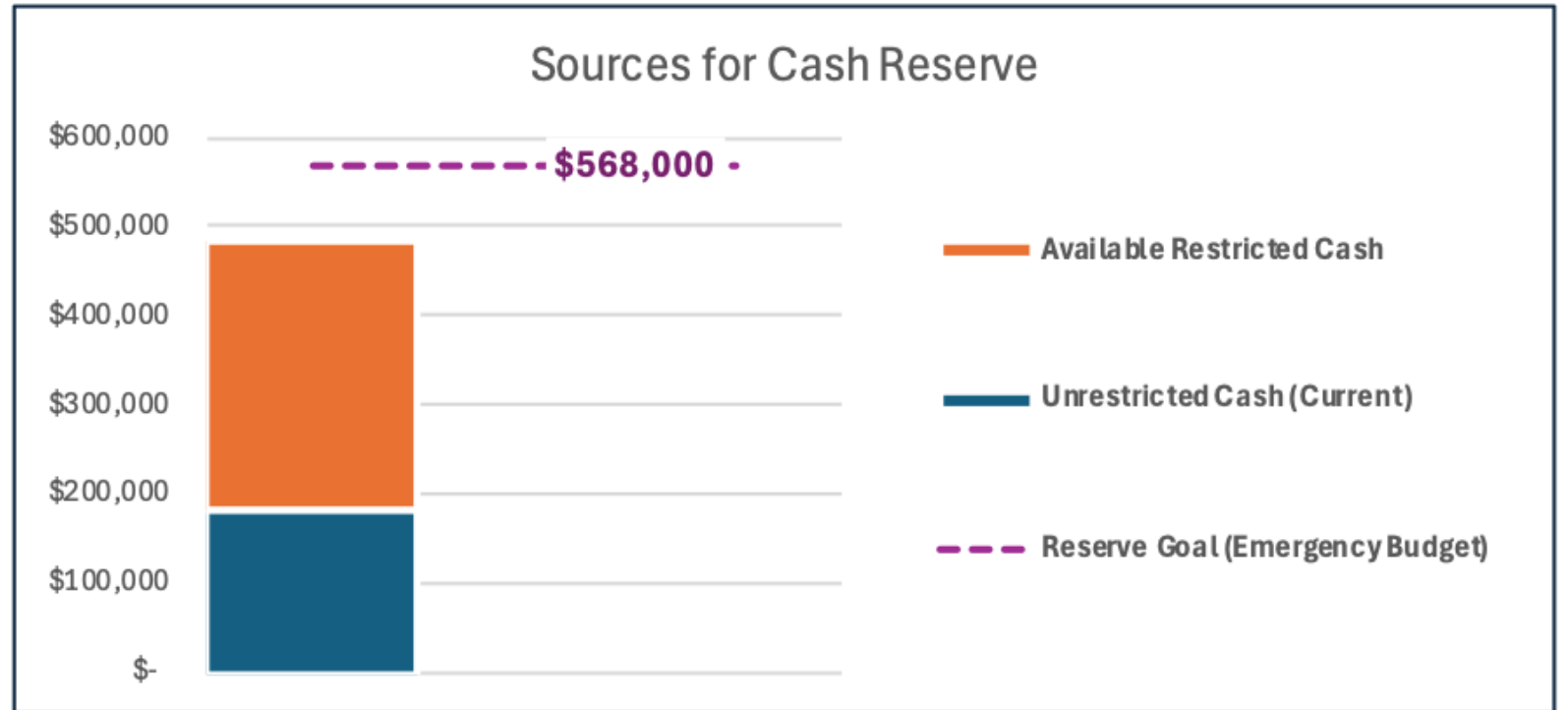
\* Funds restricted to future fiscal periods or to purposes that will not be fulfilled in this fiscal year



# Example: \$568,000 Emergency Reserve

## Starting Point

- Determine *beginning balances*
- Include *unrestricted* and *restricted* cash
- Is there a *shortfall*?



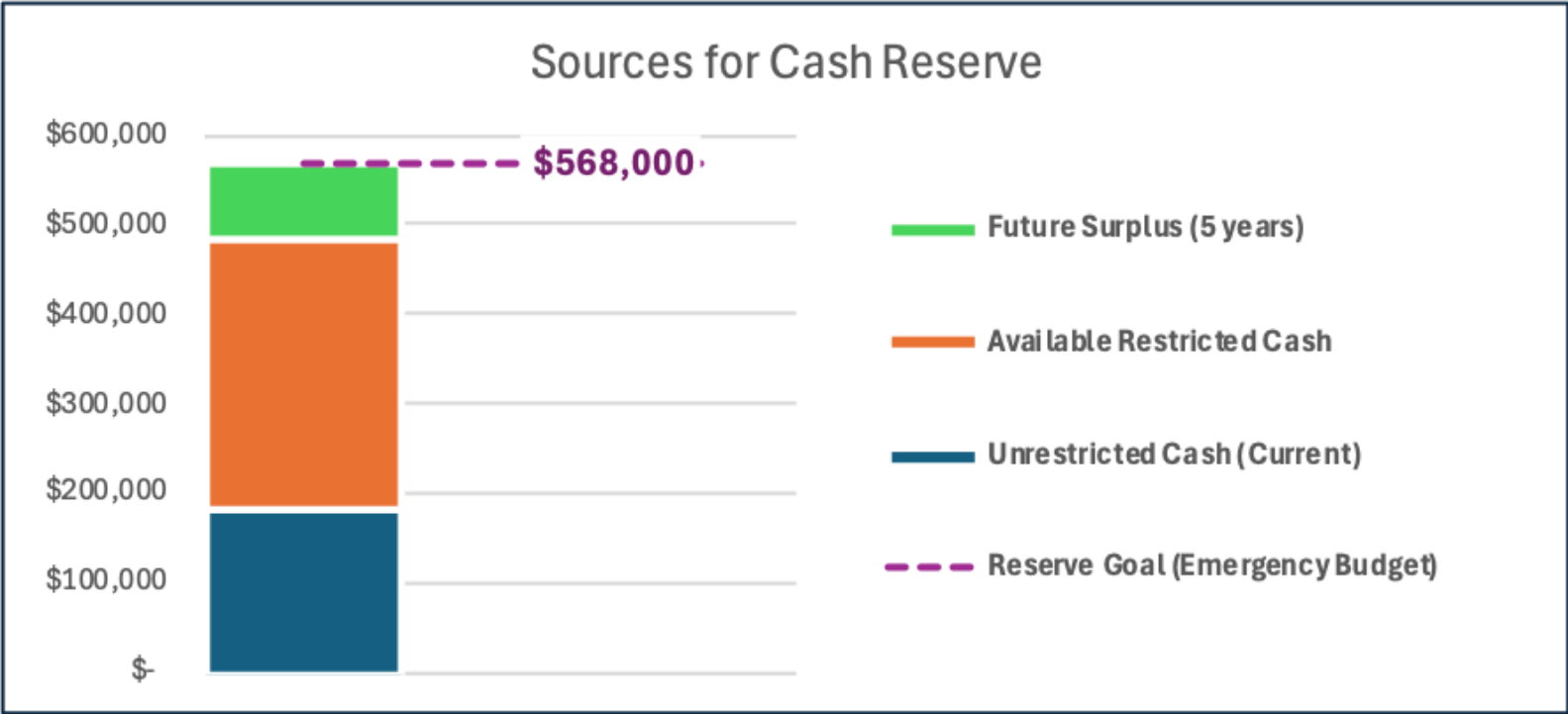
### Sources for Cash Reserve

\$	183,800	Unrestricted Cash (Current)
\$	298,400	Available Restricted Cash
\$	482,200	Current Reserves
\$	568,000	Reserve Goal
\$	(85,800)	Current Shortfall

# Example: \$568,000 Emergency Reserve

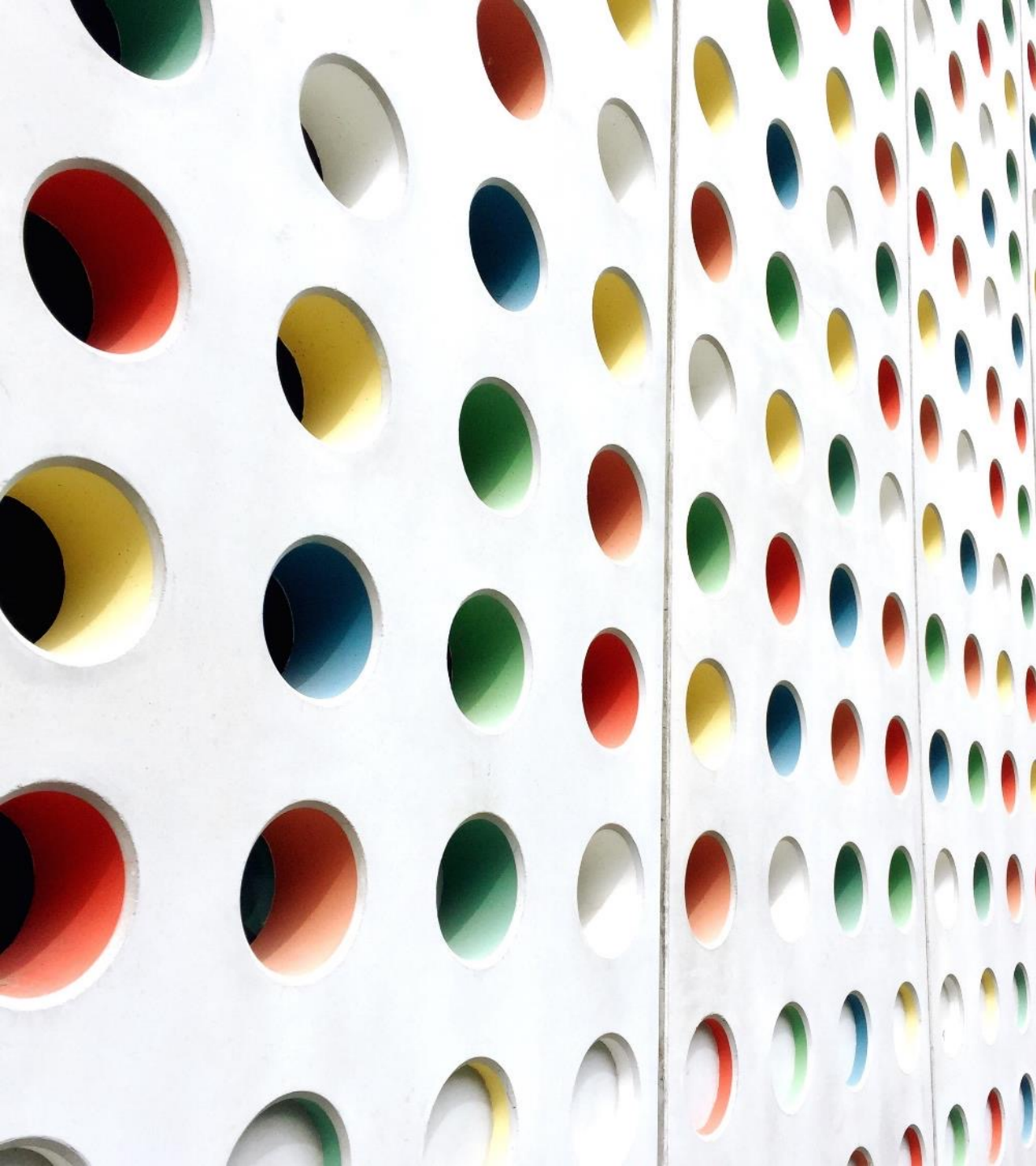
To reach Reserve Goal:

- Budget for and manage toward *surpluses*
- Set *timeframe* for reaching goal
- Make *hard choices* to achieve the goal



Sources for Cash Reserve

\$	183,800	Unrestricted Cash (Current)
\$	298,400	Available Restricted Cash
\$	85,800	Future Surplus (5 years)
\$	568,000	Total Cash Reserve (Above Goal)



# Pressure Point 2

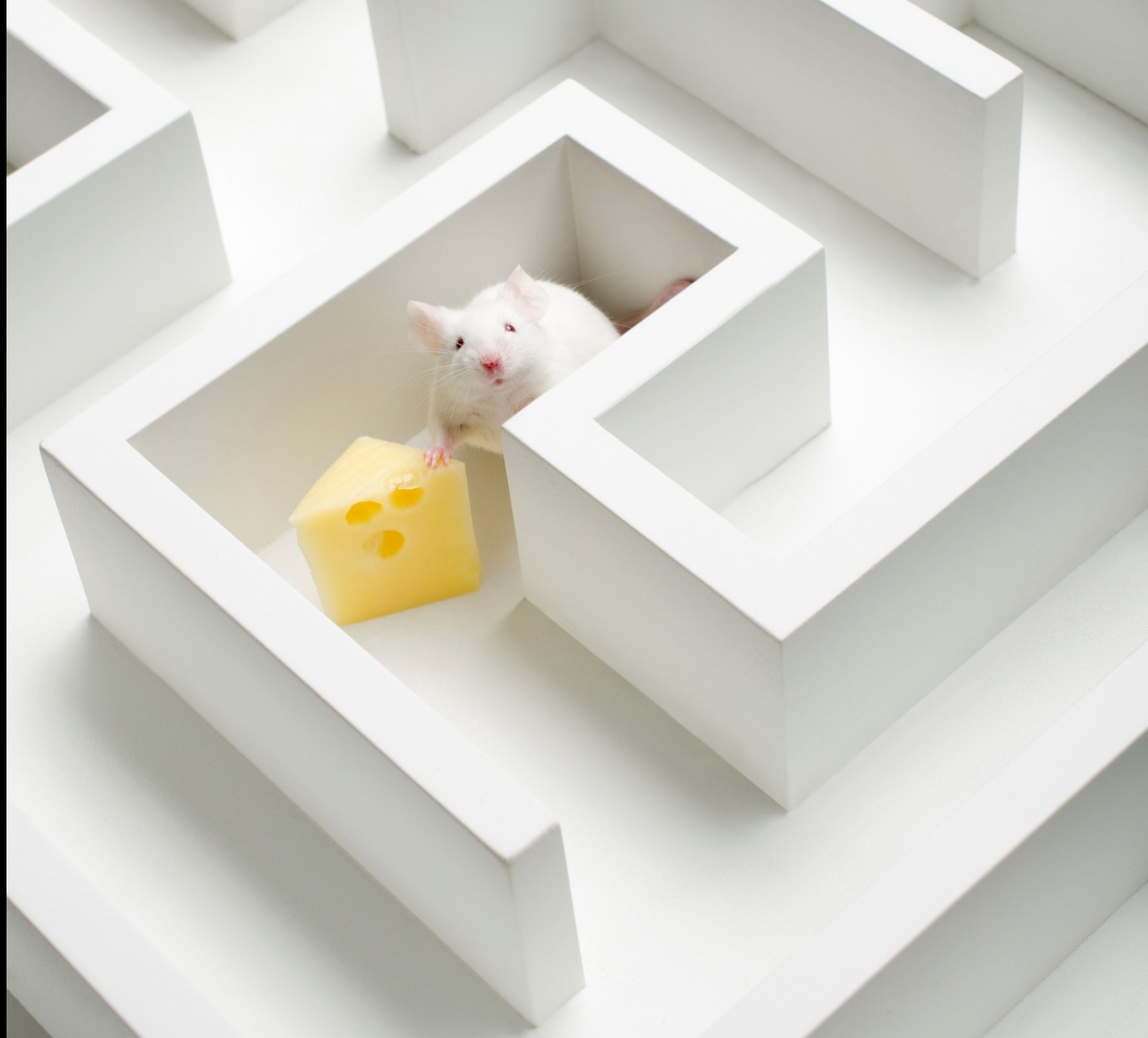
## Restricted Revenue

**Crafting Helpful Restrictions**

# Donor Restrictions are of Our Own Making

Donor intent is shaped  
by our ask...

- Grant proposals
- Campaign letters
- Website appeals
- Proposal budgets



# Be Careful What You Ask For

- Budget true cost of programs
- Avoid line-item requests
- Fundraise for what you do
- Promise outcomes, *not* expenses



Present budgets for whole organization or multiple programs

# A Tale of Three Budgets

Careful, or we'll...

- ask for what we think the donor is most likely to fund.
- narrow our ask to “direct” expenses rather than what it takes to do our work well.

Revenue	
Foundation A	\$ 25,000
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Total Revenue	\$ 25,000

Expense	
Personnel	\$ 25,000
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Total Expenses	\$ 25,000

# A Tale of Three Budgets

Careful, or we'll...

- ask for too little to sustain our effort overall.
- create a reporting nightmare that requires us to misrepresent how we work.

Revenue	
Foundation A	\$ 25,000
<hr/>	
Total Revenue	\$ 25,000

Expense	
Personnel	\$ 12,400
Contracted Services	3,500
Occupancy	2,300
Equipment and IT	900
Travel	600
Meeting Space, Meals, and Hosti	1,200
Marketing and Communications	600
Operating Expenses	100
Program-specific materials	300
Core Admin Allocation	2,200
Core Fundraising Allocation	900
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Total Expenses	\$ 25,000

# A Tale of Three Budgets

No need to be careful if...

- we let our donors know they are not alone.
- we boldly communicate what it really takes to be effective in the world.

Revenue	
Foundation A	\$ 25,000
Other Foundation Support	150,000
Individual Contributions	15,000
Sponsorships	32,000
Earned Revenue	54,000
<b>Total Revenue</b>	<b>\$ 276,000</b>

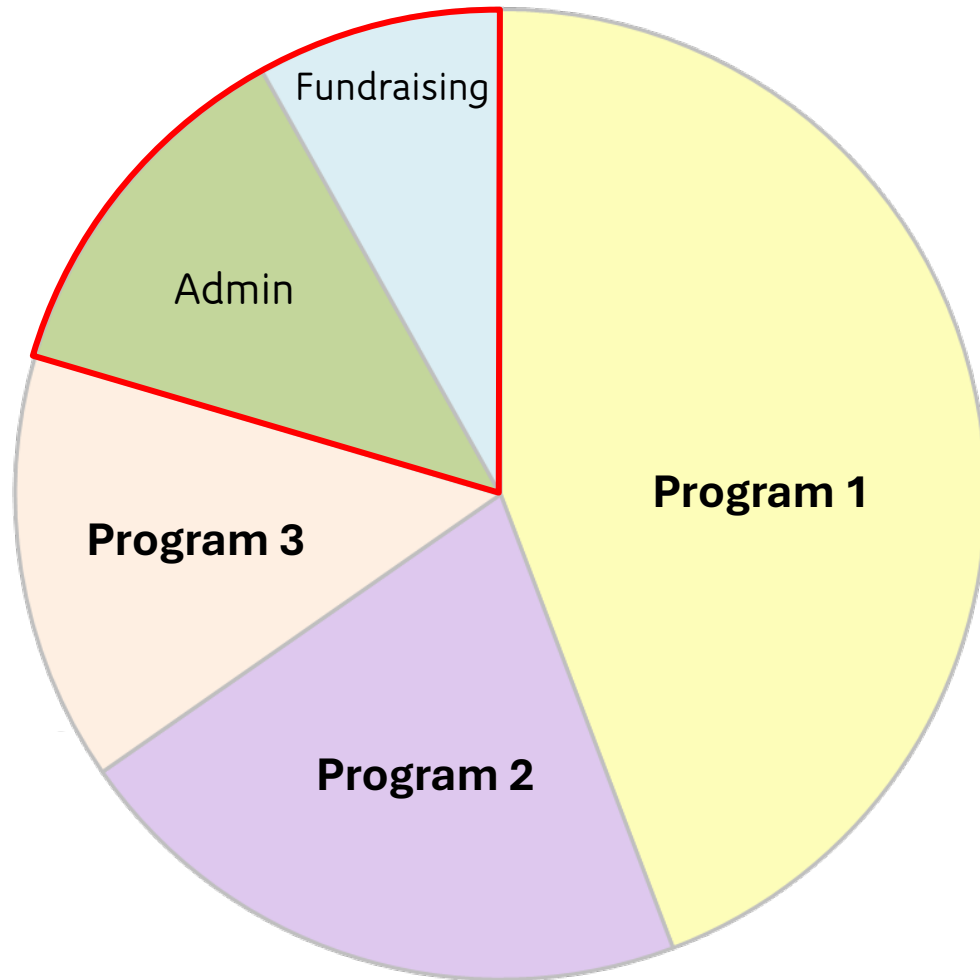
Expense	
Personnel	\$ 135,000
Contracted Services	38,000
Occupancy	24,500
Equipment and IT	9,300
Travel	6,100
Meeting Space, Meals, and Hosti	13,500
Marketing and Communications	7,000
Operating Expenses	1,500
Program-specific materials	3,000
Core Admin Allocation	24,000
Core Fundraising Allocation	10,000
<b>Total Expenses</b>	<b>\$ 271,900</b>

Ask for the whole world...  
or at least for your whole program...

*When restricted to a whole program, restricted grants spend like unrestricted*



# Be sure you ask for the True Costs of your work



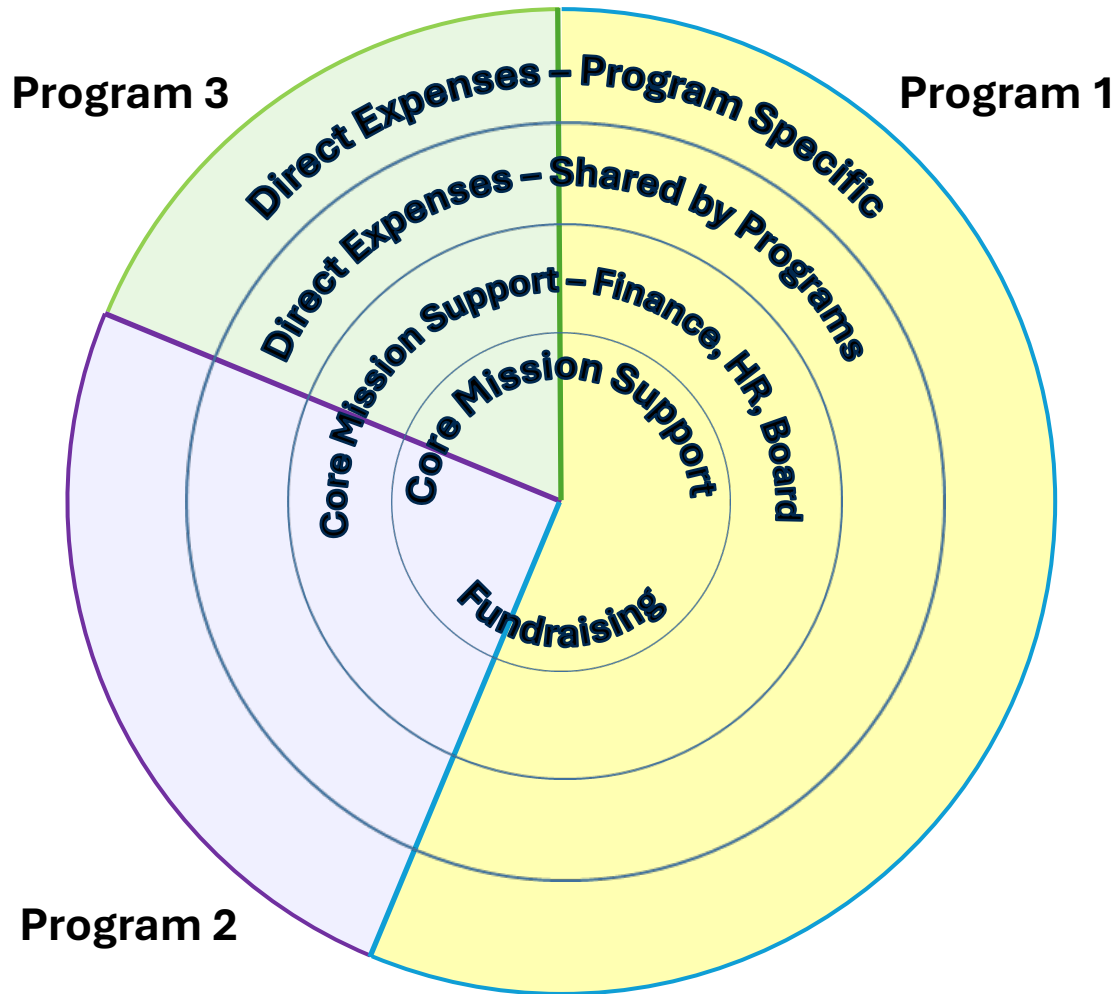
Try Not to Think of Core Costs this Way

Remember that core support costs are not separate from program work.

If we leave out admin and fundraising costs, we are understating the resources required.

Learn to account for and ask for shared core support costs differently..

# Full Costs Look Like This



Each of our programs is built around, is supported by, and shares responsibility for Core Mission Support.<sup>1</sup>

To successfully accomplish our work, we need to cover True Program Costs:

- Direct Expenses: Program-Specific
- Direct Expenses: Shared by Programs
- Core Mission Support: Finance, HR, and Board
- Core Mission Support: Fundraising

<sup>1</sup> See Propel Nonprofits blog

## Sample Proposal Budget

<b>Expense</b>	<b>Amount</b>	<b>Description</b>
Personnel	\$ 55,000	Salaries and benefits
Contracted Services	8,000	Consultants, facilitators, trainers
Occupancy	4,500	Rent, utilities, maintenance, leasehold improvement
Equipment and IT	2,300	Managed IT services, equipment purchase, depreciation
Travel	2,100	Staff and participant mileage, van rental for trips to city council
Meeting Space, Meals, and Hosting	3,500	Space rental, catering, beverage service for participant events
Marketing and Communications	700	Communications to publicize workshops, engage elected officials
Operating Expenses	1,500	Supplies, photocopying, insurance, telecommunications
Program-specific materials	3,000	Printed workbooks for participants
<b>Total Direct Cost</b>	<b>\$ 80,600</b>	

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Core Admin Allocation	12,000	Program share of core administrative support from organization
Core Fundraising Allocation	6,000	Program share of core fundraising support from organization
<b>Total Full Cost</b>	<b>\$ 98,600</b>	

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Provision for Operating Reserve	700	Board-designated fund - operating reserve of 6-months cash on hand
Provision for Opportunity Reserve	700	Board-designated fund - opportunity reserve for future expansion
<b>Total Future Cost</b>	<b>\$ 100,000</b>	

## Sample Proposal Budget

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Provision for Operating Reserve	700	Board-designated fund - operating reserve of 6-months cash on hand
Provision for Opportunity Reserve	700	Board-designated fund - opportunity reserve for future expansion
<b>Total Future Cost</b>	<b>\$ 100,000</b>	
<b>Value</b>	<b>???</b>	



It takes work to fight inertia.  
Try something different...

Shape restrictions to your advantage

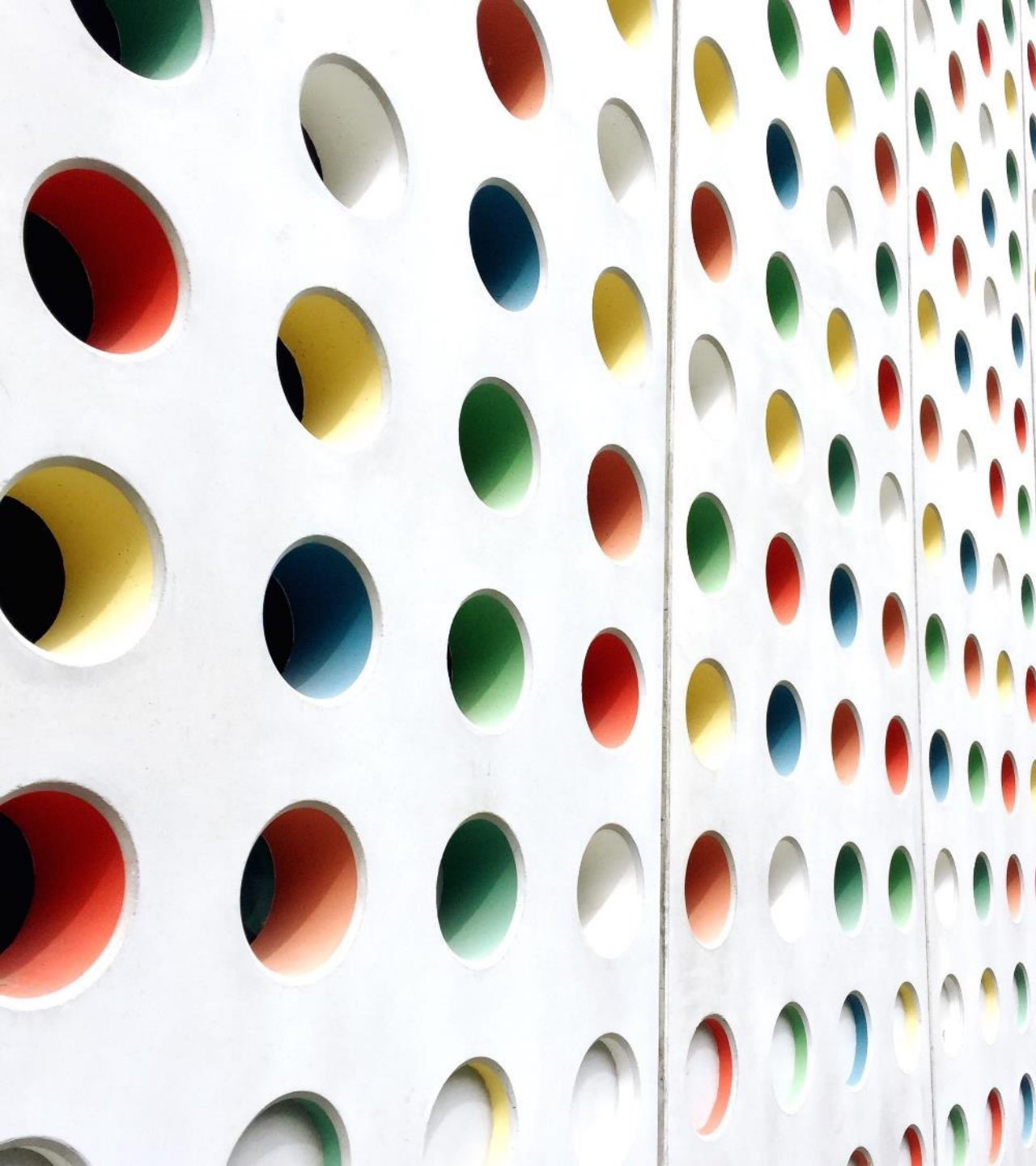
Ask for all you need

Be strategic with your proposal budgets

Emphasize deliverables, not expenses

Propose programs not line items

Restricted money aligned with  
your programs acts unrestricted



Pressure Point 3

# Accounting System Design

**The Art of Rows and Columns**

Statement of Activity (Without Restriction Only)	Program 1		Program 2		General Program		Subtotal		Fundraising		Administration		Total Program and		Fundraising		Administration		Capital Campaign		Total
<b>SUPPORT AND REVENUE</b>																					
<b>Contributed Support</b>																					
Corporate Contributions	\$ -	\$ -	\$ 90,000	\$ 90,000	\$ -	\$ -	\$ 90,000	\$ 90,000	\$ -	\$ -	\$ -	\$ -	\$ 90,000	\$ 90,000	\$ 21,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 111,000
Foundation Contributions	-	-	160,000	160,000	-	-	160,000	160,000	-	-	-	-	160,000	160,000	100,000	-	-	-	-	-	260,000
Individual Contributions	-	-	70,000	70,000	-	-	70,000	70,000	-	-	-	-	70,000	70,000	10,000	-	-	-	-	-	80,000
In-Kind Contributions	10,544	0,000	-	10,544	-	-	10,544	10,544	-	-	-	-	10,544	10,544	-	-	-	-	-	-	10,544
Net Assets Released From Restriction	310,000	280,000	80,000	670,000	-	-	670,000	670,000	-	-	-	-	670,000	670,000	71,000	710,000	880,000	-	-	-	2,350,000
<b>Government Grants</b>																					
Federal Grants	-	200,000	-	200,000	-	-	200,000	200,000	-	-	-	-	200,000	200,000	-	-	-	-	-	-	200,000
State Grants	50,000	-	-	50,000	-	-	50,000	50,000	-	-	-	-	50,000	50,000	-	-	-	-	-	-	50,000
City and County Grants	-	25,000	-	25,000	-	-	25,000	25,000	-	-	-	-	25,000	25,000	-	-	-	-	-	-	25,000
<b>Earned Revenue</b>																					
Event Revenue (net)	-	-	10,000	10,000	-	-	10,000	10,000	-	-	-	-	10,000	10,000	-	-	-	-	-	-	10,000
Sponsorship Revenue	100,000	120,000	50,000	270,000	-	-	270,000	270,000	-	-	-	-	270,000	270,000	-	-	-	-	-	-	270,000
Program Service Fees	10,000	-	-	10,000	-	-	10,000	10,000	-	-	-	-	10,000	10,000	-	-	-	-	-	-	10,000
<b>Other Income</b>																					
Miscellaneous Income	-	-	2,000	2,000	-	-	2,000	2,000	-	-	-	-	2,000	2,000	-	-	-	-	-	-	2,000
Investment Income (Judith)	-	-	43,987	43,987	-	-	43,987	43,987	-	-	-	-	43,987	43,987	3,200	-	-	-	-	-	47,187
<b>TOTAL SUPPORT AND REVENUE</b>	<b>\$ 481,544</b>	<b>\$ 400,000</b>	<b>\$ 440,000</b>	<b>\$ 1,321,544</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,321,544</b>	<b>\$ 1,321,544</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,321,544</b>	<b>\$ 1,321,544</b>	<b>\$ 204,000</b>	<b>\$ 710,000</b>	<b>\$ 1,280,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,300,000</b>
<b>EXPENSES</b>																					
<b>Personnel</b>																					
Salaries	\$ 281,040	\$ 270,000	\$ 87,000	\$ 638,040	\$ 97,010	\$ 200,040	\$ 935,090	\$ 935,090	\$ 120,000	\$ 100,000	\$ 220,000	\$ -	\$ 1,277,090	\$ 1,277,090	\$ 100,000	\$ 100,000	\$ 220,000	\$ -	\$ -	\$ -	\$ 1,697,090
Payroll Tax Expense	20,000	21,267	6,000	47,267	7,400	17,000	71,667	71,667	10,215	8,101	17,076	-	108,043	108,043	-	-	-	-	-	-	108,043
Unemployment Insurance	5,231	5,500	1,740	12,471	1,900	4,000	18,371	18,371	2,670	2,101	4,771	-	25,242	25,242	-	-	-	-	-	-	25,242
Workers Compensation	5,823	6,170	1,300	13,293	1,800	3,800	17,093	17,093	2,000	1,600	3,600	-	24,293	24,293	-	-	-	-	-	-	24,293
Medical and Dental Benefits	5,522	6,620	3,211	15,353	2,400	5,270	23,223	23,223	4,000	3,400	7,400	-	34,023	34,023	-	-	-	-	-	-	34,023
Retirement Expense	7,254	5,025	1,000	13,279	2,000	5,100	20,379	20,379	4,400	2,000	6,400	-	32,779	32,779	-	-	-	-	-	-	32,779
Dedicated Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounting and Audit	-	-	-	-	-	100,000	100,000	100,000	-	-	-	-	100,000	100,000	-	-	-	-	-	-	100,000
Marketing & Communications Consulting	25,000	12,000	-	37,000	-	-	37,000	37,000	30,000	-	-	-	67,000	67,000	-	-	-	-	-	-	67,000
HR Support	-	-	-	-	-	30,000	30,000	30,000	-	-	-	-	30,000	30,000	-	-	-	-	-	-	30,000
Grant Writing & Fundraising Support	-	-	-	-	70,000	-	70,000	70,000	-	-	-	-	70,000	70,000	-	-	-	-	-	-	70,000
Legal Fees	-	0,000	0,000	0,000	-	-	0,000	0,000	-	-	-	-	0,000	0,000	-	-	-	-	-	-	0,000
<b>Grants &amp; Stipends</b>																					
Grants	-	-	-	-	-	-	-	-	-	300,000	-	-	300,000	300,000	-	-	-	-	-	-	300,000
Stipends & Gift Cards	1,000	12,000	-	13,000	-	-	13,000	13,000	-	-	-	-	13,000	13,000	-	-	-	-	-	-	13,000
<b>Occupancy Expenses</b>																					
\$2000-Rent	10,000	10,000	-	20,000	0,000	10,000	30,000	30,000	-	-	-	-	30,000	30,000	-	-	-	-	-	-	30,000
\$2000-Office Cleaning	1,200	1,200	400	2,800	500	1,000	4,500	4,500	-	-	-	-	4,500	4,500	-	-	-	-	-	-	4,500
\$2040-Litres	1,000	1,700	0,000	2,700	0,000	1,200	3,900	3,900	-	-	-	-	3,900	3,900	-	-	-	-	-	-	3,900
\$2000-Insurance	0,400	0,000	1,000	1,800	1,700	0,100	3,600	3,600	-	-	-	-	3,600	3,600	-	-	-	-	-	-	3,600
\$2075-Repairs & Maintenance	0,400	0,000	1,000	1,800	1,700	0,100	3,600	3,600	-	-	-	-	3,600	3,600	-	-	-	-	-	-	3,600
\$0000-Depreciation Exp - building and leasehold	0,000	0,000	1,200	1,200	1,400	0,100	2,700	2,700	-	-	-	-	2,700	2,700	-	-	-	-	-	-	2,700
<b>Equipment &amp; Technology</b>																					
Website Maint	0,000	0,000	0,000	0,000	0,000	-	0,000	0,000	10,000	-	-	-	10,000	10,000	-	-	-	-	-	-	10,000
Equip Rental and Maintenance	0,000	700	100	1,800	0,000	0,000	2,500	2,500	-	-	-	-	2,500	2,500	-	-	-	-	-	-	2,500
Software & Applications	-	300	300	600	2,700	-	3,600	3,600	1,000	-	0,000	-	4,600	4,600	-	-	-	-	-	-	4,600
Depreciation Expense - equipment and technology	1,200	1,300	400	2,900	0,000	1,000	3,900	3,900	-	-	-	-	3,900	3,900	-	-	-	-	-	-	3,900
<b>Travel</b>																					
Transportation	-	-	1,000	1,000	0,000	-	1,000	1,000	-	-	-	-	1,000	1,000	-	-	-	-	-	-	1,000
Lodging	-	-	-	-	-	1,000	1,000	1,000	-	-	-	-	1,000	1,000	-	-	-	-	-	-	1,000
Parking & Waiver	0,000	1,000	200	1,200	200	200	2,400	2,400	0,000	-	200	-	2,600	2,600	-	-	-	-	-	-	2,600
<b>Meals Expense</b>																					
Program Food & Beverage	2,000	0,000	-	2,000	-	-	2,000	2,000	-	-	-	-	2,000	2,000	-	-	-	-	-	-	2,000
Team Food & Beverage	1,000	-	-	1,000	-	0,000	2,000	2,000	1,000	-	-	-	3,000	3,000	-	-	-	-	-	-	3,000
External Meeting Meals	0,000	0,000	0,000	0,000	2,000	0,000	2,000	2,000	0,000	-	-	-	2,000	2,000	-	-	-	-	-	-	2,000
Space & Facility Rental	0,000	0,000	-	0,000	-	-	0,000	0,000	-	-	-	-	0,000	0,000	-	-	-	-	-	-	0,000
Conferences & Convention Fees	-	-	0,000	0,000	0,000	-	0,000	0,000	-	-	-	-	0,000	0,000	-	-	-	-	-	-	0,000
<b>Other Operating Expenses</b>																					
Bank & Merchant Fees	-	-	-	-	0,000	-	0,000	0,000	-	-	-	-	0,000	0,000	-	-	-	-	-	-	0,000
Gifts & Subscriptions (non-technology)	-	-	-	-	-	0,000	0,000	0,000	-	-	-	-	0,000	0,000	-	-	-	-	-	-	0,000
Postage/Shipping	-	-	-	-	14,010	-	14,010	14,010	0,000	-	250	-	14,260	14,260	-	-	-	-	-	-	14,260
Printing & Copying	1,000	1,000	-	2,000	0,000	-	2,000	2,000	4,000	-	-	-	6,000	6,000	-	-	-	-	-	-	6,000
Supplies & Office Materials	0,000	1,000	-	1,000	-	0,000	2,000	2,000	-	-	-	-	2,000	2,000	-	-	-	-	-	-	2,000
Advertising and Marketing Expenses	1,750	-	-	1,750	-	0,000	1,750	1,750	0,000	-	-	-	1,750	1,750	0,000	-	-	-	-	-	1,750
Fiscal Sponsorship Admin Fees	-	-	-	-	-	-	-	-	17,042	-	-	-	17,042	17,042	-	-	-	-	-	-	17,042
Miscellaneous Expense	0,000	-	-	0,000	-	-	0,000	0,000	-	-	-	-	0,000	0,000	-	-	-	-	-	-	0,000
Administration Expense Allocation	101,070	140,000	-	241,070	-	(0,000)	(0,000)	(0,000)	-	-	-	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
Fundraising Expense Allocation	0,000	0,000	-	0,000	(0,000)	-	(0,000)	(0,000)	-	-	-	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
<b>TOTAL EXPENSES</b>	<b>\$ 400,210</b>	<b>\$ 400,000</b>	<b>\$ 124,114</b>	<b>\$ 1,324,324</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,324,324</b>	<b>\$ 1,324,324</b>	<b>\$ 204,000</b>	<b>\$ 710,000</b>	<b>\$ 404,000</b>	<b>\$ -</b>	<b>\$ 1,638,324</b>	<b>\$ 1,638,324</b>	<b>\$ 204,000</b>	<b>\$ 710,000</b>	<b>\$ 404,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,300,000</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ (111,666)</b>	<b>\$ 1,000</b>	<b>\$ 400,886</b>	<b>\$ 314,220</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 314,220</b>	<b>\$ 314,220</b>	<b>\$ 4,017</b>	<b>\$ 0,000</b>	<b>\$ 895,714</b>	<b>\$ -</b>	<b>\$ 1,200,000</b>	<b>\$ 1,200,000</b>	<b>\$ 4,017</b>	<b>\$ 0,000</b>	<b>\$ 895,714</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,200,000</b>

What mere mortals see and understand when shown a typical nonprofit financial

# The Art of Rows and Columns

We strive to create financial reports that are:

- As **simple** as possible, while still being complete
- As **informative** as possible, without being too dense
- As **sophisticated** as possible, without being complicated





## Match Your Accounting to Your Mission

- REVENUE & EXPENSES

Use [Rows](#) to display resources you receive and deploy most often

- PROGRAMS, FUNDS, & DEPARTMENTS

Use [Columns](#) to display how you group your activities

# The Art of Rows: Accounts and Roll Ups for Revenue

## SUPPORT AND REVENUE

### Contributed Support

- Corporate Contributions
- Foundation Contributions
- Individual Contributions
- In-Kind Contributions
- Net Assets Released From Restriction

### Government Grants

- Federal Grants
- State Grants
- City and County Grants

### Earned Revenue

- Event Revenue (net)
- Sponsorship Revenue
- Program Service Fees

### Other Income

- Miscellaneous Income
- Investment Income (loss)/gain

## TOTAL SUPPORT AND REVENUE

Revenue Item	Roll Up Account
Corporate Contributions	Contributed Support
Foundation Contributions	Contributed Support
Individual Contributions	Contributed Support
In-Kind Contributions	Contributed Support
Net Assets Released From Restriction	Contributed Support
Federal Grants	Government Grants
State Grants	Government Grants
City and County Grants	Government Grants
Event Revenue (net)	Earned Revenue
Sponsorship Revenue	Earned Revenue
Program Service Fees	Earned Revenue
Miscellaneous Income	Other Income
Investment Income (loss)/gain	Other Income

## Roll Up Account

Contributed Support

Government Grants

Earned Revenue

Other Income

# The Art of Rows: Accounts and Roll Ups for Expenses

EXPENSES	Expense Form	Roll Up Account
<b>Personnel</b>		
Salaries	Salaries	Personnel
Payroll Tax Expenses	Payroll Tax Expenses	Personnel
Unemployment Insurance	Unemployment Insurance	Personnel
Workers Compensation	Workers Compensation	Personnel
Medical and Dental Benefits	Medical and Dental Benefits	Personnel
Retirement Expense	Retirement Expense	Personnel
<b>Contracted Services</b>		
Accounting and Audit	Accounting and Audit	Contracted
Marketing & Communication	Marketing & Communications Consulting	Contracted
HR Support	HR Support	Contracted
Grant Writing & Fundraising	Grant Writing & Fundraising Support	Contracted
Legal Fees	Legal Fees	Contracted
<b>Grants &amp; Stipends</b>		
Grants	Grants	Direct Com
Stipends & Gift Cards	Stipends & Gift Cards	Direct Com
<b>Occupancy Expenses</b>		
52020-Rent	52020-Rent	Occupancy
52030-Office Cleaning	52030-Office Cleaning	Occupancy
52040-Utilities	52040-Utilities	Occupancy
52060-Insurance	52060-Insurance	Occupancy
52070-Repairs & Maintenance	52070-Repairs & Maintenance	Occupancy
53090-Depreciation Exp - bu	53090-Depreciation Exp - building and household	Occupancy
<b>Equipment &amp; Technology</b>		
Website Mgmt	Website Mgmt	Equipment
Equip Rental and Maintenan	Equip Rental and Maintenance	Equipment
Software & Applications	Software & Applications	Equipment
Depreciation Expense - equi	Depreciation Expense - equipment and technology	Equipment
<b>Travel</b>		
Transportation	Transportation	Travel
Lodging	Lodging	Travel
Parking & Mileage	Parking & Mileage	Travel
<b>Meetings Expense</b>		
Program Food & Beverage	Program Food & Beverage	Meeting Exp
Team Food & Beverage	Team Food & Beverage	Meeting Exp
External Meeting Meals	External Meeting Meals	Meeting Exp
Space & Facility Rental	Space & Facility Rental	Meeting Exp
Conference & Convention F	Conference & Convention Fees	Meeting Exp
<b>Other Operating Expenses</b>		
Bank & Merchant Fees	Bank & Merchant Fees	Other Ops
Dues & Subscriptions (non-t	Dues & Subscriptions (non-technology)	Other Ops
Postage/Shipping	Postage/Shipping	Other Ops
Printing & Copying	Printing & Copying	Other Ops
Supplies & Office Materials	Supplies & Office Materials	Other Ops
Advertising and Marketing E	Advertising and Marketing Expenses	Other Ops
Fiscal Sponsorship Admin Fe	Fiscal Sponsorship Admin Fees	Other Ops
Miscellaneous Expense	Miscellaneous Expense	Other Operating Expenses
<b>Administration Expense Allocation</b>		
<b>Fundraising Expense Allocation</b>		
<b>TOTAL EXPENSES</b>		



Simple, Informative, Sophisticated

*Roll up* your accounts into groups that capture and prominently display **more influential items**.

*Declutter* your chart of accounts and your reports by limiting the display of **less influential items**.

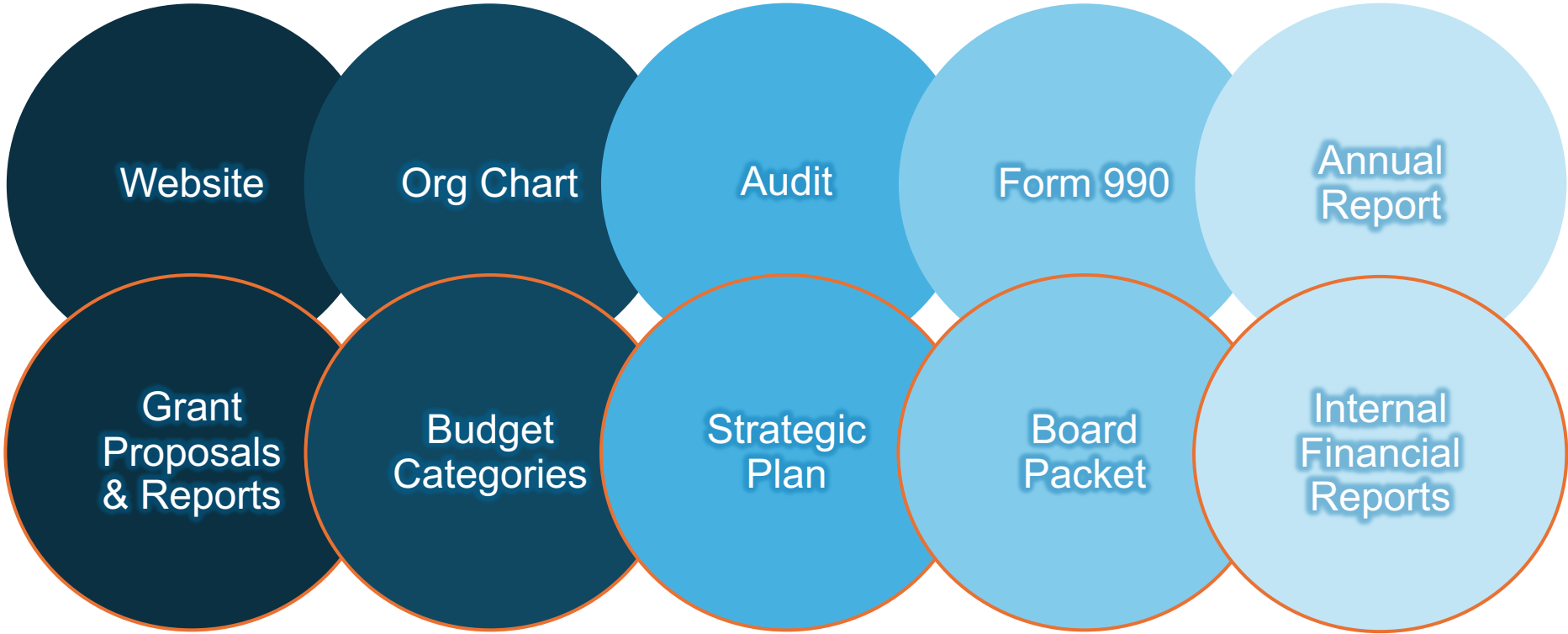
## Statement of Activity

(Without Restriction Only)

TOTAL

<b>SUPPORT AND REVENUE</b>	
Contributed Support	\$ 3,420,465
Government Grants	275,000
Earned Revenue	301,000
Other Income	48,847
<b>TOTAL SUPPORT AND REVENUE</b>	<b>\$ 4,045,312</b>
<b>EXPENSES</b>	
Personnel	\$ 1,643,454
Contracted Services	296,000
Direct Community Assistance	514,000
Occupancy Expenses	103,355
Equipment & Technology	56,396
Travel	9,500
Meetings Expense	30,677
Other Operating Expenses	148,886
Administration Expense Allocation	-
Fundraising Expense Allocation	-
<b>TOTAL EXPENSES</b>	<b>\$ 2,802,268</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ 1,243,044</b>

# The Art of Columns: How do you define your work?





# Accounting System Design Principles

Your programs should align  
with how you do your work

Design your Columns\*  
to reflect your programs

\*Columns = classes,  
departments, programs,  
dimensions, cost centers

# The Art of Columns

Having many columns is not a bad thing.

Learn to display columns based on your audience.

Statement of Activity (Without Restriction Only)	Program and Operations								Non-Operating Funds				TOTAL
	Program Activities				Core Support			Total Program and Operations	Fiscal Sponsorship	Grantmaking Fund	Capital Campaign	Subtotal Non- Operating	
	Program 1	Program 2	General Program	Subtotal Program	Fundraising	Administration	Subtotal Core Support						
<b>SUPPORT AND REVENUE</b>													
Contributed Support	\$ 325,544	\$ 290,556	\$ 444,000	\$ 1,060,100	\$ -	\$ -	\$ -	\$ 1,060,100	\$ 260,000	\$ 715,365	\$ 1,385,000	\$ 2,360,365	\$ 3,420,465
Government Grants	50,000	225,000	-	275,000	-	-	-	275,000	-	-	-	-	275,000
Earned Revenue	116,000	125,000	60,000	301,000	-	-	-	301,000	-	-	-	-	301,000
Other Income	-	-	45,567	45,567	-	-	-	45,567	-	3,280	-	3,280	48,847
<b>TOTAL SUPPORT AND REVENUE</b>	<b>\$ 491,544</b>	<b>\$ 640,556</b>	<b>\$ 549,567</b>	<b>\$ 1,681,667</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,681,667</b>	<b>\$ 260,000</b>	<b>\$ 718,645</b>	<b>\$ 1,385,000</b>	<b>\$ 2,363,645</b>	<b>\$ 4,045,312</b>
<b>EXPENSES</b>													
Personnel	\$ 304,468	\$ 321,350	\$ 101,900	\$ 727,718	\$ 113,245	\$ 262,271	\$ 375,517	\$ 1,103,234	\$ 157,528	\$ 124,544	\$ 258,148	\$ 540,220	\$ 1,643,454
Contracted Services	25,000	15,000	6,000	46,000	75,000	135,000	210,000	256,000	30,000	-	10,000	40,000	296,000
Direct Community Assistance	1,500	12,500	-	14,000	-	-	-	14,000	-	500,000	-	500,000	514,000
Occupancy Expenses	28,300	30,250	3,620	62,170	10,285	30,900	41,185	103,355	-	-	-	-	103,355
Equipment & Technology	7,850	8,300	5,844	21,994	8,400	1,600	10,000	31,994	20,847	-	3,555	24,402	56,396
Travel	500	1,000	1,250	2,750	5,750	250	6,000	8,750	500	-	250	750	9,500
Meetings Expense	6,100	11,800	5,500	23,400	3,500	1,100	4,600	28,000	2,177	-	500	2,677	30,677
Other Operating Expenses	6,550	2,200	-	8,750	86,515	7,190	93,705	102,455	44,331	-	2,100	46,431	148,886
Administration Expense Allocation	131,874	140,168	-	272,042	-	(438,311)	(438,311)	(166,269)	-	53,721	112,548	166,269	-
Fundraising Expense Allocation	91,071	96,799	-	187,871	(302,695)	-	(302,695)	(114,825)	-	37,100	77,725	114,825	-
<b>TOTAL EXPENSES</b>	<b>\$ 603,212</b>	<b>\$ 639,368</b>	<b>\$ 124,114</b>	<b>\$ 1,366,694</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,366,694</b>	<b>\$ 255,383</b>	<b>\$ 715,365</b>	<b>\$ 464,826</b>	<b>\$ 1,435,574</b>	<b>\$ 2,802,268</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ (111,668)</b>	<b>\$ 1,188</b>	<b>\$ 425,454</b>	<b>\$ 314,973</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 314,973</b>	<b>\$ 4,617</b>	<b>\$ 3,280</b>	<b>\$ 920,174</b>	<b>\$ 928,071</b>	<b>\$ 1,243,044</b>

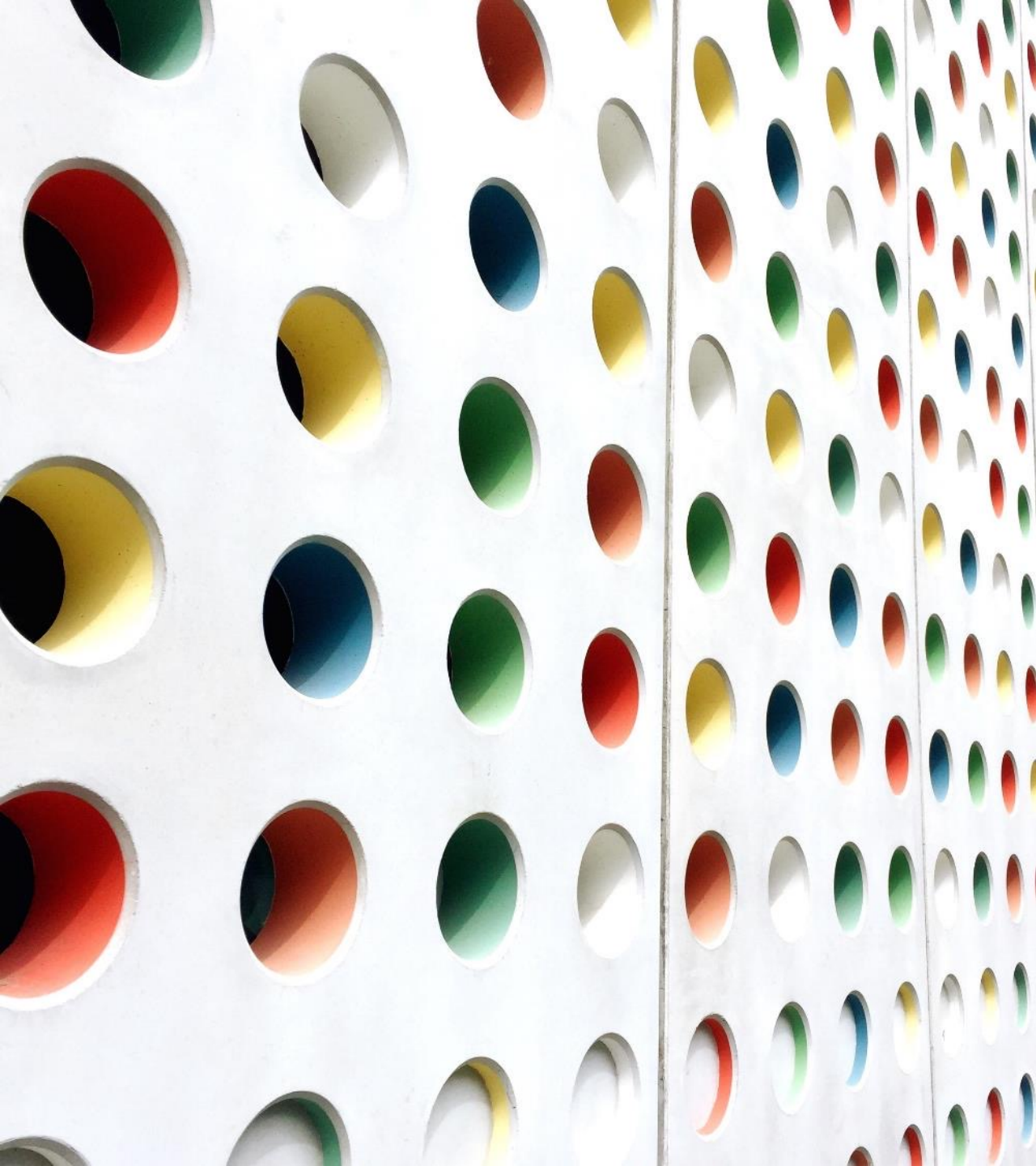
## Columns Reveal Structure

Statement of Activity					
(Without Restriction Only)	Programs	Core Support	Program & Operations	Non-Operating Funds	TOTAL
<b>SUPPORT AND REVENUE</b>					
Contributed Support	\$ 1,060,100	\$ -	\$ 1,060,100	\$ 2,360,365	\$ 3,420,465
Government Grants	275,000	-	275,000	-	275,000
Earned Revenue	301,000	-	301,000	-	301,000
Other Income	45,567	-	45,567	3,280	48,847
<b>TOTAL SUPPORT AND REVENUE</b>	<b>\$ 1,681,667</b>	<b>\$ -</b>	<b>\$ 1,681,667</b>	<b>\$ 2,363,645</b>	<b>\$ 4,045,312</b>
<b>EXPENSES</b>				\$ -	
Personnel	\$ 727,718	\$ 375,517	\$ 1,103,234	\$ 540,220	\$ 1,643,454
Contracted Services	46,000	210,000	256,000	40,000	296,000
Direct Community Assistance	14,000	-	14,000	500,000	514,000
Occupancy Expenses	62,170	41,185	103,355	-	103,355
Equipment & Technology	21,994	10,000	31,994	24,402	56,396
Travel	2,750	6,000	8,750	750	9,500
Meetings Expense	23,400	4,600	28,000	2,677	30,677
Other Operating Expenses	8,750	93,705	102,455	46,431	148,886
Administration Expense Allocation	272,042	(438,311)	(166,269)	166,269	-
Fundraising Expense Allocation	187,871	(302,695)	(114,825)	114,825	-
<b>TOTAL EXPENSES</b>	<b>\$ 1,366,694</b>	<b>\$ -</b>	<b>\$ 1,366,694</b>	<b>\$ 1,435,574</b>	<b>\$ 2,802,268</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ 314,973</b>	<b>\$ -</b>	<b>\$ 314,973</b>	<b>\$ 928,071</b>	<b>\$ 1,243,044</b>

<b>Statement of Activity</b>			
<b>(Without Restriction Only)</b>	<b>Program &amp; Operations</b>	<b>Non-Operating Funds</b>	<b>TOTAL</b>
<b>SUPPORT AND REVENUE</b>			
Contributed Support	\$ 1,060,100	\$ 2,360,365	\$ 3,420,465
Government Grants	275,000	-	275,000
Earned Revenue	301,000	-	301,000
Other Income	45,567	3,280	48,847
<b>TOTAL SUPPORT AND REVENUE</b>	<b>\$ 1,681,667</b>	<b>\$ 2,363,645</b>	<b>\$ 4,045,312</b>
<b>EXPENSES</b>		\$ -	
		\$ -	
Personnel	\$ 1,103,234	\$ 540,220	\$ 1,643,454
Contracted Services	256,000	40,000	296,000
Direct Community Assistance	14,000	500,000	514,000
Occupancy Expenses	103,355	-	103,355
Equipment & Technology	31,994	24,402	56,396
Travel	8,750	750	9,500
Meetings Expense	28,000	2,677	30,677
Other Operating Expenses	102,455	46,431	148,886
Administration Expense Allocation	(166,269)	166,269	-
Fundraising Expense Allocation	(114,825)	114,825	-
<b>TOTAL EXPENSES</b>	<b>\$ 1,366,694</b>	<b>\$ 1,435,574</b>	<b>\$ 2,802,268</b>
		\$ -	
<b>CHANGE IN NET ASSETS</b>	<b>\$ 314,973</b>	<b>\$ 928,071</b>	<b>\$ 1,243,044</b>

Know your audience

Include or exclude columns based on their needs.



**Pressure Point 4**

**Business Model  
Reality Check**

**Understanding the Flow**

# Nonprofit Business Models are...

---

...sometimes complex.



...too often mysterious.



...always worth uncovering.



# Your Rows Reveal Your Business Model

Good accounting helps us see  
the types and purpose of resources

- What are our strengths in fundraising?
- Where do we want to invest more?
- What resources do we deploy most?
- Which resource uses define our programs?

## A Rows and Columns Exercise



# Illuminating Your Business Model by Row

How Do Resources Flow In and Out of Your Organization?

What are your three largest revenue line items?

What are your three largest expense line items?



<b>SUPPORT AND REVENUE</b>	
<b>Contributed Support</b>	
Corporate Contributions	\$ 118,000
Foundation Contributions	835,000
Individual Contributions	95,000
In-Kind Contributions	16,100
Net Assets Released From Restriction	2,356,365
<b>Government Grants</b>	
Federal Grants	200,000
State Grants	50,000
City and County Grants	25,000
<b>Earned Revenue</b>	
Event Revenue (net)	10,000
Sponsorship Revenue	275,000
Program Service Fees	16,000
<b>Other Income</b>	
Miscellaneous Income	2,000
Investment Income (loss)/gain	46,847
<b>TOTAL SUPPORT AND REVENUE</b>	<b>\$ 4,045,312</b>

# Revenue

Foundation Contributions	\$ 835,000
Released from Restriction	\$ 2,356,365
Sponsorship Revenue	\$ 275,000

# Expenses

<b>EXPENSES</b>	
Personnel	\$ 1,643,454
Contracted Services	296,000
Direct Community Assistance	514,000
Occupancy Expenses	103,355
Equipment & Technology	56,396
Travel	9,500
Meetings Expense	30,677
Other Operating Expenses	148,886
Administration Expense Allocation	-
Fundraising Expense Allocation	-
<b>TOTAL EXPENSES</b>	<b>\$ 2,802,268</b>

Personnel	\$ 1,643,454
Contracted Services	\$ 296,000
Direct Community Assistance	\$ 514,000

# What Revenue Rows Tell About Your Business Model

Is your fundraising strength:

- 1) Foundation Grants
- 2) Individual Donors
- 3) Major Donors
- 4) Government Grants
- 5) Program Fees
- 6) Tuition
- 7) Something else?



# The Revenue Diversification Conundrum



Manage many ( 4 or more)  
diverse income streams



Manage a few (2 or 3)  
significant income streams



Focus heavily on one  
main income stream



# The Truth About New Revenue Streams

Every new stream requires a plan

- Who will do the extra work?
- Do you have the expertise?
- Do you have the infrastructure?
- Are you willing to invest in it?



**There are business models  
within  
your business model**

# Think of your business model as buckets of resources



## Each Bucket is a Column

- 1) Whose money is it?
- 2) How can it be used?
- 3) How does it behave?

### Examples:

- Program & Operations
- Pass-through Grants
- Loan Funds
- Property
- Fiscal Sponsorship
- Endowments
- Custodial Funds

# Properly Designed Columns Reveal Your Business Model

Statement of Activity (Without Restriction Only)	Program and Operations								Non-Operating Funds				TOTAL
	Program Activities				Core Support			Total Program and Operations	Fiscal Sponsorship	Grantmaking Fund	Capital Campaign	Subtotal Non- Operating	
	Program 1	Program 2	General Program	Subtotal Program	Fundraising	Administration	Subtotal Core Support						
<b>SUPPORT AND REVENUE</b>													
Contributed Support	\$ 325,544	\$ 290,556	\$ 444,000	\$ 1,060,100	\$ -	\$ -	\$ -	\$ 1,060,100	\$ 260,000	\$ 715,365	\$ 1,385,000	\$ 2,360,365	\$ 3,420,465
Government Grants	50,000	225,000	-	275,000	-	-	-	275,000	-	-	-	-	275,000
Earned Revenue	116,000	125,000	60,000	301,000	-	-	-	301,000	-	-	-	-	301,000
Other Income	-	-	45,567	45,567	-	-	-	45,567	-	3,280	-	3,280	48,847
<b>TOTAL SUPPORT AND REVENUE</b>	<b>\$ 491,544</b>	<b>\$ 640,556</b>	<b>\$ 549,567</b>	<b>\$ 1,681,667</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,681,667</b>	<b>\$ 260,000</b>	<b>\$ 718,645</b>	<b>\$ 1,385,000</b>	<b>\$ 2,363,645</b>	<b>\$ 4,045,312</b>
<b>EXPENSES</b>													
Personnel	\$ 304,468	\$ 321,350	\$ 101,900	\$ 727,718	\$ 113,245	\$ 262,271	\$ 375,517	\$ 1,103,234	\$ 157,528	\$ 124,544	\$ 258,148	\$ 540,220	\$ 1,643,454
Contracted Services	25,000	15,000	6,000	46,000	75,000	135,000	210,000	256,000	30,000	-	10,000	40,000	296,000
Direct Community Assistance	1,500	12,500	-	14,000	-	-	-	14,000	-	500,000	-	500,000	514,000
Occupancy Expenses	28,300	30,250	3,620	62,170	10,285	30,900	41,185	103,355	-	-	-	-	103,355
Equipment & Technology	7,850	8,300	5,844	21,994	8,400	1,600	10,000	31,994	20,847	-	3,555	24,402	56,396
Travel	500	1,000	1,250	2,750	5,750	250	6,000	8,750	500	-	250	750	9,500
Meetings Expense	6,100	11,800	5,500	23,400	3,500	1,100	4,600	28,000	2,177	-	500	2,677	30,677
Other Operating Expenses	6,550	2,200	-	8,750	86,515	7,190	93,705	102,455	44,331	-	2,100	46,431	148,886
Administration Expense Allocation	131,874	140,168	-	272,042	-	(438,311)	(438,311)	(166,269)	-	53,721	112,548	166,269	-
Fundraising Expense Allocation	91,071	96,799	-	187,871	(302,695)	-	(302,695)	(114,825)	-	37,100	77,725	114,825	-
<b>TOTAL EXPENSES</b>	<b>\$ 603,212</b>	<b>\$ 639,368</b>	<b>\$ 124,114</b>	<b>\$ 1,366,694</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,366,694</b>	<b>\$ 255,383</b>	<b>\$ 715,365</b>	<b>\$ 464,826</b>	<b>\$ 1,435,574</b>	<b>\$ 2,802,268</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ (111,668)</b>	<b>\$ 1,188</b>	<b>\$ 425,454</b>	<b>\$ 314,973</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 314,973</b>	<b>\$ 4,617</b>	<b>\$ 3,280</b>	<b>\$ 920,174</b>	<b>\$ 928,071</b>	<b>\$ 1,243,044</b>

# Columns Group Activities Meaningfully

1

**Program Activities**  
to clearly show your  
major nonprofit  
activities

2

**Core Mission Support**  
to show funds  
supporting  
organization  
infrastructure

3

**Fiscal Sponsorship**  
to keep separate  
funds held on behalf  
of other organizations

4

**Grantmaking Fund**  
to distinguish funds  
earmarked for  
regranting from  
operating funds

5

**Capital Campaign**  
to hold resources  
devoted to facilities  
purchase and  
maintenance

Clearly segregating Program & Operations from other funds helps to clarify which resources are available for general mission use.

Show  
Operating Funds  
separate from  
Non-Operating

Statement of Activity	Program & Operations	Non-Operating Funds	TOTAL
(Without Restriction Only)			
<b>SUPPORT AND REVENUE</b>			
Contributed Support	\$ 1,060,100	\$ 2,360,365	\$ 3,420,465
Government Grants	275,000	-	275,000
Earned Revenue	301,000	-	301,000
Other Income	45,567	3,280	48,847
<b>TOTAL SUPPORT AND REVENUE</b>	<b>\$ 1,681,667</b>	<b>\$ 2,363,645</b>	<b>\$ 4,045,312</b>
<b>EXPENSES</b>		\$ -	
		\$ -	
Personnel	\$ 1,103,234	\$ 540,220	\$ 1,643,454
Contracted Services	256,000	40,000	296,000
Direct Community Assistance	14,000	500,000	514,000
Occupancy Expenses	103,355	-	103,355
Equipment & Technology	31,994	24,402	56,396
Travel	8,750	750	9,500
Meetings Expense	28,000	2,677	30,677
Other Operating Expenses	102,455	46,431	148,886
Administration Expense Allocation	(166,269)	166,269	-
Fundraising Expense Allocation	(114,825)	114,825	-
<b>TOTAL EXPENSES</b>	<b>\$ 1,366,694</b>	<b>\$ 1,435,574</b>	<b>\$ 2,802,268</b>
		\$ -	
<b>CHANGE IN NET ASSETS</b>	<b>\$ 314,973</b>	<b>\$ 928,071</b>	<b>\$ 1,243,044</b>

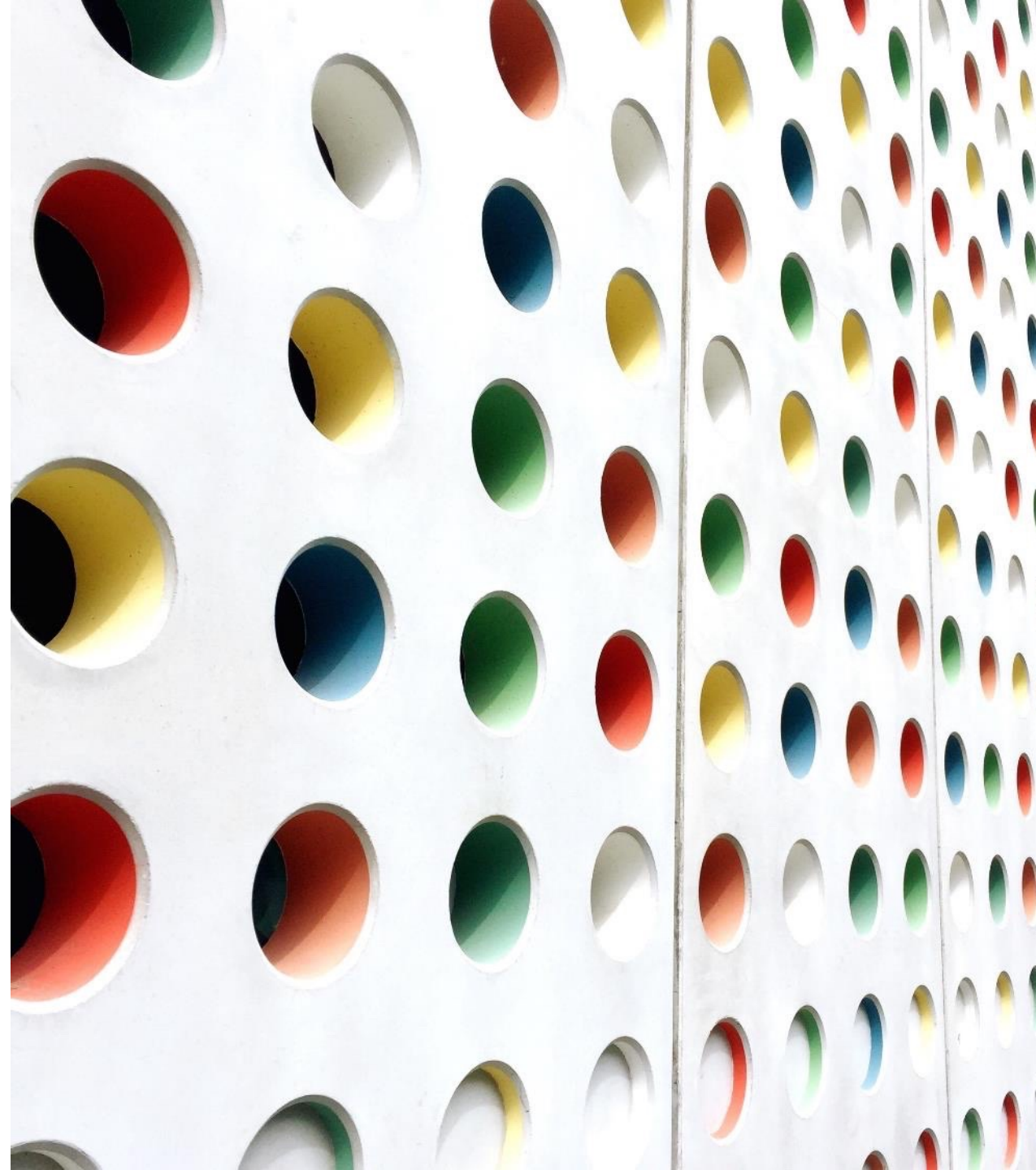


Help everyone understand which money is available to spend

# Pressure Point 5

## Functioning Finance

**Building a Strong Finance Team**





## What Makes Up the Finance Function?

The list can be extensive.

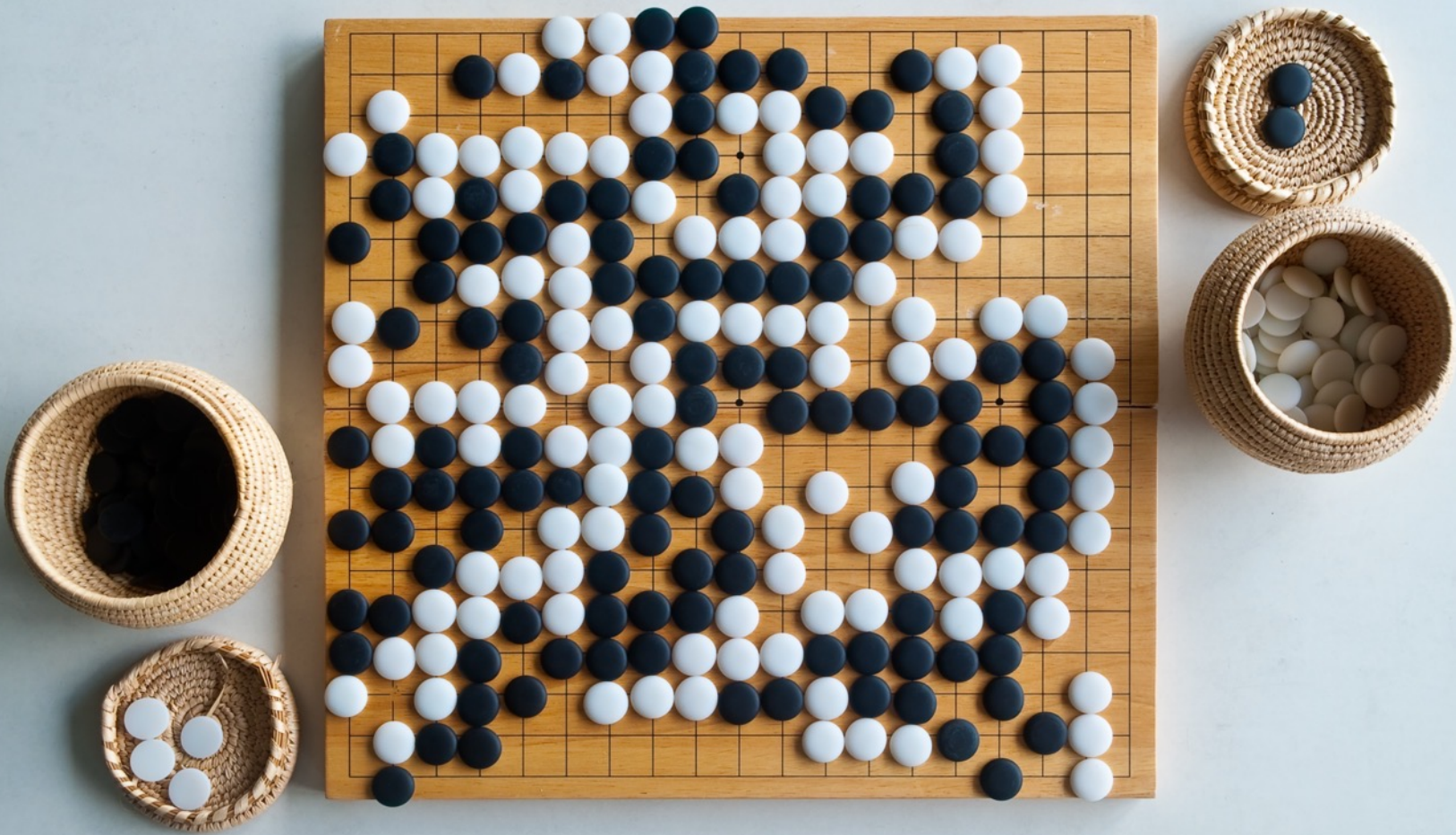
# Who is Available? For What Role(s)?

## Finance Function

- Strategy & Planning
- Accounts Payable
- Accounts Receivable
- Payroll
- Journal Entries
- Month-End Close
- Reporting
- Team Management
- Audit & 990



What level of staffing is  
your organization willing  
and able to commit?



# Your Strategy for Filling Many Roles?

One Person

In-House Team

Outsourced

Cross-departmental



## One-Person Team

Willing and  
able to do it  
all – top to  
bottom



## In-House Team

CFO  
Controller  
Accountant



## Outsourced Fractional or Positional



## Cross Departmental

Making use of  
non-  
accounting  
staff

# Wrapping Up

## Pressure Points

### For Diagnosis and Relief

Knowing financial pressure points =

- Clarity Around Cash
- Creativity with Restricted Revenue
- Aligned and Accurate Reporting
- Business Model Awareness
- Assembling the Right Team





**DIVERGE  
FINANCE**



Powering Nonprofits. Advancing Justice.



# Thank You!

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