



GREATER CLEVELAND

CENTER FOR EXCELLENCE IN SOCIAL SERVICES

June 7, 2022

HOUSEKEEPING



- ✓ This webinar is being recorded for those that cannot attend. The recording will be on the Center for Excellence website by the end of the week.
- ✓ The chat and Q&A are being monitored. Please ask all questions in Q&A.
- ✓ Questions will be answered as time permits. Any questions not answered, participants will be emailed with answers after the session.

TODAY'S AGENDA



- Welcome and Introduction
Danielle Crawford, *Director of Learning and Evaluation*
- Seeing Beyond the Numbers,
Jennifer Kelsch, CPA, *JSK Solutions LTD.*
Julie Clark, *Vice President, Nonprofit Engagement, Business Volunteers Unlimited*
- Q&A
- Next Center for Excellence LIVE sessions

WHAT IS THE CENTER FOR EXCELLENCE?



Seeing Beyond the Numbers

UNDERSTANDING NONPROFIT ACCOUNTING OPERATIONS AND HOW
TO USE THIS INFORMATION TO TELL YOUR STORY

JENNIFER KELSCH, CPA

What's on the
agenda today

Nonprofit Financial Statements

Audits, Reviews, Compilations

Internal Controls and Fraud

Nonprofit Budgets

The Board

Let's Talk Nonprofit Financial Statements

Audience

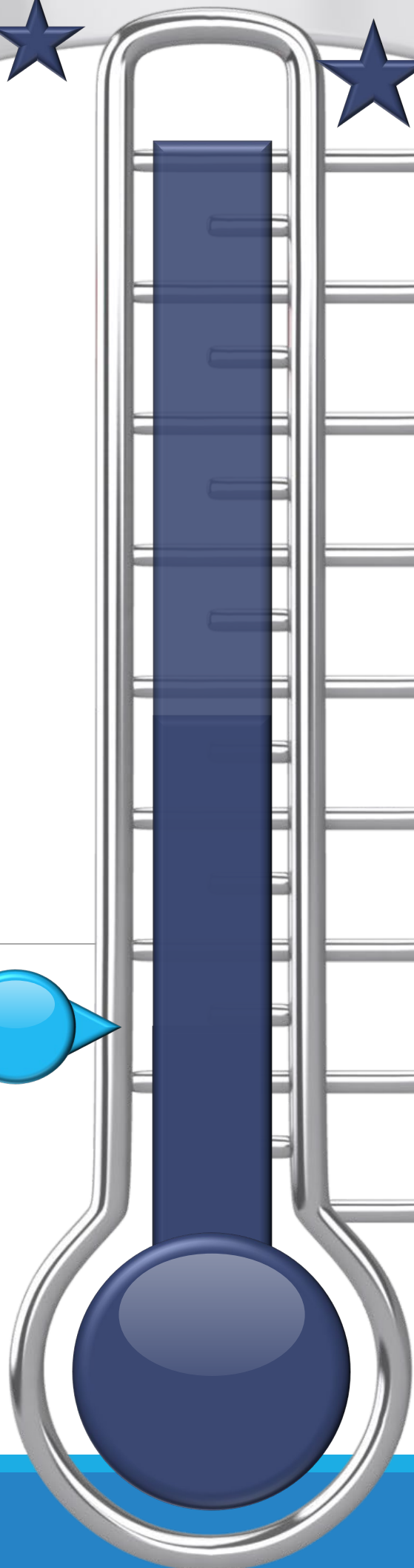
Basis of Accounting

Purpose of Each Financial Statement



Staff Financial Reports





50,00

0

37,500

25,000

12,500

0

Board Financial Reports

Funder Financial Reports



Other Donors Financial Reports



Basis of Accounting

WHY IT MAY MAKE SENSE TO USE DIFFERENT
APPROACHES FOR DIFFERENT AUDIENCES

A solid blue horizontal bar spanning the width of the slide at the bottom.

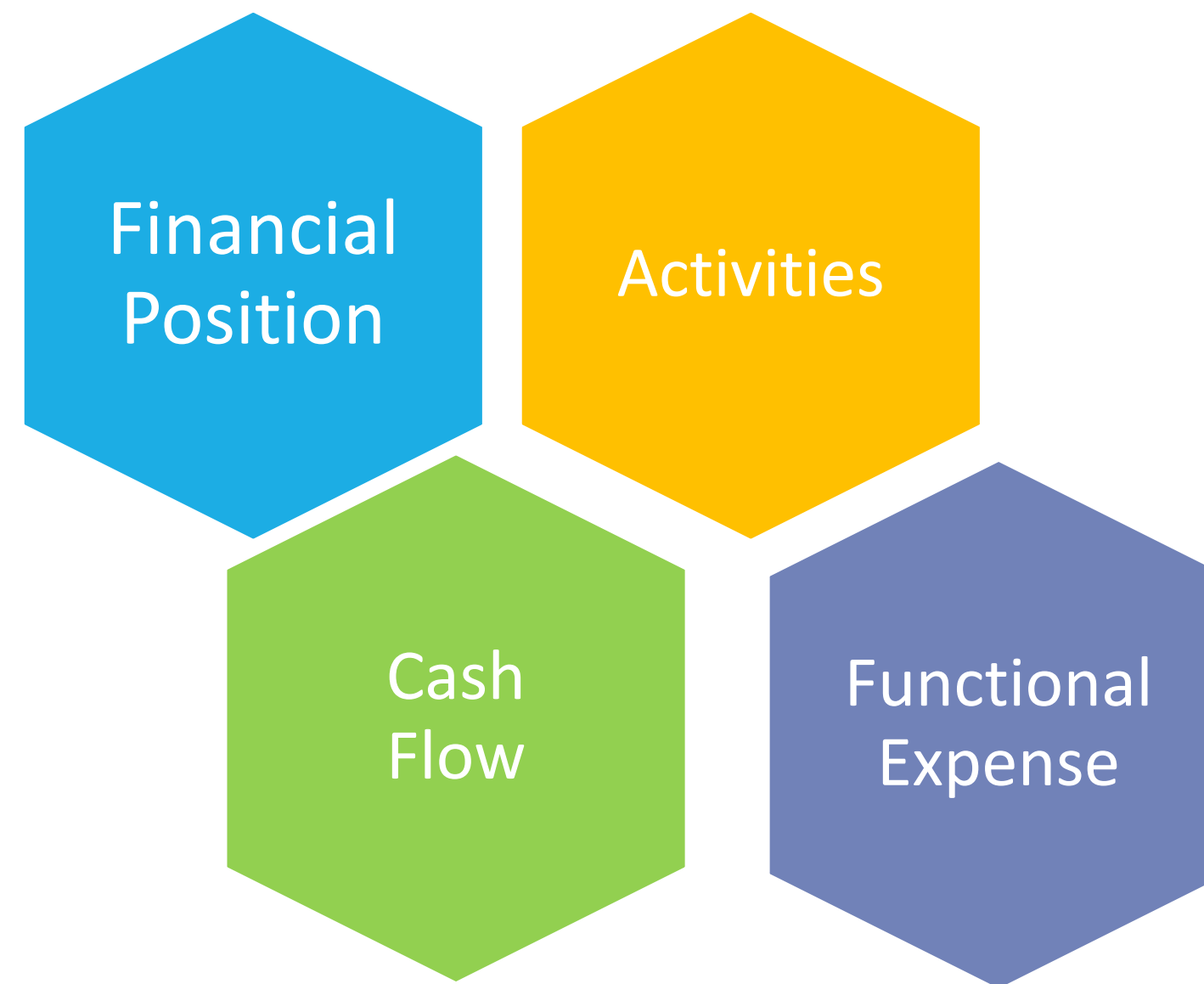
Nonprofit Basis of Accounting

Cash

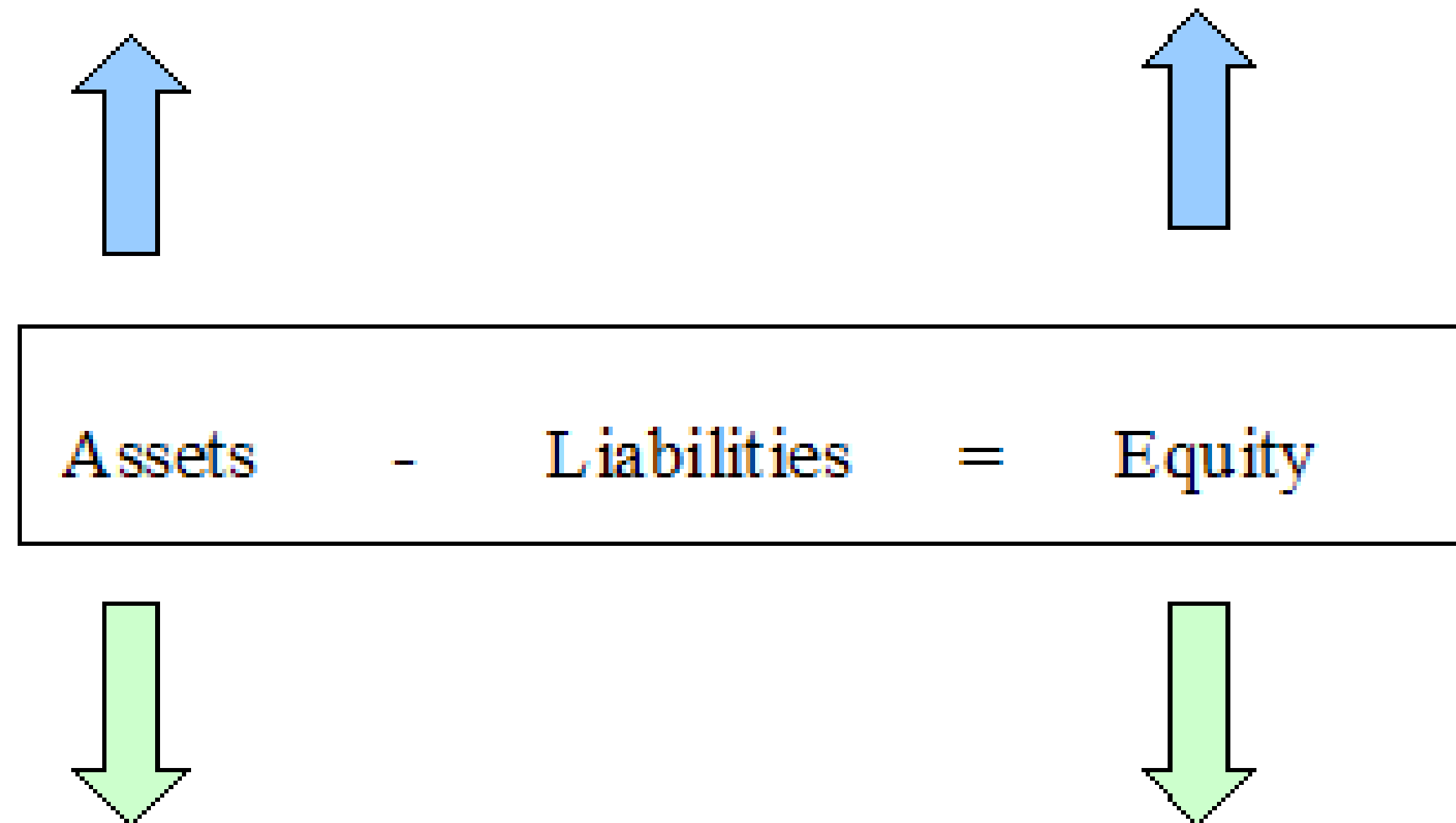
Modified
Cash

GAAP

Understanding the purpose of each financial statement and how they tell your story



Statement of Financial Position



Net Assets

Net Assets

Without donor restrictions:

Undesignated

67,495

115,954

Board designated - operating reserve

137,000

137,000

204,495

252,954

With donor restrictions

48,259

135,713

Total Net Assets

252,754

388,667

TOTAL LIABILITIES AND NET ASSETS

\$ 724,551

\$ 699,203

Statement of Activities

- Sources of support
- Understand organization's reliance on in-kind support
- Review operating expense trends

- THE BOTTOM LINE

Consolidated Statement of Cash Flows
Year Ended December 31, 2016
(With Comparative Totals for the Year Ended December 31, 2015)

	2016	2015
Cash flows from operating activities:		
Change in net assets	\$ (686,554)	\$ (197,232)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Contribution of net assets received in merger with Uniform for Kids, Inc.	(126,087)	-
Depreciation	12,395	7,143
Net realized/unrealized (gain) loss on investments	(65,924)	22,988
(Increase) decrease in contributions receivable, net	(13,979)	8,155
(Increase) decrease in prepaid expenses	(6,452)	5,333
Decrease in inventory	685,089	180,008
Increase (decrease) in accounts payable	10,502	(507)
(Decrease) increase in accrued gift certificates	(8,484)	8,674
(Decrease) increase in accrued payroll and taxes	(2,327)	(2,808)
Net cash (used in) provided by operating activities	(201,821)	31,752
Cash flows from investing activities:		
Cash received in merger with Uniforms for Kids, Inc.	77,414	-
Investment activity, net	3,574	62,151
Purchase of fixed assets	(7,875)	(2,968)
Net cash provided by investing activities	73,113	59,183
Net (decrease) increase in cash and cash equivalents	(128,708)	90,935
Cash and cash equivalents:		
Beginning	868,856	777,921
Ending	\$ 740,148	\$ 868,856

Functional Expenses



Programs

Administration

Fundraising

“STORIES ARE JUST
DATA WITH A SOUL.”

DR. BRENÉ BROWN – UNIVERSITY OF HOUSTON

Questions/Comment

Audits, Reviews and Compilations- What's the Difference?

Audits, reviews and compilations provide different levels of assurance that the financial statements of an organization are prepared in accordance with GAAP



Why should we consider having an annual audit?

- Required by large donors
- Financial transparency
- Gives the board a deeper insight to financial operations

Government funding can result in an audit requirement

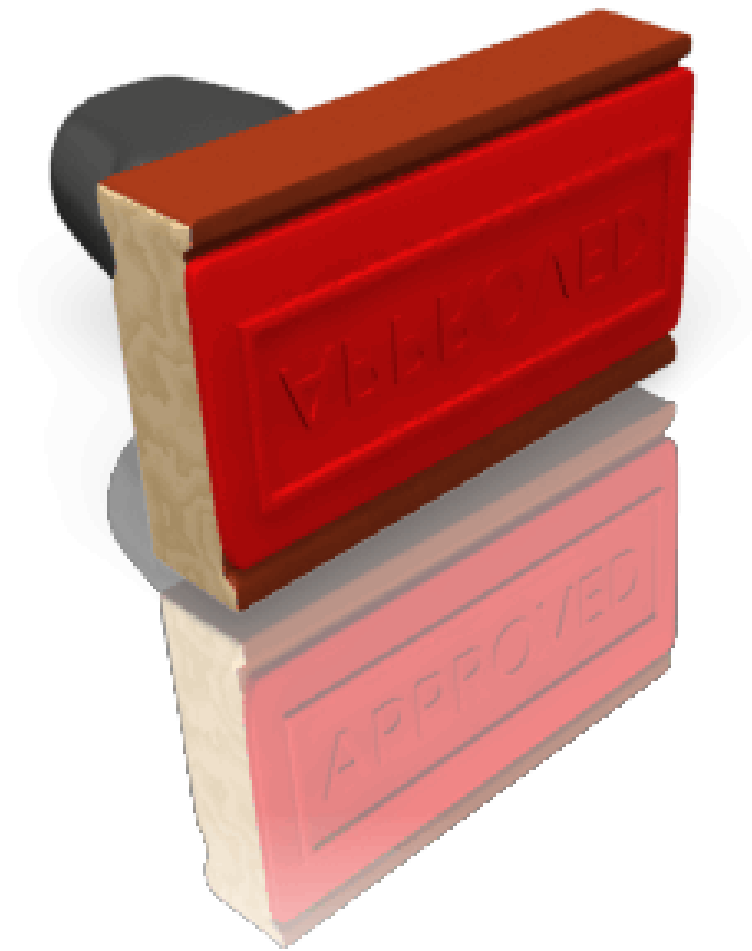
- Hot Topic with all the potential federal funding flowing into the community. These awards can come with additional compliance requirements
- When a NFP expends more than \$750,000 of federal funding in a given year the organization will be required to have an audit under the Single Audit Act
- Beware of passthrough dollars coming from local or state entities.
- Need to understand the compliance requirements

“STORIES ARE JUST
DATA WITH A SOUL.”

DR. BRENÉ BROWN – UNIVERSITY OF HOUSTON

Questions/Comment

Internal Controls



Most Common Types of Fraud

83% of all fraud schemes are asset misappropriation

- Cash

Skimming – before cash reaches the organization

Larceny – after cash is posted on the organization's books

- Inventory/Other Assets

Misused – using or selling gifts of tangible goods gifted to the organization

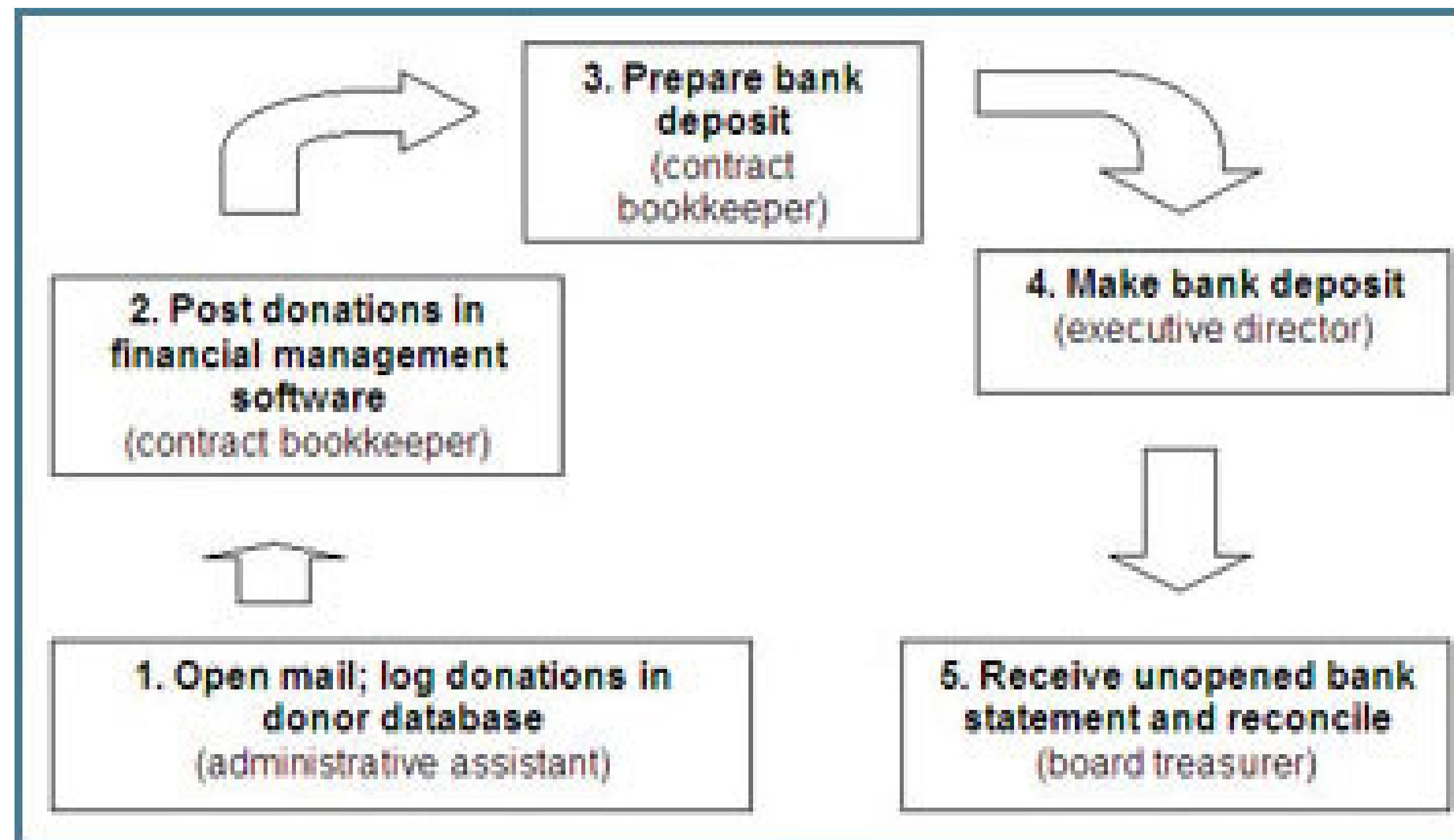
Preventing Fraud

Real steps you can take today

Tone at the top



Segregation of Duties



Physical Controls

- Secure blank checks and review check sequencing
- Have a safe in the office to secure undeposited checks and other cash like items
- At events, utilize two employees in areas where large amounts of cash may be exchanged and have two employees count and acknowledge the cash deposit.
- Perform background checks on all new employees

“STORIES ARE JUST
DATA WITH A SOUL.”

DR. BRENÉ BROWN – UNIVERSITY OF HOUSTON

Questions/Comment

Nonprofit Budgeting

BREAK-EVEN BUDGETS DON'T TELL YOUR STORY

Why do we do a budget?

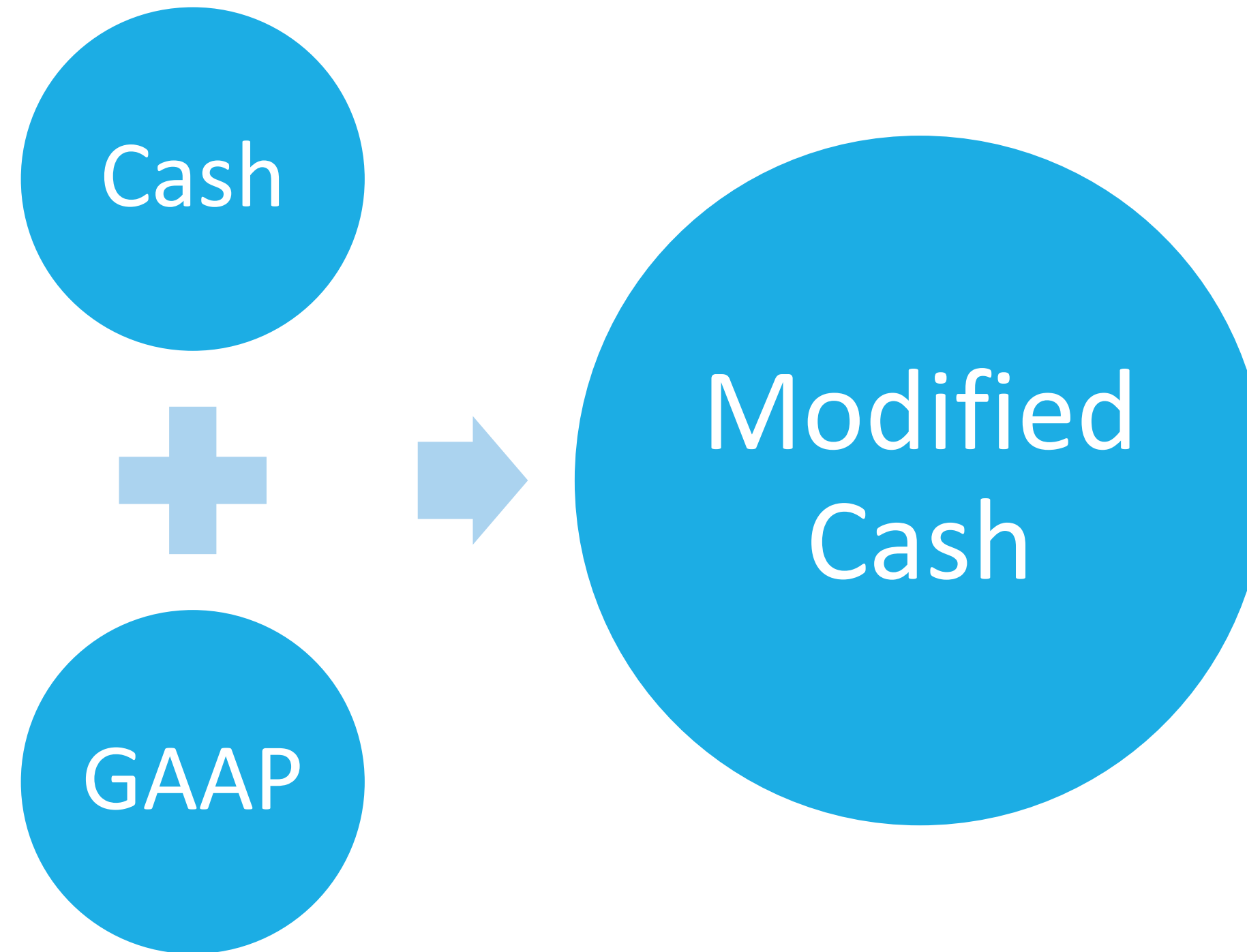


What should drive a budget?

**LAST
YEAR**



Budget Presentation



“STORIES ARE JUST
DATA WITH A SOUL.”

DR. BRENÉ BROWN – UNIVERSITY OF HOUSTON

Questions/Comment

How involved is your Board in financial oversight?

HOW INVOLVED SHOULD THEY BE?

ENGAGED

Active participation, not
just attends meetings
regularly.

EDUCATED

Familiar with financial
operations and regulations
impacting a nonprofit
entity

ENTERPRISING

Creative problem solvers
with an understanding of
program operations

KPIs – A good way to measure Board performance too

- Giving levels for board members
- Meeting attendance
- Committee level KPI's



What story will you tell?

- Review your financial statements, do they reflect your story?
- Document your financial processes, do the proper internal controls exist? What can you improve on today?
- Challenge your organization to establish KPIs, what drives your outcomes?
- Engage your Board in your discussion of KPIs and budgets, how can you build your Boards knowledge to increase their engagements?

Questions?



WE WANT TO HEAR FROM YOU!



Our post – LIVE evaluation helps us to create and promote future programming that you want to see!

The evaluation will take 3 – 5 minutes to complete.

NEXT CENTER FOR EXCELLENCE IN SOCIAL SERVICES LIVE SESSIONS



Uncovering the Nonprofit Landscape,
September 13, 2022, 1 – 2:30 pm

Leading Equity, December 6, 2022, 1 – 3 pm



QUESTIONS



Questions about Center
for Excellence in Social
Services LIVE?



Contact: Danielle
Crawford, Director,
Evaluation and Learning
dcrawford@unitedwaycleveland.org