

Budgeting and financial management

March 1, 2022

PMAP 3210: Introduction to Nonprofits
Andrew Young School of Policy Studies

Do your check-in!

Plan for today

Anatomy of a budget

Financial analysis

Anatomy of a budget

**This week just barely
scratches the surface
of nonprofit finance!**

You can get a whole master's degree in this stuff!

Components of nonprofit finance

1—Assets

- 10 Cash
- 11 Temporary investments
- 12 Receivables
- 13 Prepaied expenses
- 14 Buildings
- 15 Equipment
- 16 Other assets

2—Liabilities

- 20 Accounts payable
- 21 Taxes payable
- 22 Salaries payable
- 23 Mortgage payable
- 24 Notes payable
- 25 Other liabilities

3—Net assets

- 30 Unrestricted
- 31 Temporarily restricted
- 32 Permanently restricted

4—Revenues

- 40 Contributions
- 41 Fees
- 42 Grants
- 43 Contracts
- 44 Other revenues

5—Expenses

- 50 Salaries
- 51 Fringe benefits
- 52 Computers
- 53 Equipment
- 54 Copier contract
- 55 Phones
- 56 Office rental
- 57 Supplies
- 58 Travel
- 59 Consultants
- 60 Per diem
- 61 Depreciation
- 62 Other expenses

Tracking finances

Balance sheet

Where you are

Assets		
Current assets	2010	2009
Cash	\$ 20,000	\$ 5,000
Marketable securities	\$ 18,000	\$ 3,000
Accounts receivable	\$ 12,000	\$ 2,000
Pledges receivable	\$ 1,150	\$ 12,000
Supplies inventory	\$ 2,000	\$ 2,000
Prepaid expenses	\$ 1,000	—
Total current assets	\$ 54,150	\$ 24,000
Long-term assets		
Equipment, net	\$ 8,800	\$ 6,800
Building, net	\$ 98,000	\$ 100,000
Investments	\$ 130,000	\$ 121,000
Total long-term assets	\$ 236,800	\$ 227,800
Total assets	\$ 290,950	\$ 251,800

Liabilities		
Current liabilities	2010	2009
Accounts payable	\$ 7,950	\$ 17,000
Salaries payable	\$ 5,000	\$ 3,000
Mortgage payable	\$ 5,000	\$ 5,000
Total current liabilities	\$ 17,950	\$ 25,000
Long-term liabilities		
Mortgage loan	\$ 20,000	\$ 25,000
Total liabilities	\$ 37,950	\$ 50,000

Net assets		
Unrestricted	\$ 69,800	\$ 60,800
Temporarily restricted	\$ 55,200	\$ 20,000
Permanently restricted	\$ 128,000	\$ 121,000
Total net assets	\$ 253,000	\$ 201,800
Total liabilities and net assets	\$ 290,950	\$ 251,800

Budget

Where you're going

Tracking finances

Balance sheet

Where you are

Budget

Where you're going

Assets and liabilities

Revenues and expenses

Balance sheet stuff

Assets

Things of value that you can measure

Money in bank, investments held, property owned, etc.

Assets

Liquid / current

Cash or things that can quickly turn into cash

Cash, securities, inventory, accounts/pledges receivable

Long-term

Things that can't quickly turn into cash

Property, equipment, investments

Liabilities

Things you owe

Debts, bills, mortgage, etc.

Net assets

Assets – liabilities

A measure of how financially healthy your organization is and how well it can weather a financial emergency

Budget stuff

Revenues	2010	2009
Foundation grant	\$ 150,000	\$ 125,000
State education grant	\$ 250,000	\$ 250,000
Contributions	\$ 90,000	\$ 80,000
Investment income	\$ 25,000	\$ 23,000
Special events	\$ 50,000	\$ 55,000
Total revenues	\$ 565,000	\$ 533,000

Expenses	2010	2009
Salaries	\$ 377,000	\$ 350,000
Fringe benefits	\$ 24,000	\$ 21,800
Computer equipment	\$ 5,000	\$ 2,000
Copier contract	\$ 300	\$ 300
Depreciation expense	\$ 3,000	\$ 3,000
Equipment	\$ 800	\$ 800

Revenues

Ways the organization brings in money

Private fundraising

(individual donations and foundation grants)

Government sources

Commercial activities

Expenses

Ways the organization spends money

Salaries

Benefits

Rent

Travel

Computers, equipment, supplies

Lots of other things!

Funds

Types of money the organization can use

Endowment funds

Unrestricted funds

Restricted funds

Budgets

A budget is a moral document

Budgets reflect your strategy

Budget best practices

Involve everyone

Budget monthly

Save a reserve

**Track performance relative to past budgets,
especially deviations**

Rebudget when unexpected changes happen

Budget example

Financial analysis

Why analyze finances?

Nonprofits have special stewardship over donor money!

Increased accountability!

Required to make tons of financial information public, including assets, revenues, expenses, and salaries

Gauge a nonprofit's financial health

GuideStar Seals



Bronze Seal

Make sure donors find you

~5-minute update

- Organization mission and contact details
- Donation information
- Leadership information
- Grantmaker status



Silver Seal

Guide funding decisions

~10 minute update

- Program(s) information
- Brand details (website, social media, logo)
- Plus Bronze [info](#)



Gold Seal

Gain trust and support

~15-minute update

- Audited financial report or basic financial information
- Board Chair name and leadership demographics
- Plus Silver [info](#)



Platinum Seal

Highlight your impact and boost funding

~15 minute update

- Strategic plan or strategy and goal highlights
- At least one metric demonstrating your progress and results
- Plus Gold [info](#)

GuideStar and transparency



Trees Atlanta Inc. **Platinum**

Trees Atlanta

Atlanta, GA | EIN: 58-1584758

Trees Atlanta protects and enhances *Atlanta's* urban forest by planting, conserving, and educating. We engage diverse community support ... volunteer service within neighborhoods across metro *Atlanta*. *Trees* are iconic to our city. They clean our air and water, reduce temperatures, and provide beauty and

GROSS RECEIPTS ⓘ

\$6,392,582

ASSETS

\$24,357,590

IRS Form 990

Form **990**



Department of the
Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

▶ Do not enter social security numbers on this form as it may be made public

▶ Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No 1545-0047

2018

**Open to Public
Inspection**

A For the 2019 calendar year, or tax year beginning 07-01-2018 , and ending 06-30-2019

B Check if applicable

- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Final return/terminated
- ☐ Amended return
- ☐ Application pending

C Name of organization
COOPERATIVE FOR ASSISTANCE AND RELIEF
EVERYWHERE INC

Doing business as

Number and street (or P O box if mail is not delivered to street address) Room/suite
151 ELLIS STREET NE

City or town, state or province, country, and ZIP or foreign postal code
ATLANTA, GA 303032440

D Employer identification number

13-1685039

E Telephone number

(404) 681-2552

G Gross receipts \$ 818,735,149

F Name and address of principal officer
MICHELLE NUNN
151 ELLIS STREET NE
ATLANTA, GA 303032440

H(a) Is this a group return for
subordinates? ☐ Yes ☒ No

H(b) Are all subordinates
included? ☐ Yes ☐ No

If "No," attach a list (see instructions)

H(c) Group exemption number ▶

I Tax-exempt status ☒ 501(c)(3) ☐ 501(c) () ◀ (insert no) ☐ 4947(a)(1) or ☐ 527

J Website: ▶ WWW CARE ORG

IRS Form 990

Part I Summary				
Activities & Governance	1 Briefly describe the organization's mission or most significant activities CARE WORKS AROUND THE GLOBE TO SAVE LIVES, DEFEAT POVERTY AND ACHIEVE SOCIAL JUSTICE			
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets			
	3 Number of voting members of the governing body (Part VI, line 1a)			3 18
	4 Number of independent voting members of the governing body (Part VI, line 1b)			4 17
	5 Total number of individuals employed in calendar year 2018 (Part V, line 2a)			5 557
	6 Total number of volunteers (estimate if necessary)			6 20
	7a Total unrelated business revenue from Part VIII, column (C), line 12			7a 0
	b Net unrelated business taxable income from Form 990-T, line 34			7b 57,812
Revenue	8 Contributions and grants (Part VIII, line 1h)		Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)		596,595,507	602,938,894
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)		0	0
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)		6,801,910	11,738,373
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)		3,411,441	6,278,816
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)		606,808,858	620,956,083
	14 Benefits paid to or for members (Part IX, column (A), line 4)		127,574,515	129,189,896
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)		0	0
	16a Professional fundraising fees (Part IX, column (A), line 11e)		183,644,941	198,832,105
	b Total fundraising expenses (Part IX, column (D), line 25) ▶ 30,424,179		4,393,306	5,615,631
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)			
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)		280,752,336	270,782,469
	19 Revenue less expenses Subtract line 18 from line 12		596,365,098	604,420,101
Net Assets or Fund Balances			10,443,760	16,535,982
			Beginning of Current Year	End of Year
	20 Total assets (Part X, line 16)		517,533,991	538,474,281
	21 Total liabilities (Part X, line 26)		156,287,453	162,215,502
22 Net assets or fund balances Subtract line 21 from line 20		361,246,538	376,258,779	

Things to look for in 990s

Salaries and staff details

Revenue source mix

Spending ratios

Program ratio

Administrative ratio (overhead)

Fundraising ratio

Charity Navigator



Highest ratings

Program expense ratio

85%+

Administrative expense ratio

<15%

Fundraising efficiency ratio

Spend less than \$0.10 per \$1 raised

Ratios vs. impact



CARE works around the globe to save lives, defeat poverty and achieve social justice. We seek a world of hope, tolerance and social justice, where poverty has been overcome and all people live with dignity and security.



90% of all our expenses go to program services.

[Learn more](#)

Ratios vs. impact

Program ratios should be a management tool,
not a donor tool

All budget decisions should prioritize impact

Nonprofits that show robust impact
have better stories to tell donors

990 example