Know Your Numbers

Financial Foundations for Nonprofit Leaders



November 23, 2026
12-1 pm

IntegralOrg

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Our Time Together

- 60 minutes
- Time for Q & A at the end of the session
- Watch the chat for links and notes
- Kindly turn off AI notetakers
- Please complete our webinar evaluation at the end
- Resources and link to the recording will be emailed following the webinar

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Lorraine Walker, MA,CPA,CA
Board Treasurer *for* IntegralOrg

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Overview

- Financial Oversight
- Budgets and Funding
- Management vs Auditor Roles
- Q&A

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Financial oversight serves the mission, not the books



- Nonprofit success is measured by mission outcomes and services, not profit alone.
- Leaders balance impact, affordability, accountability and organizational capacity.
- Funding may come with different purposes, timelines, reporting expectations and restrictions.
- Financial understanding helps leaders test whether today's choices are sustainable.

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Three statements answer three leadership questions

Each statement is built to answer a different question

01

Statement of financial position

What resources and obligations exist at this date?

A snapshot of what the organization has and what it owes.

02

Statement of operations

What revenue and expenses occurred over the period, and how did results compare with budget?

A view of activity across the period, measured against the plan.

03

Statement of cash flows

How did cash move, and why did the balance change?

Shows where cash came from, where it went and why.

Read the statements together — a single result does not tell the whole story.

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Positive net assets can coexist with a cash crunch

What matters is what can pay today's bills

Liquidity map

Available now	Cash in the bank and receivables expected soon
Available later	Amounts expected in future months, such as later grant instalments
Not available for general use	Externally restricted resources and assets such as buildings or equipment

A healthy balance sheet can still hold most of its value in the lower two tiers.

- Distinguish cash and near-term receivables from assets that cannot readily pay today's bills.
- Review cash timing alongside payroll, payables, receivables and seasonal activity.
- Ask which resources are available for general operations and which have limits on their use.
- Use a short-term cash forecast to surface timing pressure before it becomes urgent.

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Funding terms can matter as much as the amount

Follow each major grant or contribution through its full lifecycle

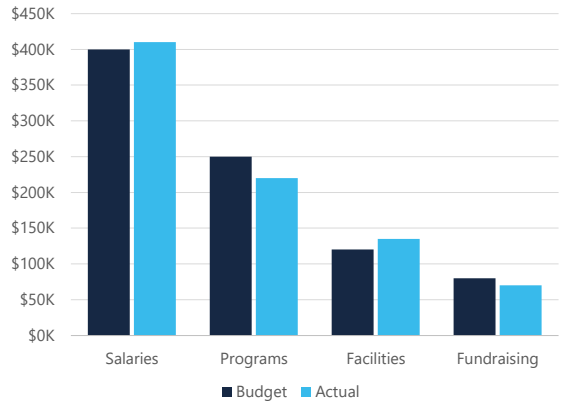
01	02	03	04	05
Award	**Plan**	**Spend and track**	**Report**	**Close out**
Confirm purpose, period, reporting and key conditions	Build the agreement terms into the budget	Record spending against the agreement	Meet reporting requirements on time	Resolve any unspent amounts as the agreement requires

- For each major grant or contribution, track its purpose, period, reporting requirements and key conditions separately.
- Distinguish externally restricted resources from internally designated funds and unrestricted resources.
- Connect agreement terms to budgets, accounting records, reporting and close-out responsibilities.
- Flag unspent amounts early and confirm the required treatment against the funding agreement.

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Always compare actual results to budget

The budget is our yardstick for whether we are on track



Illustrative example, $ thousands. Each gap between the two bars is a prompt to ask: why?

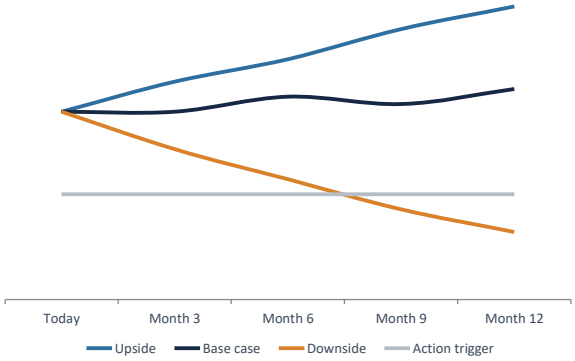
- **Why compare:** Actual results on their own don't show if we are ahead or behind plan.
- **What to check:** The gap between actual and budget, and whether it is timing or lasting.
- **Why it matters:** Spotting gaps early gives leaders time to act before year-end.
- **Next step:** Find the cause, assign an owner and report back.

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Forecasting connects the plan to cash in the bank

A rolling view shows when leadership needs to act

- Build a rolling view of expected cash receipts and payments, not just an annual budget.
- Test a base case and a downside case for uncertain renewals, delayed funding or cost pressures.
- Identify the assumptions that matter most and the point at which leadership needs to act.
- Assign an owner and update cadence so the forecast informs decisions throughout the year.



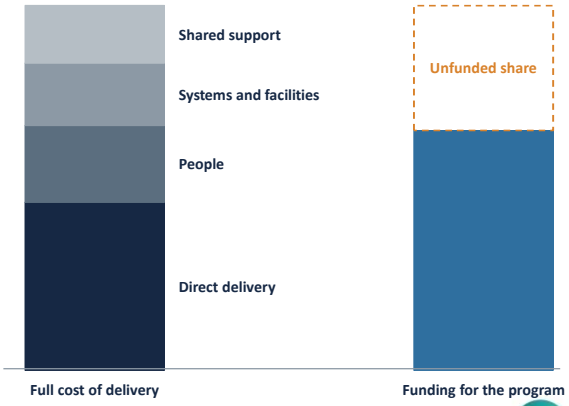
Illustrative paths — no actual figures

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Know the full cost of delivering each program

Resilience starts with comparing funding to the full cost of delivery

- Include direct program costs and a reasonable share of the people, systems, facilities and support needed to deliver the work.
- Make cost-allocation assumptions transparent and consistent.
- Compare funding with the full cost of delivery before committing to or renewing a program.
- Consider both financial sustainability and mission impact when options are constrained.



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Clear roles and controls make oversight practical

Different roles, shared information

Management prepares and recommends

- Prepares reliable information
- Explains results
- Brings forward risks and options

Board oversees and challenges

- Approves direction and budget
- Monitors performance and risk, and asks questions
- Does not replace management's operating role

Basic safeguards	Clear approval limits	Separation of duties	Reconciliations	Access controls
Compact dashboard	**Cash outlook** Coming months of receipts and payments	**Budget variances** Material gaps and their drivers	**Funding obligations** Conditions, reporting and deadlines	**Key risks** Top risks, owners and actions

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Role of the Audit and Auditor and Your Responsibility in the Audit

The auditor gives independent assurance; you remain responsible for the numbers

The audit and the auditor

- Checks the statements are fairly presented
- Reports an opinion to board, members, funders
- Tests evidence; does not keep the books
- **Note:** gives an opinion on overall reasonableness; does not necessarily detect fraud

Your responsibility

- Keep accurate records and prepare the statements
- Maintain controls and give the auditor full access
- Board reviews results and follows up on findings

Audit steps	1. Plan	2. Fieldwork	3. Report	4. Follow up
What you prepare	**Records ready** Reconciled accounts and support	**Open access** Staff time and documents on request	**Honest answers** Raise issues and changes early	**Act on findings** Assign owners and due dates

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Questions and discussion

Questions are most useful when they connect financial signals to mission choices.

Cash	Can we meet our obligations as they come due?
Funding	What do our agreements require of us?
Sustainability	Can we keep delivering this work at full cost?

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