Mastering Cash Flow:

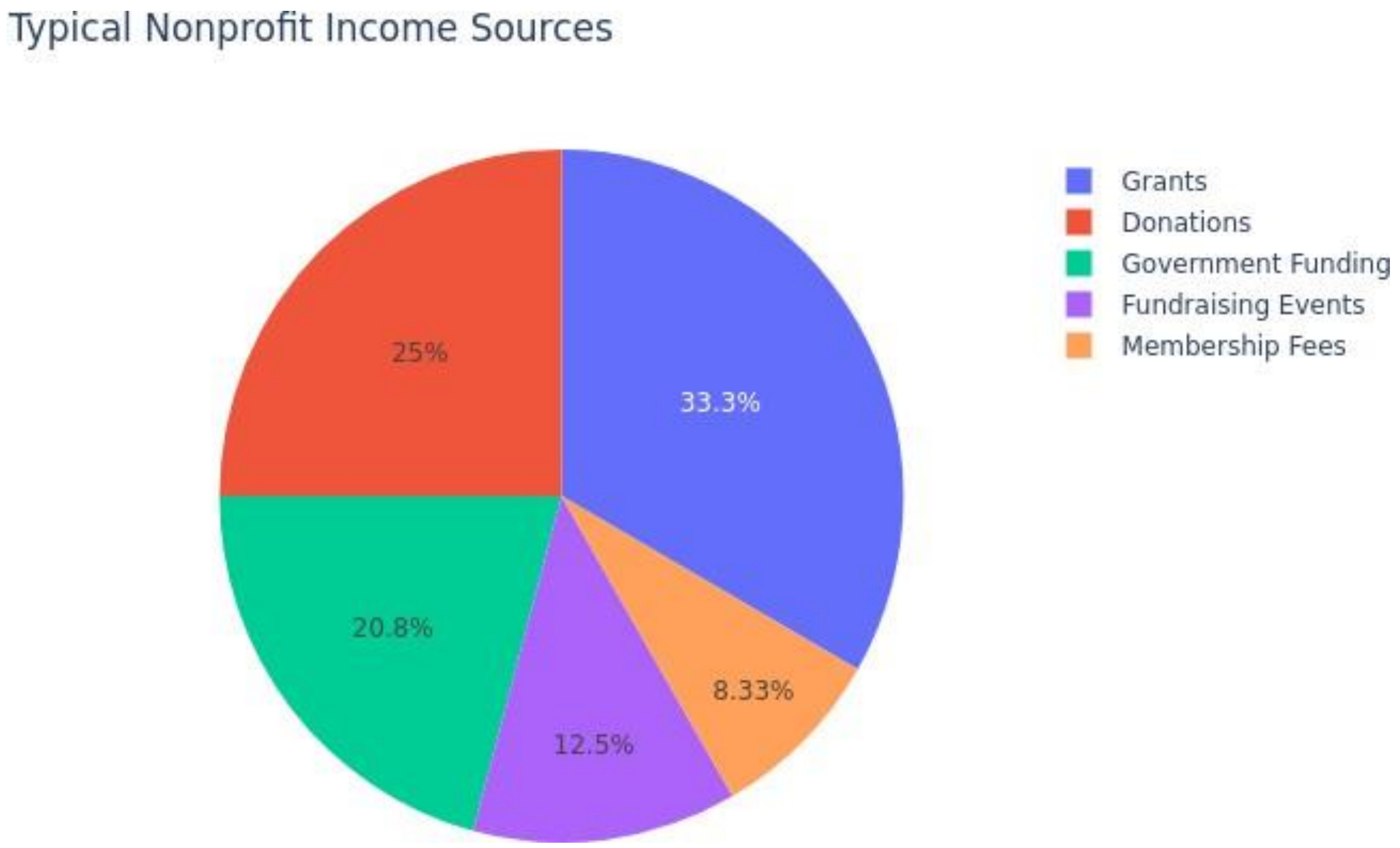
A LIFELINE FOR NON-PROFIT SUCCESS

Presented by Sandra E. Ray, CPA, P.C.

Session Objectives

- Understand the fundamentals of nonprofit cash flow
- Learn how to build and interpret a cash flow forecast
- Identify common cash flow challenges
- Explore strategies to manage and improve cash flow

Nonprofit Financial Overview



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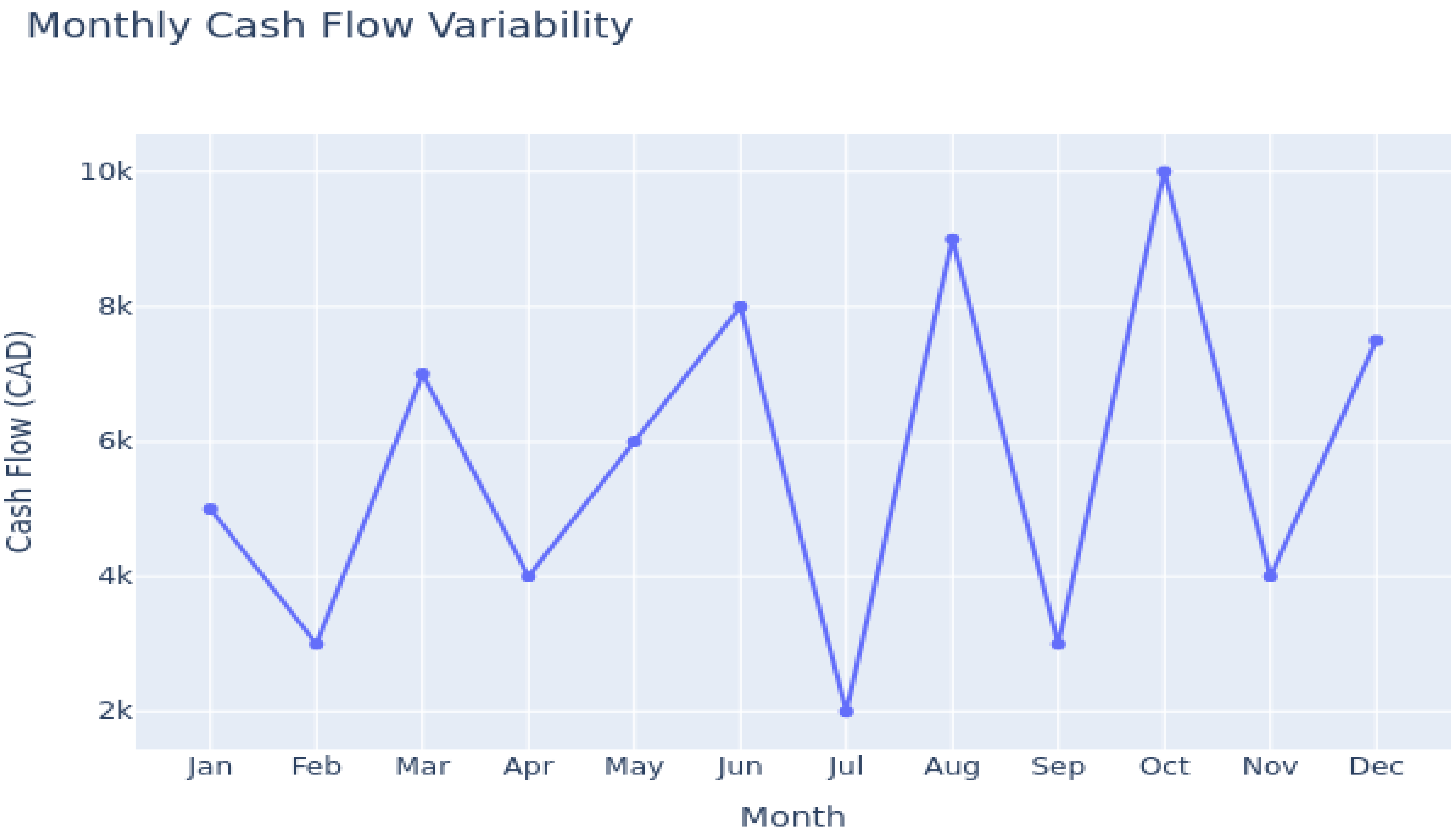

Poll Question

How comfortable are you with your organization's cash flow?

Please rate on a scale of 1 being the least comfortable and 5 being completely comfortable.

Understanding Cash Flow Basics

Cash Flow: Money **IN** and **OUT** of your Organization

Expenses
Payroll

Donations
Grants

Types of Cash Flow

Operating

Investing

Financing

Statement of Cash Flows - Direct

Statement of Cash Flows - Nonprofit Organization		
Operating Activities		
Cash received from donations	$25,000	
Cash received from grants	$30,000	
Cash paid for program services	($20,000)	
Cash paid for salaries	($15,000)	
Net cash from operating activities		$20,000
Investing Activities		
Purchase of equipment	($ 5,000)	
Net cash from investing activities		($ 5,000)
Financing Activities		
Proceeds from loans	$10,000	
Repayment of loans	($ 3,000)	
Net cash from financing activities		$ 7,000
Net Increase in Cash		$22,000

Statement of Cash Flows - Indirect

Change in Net Assets	$25,000	
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operations		
Depreciation	$ 3,000	
Changes in Working Capital		
Increase in Accounts Receivable	($ 4,000)	
Decrease in Accounts Payable	($ 2,000)	
Increase in Deferred Revenue	$ 1,000	
Net Cash Provided by Operating Activities		$23,000
Investing Activities		
Purchase of Equipment	($ 5,000)	
Net Cash Used in Investing Activities		($ 5,000)
Financing Activities		
Proceeds from Loan	$10,000	
Repayment of Loan	($ 6,000)	
Net Cash Provided by Financing Activities		$ 4,000
Net Increase in Cash		$22,000

Poll Question

What type of Statement of Cash Flows does your organization use?

- D = Direct
- I = Indirect
- N = None

Cash flow ≠ Profit

- **Positive Cash flow**: You can cover expenses and plan growth
- **Negative Cash flow**: Signals need for adjustments
- Understanding your cash flow helps prevent surprises and keeps mission sustainable

Building a Cash Flow Forecast

- Start with income sources: grants, donations, fees
- List out all expected expenses
- Use a rolling forecast (monthly/quarterly)
- Leverage spreadsheets or accounting software

Sample Cash Flow Forecast

Category	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Opening Cash Balance	15,000	16,000	11,050	6,450	12,100	8,100	5,950	9,450	6,600	2,200	8,050	4,050
Income - Grants	5,000	0	0	10,000	0	0	5,000	0	0	10,000	0	0
Income - Donations	2,000	1,500	1,800	2,200	2,500	3,000	2,800	2,600	2,400	2,700	2,900	3,100
Income - Program Revenue	1,500	1,200	1,100	1,300	1,500	3,000	4,000	3,000	1,800	1,900	2,000	2,100
Total Income	8,500	2,700	2,900	13,500	4,000	6,000	11,800	5,600	4,200	14,600	4,900	5,200
Expenses - Salaries	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Expenses - Rent	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Expenses - Program Costs	1,500	1,600	1,400	1,700	1,800	1,900	2,000	2,100	2,200	2,300	2,400	2,500
Expenses - Admin/Overhead	800	850	900	950	1,000	1,050	1,100	1,150	1,200	1,250	1,300	1,350
Total Expenses	7,500	7,650	7,500	7,850	8,000	8,150	8,300	8,450	8,600	8,750	8,900	9,050
Net Cash Flow	1,000	(4,950)	(4,600)	5,650	(4,000)	(2,150)	3,500	(2,850)	(4,400)	5,850	(4,000)	(3,850)
Closing Cash Balance	16,000	11,050	6,450	12,100	8,100	5,950	9,450	6,600	2,200	8,050	4,050	200

Common Cash Flow Challenges

01 Delayed Grant Reimbursements

02 Seasonal Donation Cycles

03 Restricted vs Unrestricted Funds

04 Overcommitting on programs

Strategies to Improve Cash Flow

- Build a reserve fund
- Diversify funding sources
- Invoice and follow up promptly
- Negotiate better payment terms
- Monitor weekly cash balances

Monitoring and Communication

- Use dashboards and regular check-ins
- Involve leadership and program teams
- Report clearly to the board
- Plan for best, worst, and expected scenarios

"Proactive communication builds confidence and avoids surprises."

Poll Question

How often are you monitoring the cash flow of your organization?

- A = Annually
- Q = Quarterly
- M = Monthly
- W = Weekly
- D = Daily


Q
A


TAX–


R.O.I.

THANK YOU FOR YOUR ATTENTION

If you have any further questions or would like to explore opportunities to work together, please don't hesitate to reach out to us.

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