RURAL PHILANTHROPY DAYS | NONPROFIT MANAGEMENT CENTER

Finance Without Fear

What Every Nonprofit Staffer Should Know

A plain-language look at the budget, internal controls, and why the finance function is your biggest ally.

Cultivating Strong Staff track • 45 minutes

YOUR PRESENTER

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A CPA and lifelong Midland resident, Roy has spent his career turning financial complexity into plain language, from public accounting and oil-and-gas finance to leading the books at a private foundation. He serves on nonprofit boards across the Permian Basin, so he knows firsthand why finance should feel like an ally, not an obstacle.

IN THE NONPROFIT COMMUNITY

- **Treasurer** Nonprofit Management Center
- **Treasurer** Midland Education Foundation
- **President** Team Midland

"The meaning of life is to find your gift. The purpose of life is to give it away." **Pablo Picasso**

LET'S BE HONEST

The fear is real, and you are not alone

A quick show of hands:

“Who here has actually opened our organization's financial statements?”

Most hands stay down. That is the whole reason this session exists.

What the fear sounds like

“Numbers just aren't my thing.”

“That's the finance office's job, not mine.”

“I don't want to look like I don't understand.”

“If I ask, I'll get buried in accounting terms.”

THE PROMISE

What this session is, and what it is not

This is financial literacy for everyone: the few ideas that make the numbers make sense.

It is not a CFO clinic. No debits, no credits, no jargon you'll never use again.

By the end, everyone in the room can:

1

See stewardship as your job

Caring for the money is part of every role, not just the finance office's.

2

Read the basic story

Where money comes from and goes, plus restricted vs. unrestricted funds.

3

Know a healthy nonprofit

The signs of financial health, and the questions worth asking.

THE WHY

Finance is your friend, not your fence

Before any numbers, the mindset shift: the finance function exists to move the mission forward, not to hold it back.

THE MINDSET SHIFT

A tool for the mission, not a limitation on it

Same finance office. Two very different stories about what it is for.

The old story

- “The department that says no.”
- A gate to get past for what you need
- Rules that seem to exist to slow you down
- Something to avoid until audit season

The truer story

✓ The GPS that shows what's possible

✓ How a good idea becomes a funded plan

✓ Early warning before small problems grow

✓ Proof to funders that you can be trusted

OBJECTIVE 1

Stewardship is everyone's job

Every dollar was given in trust.

Stewardship just means honoring that trust. It does not require a finance title.

You steward the money whenever you...

Code a receipt or submit an expense	*The program coordinator*
Write a grant report on how funds were used	*The development staffer*
Approve a timesheet or a purchase	*The manager*
Ask "can we afford this?" in a meeting	*The board member*

02

THE BUDGET

The budget, without fear

The document people dread most is really just your mission with a price tag, and a plan for making it happen.

OBJECTIVE 2

What a budget really is

A budget is your mission, written in numbers. It is a plan and a roadmap, not a cage.

It points the way

Where the organization intends to go this year, and what that will take.

It was built by people

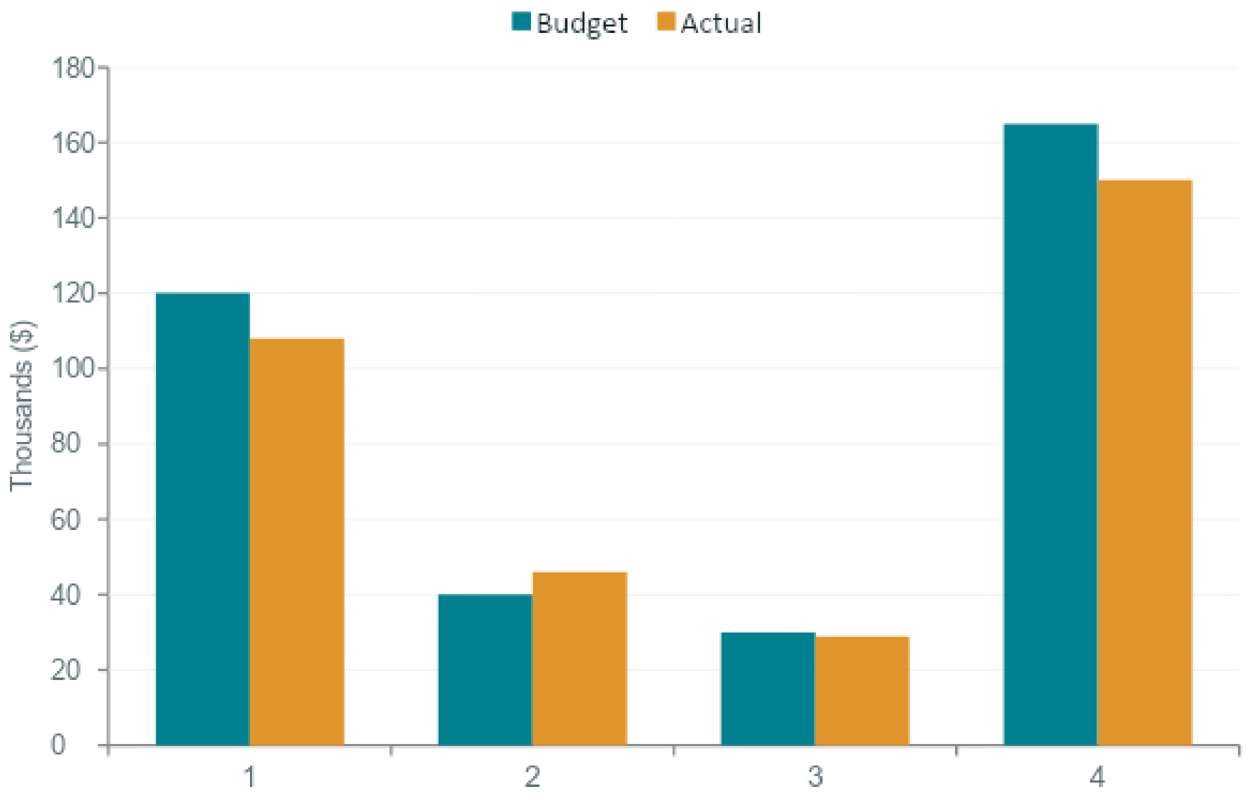
It reflects real choices, so it can be discussed, questioned, and revised.

It makes “yes” possible

A funded budget line is permission. That is the opposite of a limitation.

Budget vs. actual: a conversation, not a report card

Comparing plan to reality is how you steer during the year. A gap (a “variance”) is information, not a grade.



Ask three calm questions

1 **Is the gap big enough to matter?**

A few percent is noise. Focus on the lines that move the mission or the cash.

2 **Do we know why?**

Timing, a delayed grant, a one-time cost. Most variances have a simple story.

3 **What, if anything, do we change?**

Sometimes nothing. Sometimes you adjust the plan. The point is to decide on purpose.

THE PUZZLE EVERYONE HITS

Restricted vs. unrestricted funds

This one line solves the classic mystery: “How can we have money in the bank and still not be able to use it?”

Restricted

Given for a specific purpose. The donor's intent is a promise you must keep.

Example: A $50,000 grant “for the after-school program only.” It cannot cover this month's rent, even if rent is tight.

Unrestricted

Given with no strings. Leadership can direct it wherever the need is greatest.

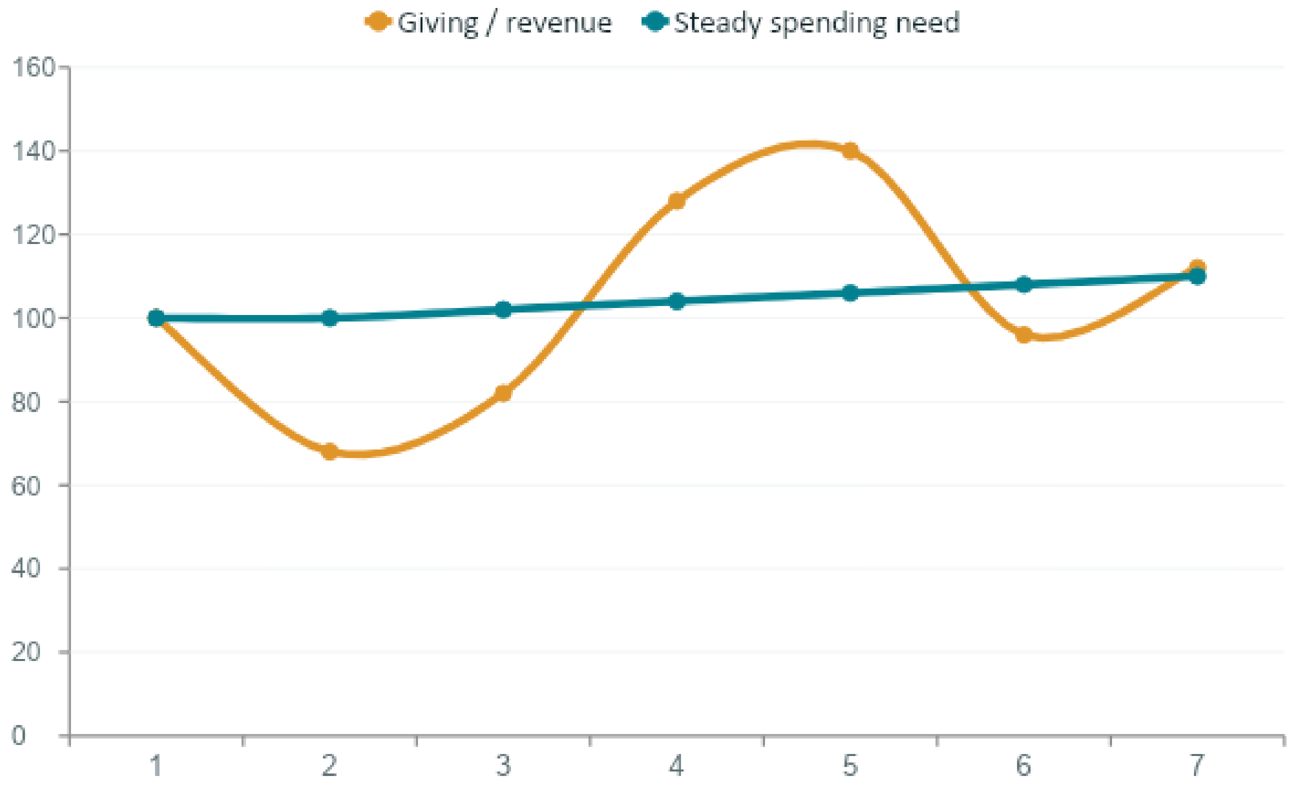
Example: A general donation or an unrestricted year-end gift. This is the flexible fuel that keeps the lights on.

Why staff should care: unrestricted gifts are the hardest to raise and the most valuable. Guard them.

OPTIONAL LOCAL LENS

Budgeting through boom and bust

Out here, revenue can rise and fall with the energy cycle. The budget and a reserve are what carry a mission across the dips.



The takeaway

Spending needs stay steady while giving swings. That gap is exactly what a reserve is for.

A budget built for the average year, plus a cushion for the lean one, is how a boom-and-bust economy stops running your mission.

INTERNAL CONTROLS

03

Internal controls, without fear

Segregation of duties can feel like your organization does not trust you. The truth is the opposite: controls exist to protect you.

THE REFRAME

Controls are protection, not suspicion

Good controls assume good people. They exist so that honest mistakes get caught and no honest person is ever wrongly suspected.

They protect the mission

One error can undo years of trust. Controls keep small problems small.

They protect the people

With duties shared, no one is blamed for what they could not do alone.

They protect the funding

Funders and auditors look for controls. Having them protects your grants.

THE CLASSIC CONTROL

Segregation of duties, in one picture

The idea is simple: no single person controls a transaction from start to finish. Split the steps, and each one checks the last.

Request

Someone asks to spend or buy.

Approve

A different person signs off.

Pay

A third releases the money.

Reconcile

A fourth checks it all matches.

The magic: for money to go missing, several people would have to fail or collude at once. That is what makes fraud hard and honest mistakes visible.

MAKE IT PERSONAL

Why this protects you, specifically

"I never want to be the only one who touched the money."

That instinct is exactly right, and controls make it real.

- A second set of eyes catches your honest mistakes before they become a problem.
- A clear paper trail means your good work is documented and defensible.
- Shared duties mean you can never be wrongly blamed for a loss you could not have caused.
- When you go on vacation, the work continues, because it was never all on you.

REAL-WORLD OBJECTION

“But we only have three people”

You do not need a big staff to have real controls. You need a few smart habits and a willing board.

Borrow a board member

Have a treasurer or board volunteer review bank statements each month. Outside eyes, zero new hires.

Split what you can

Even two people can divide duties: one enters bills, the other signs checks and opens the mail.

Add outside review

An annual review or an accountant's periodic look adds a layer no small team can provide alone.

These are “compensating controls”: practical substitutes when you cannot fully separate every duty.

OBJECTIVE 3

Four signs of a financially healthy nonprofit

You do not need to be an analyst to read the vital signs. Watch these four, and you will spot trouble early.

Cash on hand

Enough in the bank to cover the bills that are due. Cash is oxygen; watch it first.

Operating reserve

A cushion of a few months' expenses saved for the lean season or a surprise.

Diverse revenue

Income from several sources, so losing one grant does not sink the whole ship.

Roughly balanced budget

Over time, money in covers money out. Small surpluses build strength.

YOU ARE READY

Three questions any staffer or board member can ask

You do not need answers to be a good steward. You need the confidence to ask. These three always earn respect.

Q1

Are we spending in line with our budget, and if not, why?

Shows you see the budget as a living plan worth steering.

Q2

How much cash and reserve do we have right now?

Gets straight to resilience: can we weather a slow month?

Q3

Is this money restricted or unrestricted?

The question that prevents the most honest, painful mistakes.

IF YOU REMEMBER ONE THING

The finance function is not the fence around your mission. It is the ground it stands on.

Understand the budget, respect the controls, ask the questions, and finance becomes what it was always meant to be: the quiet engine that lets good work happen.

TAKE THIS WITH YOU

Your one-page finance cheat sheet

Snap a photo of this slide. It is everything above, on a single card.

4 numbers that signal health

1. Cash on hand vs. bills due
2. Months of operating reserve
3. Mix of revenue sources
4. Budget roughly in balance over time

3 questions to ask out loud

1. Are we on budget, and if not, why?
2. How much cash and reserve do we have?
3. Is this money restricted or unrestricted?

Questions, and no wrong ones

Thank you. If today made finance feel a little less scary, it did its job.

Take the cheat sheet. Ask the three questions. Treat every dollar as trust.