

Mastering Financial Management: Essential Skills for Association Executives

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Presented to you by:





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Today's Speaker



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Enkel

[en-kel] Adjective | Simple

Co-founded by Omar Visram in 2016 with a simple problem in mind “*You can’t build a great organization without good books*”

- 300 clients
- 100+ NPOs and Member-Based Associations
- Financial operations support — bookkeeping, payroll, and more.
- Strategic Guidance — CFO Advisory and Controllershship

Acknowledgement: Enkel would like to acknowledge that our offices are situated on the unceded traditional territories of the xʷməθkʷəy̓əm (Musqueam), Sḵw̓x̓ wú7mesh (Squamish), and səliłwətaʔ (Tseil-Waututh) Nations.





What You'll Learn

- Strengthen your financial knowledge
- Avoid costly mistakes and common pitfalls
- Steer your association's finances with confidence



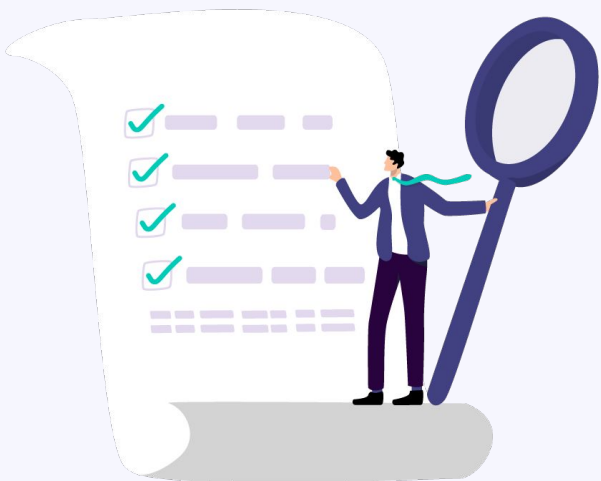
Financial Literacy

What Executive Leaders Need to Know



Why Financial Literacy Matters

- Understand, interpret, and question financial statements.
- Identify risks and ensure compliance with guidelines.
- Manage and disburse funds responsibly.
- Create efficient financial systems and save your team time.
- Accurate, transparent reporting for your team and board.
- Easy access to the numbers and reports you need.
- Data you can rely on.



Financial Statements Overview

Sample Association

Balance Sheet

As of December 31, 2024

Assets		Liabilities & Net Assets	
Current Assets		Current Liabilities	
Cash	\$150,000	Accounts Payable	\$20,000
Grants Receivable	\$25,000	Deferred Revenue	\$10,000
Prepaid Expenses	\$5,000	Total Current Liabilities	\$30,000
Total Current Assets	\$180,000		
		Net Assets	
Non-Current Assets		Unrestricted Net Assets	\$200,000
Property and Equipment (Net)	\$100,000	Temporarily Restricted Net Assets	\$50,000
Investments	\$50,000	Permanently Restricted Net Assets	\$50,000
Total Non-Current Assets	\$150,000	Total Net Assets	\$300,000
Total Assets	\$330,000	Total Liabilities & Net Assets	\$330,000

Balance Sheet

What It Does

Shows the financial position of the organization (assets, liabilities, and equity)

When to Use It

Use it to assess overall financial health and solvency.

Sample Association

Statement of Operations

For the Year Ended December 31, 2024

Revenue	
Membership Dues	\$250,000
Grants and Donations	\$100,000
Program Fees	\$75,000
Sponsorships & Events	\$50,000
Total Revenue	\$475,000
Expenses	
-----	-----
Salaries and Wages	\$200,000
Program Costs	\$80,000
Administrative Expenses	\$40,000
Rent and Utilities	\$30,000
Office Supplies	\$15,000
Technology Expenses	\$10,000
Travel	\$5,000
Depreciation	\$10,000
Total Expenses	\$390,000
Excess of Revenue over Expenses	\$85,000

Income Statement

What It Does

Tracks revenue, expenses, and net income (or loss) over a period.

When to Use It

Use it to analyze profitability and performance.



Cash Flow Statement

What It Does

Reflects cash inflows and outflows from operating, investing, and financing activities.

When to Use It

Use it to monitor liquidity and cash availability.

A stylized illustration of a man in a dark blue suit jacket, white shirt, and dark trousers. He is looking up at a red flag on a pole. His right hand is raised to his chin in a thoughtful pose. A teal scarf is draped around his neck. The background is split into a white left side and a dark blue right side.

Financial Statements Identifying Red Flags



Revenue Recognition Errors

Financial Statement to Use

Income Statement

Where/How to Find It

Check if revenue matches the period when services are provided, not when cash is received.



Inconsistent Balance Sheet Items

Financial Statement to Use

Balance Sheet

Where/How to Find It

Look for unexpected jumps or drops in assets or liabilities, particularly accounts receivable or payable.



Large Deficits or Surpluses

Financial Statement to Use

Income Statement and Budget vs Actual Report

Where/How to Find It

Compare actual revenue/expenses to forecasts to spot significant deviations.



Revenue Recognition

The Biggest Mistake We See



Revenue Recognition

Record revenue when it is earned, not when cash is received.

Why It Matters

- Ensures accurate financial reporting and data
- Ensures compliance with accounting standards
- Reduces audit issues
- Improves decision-making



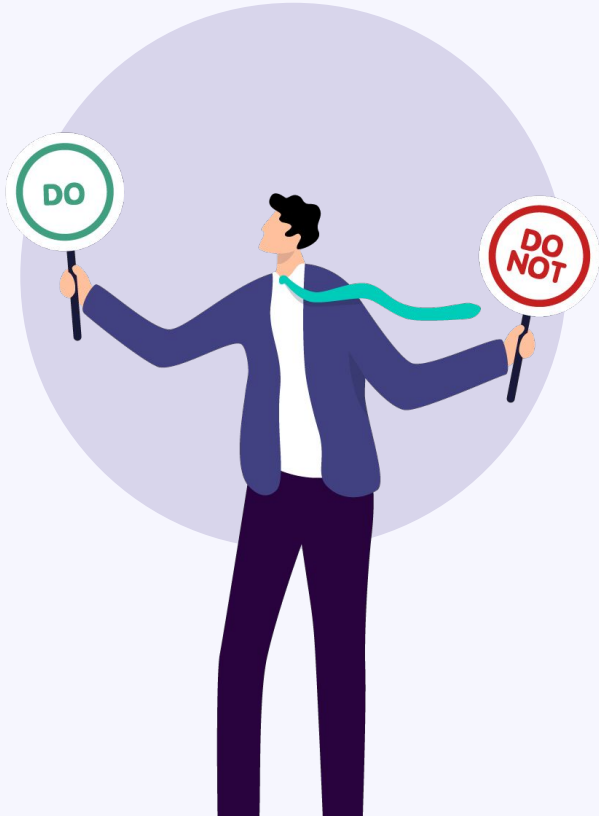
Revenue Type: Membership Dues

DO

Recognize revenue monthly over the membership period (e.g., \$1,000/month for 12 months).

DO NOT

Do not record the entire payment upfront when the cash is received.



Revenue Type: Sponsorships & Events

DO

Recognize revenue when the event occurs or when sponsorship conditions are met.

DO NOT

Do not record revenue before the event or before conditions are fulfilled.



Revenue Type: Education & Development Income

DO

Recognize revenue after the course/service is delivered.

DO NOT

Do not record revenue when payment is received if the course/service has not yet been provided.



Best Practices for Strengthening Financial Resilience

Strategy:

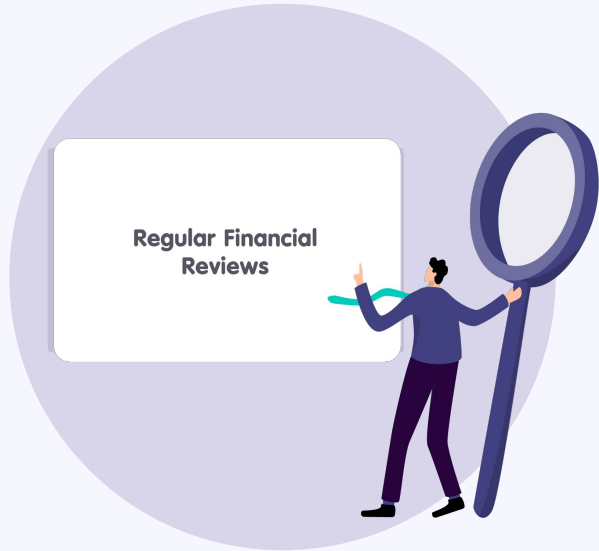
Regular Financial Reviews

What It Involves

Conduct financial reviews with your board to ensure financial health and alignment with strategic goals.

Benefits

Ensures early detection of issues and keeps financial goals on track.





Maintaining Cash
Reserves

Strategy:

Maintaining Cash Reserves

What It Involves

Keep at least 3x monthly operating expenses in cash reserves for unexpected costs.

Benefits

Provides a financial cushion to handle emergencies and unplanned expenses.



Strategy: Forecasting

What It Involves

Work with a Fractional CFO to forecast future revenue and expenses, preparing for growth or challenges.

Benefits

Helps you plan for the future and make informed strategic decisions.

An illustration of a person in a blue suit pointing at a whiteboard. The whiteboard has the text 'Diversify Revenue Streams' on it. The person is holding a large magnifying glass over the whiteboard. The background is a light purple circle.

Diversify Revenue
Streams

Strategy:

Diversify Revenue Streams

What It Involves

Explore new revenue sources (e.g., grants, partnerships) to reduce dependency on membership dues.

Benefits

Reduces risk by preventing over-reliance on a single revenue source.



Scenario
Planning

Strategy:

Scenario Planning

What It Involves

Use “what-if” scenarios to assess financial impact (e.g., membership drops, event cancellations).

Benefits

Improves preparedness for financial changes, helping mitigate risk.



Strategy:

Leverage Financial Technology

What It Involves

Implement budgeting and financial tracking tools for real-time accuracy.

Benefits

Enhances financial tracking, providing greater transparency and efficiency in decision-making.



**Build the Right
Financial Team**

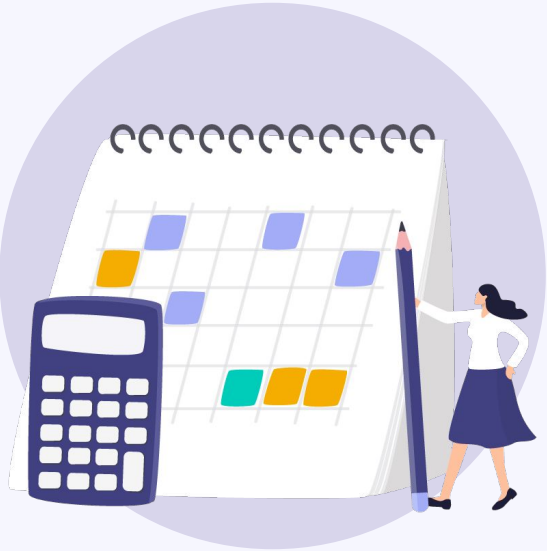
Role: Bookkeeper

What They Do

Manages daily financial tasks like recording membership dues, invoicing, and reconciliation of member payments.

When to Hire

When membership dues, event fees, and program revenues become complex and need consistent tracking.



Role: Controller

What They Do

Ensures compliance with Canadian nonprofit standards (ASNPO), prepares financial statements, and manages audits.

When to Hire

When tax filings and audits require professional oversight, or to ensure compliance with nonprofit regulations.



Role: CFO

What They Do


Provides strategic financial oversight, long-term planning, and financial reporting to boards.

When to Hire

When your association needs high-level financial strategy for budgeting, forecasting, or board presentations.

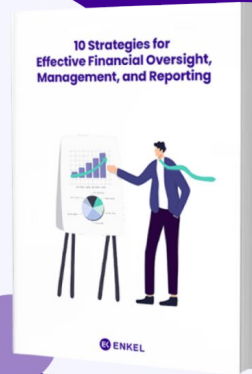
Questions?

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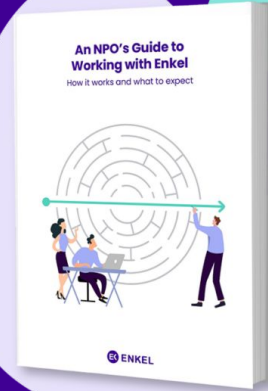
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**10 Strategies for Effective
Financial Oversight, Management,
and Reporting**

<https://hubs.li/Q02T6SYn0>



**An NPO's Guide to
Working with Enkel**

<https://hubs.li/Q02Tldn30>