

CLARB

ADVANCING PROFESSIONAL STANDARDS
IN LANDSCAPE ARCHITECTURE



LEADERSHIP
DEVELOPMENT
PROGRAM

Nonprofit Finance 101

June 10, 2026

Webinar Tech Tips and Reminders



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Chat function on bottom of screen is available – and presenters will see questions posted.



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Today's presenter



Matt Miller

CLARB Chief Executive Officer

Agenda

01

Foundations of nonprofit finances

- Identify unique features of nonprofit corporations
- Explain differences between common nonprofit tax exemption statuses
- Review nonprofit financial statements
- Analyze a nonprofit organization's program based on "mission" and "margin"

02

Strategic budgeting

- What is strategic budgeting?
- Strategic program mapping
- Strategic reserves

Foundations of Nonprofit Finances

Nonprofits



63 Million Volunteers



Twenty-five percent of America's adults volunteer their time, talent, and energy to making a difference in their communities.



\$390 Billion

Americans are generous. Total charitable giving in the U.S. in 2016 was about \$390 billion, a 2.7 percent increase from the previous year.



\$24.14 per hour

Each hour volunteered generated \$24.14 in value.

\$193 Billion

In 2016, Americans contributed approximately \$193 billion in value to their communities through volunteer hours.



What's the Deal with Tax Status?



**Funding
the
Mission**

the IRS



Giveth

and the IRS



Taketh away



**Allowable
Activities**

Not for Profit



Against Profit

Nonprofit “Types”

Nonprofit is a type of organization, not-for-profit is a type of activity, and tax-exempt is a status granted by the IRS

501(c)(3)

**religious,
educational,
charitable,
scientific, literary**

501(c)(4)

**social welfare
organizations**

501(c)(6)

**trade
associations,
business leagues**

Nonprofit “Types”

	501(c)(3)	501(c)(4)	501(c)(6)
Focus	Public	Civic/Social	Business
Deductible Contributions	Yes	No	No
Lobbying	Insubstantial	Allowed	Allowed
Disclose Donors	Yes	No	No
Examples	<i>Goodwill</i> <i>Landscape Architect Foundation</i> <i>Gates Foundation</i> <i>American Heart Association</i>	<i>Sierra Club</i> <i>National Rifle Association</i> <i>AARP</i> <i>Rotatory Club</i>	<i>Chamber of Commerce</i> <i>ASLA</i> <i>NCAA</i>

Key Question

Who owns a nonprofit?

Nonprofit Financial Statements

- Statement of Financial Position (Balance Sheet)
- Statement of Activities (Income Statement)
- IRS Form 990 (Tax Filing)

Statement of Financial Position (Balance Sheet)

A snapshot, representing the state of an organization's finances as of the date of publication.

Young Reders Association Statement of Financial Position 2023

	2023	2022
Assets		
Current Assets		
Cash and Cash Equivalents	\$650,000	\$210,000
Inventory	35,000	12,000
Accounts Receivable	17,500	15,000
Prepaid Expenses	60,000	23,000
Total Current Assets	\$762,500	\$260,000
Non-Current Assets		
Investments	750,000	1,050,000
Property and Equipment	41,000	45,000
Leasehold Improvements	6,500	6,500
Software Development	150,000	135,000
Accumulated Depreciation	(165,000)	(150,000)
Total Non-Current Assets	782,500	1,086,500
Total Assets	\$1,545,000	\$1,346,500
Liabilities		
Current Liabilities		
Accounts Payable	17,400	22,100
Accrued Expenses	9,100	15,400
Deferred Revenue	35,000	101,000
Prepaid Dues	112,000	113,000
Total Current Liabilities	173,500	251,500
Long Term Liabilities		
Deferred Rent	24,000	36,000
Total Long-Term Liabilities	\$24,000	\$36,000
Total Liabilities	\$197,500	\$287,500
Net Assets		
Unrestricted Net Assets	1,197,300	913,800
Restricted Net Assets	150,200	145,200
Total Net Assets	\$1,347,500	\$1,059,000
Total Liabilities and Net Assets	1,545,000	1,346,500

Statement of Financial Position (Balance Sheet)

a snapshot, representing the state of an organization's finances as of the date of publication.

Assets = what the org owns

Liabilities = what the org owes

Net Assets = what the org is worth (Equity)



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Statement of Financial Position (Balance Sheet)

What to look for:

- *BIG changes* from one year to the next in any one line item. Ask “why?”
- Ability to “*pay the bills*”. Current Assets vs. Current Liabilities (ratio should be at least 2 to 1).
- Growth or contraction in Net Assets from the previous year.

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**Statement of Financial Position
(Balance Sheet)**

Formulas to help in analysis:

Current Ratio (liquidity):

$\frac{\text{Current Assets}}{\text{Current Liabilities}}$

Debt to Net Assets % (leverage):

$\frac{\text{Total Liabilities}}{\text{Unrestricted Net Assets}}$

*Reserves to Operating Expense**

$\frac{\text{Investments}}{\text{Annual Operating Expense}}$

X 12

Statement of Activities (Income Statement / P&L)

Primarily focuses on the organization's revenues and expenses during a particular period (usually by year or month).

Young Readers Association Statement of Activities 2021-2023

	2023		2022		2021
REVENUE					
Membership	\$	318,600	\$	308,100	\$ 312,200
Annual Conference Registration	\$	501,200	\$	412,900	\$ 493,200
Conference-Exhibits & Sponsorships	\$	700,000	\$	634,000	\$ 557,000
Magazine Advertising	\$	213,200	\$	348,400	\$ 411,100
Contributions	\$	117,100	\$	131,000	\$ 149,000
Branded Items	\$	51,400	\$	33,400	\$ 29,200
TOTAL REVENUE	\$	1,901,500	\$	1,867,800	\$ 1,951,700
EXPENSES					
<i>Program Expenses</i>					
Membership	\$	200,000	\$	201,200	\$ 205,400
Annual Conference Sessions	\$	279,800	\$	225,200	\$ 279,300
Conference-Exhibits & Sponsorships	\$	403,900	\$	350,000	\$ 321,000
Magazine Production	\$	225,400	\$	189,900	\$ 172,700
Fundraising	\$	7,300	\$	8,900	\$ 11,200
Branded Items	\$	35,000	\$	36,500	\$ 30,100
<i>Total Program Expenses</i>	\$	1,151,400	\$	1,011,700	\$ 1,019,700
<i>Indirect Expenses</i>					
General & Administrative	\$	173,200	\$	165,200	\$ 181,000
Salaries & Benefits	\$	575,000	\$	541,000	\$ 522,000
<i>Total Indirect Expenses</i>	\$	748,200	\$	706,200	\$ 703,000
TOTAL OPERATING EXPENSES	\$	1,899,600	\$	1,717,900	\$ 1,722,700
OPERATING SURPLUS (Profit)					
	\$	1,900	\$	149,900	\$ 229,000
<i>Nonoperating Income (Expense)</i>					
Unearned Gain/Loss on Investments	\$	127,200	\$	(163,300)	\$ 15,300
NET INCOME (LOSS) / Change to Net Assets	\$	129,100	\$	(13,400)	\$ 244,300

Statement of Activities (Income Statement / P&L) primarily focuses on the organization's revenues and expenses during a particular period (usually one year).

Revenues by type or program

Expenses by type or program

Surpluses (Profits)

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Statement of Activities (Income Statement / P&L)

What to look for:

- Trends over time
- Program Sustainability
- Operating Surplus
- Administrative costs

IRS Form 990

- Tax return required for organizations exempt from federal income tax





Questions?

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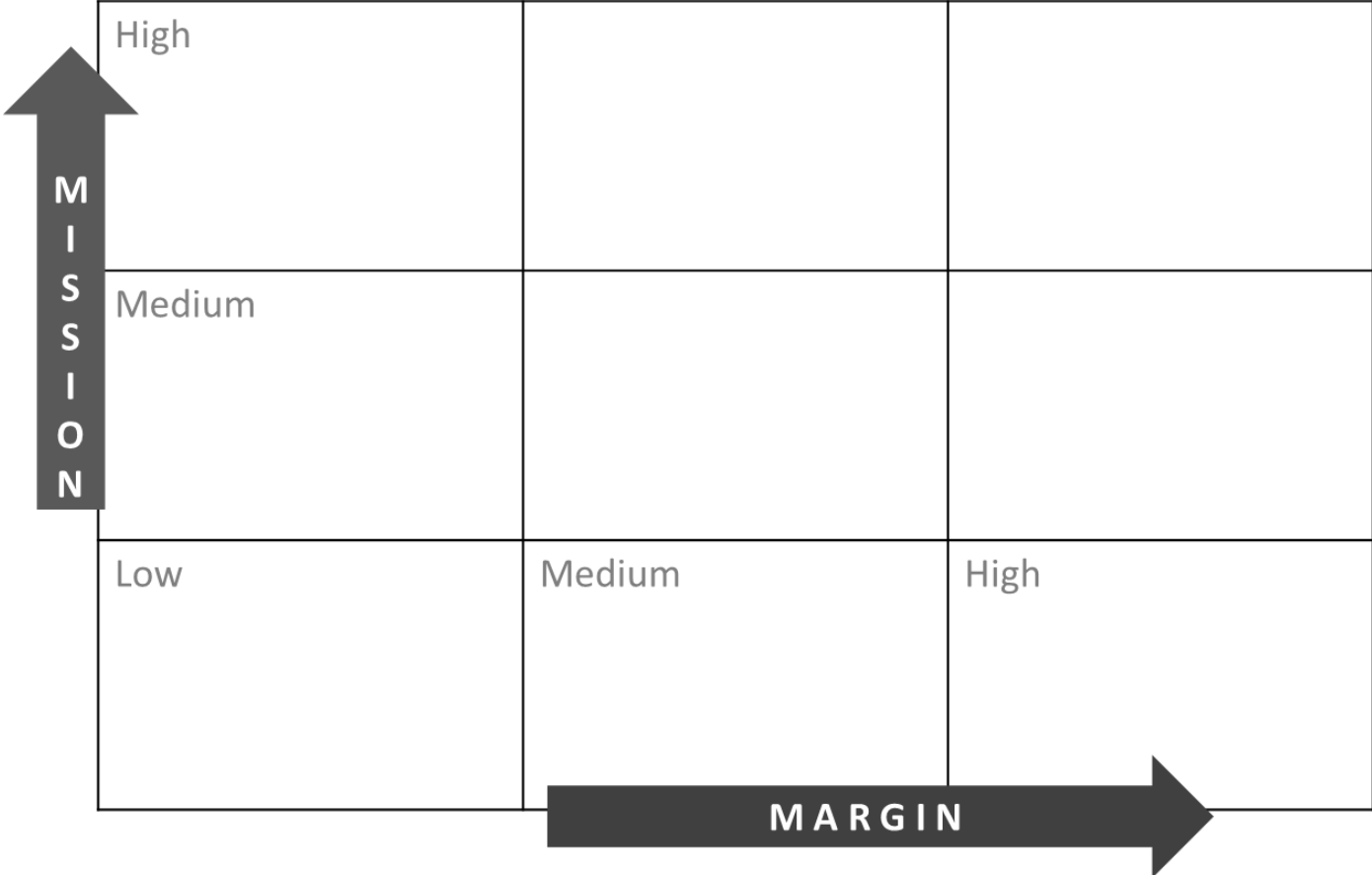
Nonprofit Business Model

No mission, no reason.



No margin, no mission.

Mission-Margin



Mission- Margin Assessment: An Example Mission

Young Readers Association

About YRA

The Young Readers' Association is a national advocacy and membership organization of more than 100,000 educators, researchers, librarians, parents, and experts. With more than 50 years of experience, YRA has set the standard for how literacy is defined, taught, and evaluated

YRA Mission: Equip educators, motivate learners, and inform leaders with the resources they need to make literacy accessible for all.

Mission-Margin Assessment: An Example Programs

Membership	Annual dues provide access the following resources and benefits: <ul style="list-style-type: none">• Reading Today: Member Magazine that reports on the latest trends in reading education. Advertising also appears within.• Reading Roadmaps: Standards-based curriculum for reading educators• Access to Peer Reviewed Journals• Collaboration with colleagues and networking opportunities through volunteering at the local section
Reading Magazine	Member magazine that reports on the latest trends in reading and provides easy-to-implement classroom strategies for reaching diverse learners. Advertising is sold in the member magazine
Annual Conference Sessions	Registration fees provide to access educational sessions at the YRA Annual conference including: General Sessions, Keynote Speakers, Educator Workshops, Research Paper Presentations, and the Reading Equality Workshop.
Annual Conference Exhibits & Sponsorships	Opportunities for corporate sponsorship, advertising, and exhibit space is offered at the annual conference to generate revenue. Sponsors include children’s literature publishers, textbook publishers, software companies for grade tracking and video gaming, teacher supply outlets, and TV Channels such as Nickelodeon and Disney. Sponsorships include keynote addresses, Wi-Fi, chair massages, product workshops, lanyards, and a VIP lounge.
Branded Items	Through a partnership with Staples, YRA offers its members (and others) the opportunity to purchase YRA-branded T-shirts, Polos, Hats, Coffee Mugs, etc.

Mission- Margin Assessment: An Example Margin

Young Readers Association Statement of Activities 2021-2023

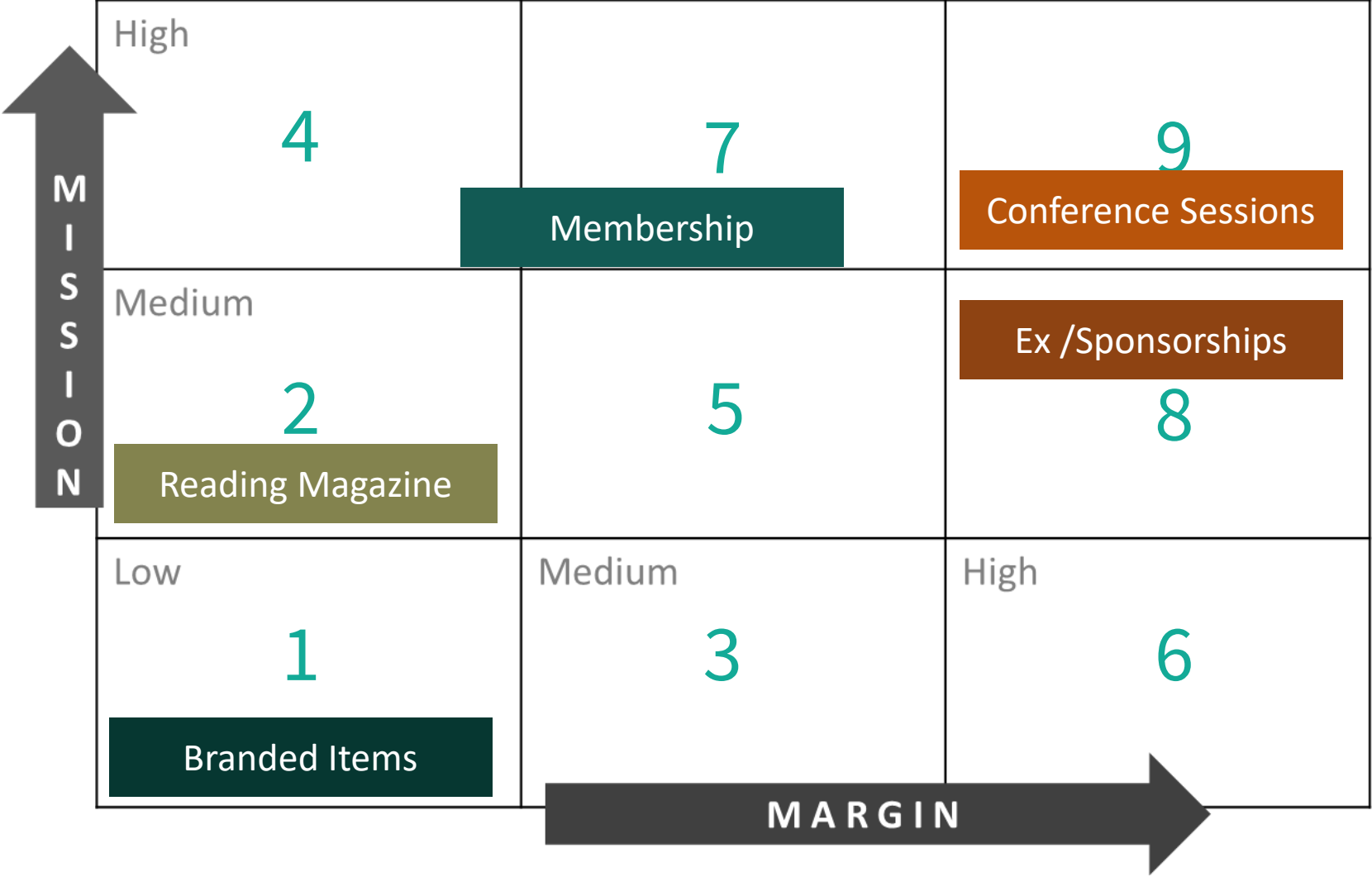
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Mission-Margin

- Membership
- Reading Magazine
- Conference Sessions
- Ex /Sponsorships
- Branded Items

MISSION ↑	High	4	7	9
	Medium	2	5	8
	Low	1	3	6
		MARGIN →		

Mission-Margin





Questions?

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Strategic Budgeting



“A budget is more than numbers on a page; it is an embodiment of our values.” — Barack Obama

“Plans are nothing; planning is everything.” — Dwight D. Eisenhower

“Budgeting is telling your money where to go instead of wondering where it went.” — Dave Ramsey

Strategic Budgeting

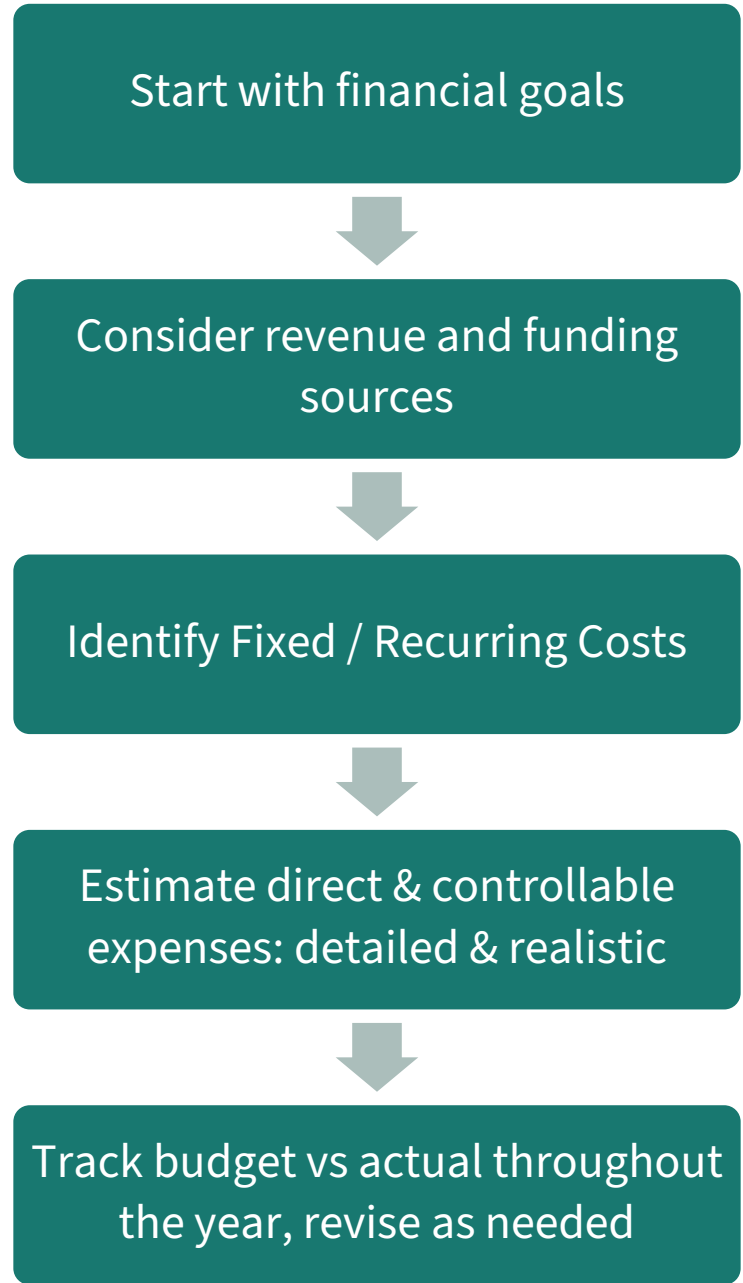
The secret to budgeting is that it needs to be honest. Not what you think it should be or wish it could be, but what it really is.

— Lisa Conway-Hughes

Detailed

Realistic

Flexible



The Budgeting Process

A budget is a roadmap for the next year. It doesn't restrict you; it empowers you.

**Planning can't and won't
make revenue magically
appear.**



Revenue-Based Thinking

Focus on ways to acquire and retain sources of revenue by providing a unique value proposition to your targeted constituents.

- Members?
- Industry Partners?
- Donors?
- Transactional customers?

Who is my target audience?



- That they want/need
- that they are willing to pay for or fund
- And, ideally, that no one else can offer them as well or as affordably

What do I have (or can build)...



Strategic Program Mapping – Making Room for Strategy

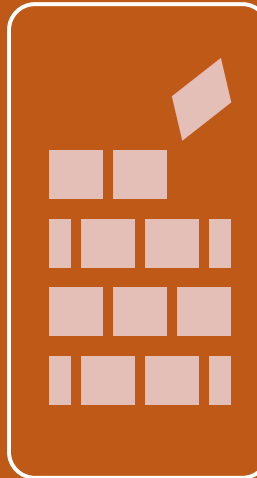
Strategic Value (Alignment): The degree to which the program / activity / expense is directly related to a strategic goal or is mission critical.

Competency: The degree to which your organization has a compelling value proposition, expertise, or unique capability valued by the target audience or beneficiary.



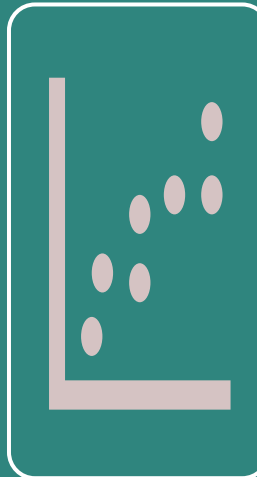
Top-Down Revenue-Based Thinking

Your ability to generate revenue dictates what you can afford, so ask questions!



Myth 1: If you build it, they will come...

- What part of the revenue is not be entirely within the organization's control?
- Is the revenue from new initiatives overestimated?
- Have you risks-adjusted your assumptions?



Myth 2: Revenue growth will cover new expenses...

- How might the future differ from the past from which the assumptions were derived?
- How do revenue growth rates differ from expense growth rates?
- Are you spending the same revenue dollars many times over?

What does this look like?

1. Strategic Goal

Refine Business Model for Sustainability

2. Strategy

Diversify revenue with new certificate program

3. Measure

Course fee revenue growth (+5%)

4. Impact

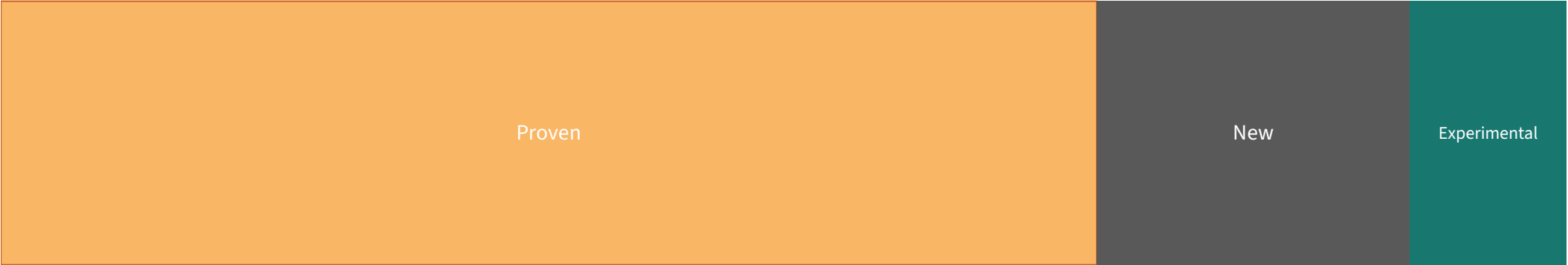
Increase fee revenue; staff and system costs

\$Thousands	Actual Current	Year 1	Budget Year 2	Year 3+
Revenue				
Dues	1,000	1,050	1,103	1,158
Meetings	500	525	551	579
Grants & Donations	150	158	165	174
Certification Fees	-	-	50	150
Total Revenue	1,650	1,733	1,869	2,060
<i>YoY% Increase</i>		<i>5%</i>	<i>8%</i>	<i>10%</i>
Expenses				
Salaries	660	726	755	786
Meeting Expense	400	424	449	476
Software Costs	100	106	137	146
Professional Services	100	105	110	150
G&A	350	368	386	405
Total Expenses	1,610	1,729	1,838	1,963
Net Revenue	40	4	31	97

Making Room For Strategy

Allocating Resources to Fund Strategic Initiatives

70/20/10 RULE



0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

STRATEGIC RESOURCE ALLOCATION

Strategic Reserves

- If an organization has long-terms reserves, consider using reserves (subject to required approvals) to invest in strategic initiatives given they:
 - Align with the organization's strategic priorities and mission, and
 - Are expected to generate future revenue to sustain the organization.



Questions?





Thank you

Thank you for attending

We value your feedback.
Please complete the short survey.



Scan the QR code to
complete the evaluation

Thank You!



Upcoming events

ASLA+CLARB Licensure Summit

- June 17
- 3 p.m. ET
- CLARB members and Record Holders, ASLA members

ProSeries: Spec for Success: The Benefits of Structural Soil

- June 24
- 3 p.m. ET
- CLARB Record Holders

Exam Basics and Q&A

- July 21
- 3 p.m. ET
- Emerging professionals