Nonprofit Insights Conference 2026

The Numbers That Drive Nonprofit Sustainability

Agenda & Presentation Links

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THE NUMBERS THAT DRIVE NONPROFIT SUSTAINABILITY

Understanding key metrics for lasting organizational success

WHEN **EVERYTHING** MATTERS

MEADEN & MOORE

Welcome & Introductions

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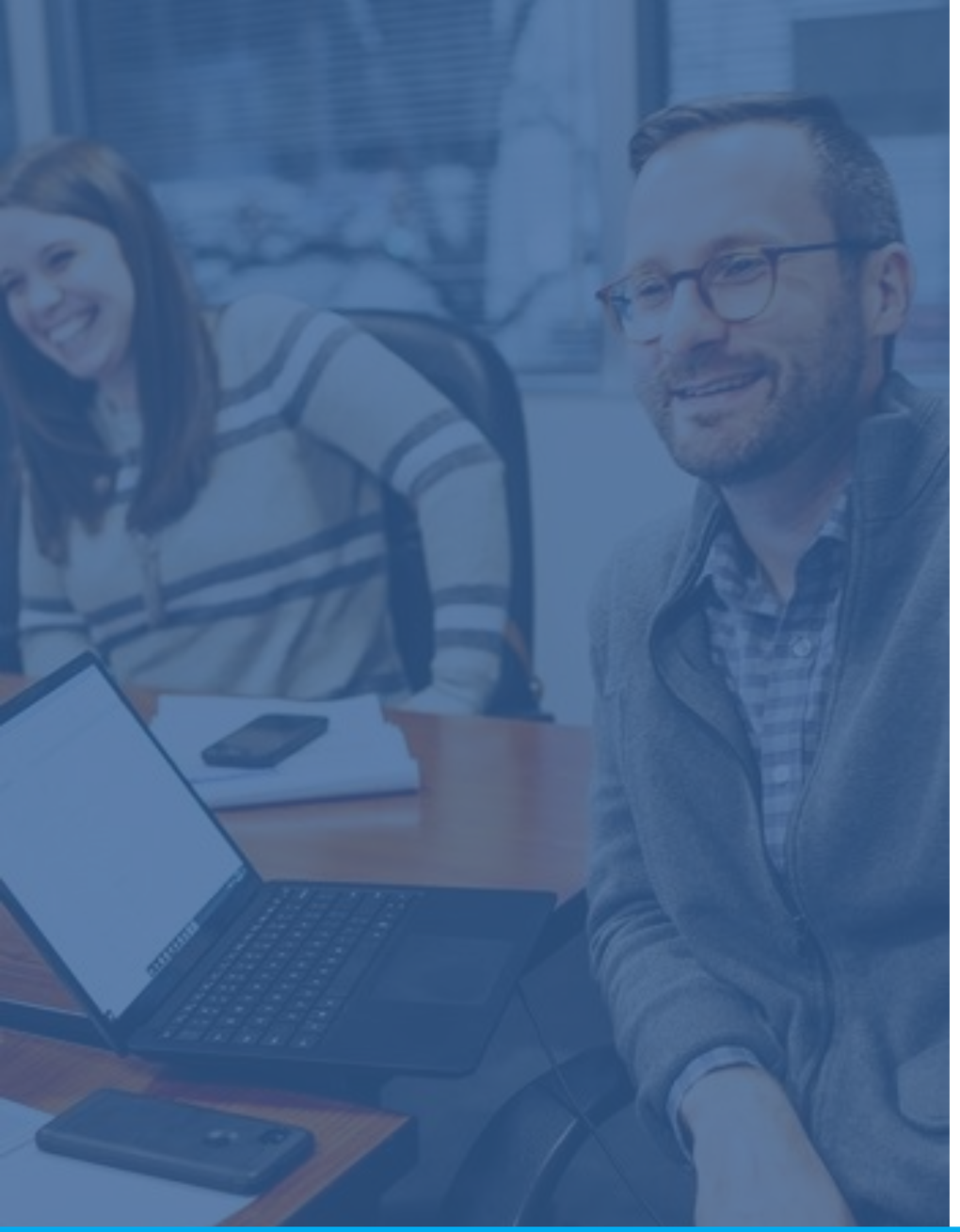
Firm Profile & Nonprofit Practice

- Founded in 1919
- 200+ Total Staff
- Nonprofit Practice
  - Audit, Reviews, Compilations, Tax and Advisory services
  - Outsourced Accounting Services(Bookkeeping/Accounting, CFO, and Controller)
  - Health & Human Services, Arts & Culture, Associations, Community & Private Foundations, Educational institutions, Environmental/Conservation, and Religious Organizations
  - Nonprofit team have 5 – 30+ years experience



Today’s Session

- **Session Structure**
  - The session is designed to balance education, engagement and practical application for nonprofit leaders.
- **Audience Engagement**
  - Participants are encouraged to reflect on sustainability practices early to foster interaction and shared learning.
- **Building Rapport**
  - The introduction connects with nonprofit executives seeking actionable financial resilience insights.

Agenda

1. Nonprofit Sustainability Foundations
2. Key Financial Metrics for Sustainability
3. Benchmarking & Sector Insights
4. Measuring & Visualizing Sustainability
5. Conclusion & Forward Strategy

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Nonprofit Sustainability Foundations

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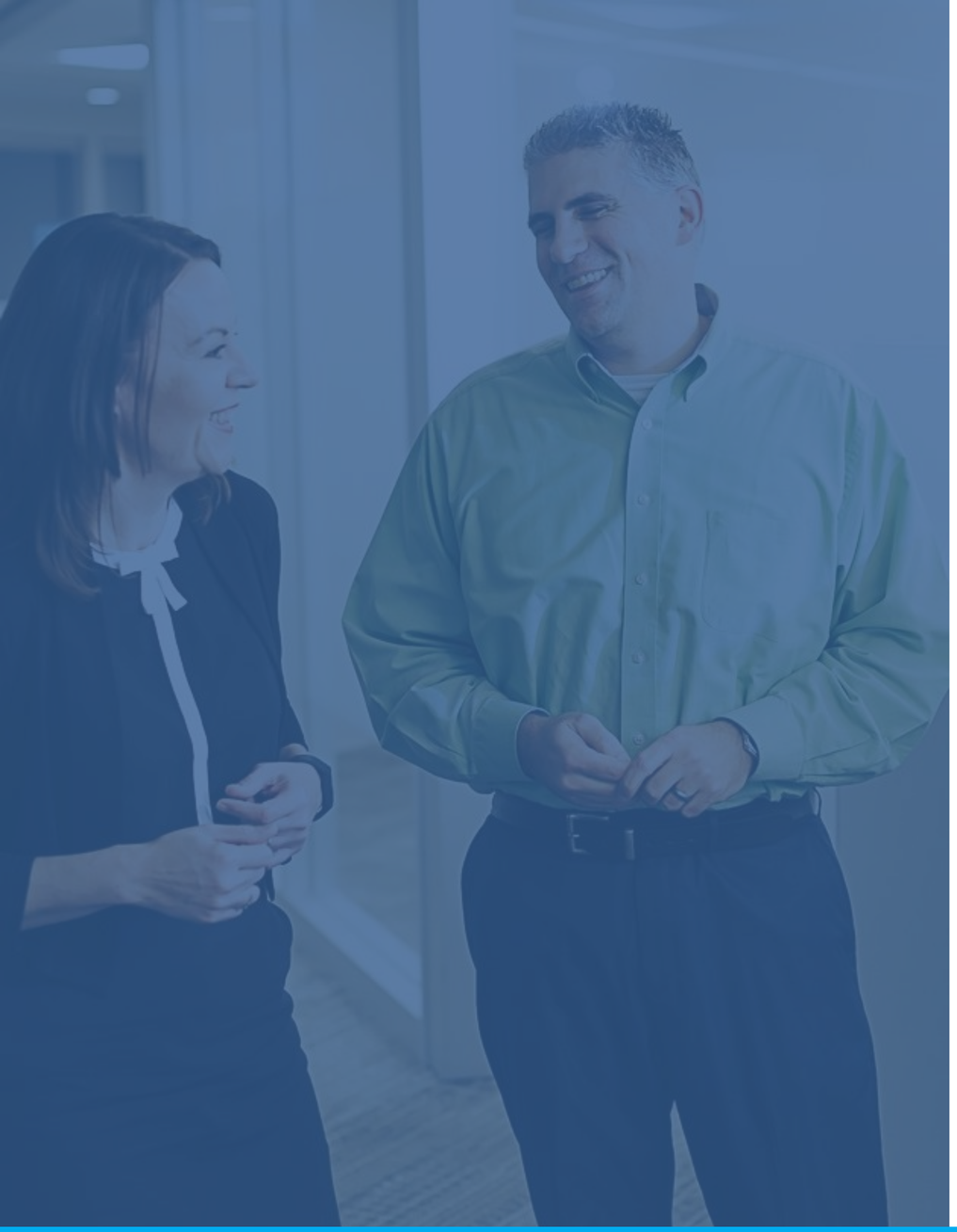

What Sustainability Really Means

- **Financial Resilience**
  - Maintaining liquidity and reserves helps nonprofits endure funding delays and crisis demands effectively
- **Mission Continuity**
  - Ensuring stable programming and infrastructure supports ongoing mission delivery despite budget changes
- **Organizational Capacity**
  - Investing in people, systems, and technology enables adaptive and responsible nonprofit management
- **Predictability of Revenues**
  - Diversified and reliable revenue streams reduce vulnerability to external funding shifts

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Key Financial Metrics for Sustainability

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Liquidity & Reserves

- **Importance of Liquidity**
  - Liquidity is crucial for nonprofits to meet operational obligations during revenue fluctuations
- **Reserve Policy Governance**
  - Board-approved reserve policies guide the use of replenishment of financial reserves responsibility
- **Cash Flow Modeling**
  - Predictable cash flow modeling helps plan for seasonality, grants, and multi-year funding
- **Informed Financial Decisions**
  - Evaluating liquidity trends enables early vulnerability detection and strategic decision-making

Sources: National Council on Nonprofits

Revenue Diversity & Concentration

- **Importance of Revenue Diversity**
  - Diversifying revenue reduces risk by preventing reliance on a single funding source exceeding 30-40%
- **Risks of Concentration**
  - Heavy dependence on one donor or grant creates vulnerability if funding decreases or ends abruptly
- **Strategic Revenue Planning**
  - Tracking donor concentration guides strategies like recurring giving, earned income, and grant portfolio expansion
- **Benefits of Diversification**
  - Revenue diversification enhances financial stability, unrestricted revenue growth, and organizational resilience

Program-Level Sustainability

- **Understanding True Costs**
  - Sustainability requires assessing direct, indirect, and administrative costs for each program
- **Evaluating Program Margins**
  - Calculating program margins identifies which programs are self-sustaining or subsidized by others
- **Strategic Decision Making**
  - Data-driven decisions include investing, redesigning, or sunsetting programs to align with priorities
- **Board Engagement and Transparency**
  - Transparent cost analysis enhances board involvement and supports better resource allocation

Capacity, Overhead, & Fundraising ROI

- **Strategic Overhead Investment**
  - Effective nonprofits invest in people, systems, and technology to enhance mission delivery, not just cut costs
- **Healthy Administrative Ratios**
  - Maintaining administrative expenses ratios below 35% supports operational infrastructure and sustainability
- **Fundraising ROI Metrics**
  - Fundraising efficiency rations of 3:1 or higher indicate strong performance; major gifts can yield 4:1 to 8:1 returns
- **Data-Driven Fundraising**
  - Tracking ROI helps leaders allocate resources to productive channels for events, campaigns, and donor engagement

3

Benchmarking & Sector Insights

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Sector Benchmarks at a Glance

- **Cash Reserves**
  - Half of nonprofits have three months or less of cash reserves, highlighting the need for better liquidity planning
- **Revenue Concentration Risks**
  - High donor dependency, such as 90/10 distributions, poses financial risks for nonprofits
- **Program Efficiency Standards**
  - Strong nonprofits typically allocate 70-75% of expenses to mission-related programs for effective impact
  - 7 out of 10 non profits spend > 75% on program activities
- **Fundraising Cost Efficiency**
  - Efficient nonprofits spend about $0.20 to raise each dollar, optimizing fundraising costs

Sources: Candid, Charity Navigator

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Measuring & Visualizing Sustainability

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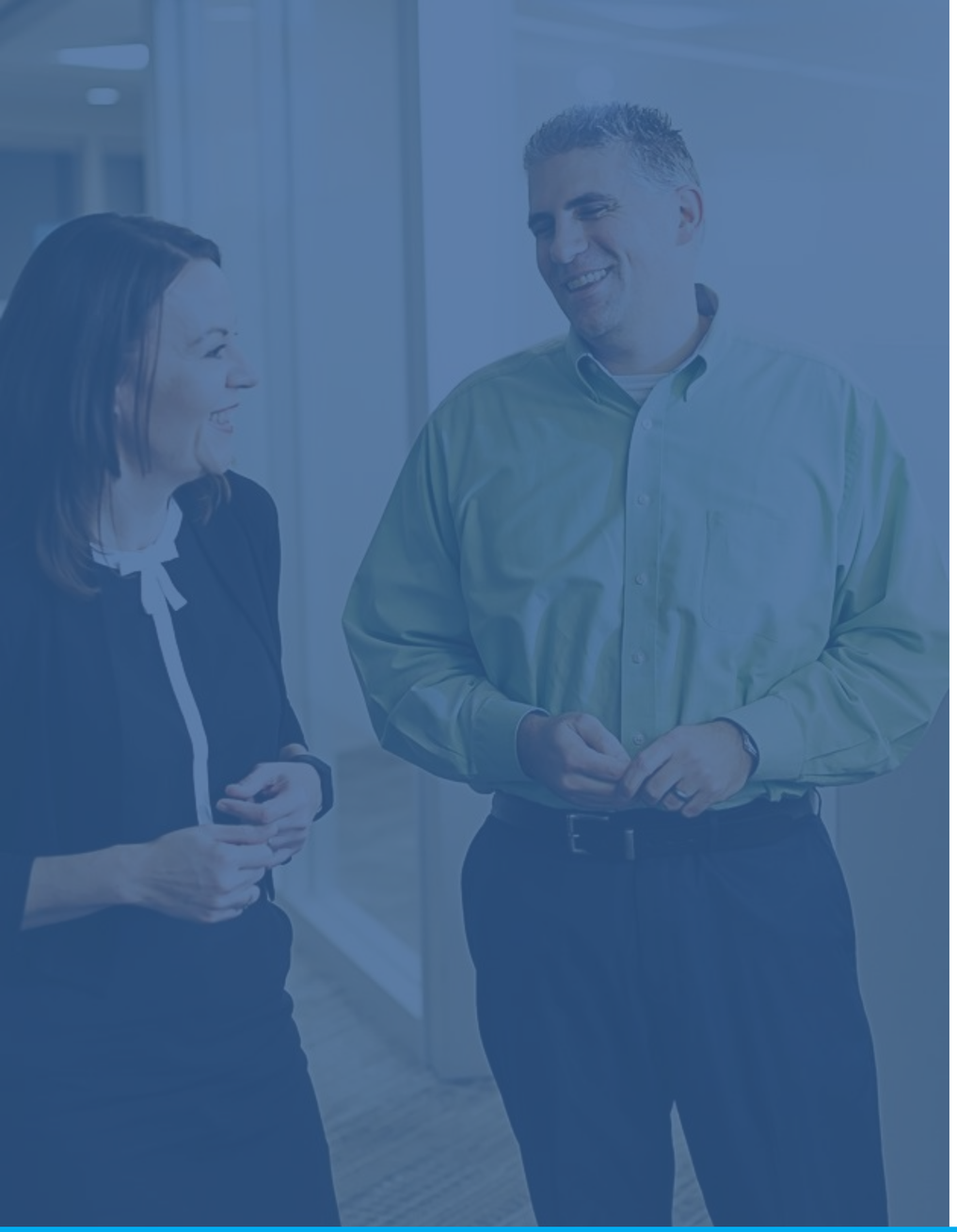


Designing a Sustainability Dashboard

- **Liquidity Indicators**
  - Liquidity indicators include months of cash on hand and cash flow forecasts to assess financial stability
- **Revenue Health Metrics**
  - Revenue health is tracked through donor retention, diversification indexes, and multi-year funding projections
- **Program and Capacity Metrics**
  - Program-level metrics align finances with mission, while capacity indicators include fundraising ROI, staff turnover, and technology readiness
- **Risk and Transparency**
  - Risk indicators such as debt coverage and scenario analysis highlight vulnerabilities and promote strategic transparency

Key Ratios & Benchmarks

- **Liquidity & Cash Reserves**
  - Months of Cash on Hand (3 – 6 months)
  - Months of Liquid Reserves (3 – 6 months)
  - Current Ratio (> 1.0)

- **Revenue Concentration**
  - Revenue Concentration (< 40% single funder)
  - Operating Margin (Positive)

- **Program Efficiency & Overhead Costs**
  - Program Expense Ratio (> 70%)
  - Management and General Ratio (20 - 25%, <35%)

- **Fundraising Cost Efficiency**
  - Fundraising Ratio (< 25%)
  - Fundraising Return on Investment (ROI) (3:1)
  - Cost to Raise $1 ($0.20 but can range from $0.05 major gifts - $1+ to acquire new donors)

Sources: Candid, Charity Navigator, The Center for Effective Philanthropy

Internal Financial Statement - Example

Statement of Financial Position

Assets	
Cash	$400,000
Short-term investments	$100,000
Receivables	$700,000
Prepaid	$150,000
Long-term investments	$300,000
Property & equipment, net	$2,500,000
Total assets	**$4,150,000**
Liabilities	
Accounts payable	$800,000
Deferred revenue	$600,000
Current portion of debt	$300,000
Long-term debt	$1,400,000
Total liabilities	$3,100,000
Net assets	
Net assets WODR	$650,000
Net assets WDR	$400,000
Total net assets	$1,050,000
Total liabilities & net assets	**$4,150,000**

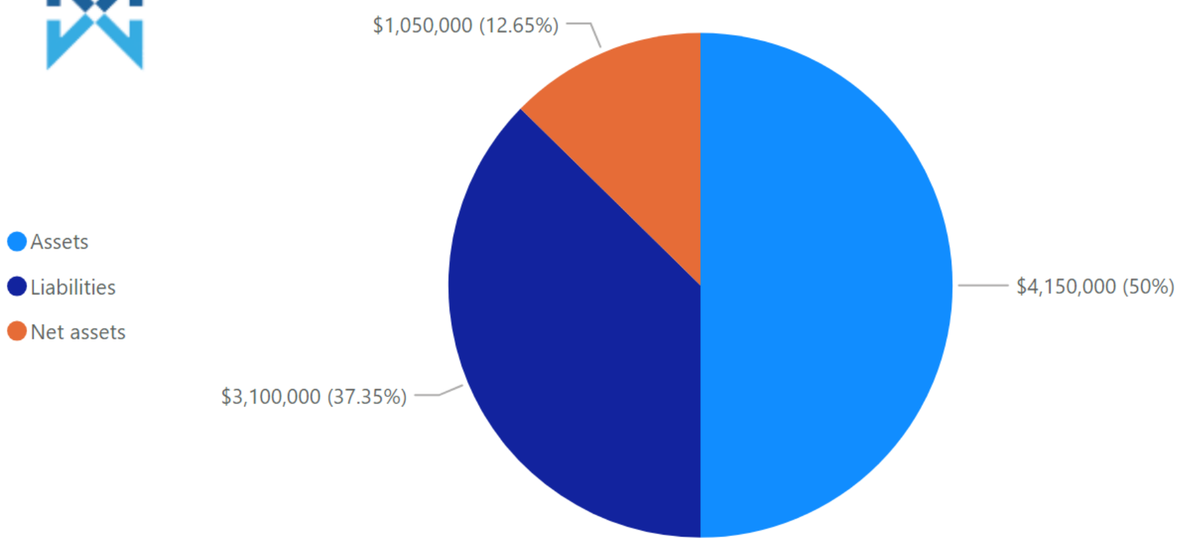
Statement of Activities (WODR unless noted)

Support & Revenue	
Contributions WODR	$1,600,000
Government grants	$1,100,000
Program service fees	$900,000
Investment income	$20,000
Net assets released	$200,000
Total support & revenue (WODR)	**$3,820,000**
Expenses	
Program services	$2,600,000
Management & general	$1,200,000
Fundraising	$1,000,000
Total expenses	**$4,800,000**
Change in net assets (WODR)	**-$980,000**
Other information	
Contributions WDR (info)	$400,000
Depreciation (info)	$250,000

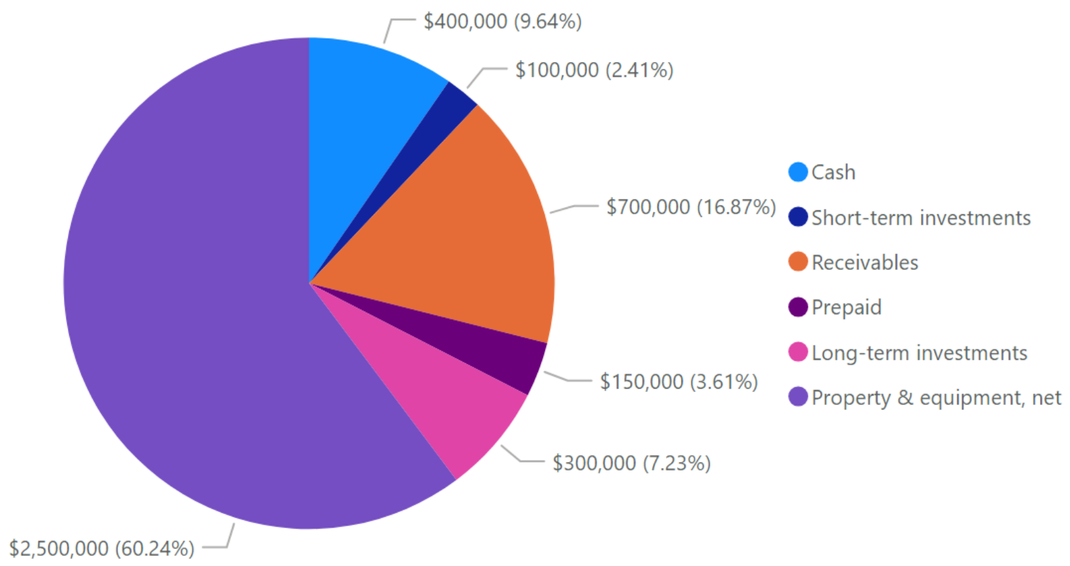
Statement of Cash Flows (Indirect)

Net cash from operating	-$150,000
Net cash from investing	-$100,000
Net cash from financing	$50,000
Net change in cash	**-$200,000**
Cash reconciliation	
Beginning cash	$600,000
Ending cash	**$400,000**

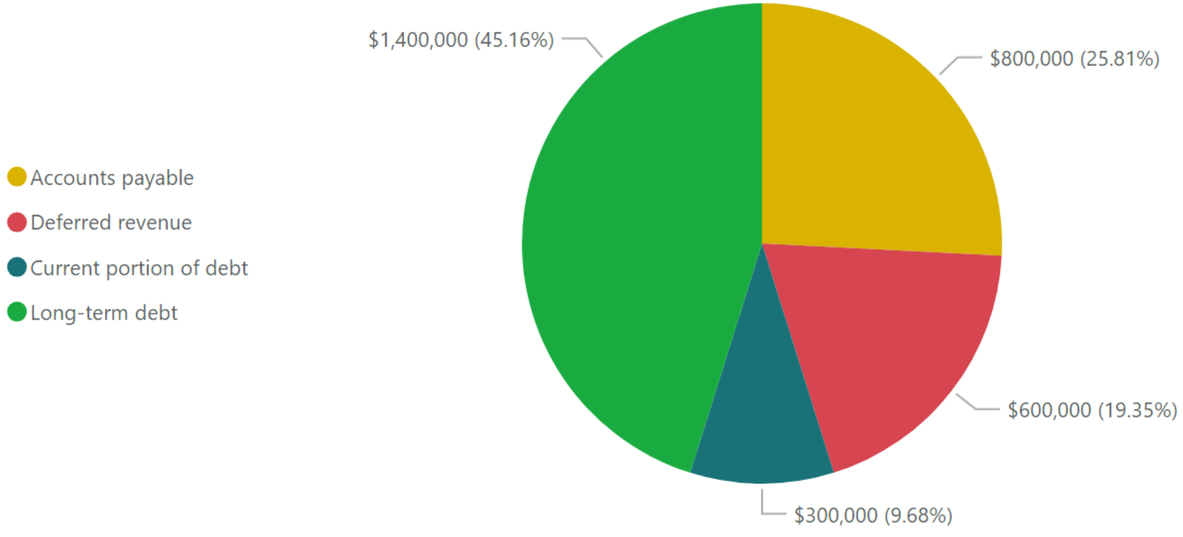
STATEMENT OF FINANCIAL POSITION



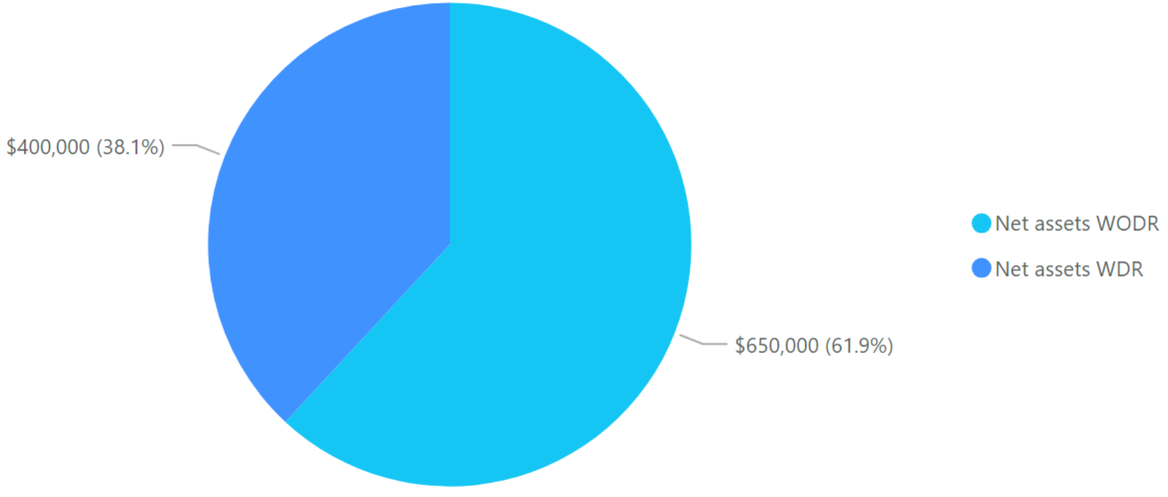
ASSETS



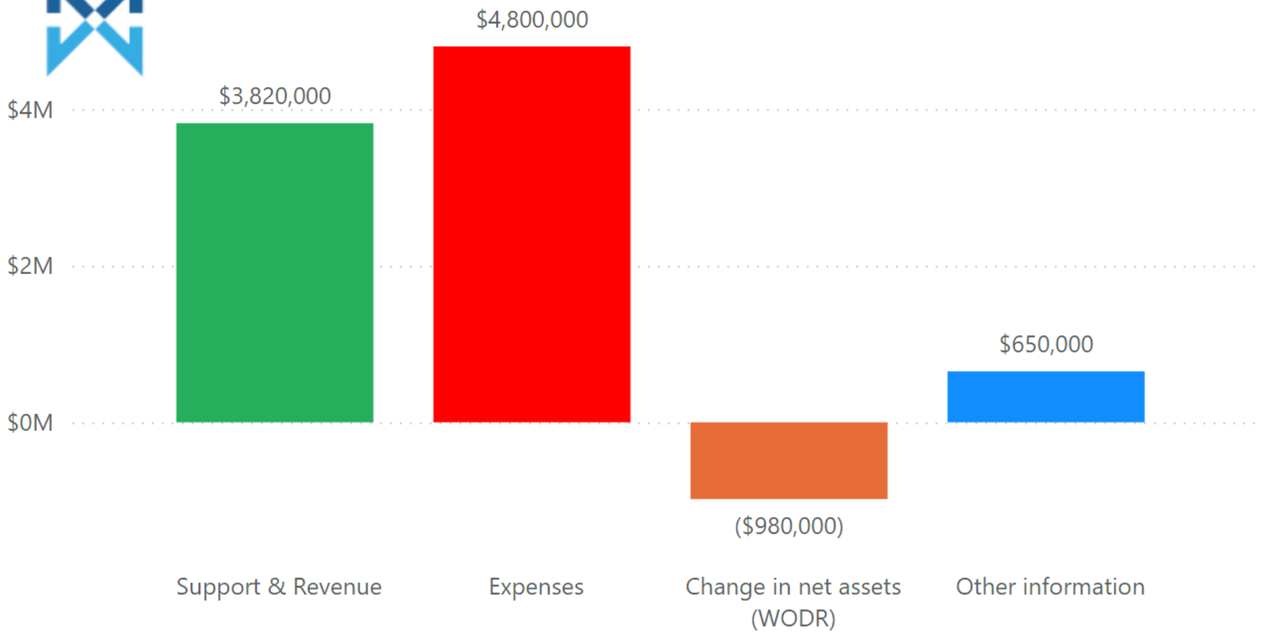
LIABILITIES



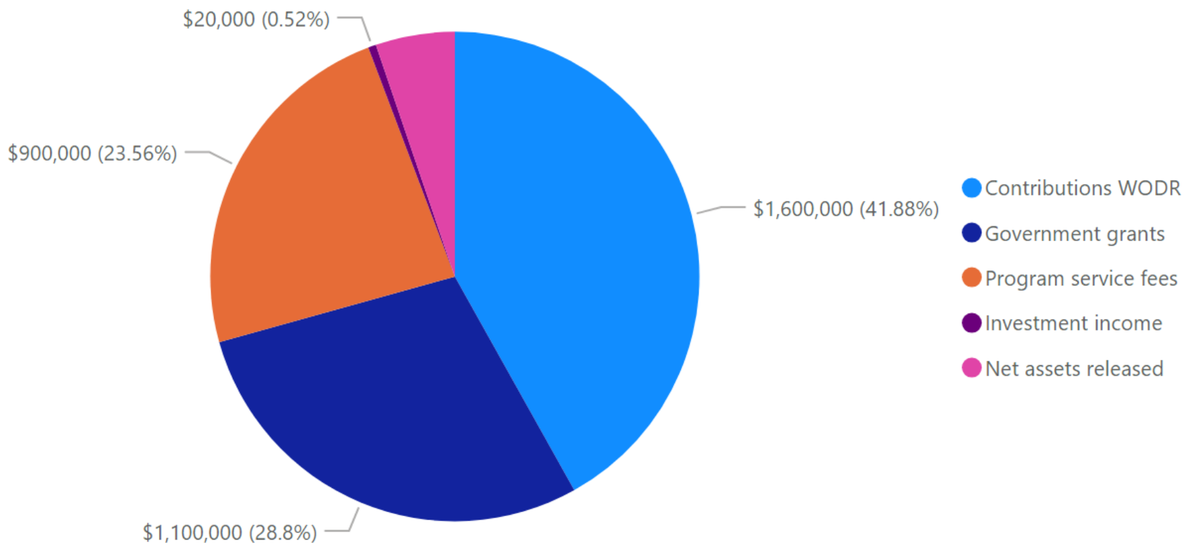
NET ASSETS



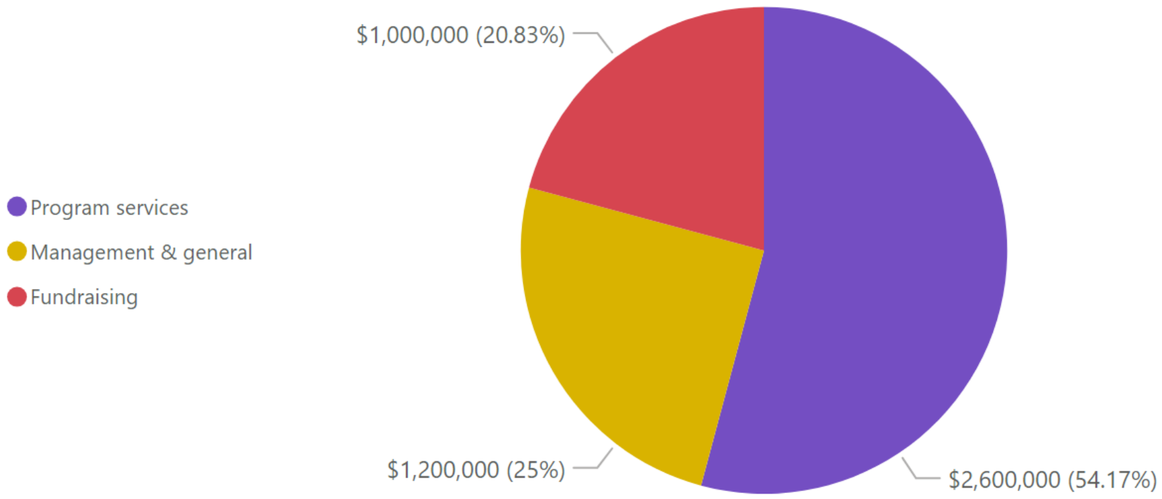
STATEMENT OF ACTIVITY



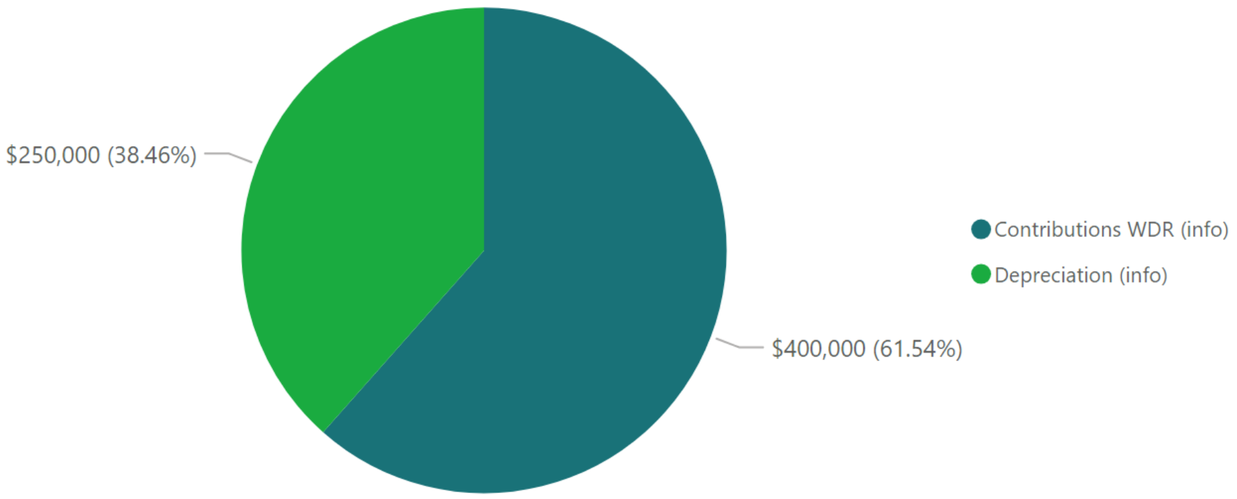
SUPPORT & REVENUE



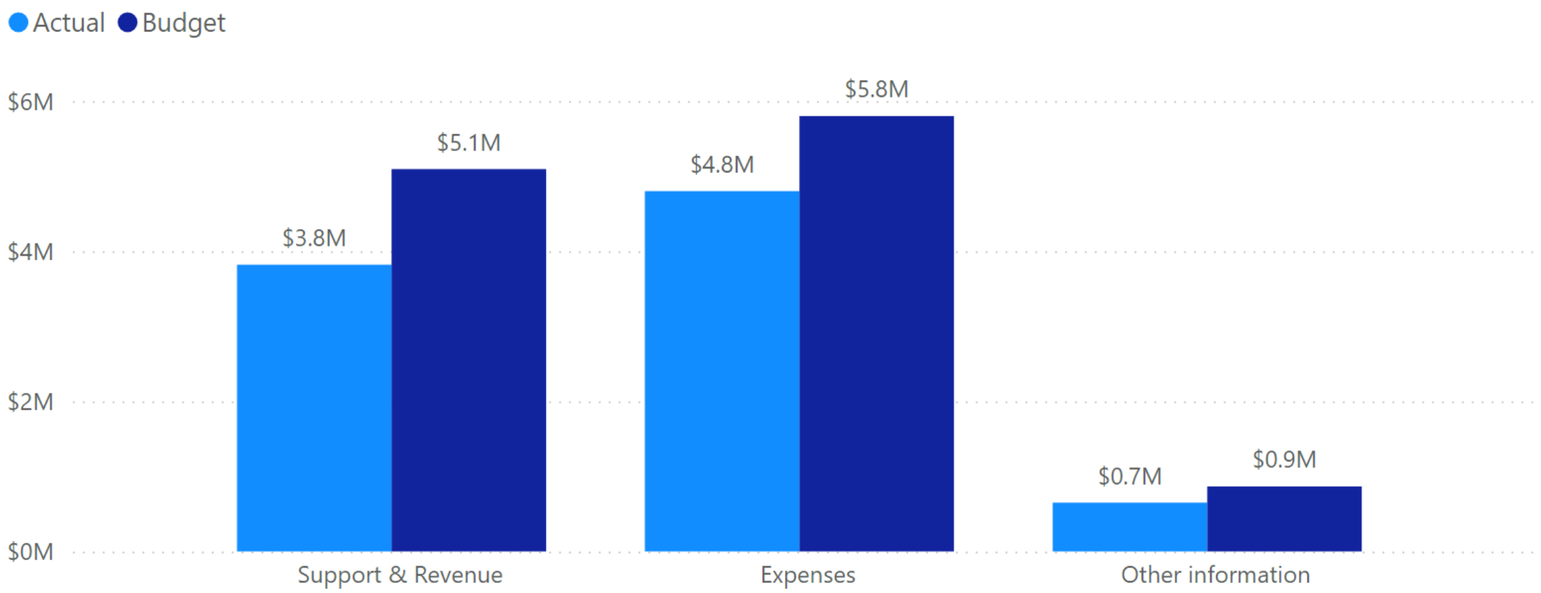
EXPENSES



OTHER INFORMATION

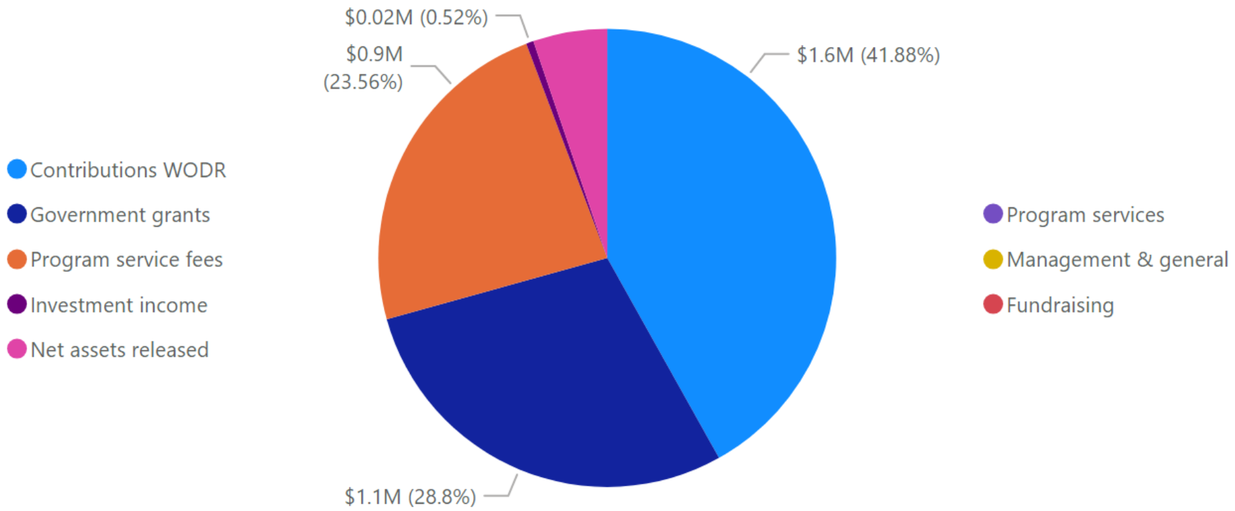


STATEMENT OF ACTIVITY

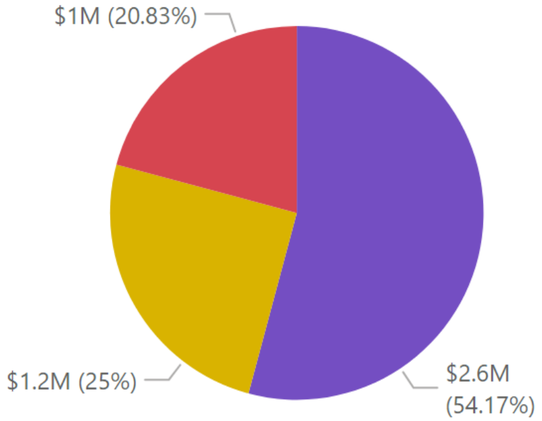


Category	Balance	Budget	Difference
Support & Revenue			
Contributions WODR	$1,600,000	$2,133,333	($533,333)
Government grants	$1,100,000	$1,466,667	($366,667)
Program service fees	$900,000	$1,200,000	($300,000)
Investment income	$20,000	$26,667	($6,667)
Net assets released	$200,000	$266,667	($66,667)
Total support & revenue (WODR)	$3,820,000	$5,093,333	($1,273,333)
Expenses			
Program services	$2,600,000	$3,466,667	($866,667)
Management & general	$1,200,000	$1,000,000	$200,000
Fundraising	$1,000,000	$1,333,333	($333,333)
Total expenses	$4,800,000	$6,400,000	($1,600,000)
Change in net assets (WODR)			
Change in net assets (WODR)	($980,000)	($1,306,667)	$326,667
Other information			
Contributions WDR (info)	$400,000	$533,333	($133,333)
Depreciation (info)	$250,000	$333,333	($83,333)

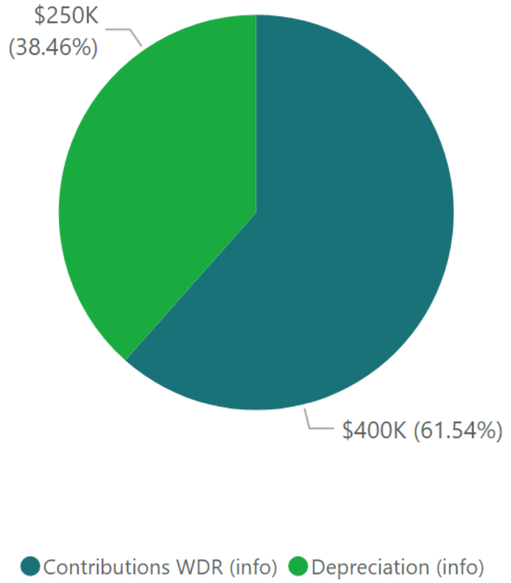
SUPPORT & REVENUE



EXPENSES



OTHER INFORMATION

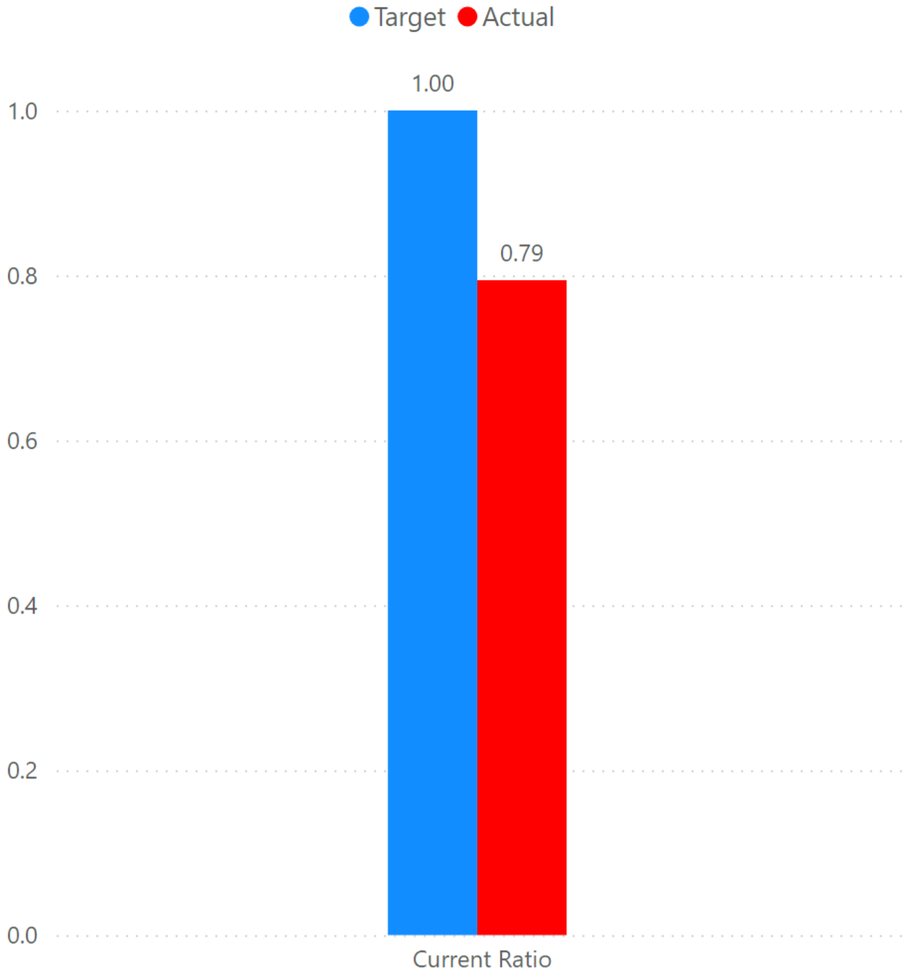


Beginning cash	Net change in cash	Ending cash	Months of Cash on Hand	Months of Liquid Reserves
$600,000	($200,000)	$400,000	1.05	1.32

Liquidity & Cash Reserves

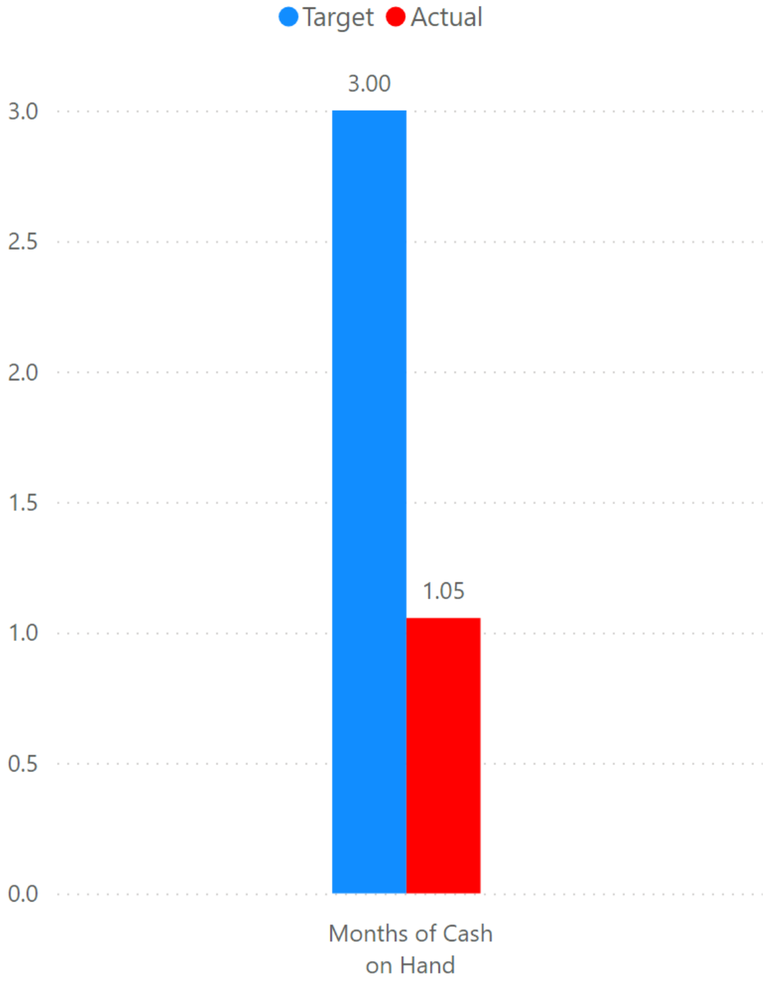
CURRENT RATIO

Benchmark	Actual	Risk Rating
> 1.0 Satisfactory	0.79	High-Risk



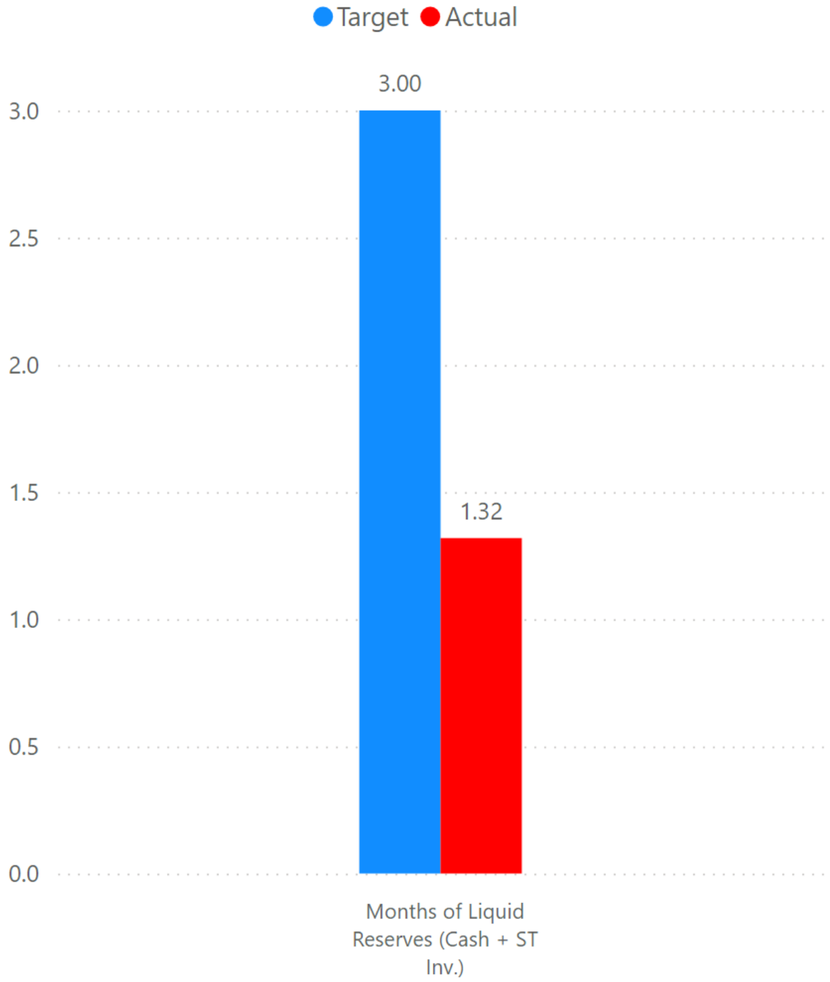
MONTHS OF CASH ON HAND

Benchmark	Actual	Risk Rating
> 3 Months Satisfactory	1.05	High-Risk



MONTHS OF LIQUID RESERVES

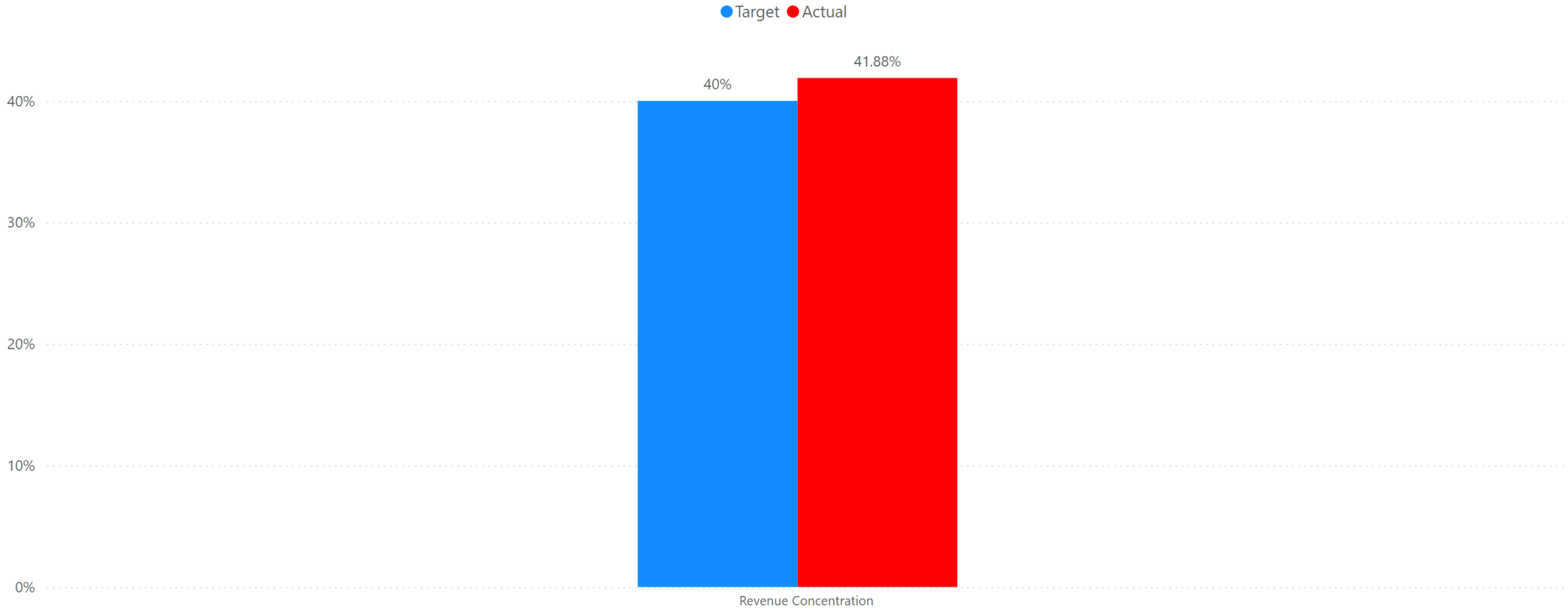
Benchmark	Actual	Risk Rating
> 3 Months Satisfactory	1.32	High-Risk



Revenue Concentration

REVENUE CONCENTRATION

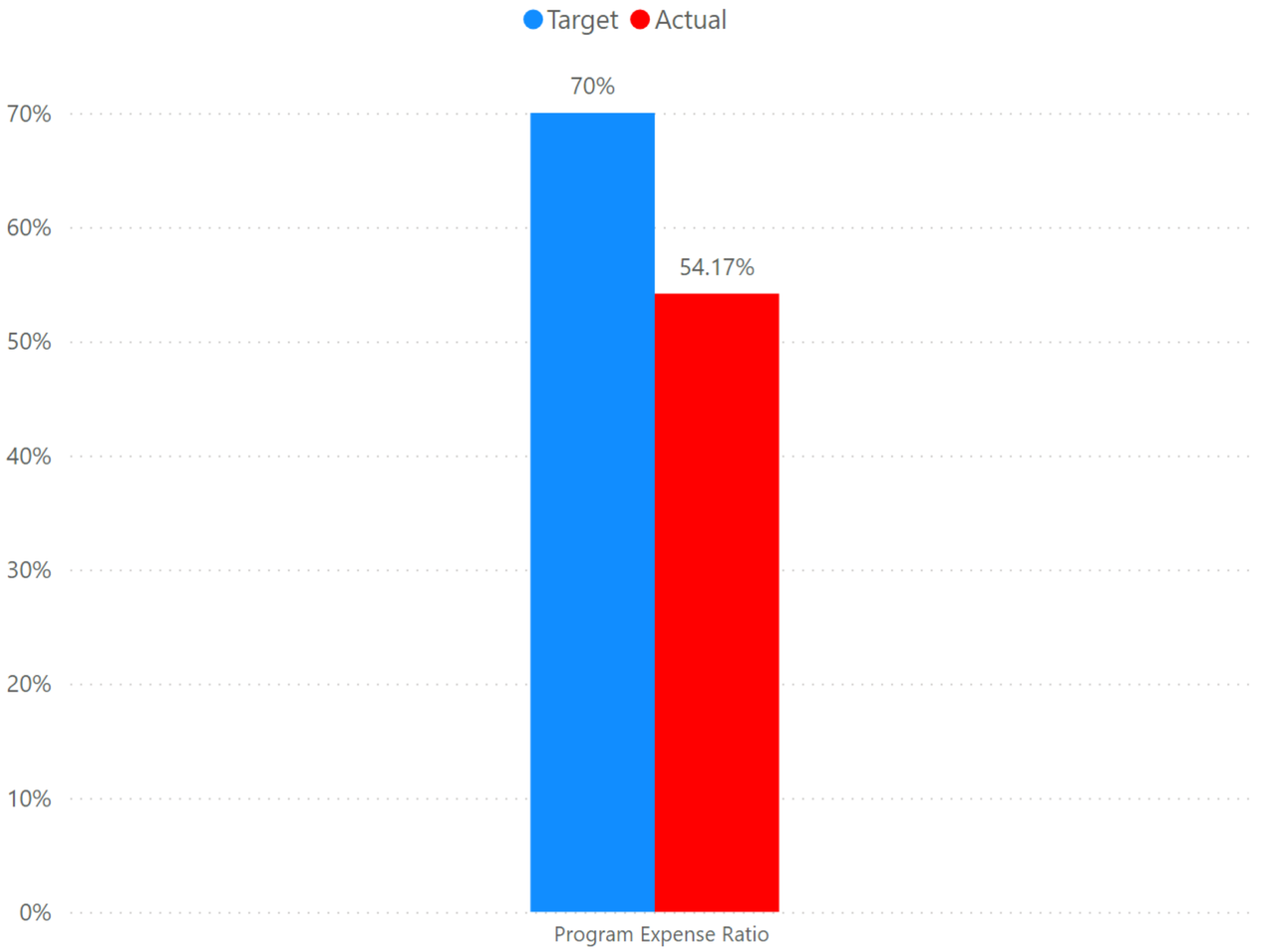
Benchmark	Actual	Risk Rating
< 40% Satisfactory	41.88%	High-Risk



Program Efficiency & Overhead Costs

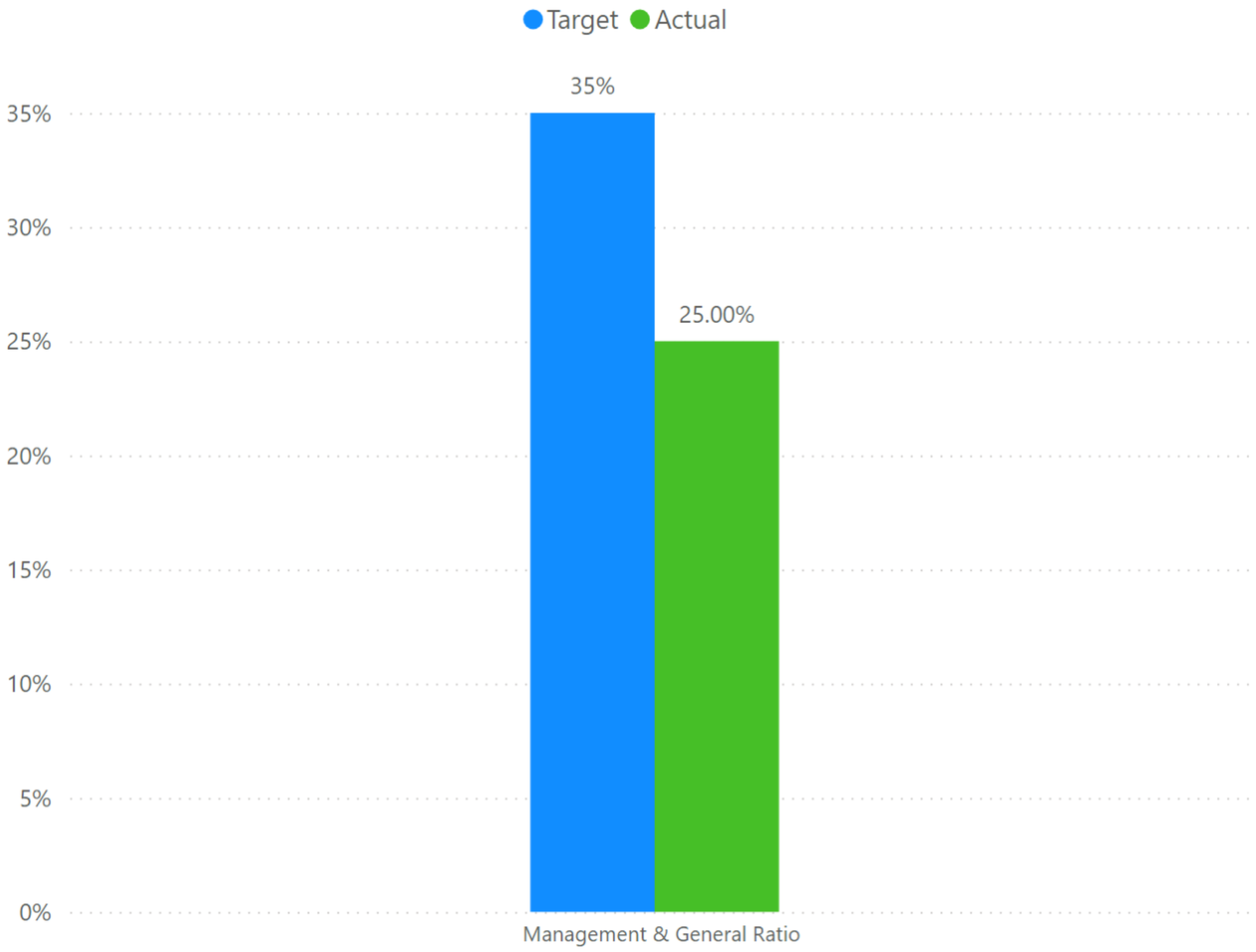
PROGRAM EXPENSE RATIO

Benchmark	Actual	Risk Rating
> 70% Satisfactory	54.17%	High-Risk



MANAGEMENT & GENERAL RATIO

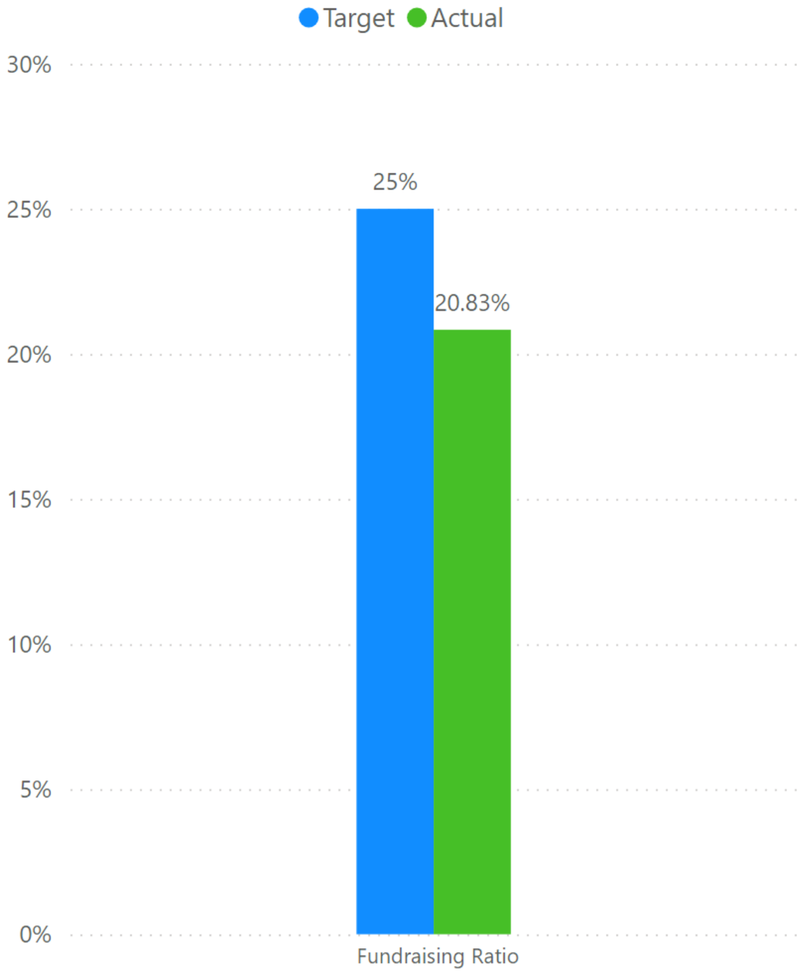
Benchmark	Actual	Risk Rating
< 35% Satisfactory	25.00%	Satisfactory



Fundraising & Cost Efficiency

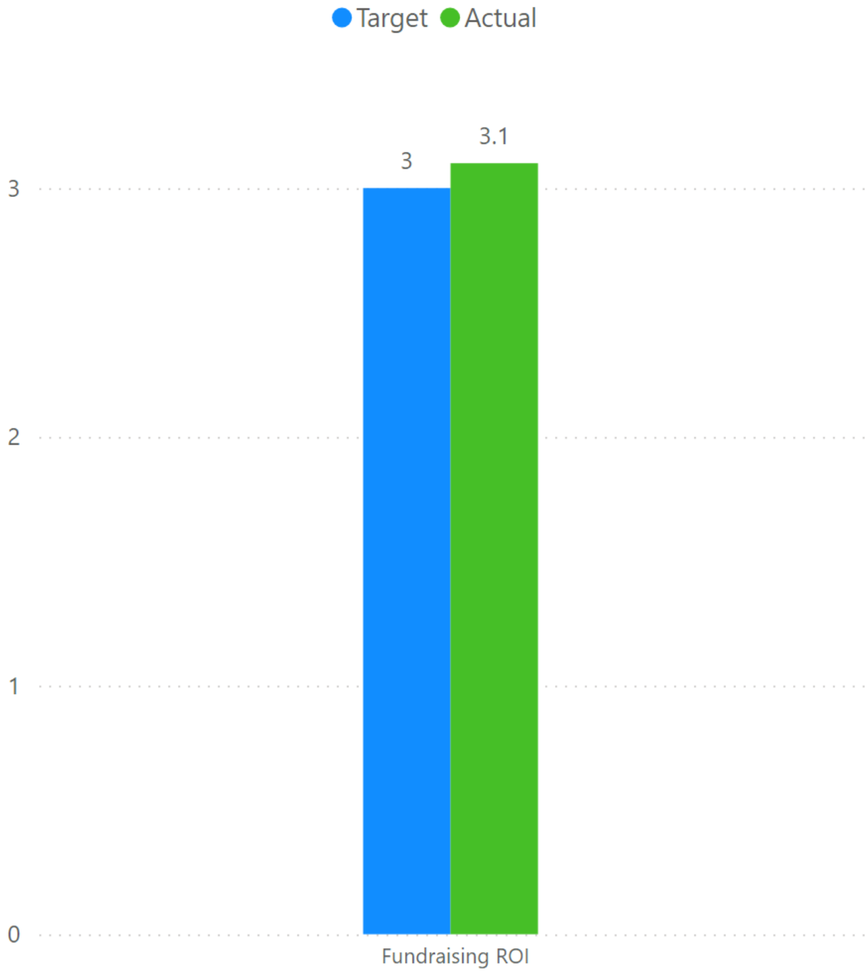
FUNDRAISING RATIO

Benchmark	Actual	Risk Rating
< 25% Satisfactory	20.83%	Satisfactory



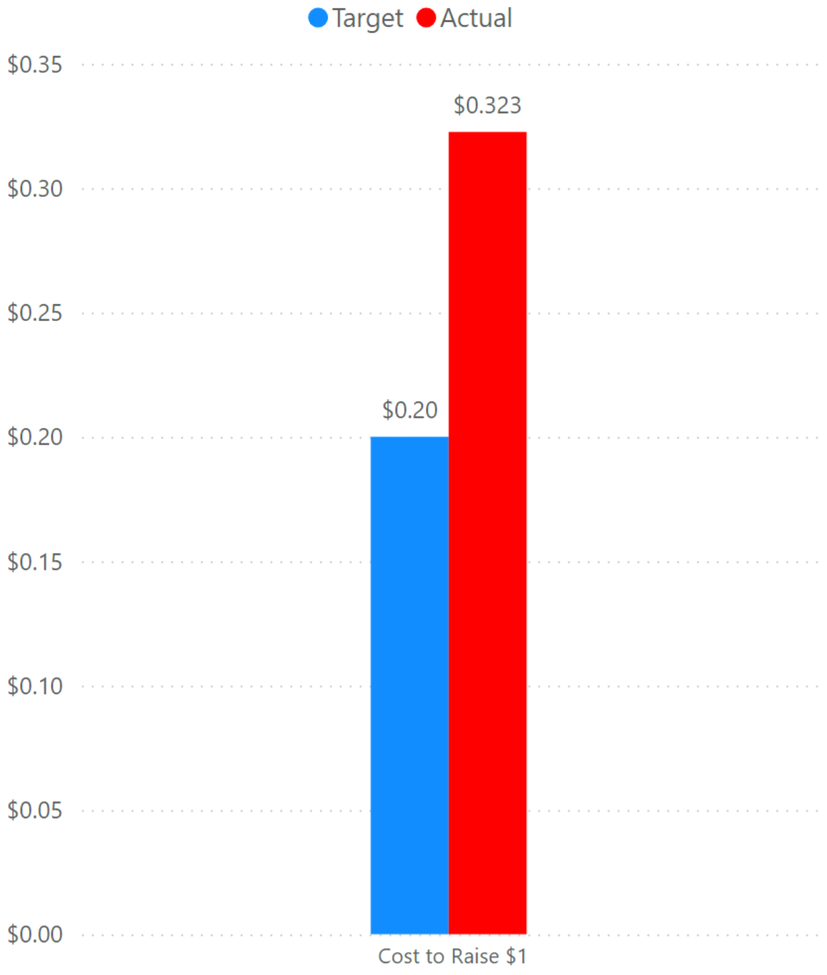
FUNDRAISING ROI

Benchmark	Actual	Risk Rating
> 3 Satisfactory	3.1	Satisfactory



COST-TO-RAISE $1

Benchmark	Actual	Risk Rating
< $0.20 Satisfactory	$0.323	High-Risk



5

Conclusion & Forward Strategy

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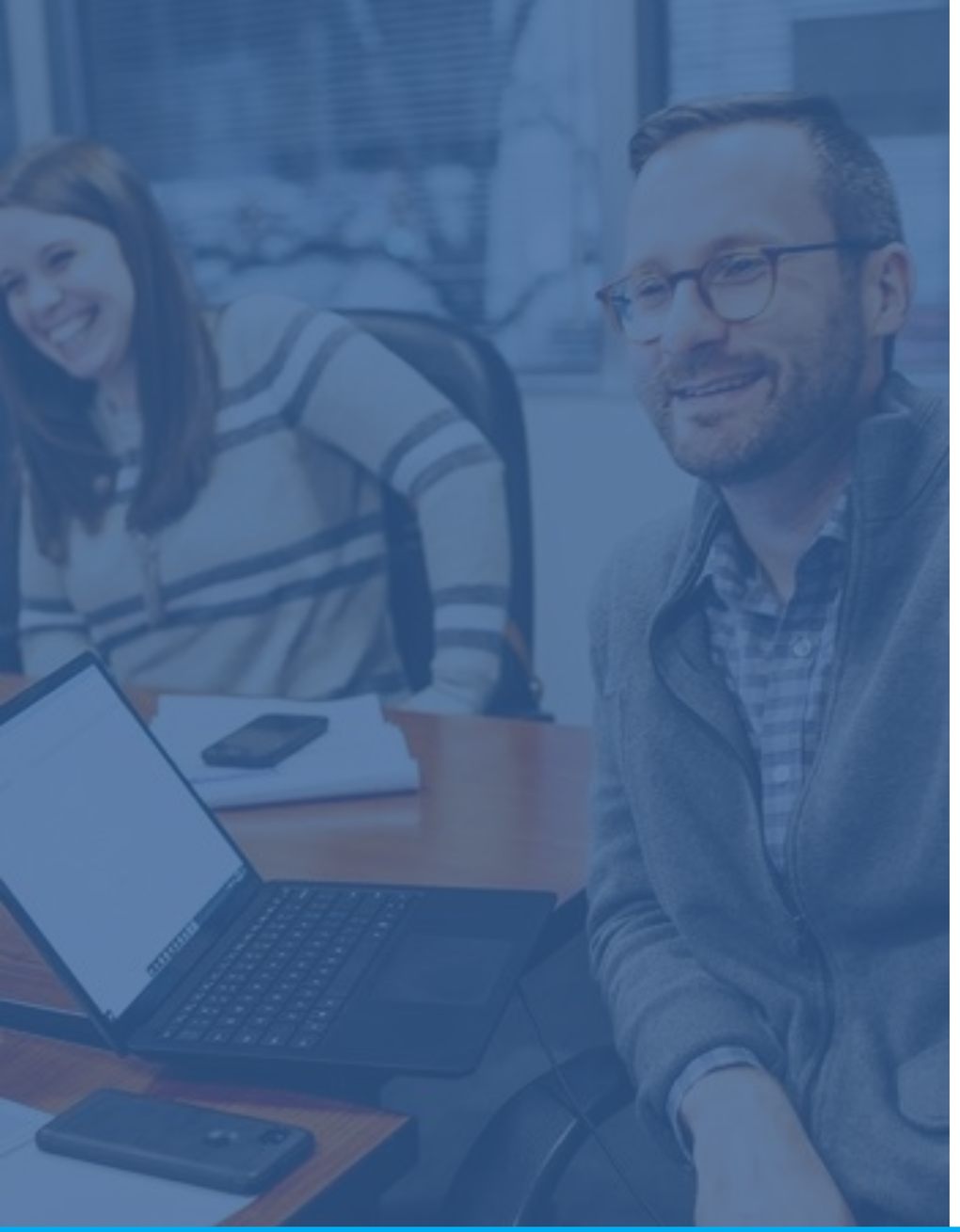

Concluding Remarks & Next Steps

- **Strategic Use of Financial Metrics**
  - Financial metrics should guide stronger mission outcomes, not just compliance. Focus on one key metric each quarter.
- **Investment in Mission-Critical Areas**
  - Nonprofit sustainability relies on investing in staff, systems, and fundraising infrastructure, not austerity.
- **Transparency Builds Trust**
  - Open communication with donors, funders, and boards fosters trust and strengthens relationships.
- **Ongoing Evaluation and Support**
  - Use dashboards and self-assessments for adaptability; access resources like benchmarking checklists for guidance.

Thank you!

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