



How to Make Financials More Understandable for Your Board

Practical tips for translating complex financial information into clear, meaningful insights - and turning numbers into a story that supports better discussions and decisions.

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Your Speakers



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Today's Goal

- By the end of this session, you should be able to:
- Identify why board members often struggle with financial reports
 - Simplify financial information without losing important detail
 - Highlight the information that matters most
 - Use financials to tell a clear story
 - Improve board engagement and financial oversight

Today is not about adding more pages. It is about making the pages you already have more useful.



Why This Matters

Board members are responsible for financial oversight, but many are not financial experts.

When financials are unclear, boards may:

- Miss warning signs
- Avoid asking questions
- Focus on the wrong details
- Rely too heavily on management
- Make decisions without the full picture

Clarity is a governance tool.

The board cannot govern well with information it cannot interpret.



The Reality of Most Nonprofit Boards

Most boards are diverse by design – and that diversity is a strength.

Who may be at the table

- Community leaders
- Donors and funders
- Program advocates
- Business owners
- Legal or HR professionals
- Former participants or volunteers
- Finance professionals

Reporting implications

- Valuable perspective
- Varied financial fluency
- Limited preparation time
- Mission-first mindset
- Need for clear governance questions

Design reports for the full board – not just the finance expert.



What Board Members Need

Board members need the financial story – not just the financial statements...

Every board report should help answer four practical questions:



Financial reports should support discussion – not just compliance.



Common Pitfalls

Meeting Packet Problems

- Too many pages
- Line-item detail without overall summary
- Accounting jargon
- No materiality thresholds
- Format changes month to month

Meeting Problems

- Reports are read aloud
- Little context or explanation
- No clear decision points
- Limited time for questions
- Silence or lack of questions is treated as understanding

The fix is usually not more information. It is better organization, context, and conversation.



Shift the Goal of Reporting

The purpose of board reporting is not simply to distribute numbers.

The goal is to help the board:

- understand the organization's financial health
- identify risks and opportunities
- make informed decisions
- connect financial results to mission impact



Start with the Big Picture

Board members first want to know:

- Are we financially on track?
- Are we ahead or behind budget?
- Is cash healthy?
- Is there anything we need to worry about?
- Does the board need to act?

A simple executive summary or dashboard helps the board quickly understand overall performance, key concerns, major trends and action items.



Use a Dashboard

A dashboard gives the board a high-level financial snapshot.



Budget vs actual, YTD



Board message:

Revenue is slightly behind budget due to grant timing. Expenses are under budget due to vacancies. Cash remains above minimum, but below the internal target.



Tell the Story Behind the Numbers

Every financial report should explain:

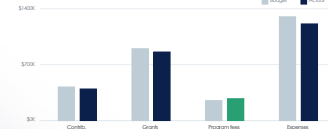


Board takeaway: A strong explanation distinguishes timing issues from trends, and tells the board whether to act, monitor, or simply note the result.



Budget vs Actual Variances

Budget vs actual by major category



Board message
Revenue is 4% below budget, primarily from timing of grant reimbursements and contributions.

Discussion question
Is this a timing issue, a trend, or a structural concern?

Decision point
No board action needed this month; monitor grant receivables and fundraising conversion.



Variances



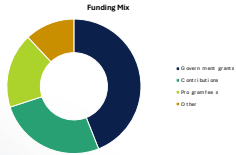
How to present it
Move from variance math to variance meaning. Identify what is timing, what is permanent, and what needs action.

Sample explanation
Actual results remain favorable despite grant timing. Staffing vacancies offset higher supplies costs. No change to annual forecast yet.



Funding Mix

A funding chart turns revenue composition into a governance discussion.



Board message
46% of funding comes from government grants. Discuss concentration, reimbursement timing, and compliance requirements.

Useful questions

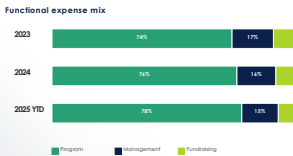
- Are we too dependent on one source?
- What would happen if a major grant ended?
- Do we have a plan to diversify revenue?

Practical use
Use this chart in budget season, strategic planning, and risk discussions.



Functional Spending

Functional expense visuals help explain how resources support your mission.



Board message
Program spending has increased as a percentage of total expenses, while support costs remain stable.

Important discussion point
Lower administrative spending is not always better. Boards should ask whether infrastructure is sufficient to support quality programs and compliance.

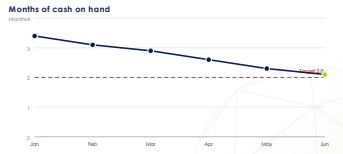


Make Cash Visible

Profitability and cash are not the same.

Board reports should clearly show:

- Current cash balance
- Months of cash on hand
- Upcoming cash needs
- Restricted vs unrestricted cash
- Large receivables or delayed funding



Questions Boards Should Be Asking

Strong governance questions include:

- Are we financially on track?
- What changed from expectations?
- Are there any cash concerns?
- Are programs financially sustainable?
- Are we too dependent on one funding source?
- What assumptions are built into the forecast?
- What decisions does management need from the board?



Next Steps

Improving board reporting can be incremental and realistic.



Start small. Improve continuously. Keep the focus on better board understanding.



Financial Reporting Checklist

A simple quality-control checklist for board materials.

Executive summary
Can we deliver the main message?

Material variances
Are differences explained clearly?

Cash visibility
Can the board see liquidity quickly?

Plain language
Are technical terms highlighted?

Consistency
Does this look like last month?

Decision points
Is action needed from the board?

Final test
Can a non-financial board member understand the key message in five minutes?





Thank You!