

CERINI & ASSOCIATES, LLP | CERTIFIED PUBLIC ACCOUNTANTS  
PRESENTS

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**CERINI  
&  
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CERTIFIED PUBLIC ACCOUNTANTS



**BOARD MEMBER MENUS:  
A SIMPLE STRATEGY TO BOOST  
ENGAGEMENT AND ACCOUNTABILITY**

**SHARED SERVICES AND  
BACKEND SUPPORT: STRENGTHENING  
NONPROFIT COLLABORATION**

**MEASURING AND REPORTING IMPACT:  
A DUAL LENS FOR NONPROFITS**

**VOLUNTEER LIABILITY  
AND RISK MANAGEMENT:  
WHAT NONPROFITS NEED TO KNOW**

**UNDERSTANDING CONTRIBUTION  
ACCOUNTING FOR NONPROFITS**

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**BRINGING A UNIQUE UNDERSTANDING OF KEY ISSUES FACING NOT-FOR-PROFIT ORGANIZATIONS**



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The New York Marine Rescue Center is a rescue and rehabilitation organization that promotes marine conservation. Our mission is to preserve and protect the marine environment through conservation efforts including rescue, rehabilitation, education and research. As a 501(c)(3) non-profit, we are the primary responders for sick or injured seals, sea turtles, dolphins, porpoises and small toothed whales, and maintain the only marine mammal and sea turtle rehabilitation center in New York State.



Dear Nonprofit Leaders and Friends,

As autumn brings a season of reflection and renewal, many organizations are preparing for year-end campaigns, board transitions, and strategic planning. This is a time to celebrate the impact of your work, strengthen community ties, and ensure your nonprofit is positioned for resilience in the year ahead. In this issue of the NFP Advisor, we offer practical insights and timely guidance to help you navigate the unique challenges and opportunities facing nonprofits right now. Thank you to the New York Marine Rescue Center for this issue's cover photo.

Inside this edition, you'll find:

BOARD MEMBER MENUS:  
A SIMPLE STRATEGY TO BOOST ENGAGEMENT AND ACCOUNTABILITY

Discover how "Board Member Menus" can empower your board members to choose meaningful ways to contribute, fostering greater engagement and peer-led accountability. This flexible tool helps clarify expectations and celebrates diverse forms of participation, building a stronger, more invested board.

SHARED SERVICES AND BACKEND SUPPORT:  
STRENGTHENING NONPROFIT COLLABORATION

Explore the benefits of shared services models, which allow nonprofits to pool resources for essential functions like HR, compliance, and marketing. Learn how collaboration can reduce costs, increase capacity, and cultivate a culture of learning—especially vital for smaller organizations facing resource constraints.

MEASURING AND REPORTING IMPACT:  
A DUAL LENS FOR NONPROFITS

Gain strategies for demonstrating both financial and non-financial impact. This article highlights key metrics, storytelling techniques, and best practices for transparent reporting, helping you communicate your value to donors, grantmakers, and the broader community.

VOLUNTEER LIABILITY AND RISK MANAGEMENT:  
WHAT NONPROFITS NEED TO KNOW

Volunteers are the heart of our sector, but their involvement brings legal and operational risks. Get up to speed on the latest best practices for managing liability, from clear policies and waivers to insurance and board oversight, ensuring a safe and inclusive environment for all.

UNDERSTANDING CONTRIBUTION ACCOUNTING FOR NONPROFITS

Clarify the complexities of contribution accounting, including for conditional and restricted grants, bequests, and pledges. This guide offers practical examples and accounting tips to help your organization maintain compliance, transparency, and donor trust.

As you plan for the months ahead, remember that strong governance, collaborative partnerships, and clear impact measurement are the cornerstones of nonprofit success. We hope these articles inspire new ideas and equip you with the tools you need to thrive.



# BOARD MEMBER MENUS: A SIMPLE STRATEGY TO BOOST ENGAGEMENT AND ACCOUNTABILITY



**K**eeping board members actively engaged between meetings is a common challenge for nonprofits. While passion for the mission may be strong, competing priorities and unclear expectations can lead to disengagement. **One creative solution?** Board Member Menus—a customizable tool that invites board members to choose how they’ll contribute, while reinforcing their commitment to the organization.

## WHAT IS A BOARD MEMBER MENU?

A Board Member Menu is a simple, structured list of engagement opportunities. Members select a few items they’re willing to commit to each quarter or year—tailored to their strengths, interests, and availability. It’s a flexible way to encourage participation without overwhelming anyone.

## WHY IT WORKS

- ▶ **Empowers Choice:** *Members choose how they contribute, increasing ownership.*
- ▶ **Encourages Accountability:** *Selections are revisited at meetings, creating natural check-in points.*
- ▶ **Builds Engagement:** *Members stay connected to the mission through meaningful actions.*
- ▶ **Supports Diverse Contributions:** *Not everyone can give financially, but everyone can give in some way.*

## SAMPLE MENU ITEMS

### FUNDRAISING & DEVELOPMENT

- ▶ *Make a personal donation*
- ▶ *Call and thank 3 donors*
- ▶ *Introduce a potential donor or sponsor*
- ▶ *Host a small gathering or fundraiser*

### ADVOCACY & OUTREACH

- ▶ *Share a social media post*
- ▶ *Attend a community event on behalf of the organization*
- ▶ *Write a testimonial or blog post*

### GOVERNANCE & STRATEGY

- ▶ *Review and provide feedback on strategic documents*
- ▶ *Participate in a committee*
- ▶ *Help recruit new board members*

### MISSION SUPPORT

- ▶ *Volunteer at a program or event*
- ▶ *Visit a program site and share observations*
- ▶ *Provide professional expertise (e.g., legal, financial, marketing)*

## MAKING IT STICK: HOW TO DO CHECK-INS

To ensure the menu isn’t just a one-time exercise, regular check-ins are key. Here are a few ways to make them effective and board-friendly:

### PEER-LED ACCOUNTABILITY

Instead of relying solely on the Executive Director, consider assigning a board member to lead check-ins. This peer-to-peer approach fosters camaraderie and shared responsibility, making the process feel less like oversight and more like collaboration.

### CELEBRATE WINS AT MEETINGS

Dedicate time at each board meeting for members to share their “*menu wins*.” Whether it’s a successful donor call or a new community connection, these stories inspire others and reinforce the value of board engagement.

### QUARTERLY MENU REVIEWS

At the start of each quarter, invite members to revisit their selections. *Are they still relevant? Do they want to try something new?* This keeps the menu fresh and aligned with evolving interests and availability.

### TRACK PROGRESS LIGHTLY

Use a simple spreadsheet or dashboard to track who’s completed what. This isn’t about pressure—it’s about visibility and encouragement.

## FINAL THOUGHTS

Board Member Menus are more than a checklist—they’re a culture-building tool. By giving board members clear, actionable ways to participate and creating space for peer-led accountability, you foster a board that’s not only engaged but empowered. And when board members are truly invested, your organization is better positioned to thrive.

JACLYN CURTI, CPA, MBA  
SUPERVISOR





# SHARED SERVICES AND BACKEND SUPPORT: STRENGTHENING NONPROFIT COLLABORATION

In today's nonprofit environment, organizations face increasing pressure to deliver more services despite constraints in funding, staffing, and time. The ongoing rise in demand for their services pushes nonprofits to seek innovative solutions, and one effective approach is the adoption of shared services and backend support models. By collaborating and pooling resources, nonprofits can tap into specialized expertise and boost their operational efficiency, all while maintaining their commitment to their missions.

## UNDERSTANDING THE SHARED SERVICES MODEL

At its core, a shared services model allows multiple nonprofits to access essential support functions—such as human resources, compliance, training, administration, and marketing—through a centralized provider or partnership. Instead of each organization developing its own infrastructure, they can utilize existing systems and skilled professionals, which cuts down on duplication and overhead costs. This arrangement is especially beneficial for smaller organizations that might not have the resources to employ full-time staff for every operational need. With shared services, nonprofits can spend less time on administrative tasks and more on delivering their programs effectively.

## AREAS OF BACKEND SUPPORT

The scope of shared backend support is broad, covering functions like human resources, compliance, training and professional development, administration, and marketing. For example, HR support might include recruitment, onboarding, benefits administration, and policy development, while compliance services could provide guidance on regulations, risk management, internal controls, and audit preparation. Training initiatives might range from staff onboarding to leadership and DEI development, and administrative support could cover scheduling, data entry, and reporting. In addition, marketing and communications teams may assist with social media management, content creation, branding, and campaign strategy. By sharing these services, organizations can access comprehensive support that would otherwise be difficult or costly to maintain independently.

## FINDING THE RIGHT PARTNERS

Identifying suitable partners for shared services demands both strategic assessment and open communication. Nonprofits should begin by clarifying their own needs and goals—considering which functions would benefit most from collaboration and which values and mission objectives must be maintained. From there, networking within nonprofit associations, local coalitions, or sector-specific forums can help organizations connect with others that share similar visions or challenges.

Due diligence is key. It's advisable to review a potential partner's track record, capacity, and areas of expertise, and to seek testimonials or references from other organizations that have engaged in similar arrangements. A shared vision for service delivery, commitment to transparency, and a willingness to engage in regular dialogue are all signs of a promising partnership. Joint planning sessions, exploratory meetings, or pilot projects can allow organizations to test compatibility before making long-term commitments.

It's also important to consider the governance structure—effective partnerships thrive when there is clarity about decision-making processes, accountability measures, and the mechanisms for resolving disputes. Documenting these details in service agreements and establishing regular check-ins ensures that all partners are aligned and responsive to changing circumstances.

## FLEXIBLE ENGAGEMENTS AND PRICING

Shared services can be structured through project-based arrangements, allowing nonprofits to access support when needed—whether for one-time initiatives or ongoing work—without the commitment of full-time hires. Transparent and flexible pricing based on specific scope, deliverables, and timelines helps manage expectations and ensure value, making it easier for organizations to scale up during busy periods or while launching new programs.

## LEGAL AND LIABILITY CONSIDERATIONS

Engaging in shared services also introduces legal considerations. It's important for nonprofits to work with knowledgeable attorneys to draft clear service agreements that define roles, responsibilities, and expectations. Addressing liability—especially when handling sensitive client data or financial transactions—is critical, as is maintaining compliance with employment laws, nonprofit regulations, and funding requirements.

## SPECIAL CONSIDERATIONS FOR MEDICAID-FUNDED ORGANIZATIONS

For nonprofits receiving Medicaid funding, structuring shared services requires extra care. Accurate reporting and full cost allocation are essential for compliance and avoiding audit issues. The documentation must reflect true costs and align with Medicaid guidelines. Collaborating with financial professionals who understand these regulations helps ensure the sustainability and compliance of shared service arrangements.

## THE BROADER IMPACT OF COLLABORATION

Ultimately, shared services offer more than operational efficiency—they cultivate a culture of collaboration and learning. Organizations benefit from collective successes, which can boost morale and strengthen partnerships. Exposure to diverse approaches and expertise fosters organizational growth, and many foundations favor collaborative initiatives, sometimes providing grants specifically for shared services projects.

## FINAL THOUGHTS

Shared services go beyond saving costs; they open doors to deeper collaboration, greater capacity, and mission-driven excellence. With thoughtful planning, clear agreements, and aligned values, nonprofits can harness shared backend support to not only survive but thrive amid today's challenges.



LAUREN GRANDINETTI, CPA  
MANAGER





# MEASURING AND REPORTING IMPACT: A DUAL LENS FOR NONPROFITS

In today's mission-driven landscape, nonprofits are increasingly expected to demonstrate not only financial accountability but also the tangible impact of their work. Whether reporting to donors, grantmakers, board members, or the public, organizations must be able to tell a compelling story—backed by data—about how their resources are being used and what outcomes they are achieving. This article explores how nonprofits can measure and report impact from both financial and non-financial perspectives, offering practical strategies to strengthen transparency, credibility, and mission alignment.

## WHY IMPACT MEASUREMENT MATTERS

Impact measurement is more than a reporting requirement—it's a strategic tool. It helps nonprofits evaluate program effectiveness, improve decision-making, communicate value to stakeholders, attract funding and partnerships, and align operations with mission goals. When done well, impact reporting builds trust and reinforces the organization's commitment to accountability and continuous improvement.

## FINANCIAL IMPACT: METRICS THAT MATTER

Financial metrics provide insight into an organization's fiscal health, sustainability, and stewardship. One of the most commonly used indicators is the program expense ratio, which measures the percentage of total expenses spent directly on programs. A higher ratio indicates that more resources are going toward mission-related activities, and many watchdog organizations recommend a minimum of 65%. Another key metric is the operating reserve ratio, which shows how many months the organization can operate without new revenue. A healthy range is typically three to six months, depending on the organization's size and risk profile.

Fundraising efficiency is also critical. It is calculated by dividing fundraising expenses by contributions received. A lower ratio suggests more efficient fundraising—for example, a ratio of 0.20 means five dollars raised for every dollar spent. **Return on investment (ROI)** is used to evaluate the financial return of specific programs or campaigns, helping nonprofits allocate resources effectively and justify expenditures to funders. Revenue diversification is another important consideration. Tracking the mix of revenue sources—grants, donations, earned income—helps assess financial resilience and reduce dependency on any single stream.

## NON-FINANCIAL IMPACT: MEASURING MISSION OUTCOMES

Non-financial metrics capture the social, educational, environmental, or cultural outcomes of a nonprofit's work. These indicators are often more nuanced than financial data but are essential for understanding how well an organization is fulfilling its mission. Strategic frameworks like theory of change and logic models help nonprofits articulate how their activities lead to desired outcomes. A theory of change outlines the long-term goals and the steps needed to achieve them, while a logic model maps inputs, activities, outputs, outcomes, and impact.

Outputs are the direct, countable results of activities—such as meals served, workshops held, or books distributed. Outcomes reflect the changes or benefits resulting from those activities—such as improved health, increased literacy, or enhanced job readiness. Tracking both is important, but outcomes provide a more meaningful picture of impact. For example, reporting that 500 students attended tutoring sessions is useful, but showing that 80% improved their test scores is far more compelling.

Collecting feedback from those served by the organization—*through surveys, interviews, focus groups, or storytelling*—adds a human dimension to impact reporting. This qualitative data can reveal emotional, behavioral, or social changes that numbers alone may miss. It also demonstrates respect for the voices of those most affected by the nonprofit's work.

Community engagement and reach are also important indicators. Metrics such as volunteer participation, social media engagement, event attendance, and partnerships formed can indicate how well the organization is connecting with its community. These indicators help assess visibility, trust, and relevance.

Some nonprofits focus on strengthening other organizations or individuals. In these cases, impact might be measured by skills gained by participants, organizational improvements among partners, or adoption of best practices or new technologies. These outcomes are often tracked through pre- and post-assessments, case studies, or longitudinal follow-ups.

For advocacy-focused nonprofits, impact may be reflected in changes to public policy, legislation, or institutional practices. While harder to quantify, these outcomes can be tracked through media coverage, legislative wins, endorsements from influential stakeholders, and shifts in public opinion.

Organizations working in conservation, arts, or heritage preservation may measure impact through biodiversity improvements, restoration of habitats or landmarks, audience reach and cultural participation, and preservation of traditions or languages. These metrics often require creative approaches, such as visual documentation, expert assessments, or community-based monitoring.

## REPORTING IMPACT: BEST PRACTICES

Effective impact reporting combines financial and non-financial data in annual reports, dashboards, and presentations. This holistic view helps stakeholders understand both the cost and the value of the organization's work. Different audiences care about different metrics. Donors may want to see fundraising efficiency and stories of change, while board members may focus on strategic outcomes and sustainability.

Technology can play a vital role in impact reporting. Data visualization tools, CRM systems, and impact measurement platforms help collect, analyze, and present data effectively. Impact measurement should also be iterative. Organizations should use findings to refine programs, improve services, and inform strategic planning. Sharing lessons learned—even when outcomes fall short—builds trust and fosters innovation.

## CONCLUSION

Measuring and reporting impact is not just about accountability—it's about learning, improving, and inspiring. By embracing both financial and non-financial metrics, nonprofits can tell a richer story of their work, one that resonates with funders, beneficiaries, and the broader community. As the nonprofit sector evolves, organizations that invest in robust impact measurement will be better positioned to thrive, adapt, and make a lasting difference.



MATTHEW BURKE, CPA  
PARTNER

# VOLUNTEER LIABILITY AND RISK MANAGEMENT: WHAT NONPROFITS NEED TO KNOW



**DISCLAIMER:**  
THIS ARTICLE IS FOR  
INFORMATIONAL PURPOSES ONLY AND  
DOES NOT CONSTITUTE LEGAL ADVICE. NONPROFITS  
SHOULD CONSULT QUALIFIED LEGAL COUNSEL FOR GUIDANCE  
SPECIFIC TO THEIR ORGANIZATION AND JURISDICTION.

**V**olunteers are the lifeblood of the nonprofit sector. They bring passion, skills, and time to causes that matter, often without expecting anything in return. But while their contributions are invaluable, their involvement also introduces legal and operational risks that nonprofits must proactively manage. From personal injury to data breaches, the potential liabilities associated with volunteer activities are real—and ignoring them can jeopardize both the organization and the individuals who serve it.

This article explores the key legal risks nonprofits face when working with volunteers and outlines best practices for mitigating those risks through thoughtful planning, policies, and protections.

## UNDERSTANDING THE LEGAL LANDSCAPE

Nonprofits must navigate a complex web of federal and state laws when engaging volunteers. One of the most important protections is the Volunteer Protection Act of 1997, a federal statute that shields volunteers from liability for harm they cause while performing duties on behalf of a nonprofit—provided they act within the scope of their responsibilities, are properly licensed (*if required*), and do not engage in willful or reckless misconduct.

However, this protection is not absolute. Volunteers can still be held liable for actions outside their assigned duties or for gross negligence. Moreover, state laws vary widely in how they define and protect volunteers, making it essential for nonprofits to consult legal counsel familiar with local regulations.

## COMMON SOURCES OF LIABILITY

- ▶ **Injury to Volunteers or Third Parties:** Volunteers may be injured while performing tasks, or they may inadvertently cause harm to others. For example, a volunteer distributing food at an event could slip and fall or accidentally serve contaminated items.
- ▶ **Working with Vulnerable Populations:** Volunteers who interact with children, seniors, or individuals with disabilities pose heightened risks. Allegations of abuse or misconduct—even if unfounded—can damage reputations and trigger legal consequences.
- ▶ **Data Privacy and Confidentiality:** Volunteers may have access to sensitive information, such as donor records or client health data. Mishandling this information can lead to privacy violations and regulatory penalties.
- ▶ **Misclassification and Labor Law Violations:** Treating volunteers like employees—by assigning mandatory hours or offering compensation—can trigger labor law issues. **The Fair Labor Standards Act (FLSA)** prohibits unpaid labor that resembles employment.

## BEST PRACTICES FOR RISK MITIGATION

### DEVELOP CLEAR VOLUNTEER POLICIES

Establish written policies that define volunteer roles, expectations, and boundaries. Include procedures for onboarding, training, supervision, and termination. These documents should be reviewed regularly and communicated clearly to all volunteers.

### USE LIABILITY WAIVERS

Require volunteers to sign waivers acknowledging the risks associated with their service and releasing the organization from certain liabilities. While waivers may not eliminate all legal exposure, they demonstrate informed consent and can strengthen the nonprofit's defense in litigation.

### CONDUCT BACKGROUND CHECKS

Screen volunteers—especially those working with vulnerable populations—through criminal background checks, sex offender registries, and reference verification. This step helps prevent harm and shows due diligence in protecting clients and staff.

### PROVIDE TRAINING AND SUPERVISION

Offer training on safety protocols, ethical conduct, and emergency procedures. Assign staff to supervise volunteers and ensure they understand their responsibilities. Regular check-ins and performance reviews can help identify issues early.

### SECURE APPROPRIATE INSURANCE

Consult your insurance provider to confirm coverage for volunteer activities. Consider general liability, volunteer accident insurance, and **directors and officers (D&O)** insurance. Some policies may extend coverage to volunteers, but others may require separate riders.

### CLARIFY VOLUNTEER STATUS

Use written agreements to confirm that volunteers are not employees and are not entitled to wages or benefits. This helps avoid misclassification and protects the organization from labor law claims.

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### BOARD OVERSIGHT AND GOVERNANCE

While staff and volunteers handle the day-to-day operations of a nonprofit, the board of directors holds ultimate responsibility for ensuring the organization operates ethically, legally, and effectively. When it comes to volunteer liability and risk management, board oversight is not just advisable, it's essential.

#### DUTY OF CARE AND FIDUCIARY RESPONSIBILITY

Board members are legally bound by a fiduciary duty to act in the best interests of the organization. This includes a duty of care, which requires them to make informed decisions and take reasonable steps to protect the nonprofit from foreseeable risks. In the context of volunteer management, this means ensuring that the organization has appropriate policies, procedures, and safeguards in place to minimize liability.

### POLICY DEVELOPMENT AND REVIEW

Board members should work with executive leadership to develop and periodically review risk management policies. This includes:

- ▶ *Volunteer agreements and waivers*
- ▶ *Background check protocols*
- ▶ *Incident reporting procedures*
- ▶ *Crisis response plans*

By actively participating in policy development, the board helps ensure that the organization's practices are legally sound and aligned with its mission and values.

### INSURANCE AND INDEMNIFICATION

Boards should confirm that the nonprofit's insurance policies cover volunteer activities. This may include general liability insurance, volunteer accident insurance, and **directors and officers (D&O)** insurance. In some cases, volunteers may be covered under the organization's umbrella policy, but this should never be assumed without verification.

Additionally, board members should review the organization's bylaws to determine whether volunteers are eligible for indemnification—that is, protection from personal liability for actions taken in good faith while serving the organization. While indemnification clauses typically apply to board members and officers, extending similar protections to volunteers may be appropriate depending on the nature of their work.

### MONITORING AND OVERSIGHT

Boards should establish mechanisms for monitoring volunteer activities and ensuring compliance with organizational policies. This might include:

- ▶ *Regular reports from staff on volunteer engagement and incidents*
- ▶ *Periodic audits of volunteer files and training records*
- ▶ *Surveys or feedback tools to assess volunteer satisfaction and identify areas of concern*

By maintaining visibility into volunteer operations, the board can proactively address issues before they escalate into legal or reputational problems.

### STRATEGIC RISK ASSESSMENT

Finally, boards should incorporate volunteer-related risks into the organization's broader strategic risk assessment. This involves identifying potential threats, evaluating their likelihood and impact, and developing mitigation strategies. For example, if the nonprofit relies heavily on volunteers for direct service delivery, the board should consider what would happen if a major incident occurred—and how the organization would respond.

### TO SUM IT UP...

Volunteers are essential to the success of nonprofit organizations, but their involvement must be managed with care. By understanding the various risks involved and implementing best practices—from waivers and background checks to insurance and training—nonprofits can protect their missions, their people, and their reputations.

As the nonprofit sector continues to evolve, especially in response to economic and social pressures, organizations must remain vigilant and proactive in their approach to volunteer management. Doing so not only reduces liability but also fosters a safer, more inclusive, and more effective environment for everyone involved.

TANIA QUIGLEY, CPA  
PARTNER



# UNDERSTANDING CONTRIBUTION ACCOUNTING FOR NONPROFITS

**A**t Cerini & Associates, we understand the unique challenges you face in managing and reporting your contributions. Accurate classification and accounting for contributions are essential for transparency, compliance, and stewardship of donor funds. Below, we outline the main types of contributions, provide practical examples, and offer guidance on determining whether contributions are restricted or unrestricted.

## CONDITIONAL GRANTS

**DEFINITION:** Conditional grants are funds provided by donors with specific requirements or conditions that must be met before the contributions can be recognized.

### KEY CRITERIA FOR CONDITIONAL GRANTS:

- ▶ **Barriers to Entitlement:** *There must be substantive donor-imposed barriers that your organization must overcome before you are entitled to the funds.*
- ▶ **Right of Reversion:** *The grant agreement must specify that if the conditions are not met, the donor has the right to reclaim or redirect the funds.*

**EXAMPLE:** Your nonprofit receives a \$50,000 grant contingent upon raising \$50,000 in matching funds within a year. Until you raise those matching funds, you have not met the barrier to entitlement, and the donor could potentially reclaim the grant if the condition is not satisfied.

**ACCOUNTING TREATMENT:** Record conditional grants as liabilities (*unearned income*) upon receipt of funds. Recognize as income only once the conditions are met and the barriers to entitlement have been overcome.

### BEST PRACTICE:

Carefully review all grant agreements for language regarding conditions and rights of reversion. If you are unsure whether a grant is conditional or unconditional, consult with your accounting advisors or auditors to ensure proper classification and compliance.

## RESTRICTED GRANTS

**DEFINITION:** Restricted grants are funds provided by donors with specific limitations on their use. These restrictions may be temporary (*for a particular project or period*) or permanent (*such as endowments*).

### HOW TO DETERMINE IF A CONTRIBUTION IS RESTRICTED:

- ▶ **Review Donor Communication:** *Examine grant agreements, letters, emails, or other correspondence for explicit instructions regarding the use of funds.*
- ▶ **Identify Donor-Imposed Restrictions:** *Only restrictions imposed by the donor qualify. Internal designations by your board or management do not make funds restricted for accounting purposes.*
- ▶ **Assess Purpose and Timing:** *If the donor specifies a particular use or a period, the contribution is restricted.*
- ▶ **Check for Endowment Language:** *If the donor requires that the principal be maintained in perpetuity and only the income used, this is a permanently restricted endowment.*
- ▶ **Document Everything:** *Retain all written evidence of donor restrictions for audit and reporting purposes.*
- ▶ **Consult Accounting Standards:** *Refer to relevant accounting standards or consult your auditors.*

**ACCOUNTING TREATMENT:** Report restricted grants as net assets with donor restrictions. Contributions are recognized when received, but net assets are reclassified as without donor restriction once the restriction is satisfied.

### EXAMPLES:

- ▶ **Restricted:** *A donor gives \$25,000 to your nonprofit, specifying it must be used to purchase computers for a youth program.*
- ▶ **Restricted:** *An estate leaves \$100,000 with the stipulation that it be invested as an endowment and only the interest used for scholarships.*
- ▶ **Not restricted:** *A donor gives \$10,000 with no instructions or limitations; your organization may use it for any purpose that supports your mission.*

### BEST PRACTICES FOR MANAGING RESTRICTED GRANTS:

- ▶ **Track Restricted Funds Separately**
- ▶ **Monitor Release of Restrictions**
- ▶ **Communicate with Donors**
- ▶ **Educate Staff and Board**
- ▶ **Maintain Strong Documentation**

## BEQUESTS

**DEFINITION:** Bequests are contributions left to your nonprofit through a donor's will or estate plan.

**EXAMPLE:** A supporter bequeaths a portion of their estate to your organization.

**ACCOUNTING TREATMENT:** Recognize bequests as contributions when you have an enforceable right and the amount can be reliably measured. If restricted, record as restricted net assets until the restriction is fulfilled.

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**EXAMPLES:**

- ▶ **Restricted:** A will specifies that the bequest must be used to fund a new building.
- ▶ **Unrestricted:** A will leaves a sum to your organization with no instructions; you may use it for any purpose.

**PLEDGES**

**DEFINITION:** Pledges are promises made by donors to contribute a specific amount in the future.

**EXAMPLE:** During a campaign, a donor pledges \$10,000 to be paid over five years.

**ACCOUNTING TREATMENT:** Record unconditional pledges as receivables and contributions at fair value when made. Conditional pledges are recognized when conditions are met.

**TIME-RESTRICTED PLEDGES:**

A pledge to give \$10,000 over five years is considered time restricted because the donor has specified that the funds will be provided over a set period. The nonprofit is not entitled to the full amount immediately, and the donor's intent is that the funds support the organization over multiple years.

**HOW TO RELEASE TIME-RESTRICTED PLEDGES FROM RESTRICTION:**

- ▶ When the pledge is made, the full amount is recorded as receivable and as restricted contributions.
- ▶ Each year, as the receivable comes due (*for example, \$2,000 per year*), the corresponding portion of the pledge is released from restriction and reclassified as unrestricted net assets.
- ▶ The release from restriction should match the timing of the donor's payments or the period specified in the pledge agreement.
- ▶ If the donor pays ahead of schedule or in a lump sum, the restriction is released according to the donor's instructions or the original period, unless the donor explicitly allows immediate use.

**EXAMPLES:**

- ▶ **Restricted:** A donor pledges \$10,000 over five years for general support. The pledge is time restricted and released annually as payments are received.
- ▶ **Restricted (Purpose and Time):** A donor pledges \$5,000 over three years for a literacy program. The pledge is both purpose and time restricted, and funds are released as both the period passes and the program expenses are incurred.
- ▶ **Unrestricted:** A donor pledges \$2,000 with no restrictions and pays the full amount immediately; your organization may use it as needed.

**GENERAL GRANTS**

**DEFINITION:** General grants are funds provided without specific restrictions, allowing your nonprofit to allocate the money as needed.

**EXAMPLE:** A foundation provides a grant for general operating support.

**ACCOUNTING TREATMENT:** Recognize general grants as unrestricted contributions when received.

**EXAMPLE:** A foundation awards \$20,000 for "general support"—your organization may use it for any mission-related purpose.

**YOU MAY NEED HELP**

Unfortunately, the accounting regulations are a bit convoluted in that definitions of conditions and restrictions can feel similar at times. Other concepts like perpetual restrictions, endowments, and discounting pledges can become difficult to interpret and implement. If you have questions about classifying or reporting your contributions or need help setting up your accounting systems to track restricted and unrestricted funds, our team is here to help. Accurate financial reporting is not just a compliance requirement—it is a key part of building trust with your donors and stakeholders. With care and guidance, you can ensure that you're on the right track.

MAHNAZ CAVALLUZZI, CPA  
PARTNER



CONNECTING YOU TO LEADERS  
CONNECTING YOU TO KNOWLEDGE  
CONNECTING YOU TO YOUR NONPROFIT NEEDS

# CERINI NONPROFIT LEADERSHIP

VIDEO/PODCAST SERIES



## NONPROFIT LEADERSHIP SERIES PRESENTED BY CERINI & ASSOCIATES



**A** monthly series featuring candid conversations with local nonprofit leaders on the issues that matter most. Hosted by Ken Cerini, each episode dives into timely topics impacting the nonprofit sector—from advocacy to innovation and everything in between.

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Guest Speaker: Ron Abad, CEO, Community Housing Innovations, Inc.  
TOPIC: THE CHANGING FACE OF NONPROFIT LEADERSHIP

JULY EPISODE FEATURING  
RON ABAD, CEO  
COMMUNITY HOUSING  
INNOVATIONS

**CERINI NONPROFIT LEADERSHIP SERIES**  
Moderator: Ken Cerini, Managing Partner, Cerini & Associates  
Guest Speaker: Cynthia Seibold, Founder & Executive Director, Balloon Mission Inc.  
TOPIC: BUILDING CROSS-SECTOR PARTNERSHIPS

SEPTEMBER EPISODE FEATURING  
CYNTHIA SEIBOLD, FOUNDER &  
EXECUTIVE DIRECTOR  
BALLOON MISSION INC

**CERINI NONPROFIT LEADERSHIP SERIES**  
Moderator: Ken Cerini, Managing Partner, Cerini & Associates  
Guest Speaker: Nicole Ferrara, Co-Founder & Executive Director, The Nicholas Center  
TOPIC: SOCIAL ENTREPRENEURSHIP

OCTOBER EPISODE FEATURING  
NICOLE FERRARA, CO-FOUNDER &  
EXECUTIVE DIRECTOR  
THE NICHOLAS CENTER

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### INTRODUCING BOARD MONTH: OCTOBER 2025

SCAN ME



Looking to improve your Board effectiveness? Check out our helpful resources:

- webinars
- video shorts
- blog posts
- and more!

October was **Nonprofit Board Month**, and we celebrated by bringing you a full lineup of resources to help your board thrive! Here you'll find expert-led webinars, practical short videos, blogs, guides, and tools designed to strengthen board engagement, enhance governance, and support your nonprofit's mission.

VIEW ALL OF THE RESOURCES HERE!

### WEBINARS

OCTOBER 9, 2025  
12:00PM - 1:00PM  
**FREE NONPROFIT BOARD WEBINAR!**  
PRESENTED BY:  
KEN CERINI, CPA, CFP, FABFA, Managing Partner, CERINI & ASSOCIATES, LLP  
ERIN TETA, CIA, Director, CERINI & ASSOCIATES, LLP  
**ENGAGED BOARDS, EMPOWERED MISSIONS: STRATEGIC LEADERSHIP FOR SUSTAINABLE IMPACT**

OCTOBER 23, 2025  
12:00PM - 1:00PM  
**FREE NONPROFIT BOARD WEBINAR!**  
PRESENTED BY:  
MATTHEW BURKE, CPA, Partner, CERINI & ASSOCIATES, LLP  
TANIA QUIGLEY, CPA, Partner, CERINI & ASSOCIATES, LLP  
**FINANCIAL ACCOUNTABILITY FOR BOARDS: UNDERSTANDING THE 990, MINUTES & YOUR FISCAL ROLE**

### BLOG POSTS

**RECENT TRENDS IN EMPLOYEE RETIREMENT PLANNING**  
KEN CERINI, CPA, CFP, FABFA, MANAGING PARTNER

**BUILDING A STRONGER BOARD: STRUCTURE, STRATEGY, AND SUCCESSION PLANNING**  
MATTHEW BURKE, CPA, PARTNER

**INSIDE THE AUDIT COMMITTEE: RESPONSIBILITIES, RED FLAGS, AND RISK READINESS**  
TANIA QUIGLEY, CPA, PARTNER

**FROM REACTIVE TO STRATEGIC: HOW BOARDS CAN FUTURE-PROOF THEIR ORGANIZATIONS**  
MAHNAZ CAVALLUZZI, CPA, PARTNER



# CERINI & ASSOCIATES LLP

CERTIFIED PUBLIC ACCOUNTANTS

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## LEARN MORE ABOUT TWO AMAZING EVENTS HONORING AND AWARDING THE BEST NONPROFIT ORGANIZATIONS IN THE AREA

**14<sup>th</sup> ANNUAL**

Long Island Imagine Awards  
**NEW AWARD CATEGORY ANNOUNCED!**  
**APPLY NOW! DEADLINE IS NOV 24<sup>TH</sup>!**  
**TUESDAY, APRIL 28, 2026 | 5:30PM-9:30PM**  
**CREST HOLLOW COUNTRY CLUB**  
[WWW.IMAGINEAWARDSLI.ORG](http://WWW.IMAGINEAWARDSLI.ORG)

**5<sup>th</sup> Annual**

New York City Imagine Awards  
**WINNERS REVEALED! CONGRATULATIONS!**  
**TUESDAY, OCTOBER 28, 2025 | 6PM-10PM**  
**GUASTAVINO'S**  
**6<sup>TH</sup> ANNUAL EVENT DETAILS COMING SOON!**  
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