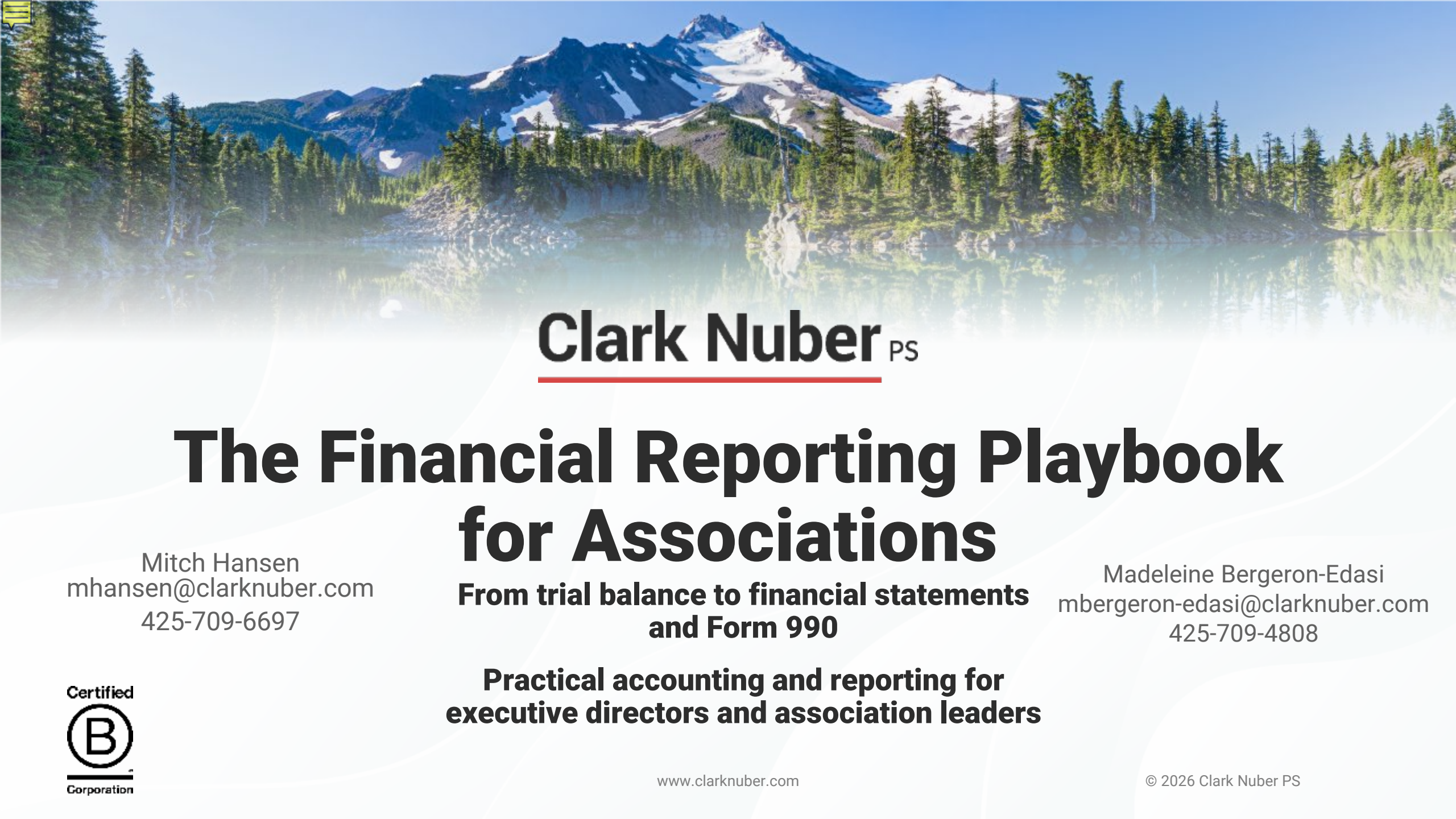




Clark Nuber ^{PS}

The Financial Reporting Playbook for Associations

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**From trial balance to financial statements
and Form 990**

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**Practical accounting and reporting for
executive directors and association leaders**





What executive directors need from financial reporting

REPORTING BASIS

Cash basis
or accrual basis

ENTITY & TAX STATUS

Charitable, social welfare,
business league, or quasi-governmental

FINANCE MODEL

Association management company
or in-house staff

Transactions

GAAP
financials

Form 990

Leadership &
board
decisions



Four outcomes for executive directors

1

APPLY

Dues, events,
and related entities

2

COMPARE

Not-for-profit and
for-profit statements

3

CONNECT

GAAP statements
to Form 990

4

SUSTAIN

Reserves and
board oversight

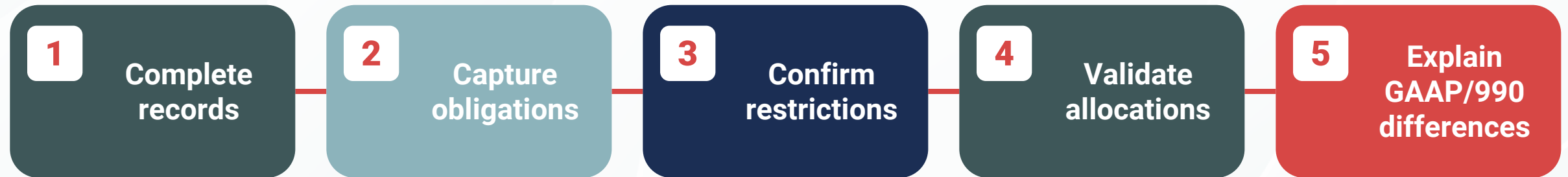
Focus on the questions to ask, decisions to own, and explanations the board needs.

One set of records supports every stakeholder conversation

Clear, consistent, decision-ready reporting



Executive director oversight: require a reliable, explainable close



PRACTICAL NOTE

Ask finance to label the accounting basis and explain the GAAP conversion.



Cash vs. Accrual for Associations

CASH BASIS

Record when cash moves
Timing can distort results

Cash now

Cash now

Cash now

Cash later

Cash at purchase

Advance dues

Event registration

Sponsorship

Vendor costs

Equipment

ACCRUAL BASIS (GAAP)

Record when earned / incurred
Shows receivables + deferrals

Revenue over period

When event occurs

As benefits delivered

Expense when incurred

Depreciate over life

Cash flow asks “when paid?” • Accrual reporting asks “when earned or incurred?”



A board-ready GAAP package answers four leadership questions

POSITION

What resources are available—
and what is owed?

PERFORMANCE

Are operations sustainable?

CASH

Where is cash coming from
and going?

MISSION USE

Are resources aligned with priorities?

WHAT TO ASK ABOUT

Liquidity and availability • commitments • related entities • significant judgments



Why association reporting uses a stewardship lens

	For-Profit	Not-For-Profit
PRIMARY FOCUS	Profitability & capital providers	Mission, stewardship & sustainability
RESIDUAL	Owners' equity / retained earnings	Net assets
EXPENSE LENS	Natural classification	Nature + function

Simplified orientation—full comparison in the appendix.

For dues, document member benefits and service periods

1

DOCUMENT

Member benefits and
service period

2

SEPARATE

Bundled benefits and any
contribution element

3

RECOGNIZE

GAAP: as exchange
benefits are delivered
Cash: as cash is received

Billing date

Membership starts

Fiscal year-end cut-off

Membership ends

GAAP: Do member records support the year-end deferral?



For events, align accounting with delivery and contract risk

REGISTRATION

Advance registration cash is...
GAAP: typically deferred until the event
Cash: recognized as cash is received

SPONSORSHIP

Separate advertising and benefits from support

COSTS

Track deposits, prepayments, and guarantees separately

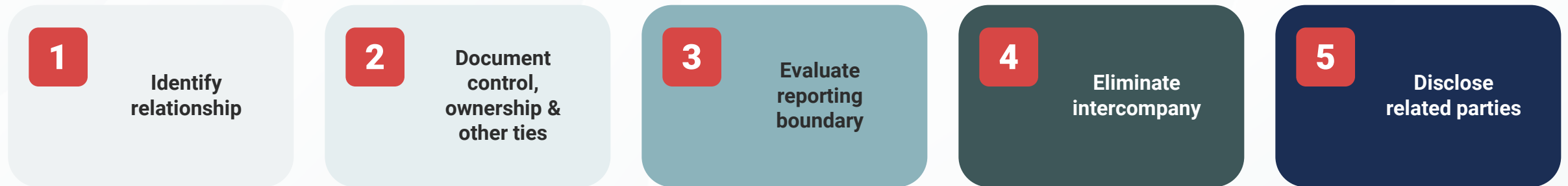
CHANGES

Know refund, cancellation, and tax exposures

Leadership action: involve finance when event terms or benefit packages change.



Executive director question: Which entities belong in each report?



Foundation

Taxable subsidiary

Advocacy or political entity

Educational affiliate

GAAP AND FORM 990 MAY USE DIFFERENT REPORTING POPULATIONS

Keep the entity map and intercompany agreements current.



Use the statements to answer four leadership questions

POSITION

Can we meet near-term obligations?
What cash is truly available?

ACTIVITY

Which revenue is recurring?
Where are results changing?

MISSION USE

Are resources aligned
with strategic priorities?

NOTES & RISKS

What commitments or concentrations
could surprise us?

The goal is to identify decisions and risks—not just review balances.



Executive director question: Why do GAAP and Form 990 differ?

GAAP information	Form 990 location
Financial position	Part X — Balance Sheet
Revenue and expenses	Parts VIII and IX
Change in net assets	Part XI
Program accomplishments (narrative)	Part III
Governance, compensation, related parties	Parts VI–VII; Schedules L and R

WHY TOTALS MAY DIFFER

Scope • donated services • unrealized gains/losses • return-specific classifications



A useful board package answers six questions without translation

1

Are operations sustainable?

2

What is driving results?

3

How much cash is truly available?

4

Which decisions create future obligations?

5

Where are the biggest judgments or risks?

6

Do GAAP, budget reports, and Form 990 tell one story?

A reserve policy turns uncertainty into an agreed response

BOARD-DESIGNATED RESERVES

Resources the board has set aside within net assets without donor restrictions

**Purpose
& risk**

Target

**Use &
approval**

**Monitor &
replenish**

Operating • capital/technology • contingency • strategic/program investment



Five questions executive directors should surface

SCENARIOS

- Dues billed in advance—first identify the membership service period
- Conference registrations and sponsorships
- Educational-material inventory
- Related charitable foundation
- Board-designated operating reserve
- Form 990 reporting

1

What is earned or deferred?

2

Which reports and metrics change?

3

What needs disclosure or board attention?

4

Where will GAAP and Form 990 differ?

5

What decision or follow-up is needed?



Prevent five surprises before they reach the board or Form 990

WATCH FOR

- Revenue recognized too early
- Support treated as one category
- Unsupported functional allocations
- Related entities overlooked
- Form 990 surprises

LEAD WITH

- Clear close calendar and account map
- Annual revenue-stream review
- Documented judgments and allocations
- GAAP-to-Form 990 reconciliation
- Board-approved reserve policy



Executive director action plan: five repeatable practices

- 1 Confirm service periods and member benefits
- 2 Challenge exchange and contribution conclusions
- 3 Keep the entity map and agreements current
- 4 Require a GAAP-to-Form 990 reconciliation
- 5 Put the reserve policy on the annual board calendar



Questions to take back to your finance team and board

1

Where are our biggest reporting judgments?

2

What could surprise the board?

3

How much cash is truly available?

4

Do our reports and Form 990 tell one story?

Appendix & Reference

Mapping, policies, revenue considerations, and full comparison tables





Appendix A – Sample trial balance mapping

Trial balance category	GAAP destination	Key review
Assets	Statement of financial position	Liquidity / current classification
Liabilities	Statement of financial position	Accruals / deferred revenue
Net assets	Position and activities	Restrictions / designations
Revenue	Statement of activities	Type and recognition timing
Natural expenses	Activities / functional presentation	What was purchased
Functional categories	Functional presentation	Program / management & general / fundraising



Appendix B – Sample financial statement to Form 990 crosswalk

GAAP financial statement	Form 990 starting point
Statement of financial position	Part X – Balance Sheet
Statement of activities	Parts VIII, IX, and XI
Functional expenses	Part IX; program narrative links to Part III

STARTING POINT—NOT A COMPLETE RETURN MAP

Required schedules depend on the organization’s facts.



Appendix C – Reserve policy elements

1

Purpose

2

Target balance

3

Funding approach

4

Authorized uses

5

Approval process

6

Replenishment plan

7

Reporting cadence



Appendix D – Revenue recognition by stream

Revenue stream	Primary question	Typical recognition focus
Membership dues	What benefits and service period?	Typically as exchange benefits are delivered
Conferences	When does the event/service occur?	Typically defer exchange advances until delivery
Sponsorships	Advertising/benefits or contribution?	Separate components; apply each model
Publications & inventory	When does control transfer?	At delivery or transfer
Contributions	Restrictions or conditions?	Contribution guidance; conditions can delay
Grants	Exchange or contribution; conditions?	Relevant model and conditions
Investment income	Earned income or fair-value change?	Applicable investment guidance



Reference table – Simplified not-for-profit vs. for-profit orientation

Area	For-profit financial statements	Not-for-profit financial statements
Primary focus	Profitability, cash generation, and capital-provider returns	Stewardship, sustainability, and mission support
Equity section	Owners' equity / retained earnings	Net assets
Revenue presentation	Operating revenue and other income	Contributions, program revenue, dues, events, investment income
Expense presentation	Often by natural classification; detail varies	Often by natural and functional classification
Users	Investors, lenders, management	Board, members, donors, regulators, lenders, public



Reference table – GAAP financial statements to Form 990

GAAP information	Form 990 reference
Statement of financial position	Part X
Statement of activities	Parts VIII, IX, and XI
Functional expenses	Part IX
Contributions and grants	Part VIII, line 1; Schedule A where applicable
Program service expenses	Part III and Part IX, column B
Related-party transactions	Parts VI–VII; Schedules L and R
Cash, investments, and reserves	Part X; Schedule D if endowment/investment reporting applies

Reference: 2025 Form 990 and instructions; use the instructions applicable to the filing year.