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Nonprofit Breakout Sessions

Navigating Revenue Recognition: A Guide for Nonprofit Decision Makers:
12:30 – 1:20 pm

AI Practical Use Case: 1:20 – 2:10 pm



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Navigating Revenue Recognition: A Guide for Nonprofit Decision Makers



Learning Objectives

Recall whether certain revenue transactions are contributions or exchange transactions.

Recognize the key components of conditional contributions and contributions with donor restrictions.

Describe how to manage and report restricted funds, including donor-imposed restrictions and how they dictate the use and timing of funds.



Introductions

- Name
- Organization
- Role
- “What movie title best reflects your experience with revenue recognition?”



Discussion

When you hear “revenue recognition,” what’s the first challenge or confusion that comes to mind?



Discussion

Which revenue streams create the most complexity in your nonprofit? Why?





Revenue: The Starting Point

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Two Main Types of Revenue

Exchange transactions

- Contract-like transactions
- Reciprocal in nature

Nonexchange transactions

- Contribution and contribution-type grant transactions
- Nonreciprocal in nature





Exchange Transactions

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Five Steps to Evaluate Revenue Recognition

1

Identify contract

2

Identify
performance
obligations

3

Determine
transaction
price

4

Allocate
transaction
price

5

Recognize
revenue



Discussion

What exchange transactions are most common in your organization? What makes them “contract-like” and reciprocal?



Common Challenges

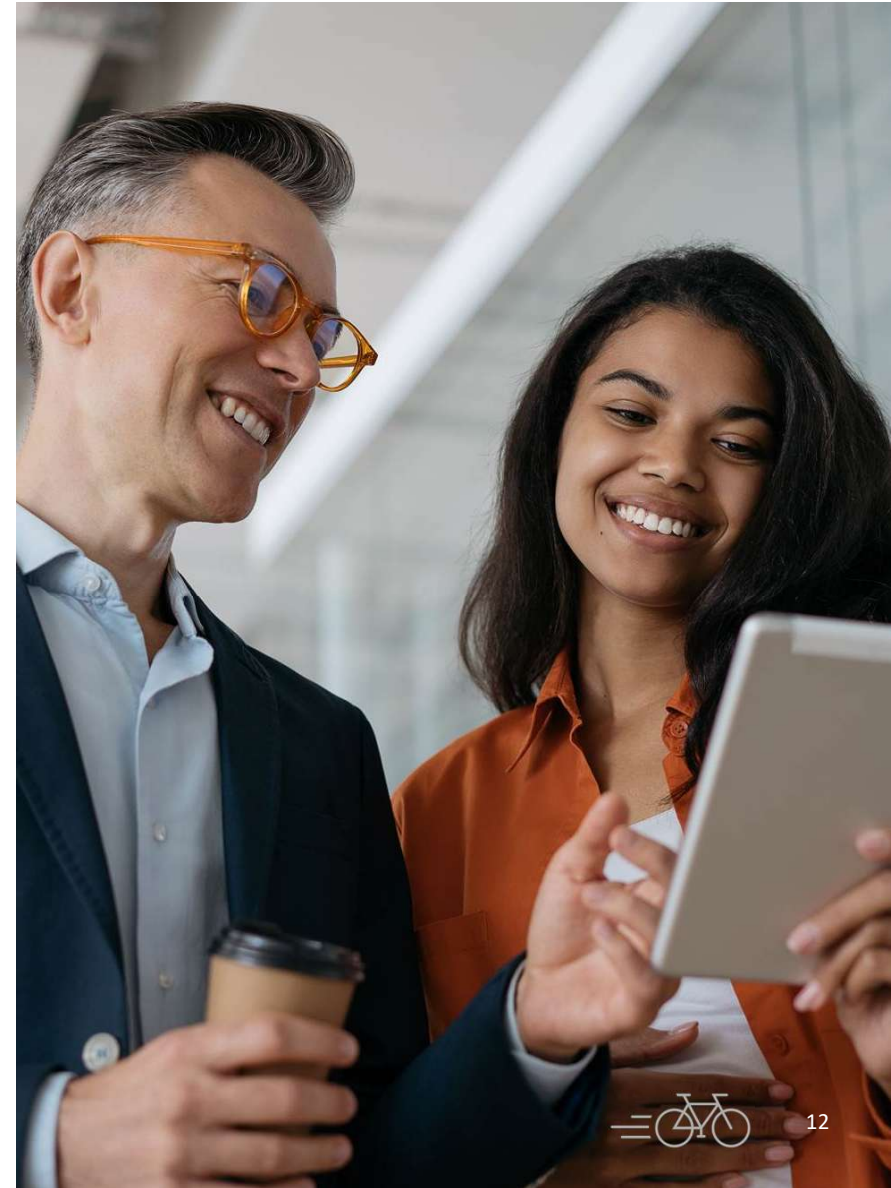
Recognizing revenue in
the correct period

Allocation of revenue
to the specific
obligations

Satisfaction of
performance
obligations



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Nonexchange Transactions (Contribution-Type Grants and Contributions)

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Types of Contributions

Donations
and pledges

Contribution-
type grants

Bequests
revenue

In-kind
contributions



14

Discussion

What types of contributions do you see most often at your organization?



Discussion

Which contribution types tend to create the biggest accounting or tracking challenges in your organization?



Multi-Step Recognition Process

When do we recognize revenue — *conditional or unconditional?*

How do we classify/report it — *with or without donor restrictions?*



Multi-Step Recognition Process: **When**

When do we recognize revenue — *conditional or unconditional?*

Conditional only if BOTH are met:
*There is a right of return/release **AND** barrier to overcome*



Indicators a Barrier May Exist

Measurable
barrier



Required to accomplish
something concrete
before recognizing the
revenue

Limited
discretion



Don't have the broad
freedom to specify
how funds are used

Related to purpose
of agreement



Mission-based
obligations related
directly to the purpose
of the agreement

Routine administrative requirements are **not** considered a barrier





WITHOUT DONOR RESTRICTIONS

No restrictions

Timing, purpose, or donor-imposed conditions



WITH DONOR RESTRICTIONS

Donor-imposed restrictions

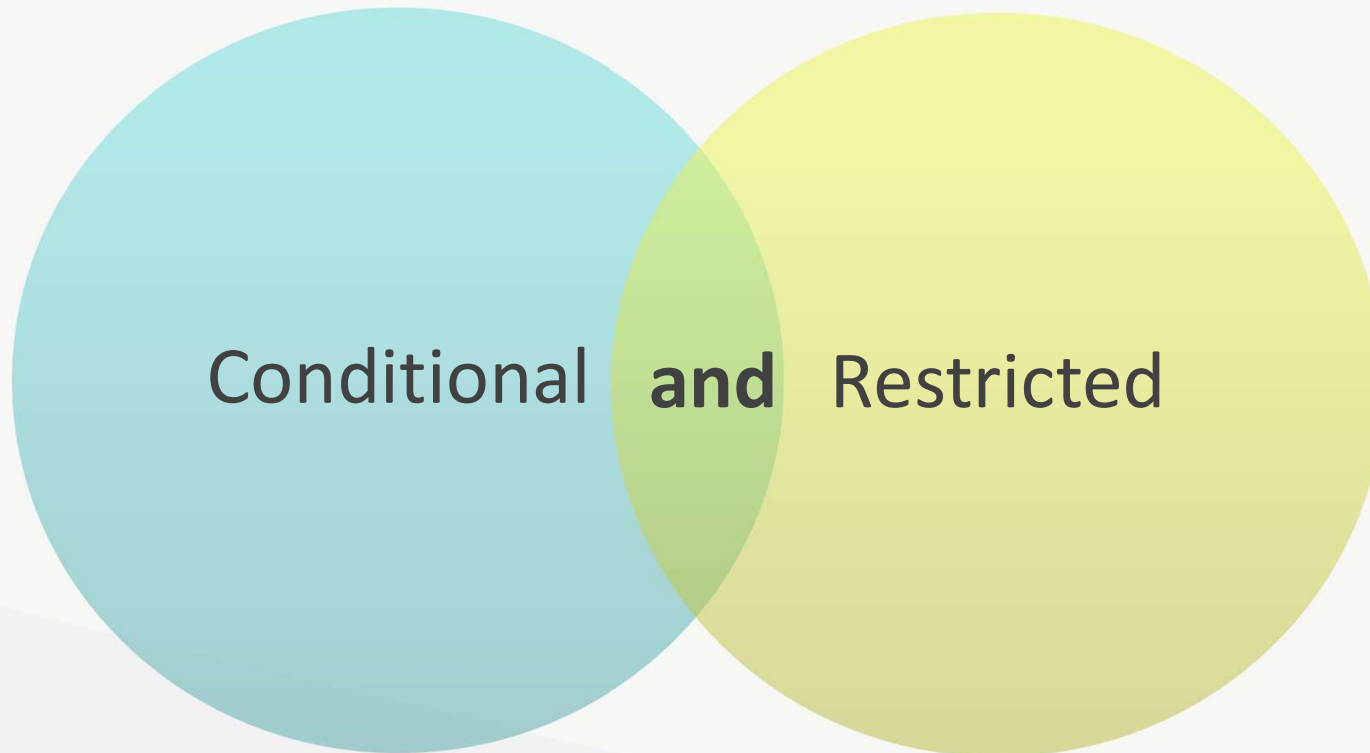
Time, purpose, or purpose + time restrictions until restriction is met



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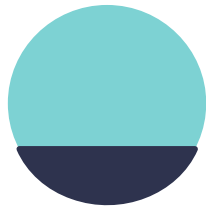
Contribution-Type Grants



The Grant Lifecycle and Assessing Barriers

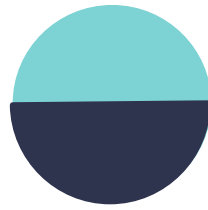


Application submitted

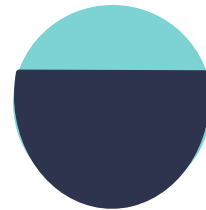


Award received

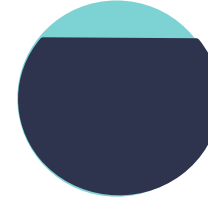
Is it conditional?



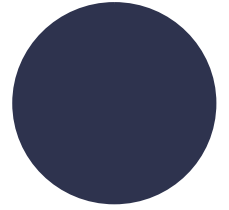
Barriers assessed



Grant agreement vs. award letter



Reporting obligations



Close-out procedures



Discussion

- What systems or processes does your organization use to track conditional and donor-restricted contributions?
- Where do you see the biggest gaps or pain points?
- How does the cash receipt timing impact cash flows?



Common Challenges

Misclassification of revenue

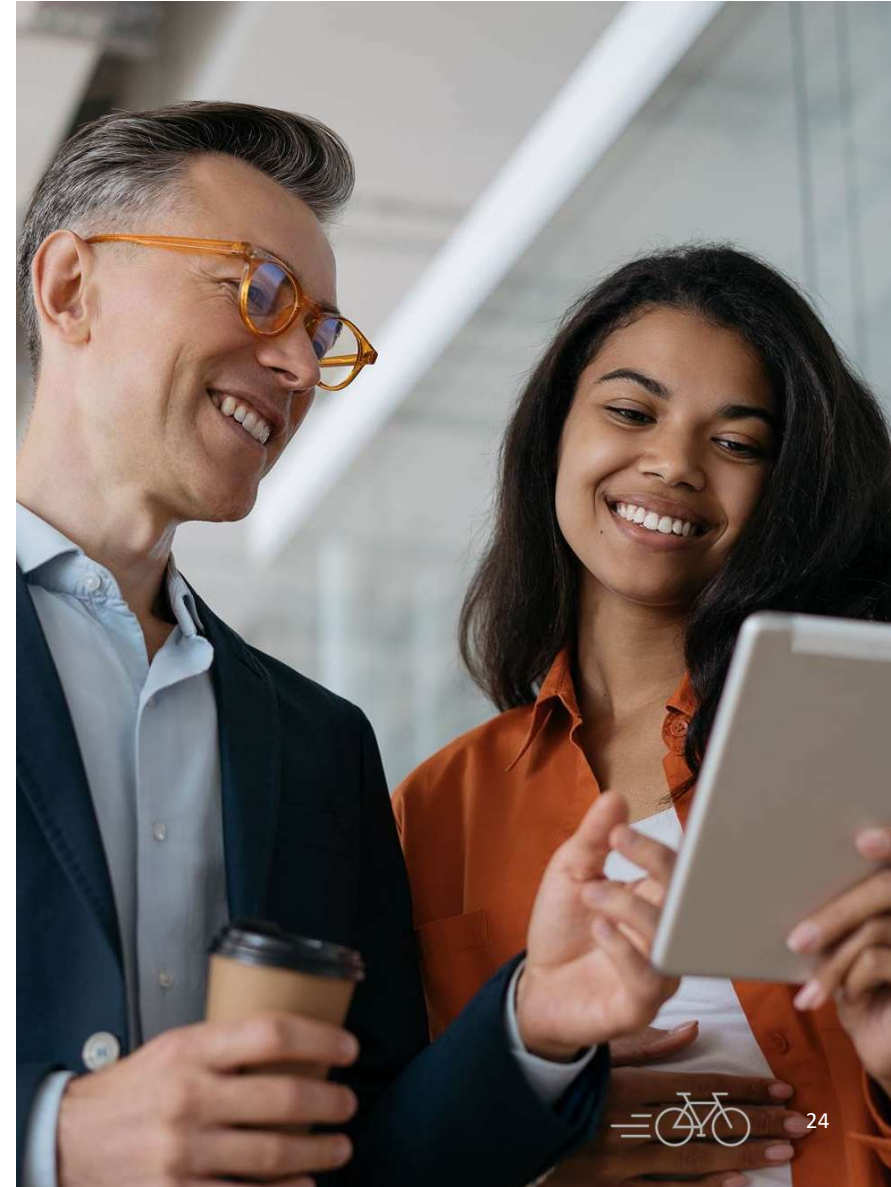
Timing of revenue recognition

Documentation of donor intent

Measurement of “in-kind” contributions

Regulatory and compliance challenges

Complexity in tracking and reporting



Group Activity

#1A – Grant from a private foundation

The Veterans Association receives a grant from a private foundation for funding in the amount of \$400,000 to provide specific career training to disabled veterans.

- The grant requires the association to provide training to at least 8,000 disabled veterans during the next fiscal year, with specific minimum targets that must be met each quarter
- There is a right of release from the obligation in the agreement in the event the association fails to meet the targets in any given quarter



What is it?



Conditional

Unconditional

Restricted

Unrestricted

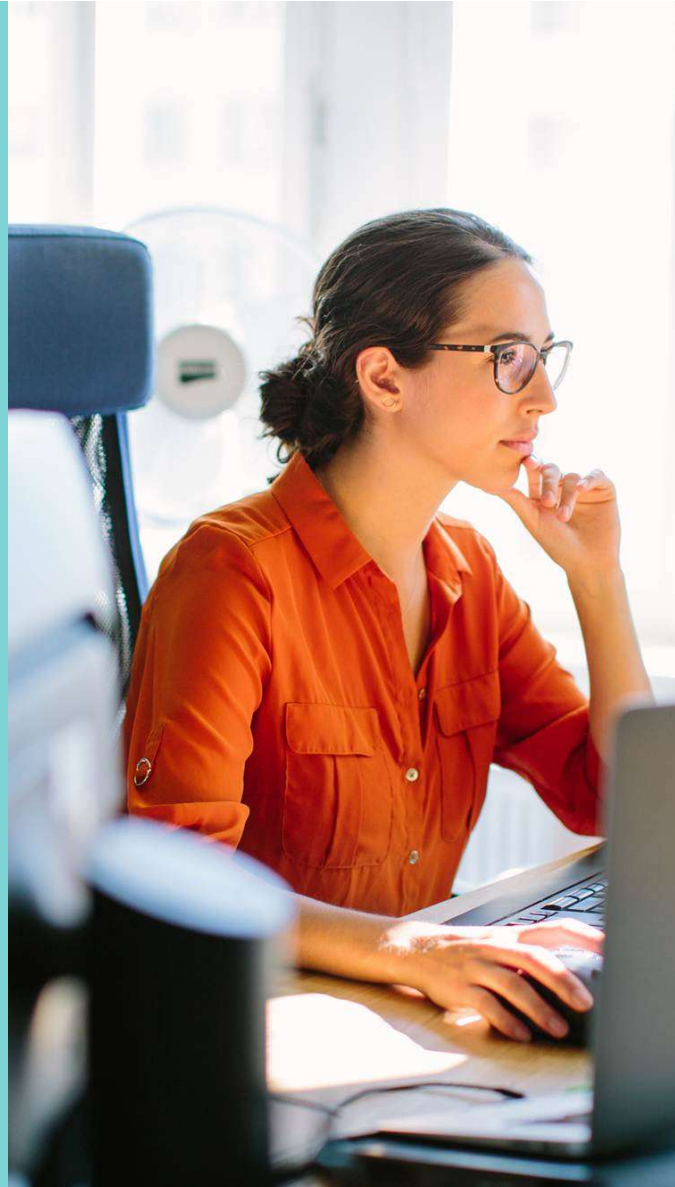


Group Activity

#1B – Grant from a private foundation

The Veterans Association receives a grant from a private foundation for funding in the amount of \$400,000 to provide specific career training to disabled veterans.

- In its grant proposal, the association states one of its goals is to provide training to disabled veterans during the next fiscal year



What is it?



- Conditional
- Unconditional
- Restricted
- Unrestricted



Group Activity

#2A – Grant from a corporate foundation

Foodies For Health studies gluten-related health concerns as a small part of its overall mission; it applies for and receives a \$100,000 grant from Oat Farmers of America to perform research on gluten-related food intolerances over the next year.

The grant agreement includes:

- A requirement that at the end of the grant period a budget-to-actual report must be filed with the corporate foundation that explains how the assets were spent, including explanations for specific line items overspent by more than 15% of the budgeted amounts



What is it?



Conditional

Unconditional

Restricted

Unrestricted



Group Activity

#2B – Grant from a corporate foundation

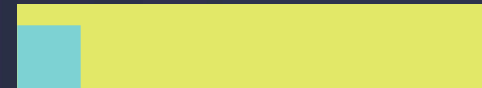
Foodies For Health studies gluten-related health concerns as a small part of its overall mission; it applies for and receives a \$100,000 grant from Oat Farmers of America to perform research on gluten-related food intolerances over the next year.

The grant agreement includes:

- A statement that prior approval must be obtained from the corporate foundation for any significant deviations in spending from the budget submitted as an exhibit to the grant application
- A requirement that at the end of the grant period a full report of the results of the research must be published in a peer-reviewed journal relevant to the medical field. If the research is not published within two years of the initial grant, the entire grant must be returned to Oat Farmers of America



What is it?



- Conditional
- Unconditional
- Restricted
- Unrestricted



Group Activity

#3A – Grant from a private corporation

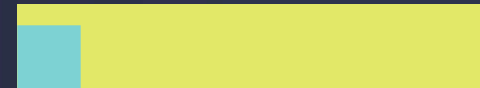
Youth Clubs of America received a \$1M grant from a national retailer to develop a pilot trades training program.

The grant agreement includes:

- A statement of expected outcomes that the organization will partner with local clubs in three metropolitan areas to develop skilled trades training programs and provide hands-on experience for a minimum of 1,300 youth, use specific curriculum, and create skilled training opportunities.
- A statement that grant funds must be used in accordance with this award letter and no substantial changes in the project may be made without prior written approval from the corporation. The corporation may terminate the grant and recover any unexpended portion of the grant if any of the facts in documents provided cease to be accurate, or Youth Clubs of America fails to satisfy the expectations set out in the award letter or fails to carry out the project in the manner consistent with the documents.



What is it?



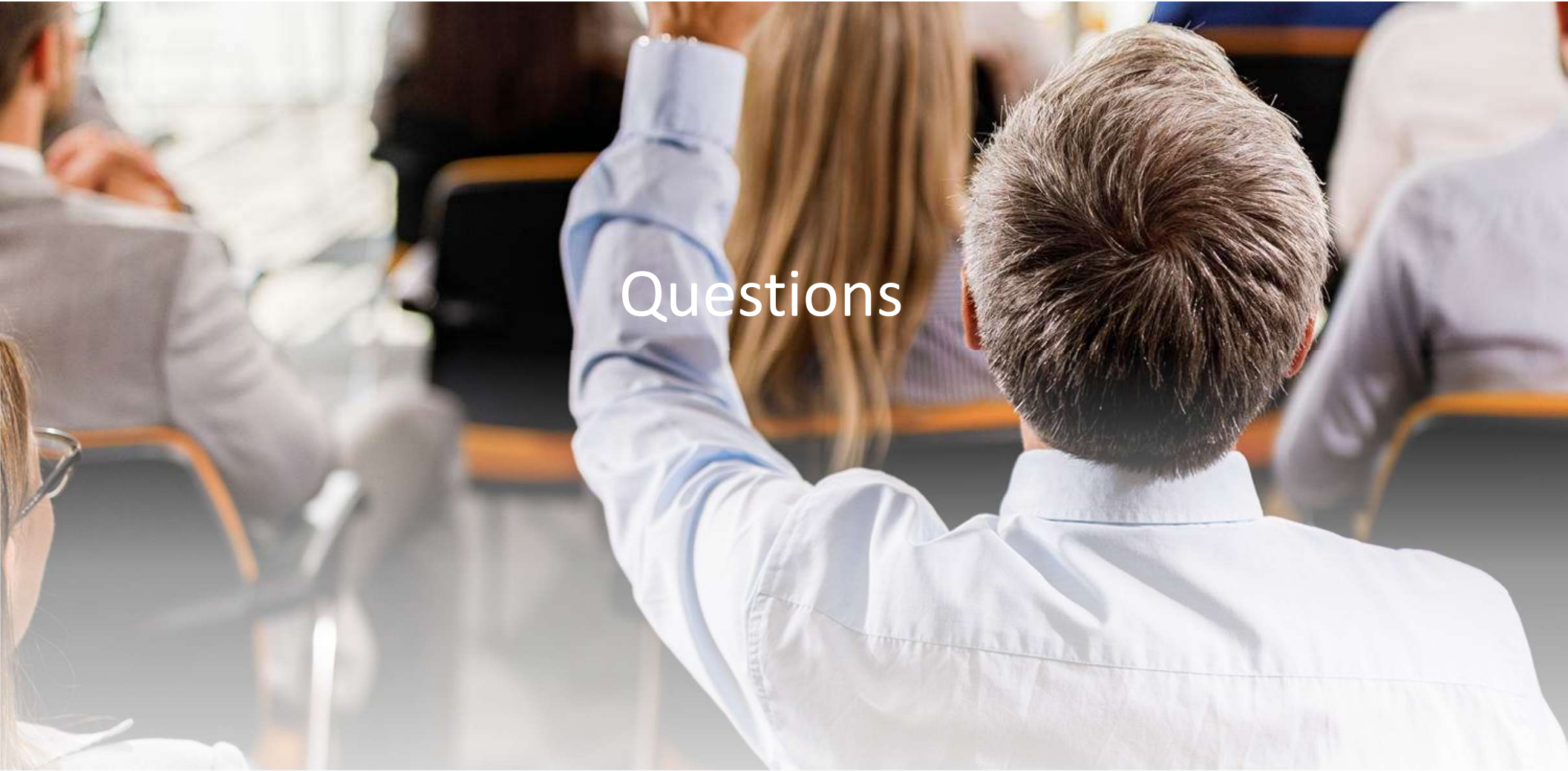
Conditional

Unconditional

Restricted

Unrestricted





Questions



Discussion

What is one action item or step you are taking back to your organization?



Thank you!



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AI: Practical Use Cases for Nonprofits



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Learning Objectives

Recognize the different types of AI.

Identify practical AI-use cases for nonprofit organizations.

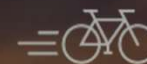
List ways AI could benefit your nonprofit organization or your day-to-day work.





Why This Matters Right Now

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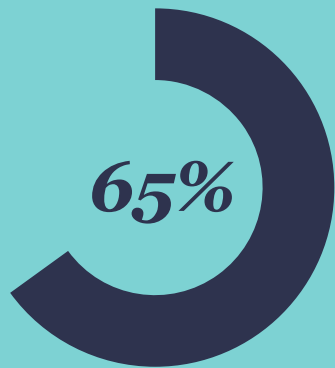


“We are experiencing 100 years of
Innovation in the coming 6-8 years.”

— Satya Nadella
CEO of Microsoft



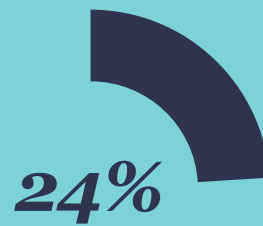
Current Nonprofit AI Landscape



Fact

Exploring/using AI for operational efficiency

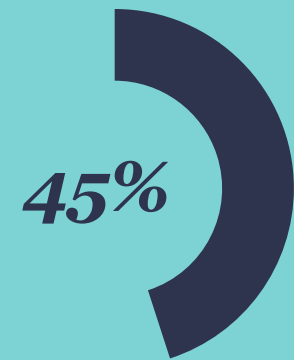
[Ai In The Nonprofit Industry Statistics: Market Data Report 2025](#)



Fact

Have a formal AI strategy

[Report: How Artificial Intelligence Is Changing the Nonprofit Sector - Nonprofit PRO](#)



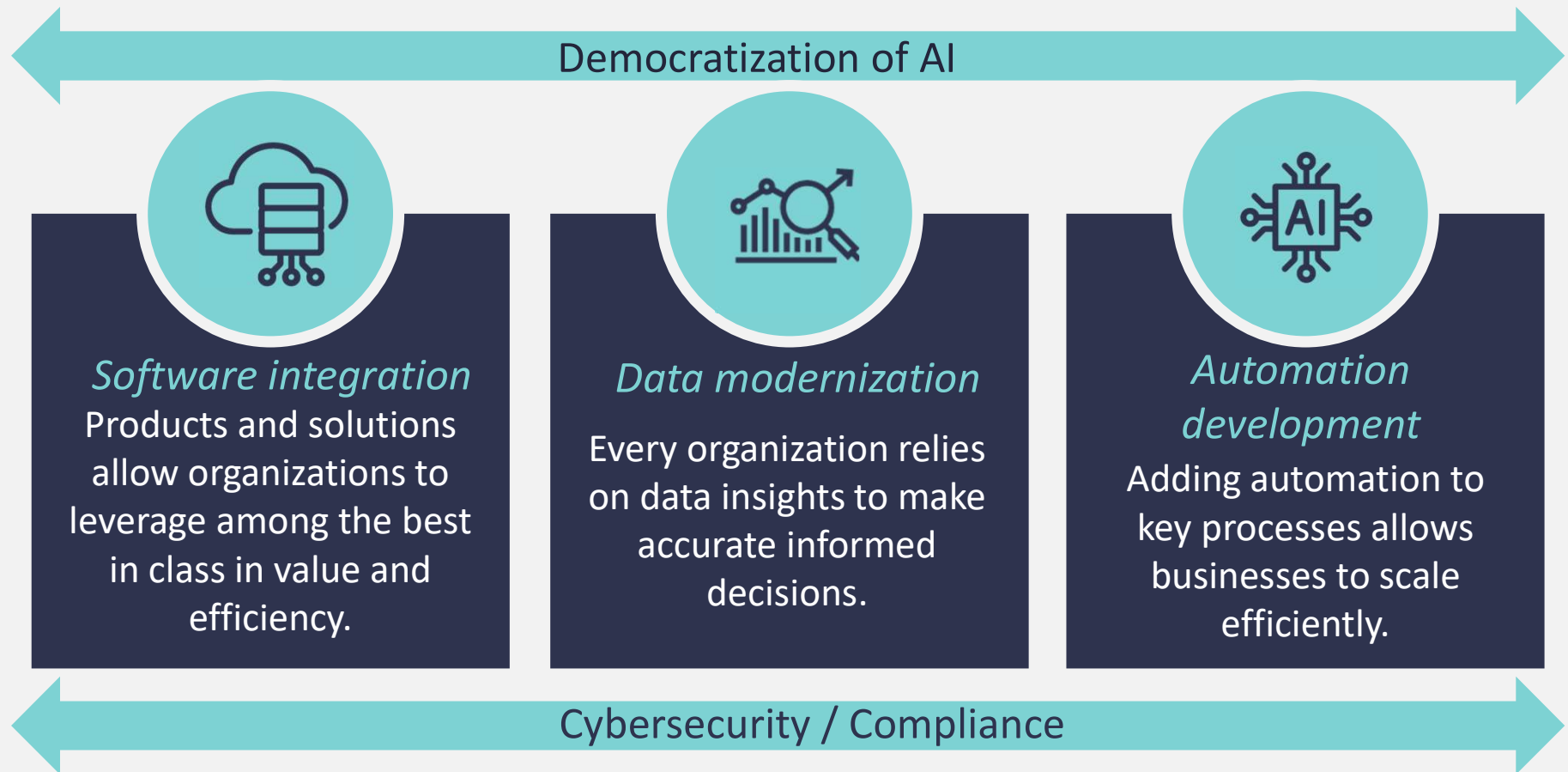
Fact

Feel unprepared to implement AI effectively

[Ai In The Nonprofit Industry Statistics: Market Data Report 2025](#)



Modernizing Nonprofit Organizations



Five Common Challenges in Nonprofits



Lack of real-time data



Systems not talking to each other



Disruption to legacy systems



Evolving industry structure and realignment



Recruiting and retention



Do any of these resonate with your organization?



What We Are Hearing From Clients

Manual processes take too long

We'd like to start using **AI** but don't know where to start



I just do my reports in Excel

I can't get the **answers and data** I need

Staff is **not able to focus** on things that matter

Staff is getting **burnt out**





Start with mission need or workflow pain point

Use data and systems that can support the process

Keep a human reviewer accountable for the outcome

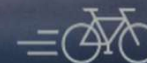
What Makes an AI Use Case Practical?





What We Mean By AI

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Types of AI Based on Functionality



Natural language processing (NLP): sentiment analysis and conversational AI



Computer vision: image and facial recognition



Machine learning: predictive and prescriptive analytics, classification and anomaly detection



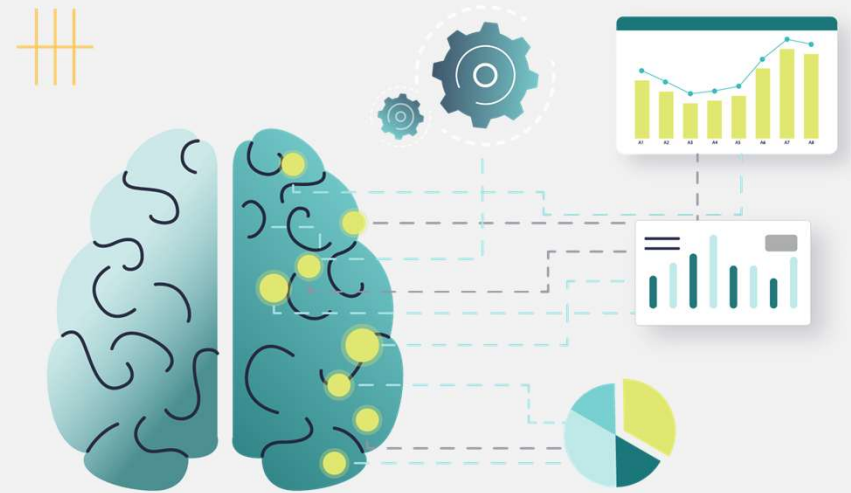
Generative AI: creates new content such as text, images, audio, and video



Simplified: Artificial Intelligence

IT systems that sense, comprehend, act and learn.

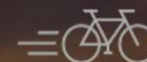
“Intelligence” demonstrated by software with the ability to depict and mimic human brain functions.





Reality Check: What AI Is and Is Not

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Misconception of AI

Large scale and complex implementations

Fully autonomous

Guarantees perfect predictions

Replace human jobs completely



Reality of AI

Small nonprofits can benefit from simple AI tools.

Human oversight is essential for training and ethics.

Powerful but not infallible, especially with new data.

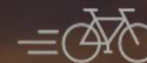
Changes work but creates new ones by enhancing human effort work.





How Can Non-Profits Use AI?

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Case Study

Challenge

Nonprofits often struggle with engaging donors effectively, leading to missed opportunities for donations and support.

Approach

Use AI-powered donor analytics to surface patterns and insights for staff review and decision-making. By analyzing donor data, AI can identify patterns and preferences, enabling nonprofits to tailor their communication and engagement strategies.

Short-term impact

Improved donor engagement and higher response rates to fundraising campaigns.

Long-term impact

Increased donor retention and loyalty, leading to sustained financial support and stronger relationships with donors.



Case Study

Challenge

Managing grant applications and tracking funding can be resource-intensive and prone to errors.

Approach

Leverage automation and machine-learning–assisted workflows to streamline grant tracking and recommendations, with required human review at key decision points.

Short-term impact

Reduced administrative burden and faster processing of grant applications.

Long-term impact

Enhanced efficiency in securing and managing grants, allowing nonprofits to focus more on their mission and program delivery.



Case Study

Challenge

Nonprofits often find it challenging to measure and demonstrate the impact of their programs and initiatives.

Approach

Deploy AI-driven predictive analytics, interpreted and validated by program leaders, to measure social impact. By analyzing data from various sources, AI can provide insights into the effectiveness of programs and predict future outcomes.

Short-term impact

Better understanding of program effectiveness and areas for improvement.

Long-term impact

Data-driven decision-making that enhances program impact, attracts more funding, and improves transparency and accountability to stakeholders.



Case Study

Challenge

Nonprofits often need to process unstructured documents, which can make workflows harder to manage efficiently and accurately.

Approach

Use AI-powered document processing to extract, analyze, and understand unstructured data, with human review built in for accuracy and exception handling. Custom models can be trained for more tailored document processing needs.

Short-term impact

Faster document intake and analysis, with improved workflow efficiency and accuracy.

Long-term impact

More scalable document processing and stronger automation across administrative workflows.



Case Study

Challenge

Manual data entry can slow accounts payable workflows and increase the risk of processing errors.

Approach

Use AI to extract invoice data and route into existing workflows and accounting systems, with staff review for exceptions, approvals, and final validation.

Short-term impact

Reduced manual data entry and fewer errors associated with invoice processing.

Long-term impact

More efficient accounts payable operations, better integration with existing systems, and greater capacity for finance teams to focus on higher-value work.



Additional Case Study Examples

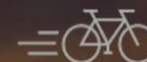
- AI agent for database queries
- AI-assisted grant writing
- AI-assisted board meeting minute recording
- HQ financial dashboard for federated orgs
- Automated financial due diligence for grantmakers



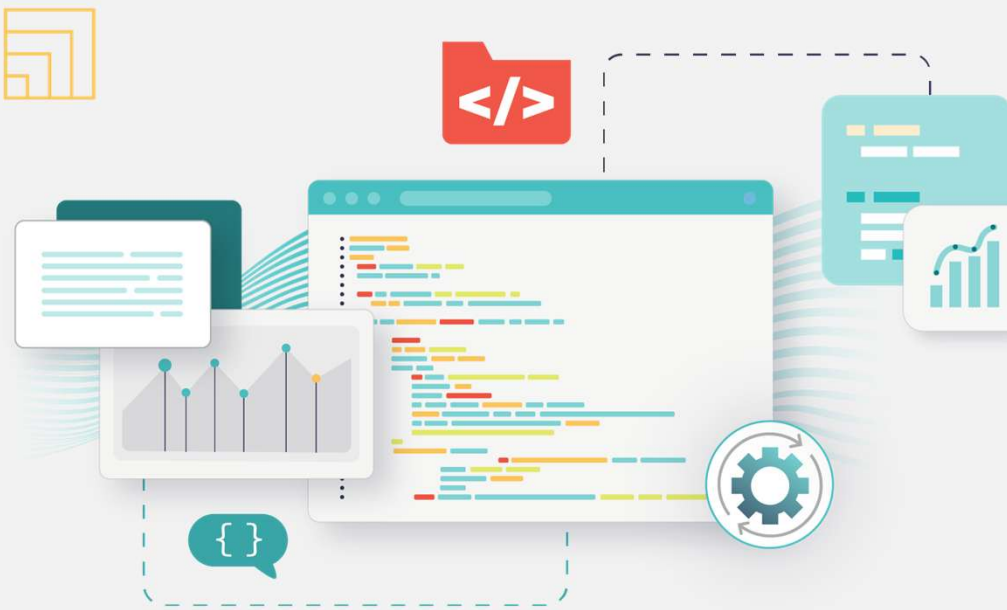


Practical Personal Use Cases

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Large Language Models

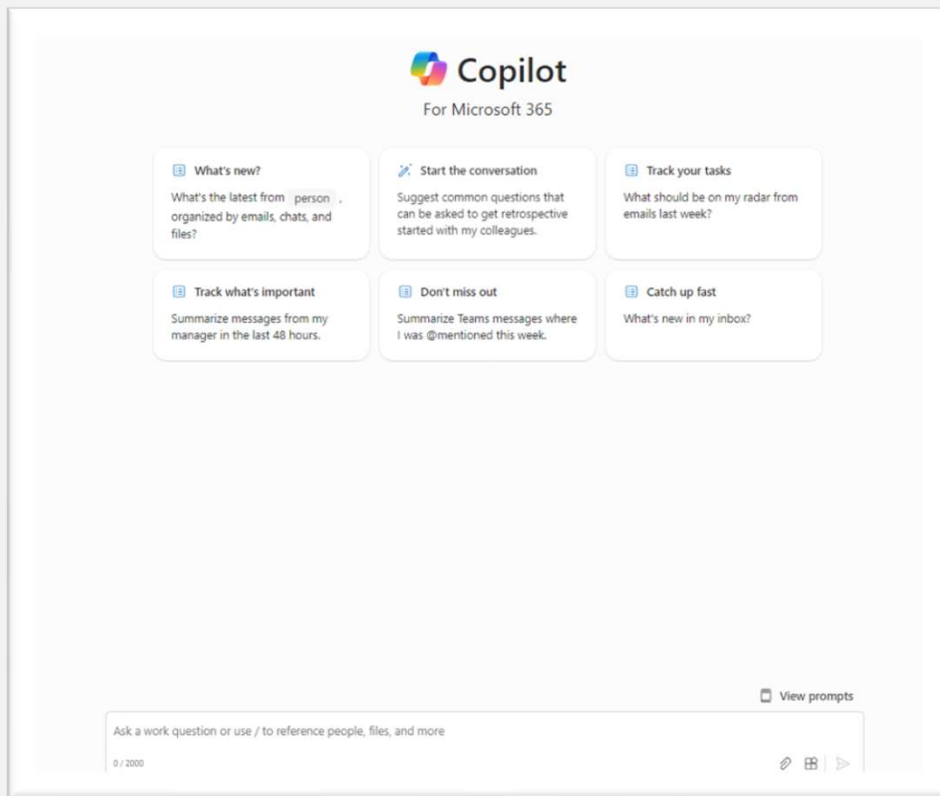


- Enhancing human potential and productivity
- Powerful and intuitive search for accurate and timely data retrieval
- Efficiency driving personal assistance

Generative AI is transforming the daily work experience



Microsoft 365 Copilot



- AI-powered assistant integrated into Microsoft 365 applications
- Helps automate tasks, provide insights, and enhance productivity
- Available in applications like Word, Excel, Outlook, Teams and more

Customizable through Copilot Studio within Microsoft's ecosystem



Microsoft Copilot – Drafting Messages

Prompt

“I'd like to draft an email to the board of directors, letting them know how excited I am to be presenting at their quarterly meeting.”

Generated

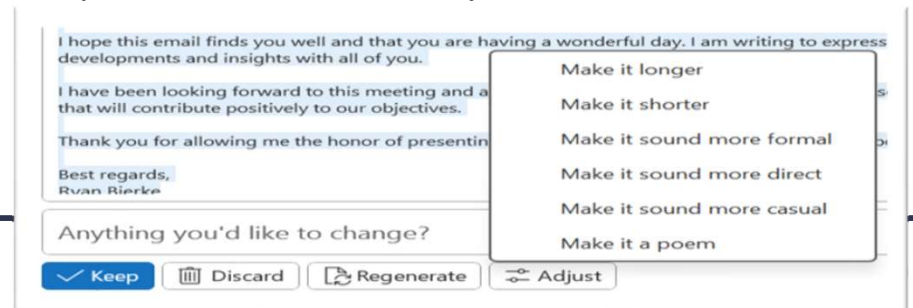
I hope this email finds you well and that you are having a wonderful day. I am writing to express my enthusiasm about the upcoming quarterly meeting. I am thrilled to have the opportunity to present to the committee and share some exciting developments and insights with all of you.

I have been looking forward to this meeting and am confident that the information I will be presenting will be both informative and valuable. Your support and feedback are incredibly important to me, and I am eager to engage in meaningful discussions that will contribute positively to our objectives.

Thank you for allowing me the honor of presenting at this important event. I am truly excited about the opportunity and look forward to seeing you all there.

Best regards,

Ryan Bjerke



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Pages

- P&L 3D
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- 3D Srcv/Render MD/P...
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- Patient Origin CM
- Growth Patient Origin ...
- Patient Origin Yield
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Select Service(s)		Select Patient Type(s)		Select Payer Class(es)		Select Attributed Location(s)		Select
All		All		All		All		All

Pro Forma Costing Breakdown				
	2021		2020	
	% of Net	Amount \$	% of Net	Amount \$
Net Revenue	100%	\$126,021,637	100%	\$119,808,925
▣ Direct Expenses	75%	\$95,076,874	80%	\$95,809,537
Capital Expenses	2%	\$3,091,219	3%	\$3,306,145
Labor	26%	\$32,642,150	28%	\$33,637,015
MD Fees	22%	\$27,525,087	24%	\$29,304,228
Supplies	25%	\$31,818,418	25%	\$29,562,149
Contribution Margin	25%	\$30,944,763	20%	\$23,999,388
▣ Indirect Expenses	25%	\$31,715,806	27%	\$32,857,907
Capital Expenses	1%	\$800,485	2%	\$1,974,619
Other Expenses	25%	\$30,915,321	26%	\$30,883,289
Operating Margin	-1%	(\$771,043)	-7%	(\$8,858,519)

Net Revenue by Payer			
PayorClass	2021	2020	2019
Other Commercial	\$31,060,153	\$29,023,024	\$28,063,690
Medicare	\$27,227,933	\$28,063,690	\$26,986,743
Commercial1	\$27,598,716	\$26,986,743	\$19,120,278
Medicare Replacement	\$21,261,729	\$19,120,278	\$9,692,651
Medicaid HMO	\$10,893,029	\$9,692,651	\$1,466,797
Other Government	\$2,419,364	\$1,466,797	\$1,573,463
Medicaid	\$1,206,791	\$1,573,463	\$1,256,723
Self Pay	\$1,435,735	\$1,256,723	\$1,079,864
Workers Comp	\$1,079,316	\$1,070,864	\$729,400
Auto/Liability	\$729,400	\$573,823	\$572,157
Rivincness Self Pav	\$572,157	\$502,758	\$126,021,637
Total	\$126,021,637	\$119,808,925	\$119,808,925

Copilot
Preview
✕

I can summarize insights and answer questions about the data shown in this report.

Here are some suggestions:

- ☰ Give me an executive summary
- 🗨️ Anticipate likely questions from leadership
- 💡 What insights should I look into?

Ask a question about this report

📄
➤

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60%



Copilot Executive Summary in Seconds

Executive Summary - Profit and Loss Analysis

1. **Revenue**:

- Total net revenue for 2021 was \$126.02 million, which represents a 5.2% increase from \$119.81 million in 2020, and a slight increase from \$119.43 million in 2019.
- Outpatient (OP) revenue increased to \$59.71 million in 2021 from \$55.57 million in 2020 and \$52.73 million in 2019.
- Net revenue by payer includes significant contributions from "Other Commercial" at \$31.06 million in 2021, "Medicare" at \$27.23 million, and "Commercial1" at \$27.6 million.

2. **Expenses**:

- Operating margin improved slightly from -7% and -7% in 2019 and 2020 respectively, to -1% in 2021, resulting in a \$771.04K loss in 2021.
- Direct expenses were a significant proportion of costs, amounting to \$95.08 million in 2021, including categories such as labor expenses at \$32.64 million and supplies at \$31.82 million.

3. **Profitability**:

- Contribution margin increased to 25% in 2021 from 20% in both 2020 and 2019, with the amount reported at \$30.94 million for 2021.
- Indirect expenses decreased slightly in 2021 to \$31.72 million from \$32.86 million in 2020, and \$31.83 million in 2019.

4. **Yield Percentage**:

- Yield percentage demonstrated improvement, standing at 144% in 2021, higher than 138% in 2020 and 135% in 2019.

The analysis suggests that while revenue has shown growth across the years, expense management, particularly direct and indirect expenses, continues to pose challenges to profitability. The company managed to improve yield percentage significantly in 2021, reflecting possibly better efficiency or pricing tactics.



Trust, But Verify

Ask

Summarize

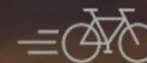
Verify





Getting Started

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