GUIDE TO GRANT REPORTING: PREPARING ACCURATE FINANCIAL REPORTS

CHARITY VILLAGE

Presented by: ENKEL

Today’s Speaker

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Enkel

[en-kel] Adjective | Simple

Co-founded in 2016 with a simple problem in mind, “You can’t build a great organization without good books.”

- Working with over 100 NPOs and Charities across Canada
- Financial operations support: Bookkeeping, payroll, and more
- Strategic Guidance: CFO and Controllership

Acknowledgement: Enkel would like to acknowledge that our offices are situated on the unceded traditional territories of the xʷməθkʷəy̓əm (Musqueam), Sḵwx̱ wú7mesh (Squamish), and səlilwətaɬ (Tsleil-Waututh) Nations.

Organizations Today Face Complex Financial Operations Challenges

Resource Constraints

Limited budget for full-time financial staff with specialized expertise in accounting, compliance, and strategic financial management

Compliance & Audit Pressure

Rising regulatory requirements and audit standards demand professional-grade financial management and documentation

Leadership Expectations

Boards and executives require timely, accurate financial reports to make informed strategic and governance decisions

Strategic Focus vs. Administration

Leaders spend excessive time on financial tasks instead of focusing on growth, strategy, and core operations

Cash Flow Management

Variable revenue streams and seasonal cycles create unpredictable cash flow that makes planning challenging

Why Hundreds of Organizations Are Choosing Cloud Financial Operations and Services

Cloud Financial Operations represents a fundamental shift from hiring individual staff members to partnering with dedicated teams that provide Comprehensive, Reliable, and Consistent financial services at a predictable monthly cost. Instead of recruiting, training, and retaining specialized financial professionals, organizations access expert teams with proven processes and cloud-based technology.

Expertise Without Full-Time Cost

Access CPAs, controllers, and financial specialists at a fraction of in-house hiring costs, benefits, and training expenses

Continuity

No risk of turnover or knowledge loss when staff members leave, institutional knowledge stays with the team

Technology Integration

Seamless connection with QuickBooks Online, Dext, and other management systems you already use

Scalability

Services scale up or down based on organizational needs, budget cycles, and seasonal as demands

Overview

1. **Deconstruct Grant Agreements**
   Identify reporting requirements, eligible expenses, budget and deadlines
2. **Structure Your Chart of Accounts**
   Automatically track restricted funds and program expenses
3. **Build Budget vs. Actual Reports**
   Create clear, professional reports that demonstrate stewardship
4. **Craft Financial Narratives**
   Explain variances and connect spending to mission impact
5. **Avoid Common Mistakes**
   Protect funder relationships and future funding opportunities
6. **Implement a Repeatable Process**
   Reduce administrative burden and build confidence

The Grant Reporting Reality

Multiple Funder Requirements

Each funder has different formats, templates, and reporting timelines, creating administrative complexity.

Average: 4-6 different formats

Tracking Restricted Funds

Ensuring compliance with fund restrictions while managing multiple programs and funding sources.

High risk of errors

Translating Data to Narrative

Converting complex financial data into a compelling story that demonstrates impact and stewardship.

Time-intensive process

The Result: Many nonprofits view grant reporting as a burden rather than an opportunity to strengthen funder relationships.

Why Grant Reporting Matters

It’s more than a requirement, it’s an opportunity.

Build Trust

Transparent, accurate reporting proves you are a reliable partner. It transforms the funder relationship from transactional to collaborative.

Show Stewardship

Demonstrates that you manage resources effectively and ethically. It connects every dollar spent directly to your mission's impact.

Secure Future

Great reports are the #1 driver for grant renewals. They provide the evidence needed to unlock larger, multi-year funding opportunities.

Key Insight: Your grant report is often the most read document by your funder, make it count.

Interactive Poll

What is your biggest challenge with grant reporting right now?

1 = Tracking restricted funds & balances

2 = Gathering data from multiple sources

3 = Formatting for specific templates

4 = Writing the impact narrative

Deconstructing the Grant Agreement

Deconstructing the Grant Agreement

Your grant agreement is your roadmap. Before spending a single dollar, identify these three critical components.

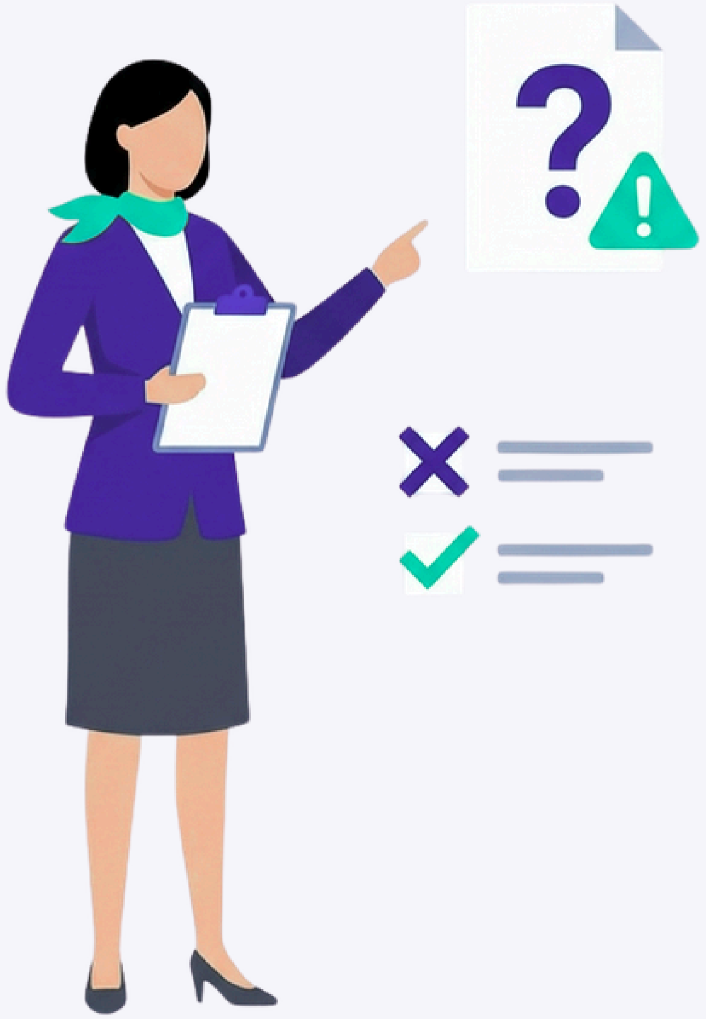
Critical Deadlines: Identify all reporting dates: interim reports, final reports, and fiscal year-end requirements. Add these to your calendar immediately.

Eligible vs. Ineligible Expenses: Clarify exactly what costs are allowable. Look for caps on overhead/admin costs and specific restrictions (e.g., no travel, no equipment).

Reporting Format & Metrics: Does the funder require a specific template or online portal? What specific outcomes or data points are they measuring?

***Pro Tip:** Create a "Grant Cheat Sheet" for your finance team that summarizes these three points for every active grant.*

Critical Sections to Review



Critical Sections to Review:

1. Grant Period & Deadlines Start date, end date, reporting deadlines, extension procedures
2. Eligible Expenses: What can be funded, restrictions on overhead, and matching requirements
3. Reporting Requirements: Format, frequency, supporting documentation needed
4. Restrictions & Conditions: Use restrictions, audit requirements, compliance obligations

Guideline Example

Business Foundation Guidelines 2026/27

The **Business Foundations** program invests in growing businesses owned by people from systemically excluded groups in B.C.'s music ecosystem, to expand and develop networks, capacity, and infrastructure. This program is supported by Amplify BC.

Amplify BC is a $7.5 million annual investment by the Province of BC to support the competitiveness and sustainability of B.C.'s music industry, administered through Creative BC.

Dedicated funds for systemically excluded groups will be distributed provincewide through two programs: Demo Recording and Business Foundations.

Business Foundations Budget: $400,000 supporting approximately 40 projects from British Columbia.

Program Overview

Who is eligible: Small businesses owned by people from systemically excluded groups in B.C.

Eligible activities: Business operations

Grant amounts: $2,000 - $10,000 funding up to 100% of expenses

Supports projects occurring between January 1, 2026, and March 1, 2027

Applications open: January 28, 2026

How to apply? Submit an online application form by March 25, 2026, at 4:00 PM, PT

Guideline Example

Project Eligibility

This program funds business operations and development activities to help your business sustain itself and grow.

Examples of eligible expenses include:

- Salaries, benefits, and fees for business owners, staff, and contractors
- Operational expenses, including rent, utilities, bookkeeping, subscriptions
- Core business activities, including live event production costs, content creation, master rights
- Marketing and advertising
- Training, mentorship fees, consultant fees
- Development of policies, procedures, business plans
- Travel directly related to the project is eligible, and travel to and from courses or training
- Equipment purchases, technology, health and safely costs, renovations and accessibility improvements
- Grant writing fees up to $300 for applicants with self-declared disabilities or English language barriers

Guideline Example

Ineligible expenses include:

- Expenses paid in cash, in-kind expenses or donated services
- Ceremonies, award shows, networking events, fundraisers, luncheons, galas, and parties, and alcohol.

Funding solely for conference fees and business travel is not eligible through this program (which includes travel to festivals, conferences, and general business meetings) but can be accessed through Music BC

Financial Participation

Grant Amounts: **$2,000 - $10,000,** funding up to 100% of expenses.

This program funds activities and related expenses incurred between **January 1, 2026,** and **March 1, 2027.** Applicants can submit one application per deadline.

Successful applicants will receive a 75% advance payment upon signing a funding agreement, and the remaining funds after completion and review of the final report.

Guideline Example

Application Checklist

Applicants must complete and submit the following items in Windows compatible formats:

Required for all applicants:

- **Online application form** (available at www.creativebc.com)
- **Budget** (.xlsx) (template available at www.creativebc.com)
- **Client List** (.docx) (template available at www.creativebc.com)
- **Community and Partnerships List** (.docx) (template available at www.creativebc.com)
- **Self-identification forms** completed and submitted individually by all business owners
- **Bios or resumes** for business owners

  Profit and Loss Statement from the previously completed fiscal year. A profit and loss (P&L) template is available on the Creative BC Website Externally prepared statements are also accepted if you have them.

Required if applying as a business:

- **Business Statement of Registration, Certificate of Incorporation, Society Certificate,** OR **GST number**

Recommended materials:

- **Expressions of support** from partners and supporters that speak to the potential or track record of the applicant. These can be provided as informal letters, emails, audio clips, videos, or in other formats.
- **Other supporting documents** such as business plans, business model canvas, SWOT analysis, vendor quotes, confirmed or prospective artist lineups, promotional materials, event calendars
  Questions?

Profit and Loss Statement

Profit & Loss Statement

This is an example of a profit+loss statement, offering a snapshot of a company's financial performance by outlining its revenues, expenses, and overall profitability.

Note the expenses + revenues listed here are examples, please adjust the revenue and expense lines descriptions to reflect your business activity.

Your Company Name

Date: Jan 1, 2026

Profit & Loss Statement	2025 current year	2024 prior year
Revenue		
Sales Revenue	$5,543.00	$4,500.00
Service Revenue	$4,332.00	$1,000.00
Grant Revenue	$20,000.00	$10,000.00
Total Revenue	**$29,875.00**	**$15,500.00**
Expenses		
Staffing	$10,000.00	$7,000.00
Rent/Lease	$1,800.00	$1,800.00
Utilities/Telephone Expenses	$1,500.00	$1,500.00
Maintenance and Repairs	$2,000.00	$750.00
Advertising	$3,000.00	$1,500.00
Insurance	$500.00	$200.00
Office Supplies	$1,500.00	$800.00
Travel	$2,000.00	$875.00
Other Expenses	$2,000.00	$2,000.00
Total Expenses	**$24,300.00**	**$16,425.00**
Income before tax	**$5,575.00**	**-$925.00**
Net Profit (Loss)	**$5,575.00**	**-$925.00**

PS: Some grants may have different requirements or application formats, so be sure to review the guidelines carefully. If you have questions, it's best to contact the program staff ahead of time. Joining the information sessions can also be very helpful.

Cost Report Template

CREATIVE BC | BRITISH COLUMBIA

Business Foundations Program
2425 Cost Report Template

Instructions:

1. Use this cost report to itemize the final expenses for your Business Foundations project.
2. Eligible expenses must be incurred between January 1, 2025 - March 1, 2026.
3. Creative BC's contribution will be up to 100% of eligible expenses.
4. There is no public funding cap for applications.
5. Ensure you have completed both the revenue and expenses sections.
6. Cash and in-kind expenses are not eligible.
7. Insert additional rows or cells if needed; or delete unused rows or sections.
8. Upload this form in .xls format to the application form. Do not convert to .pdf or make your own template.
9. Creative BC will request a sample of invoices and proof of payment upon completion of this cost report.
10. Creative BC reserves the right to verify any invoices submitted with related vendors, as well as the right to deny modifications to cost reports after they have been submitted.

Name	*Business/Organization/Individual name here*

Revenue

This section refers only to the funds you will use to pay for your expenses. You do not need to list all revenue streams related to your business.

Type of Revenue	Funder or Description		Budgeted Revenue	Actual Revenue
Creative BC	*Business Foundations Program*		$ -	$ -
ex. Other Funders	*Name of Grant Program*		$ -	$ -
ex. Ticket Sales	*Details*		$ -	$ -
ex. Cash Investment	*Details*		$ -	$ -
ex. Other	*Details*		$ -	$ -
insert above this row			$ -	$ -
TOTAL Revenue			**$ -**	**$ -**

Expenses

Type of Expense	Vendor & Description	Ineligible or In-Kind Expenses	Budgeted Eligible Expenses	Actual Eligible Expenses
ex. Salaries, benefits, fees for owners & staff		$ -	$ -	$ -
ex. Operational expenses (rent, utilities, etc.)		$ -	$ -	$ -
ex. Core business activities		$ -	$ -	$ -
ex. Marketing and advertising		$ -	$ -	$ -
ex. Training, mentorship fees, consultants		$ -	$ -	$ -
ex. Development of policies, procedures, business plans		$ -	$ -	$ -
ex. Equipment, technology, renovations, etc.		$ -	$ -	$ -
ex. Other		$ -	$ -	$ -
		$ -	$ -	$ -
		$ -	$ -	$ -
insert above this row			$ -	$ -
TOTAL Eligible Expenses		**$ -**	**$ -**	**$ -**

PS: Some grants may have different requirements or application formats, so be sure to review the guidelines carefully.

A Simple Structure for Grant Accounting

Use a multi-dimensional structure to track the "What," "Why," and "Who" of every dollar.

The "Natural" Account

Keep your General Ledger clean. Use accounts only for **what** you are buying (e.g., Salaries, Rent, Office Supplies). Do not create "Grant A - Supplies".

The "Functional" Dimension

Use **Classes** or **Departments** to track the **purpose** (e.g., Administration, Fundraising, Youth Program). This is essential for the T3010.

The "Funding" Dimension

Use **Projects** or **Grants** to track the **funding source** (e.g., Trillium Grant, City Funding). This isolates restricted funds automatically.

Anatomy of a Single Transaction

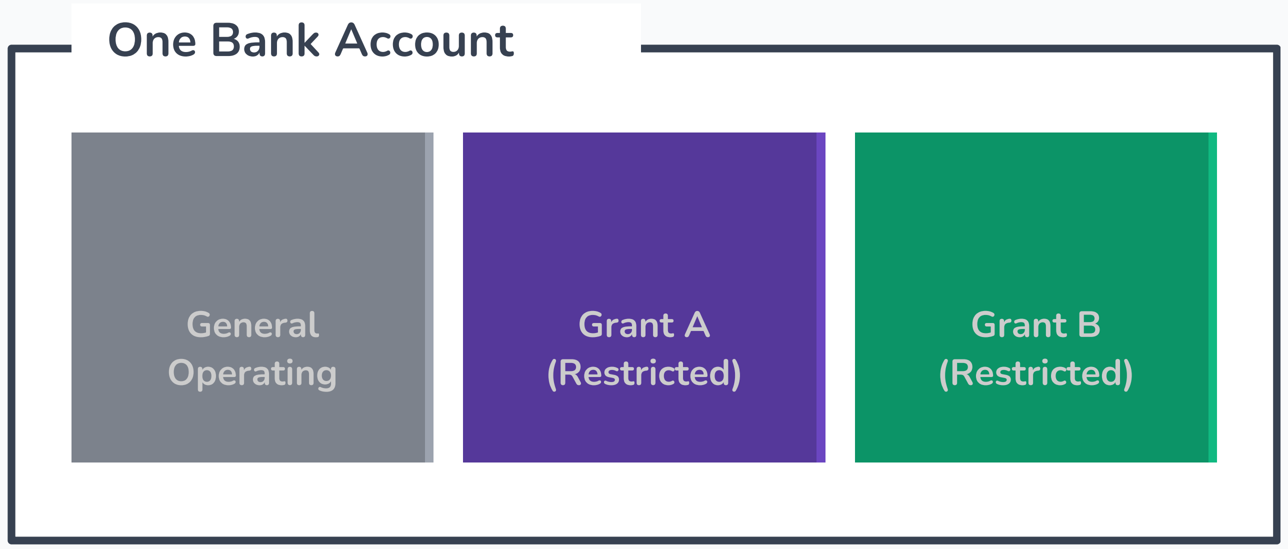
EXPENSE
2,000 Program Staff Salary

GL Account (The What)	Class (The Why)	Project/Grant (The Who)
Salaries & Wages	**Youth Mentorship Program**	**Trillium Foundation Grant 2026-001**

Real Impact: Organizations with this structure spend less time on grant reporting and have fewer errors.

Managing Restricted Funds

Compliance, Accuracy, and Peace of Mind



Fund Accounting 101:
Even if cash sits in one physical bank account, your accounting system must track it in separate "virtual buckets" based on donor restrictions.

Tag at the Source

Assign the Grant ID/Class immediately when entering bills, invoices, or deposits. Don't wait until month-end.

Automate Releases

When a restricted expense is incurred, ensure your system recognizes the "release" of those funds from restriction.

Monthly Reconciliation

Reconcile your restricted fund balances against the grant agreement every month, not just at year-end.

Ditch the Spreadsheets

Stop using Excel as your primary tracking tool. Your General Ledger (GL) must be the single source of truth.

Risk Alert: Commingling funds without proper tracking is the #1 reason for audit findings and returned grant funds.

3 Common Restricted Fund Mistakes

Mistakes

Mixing Restricted & Unrestricted Funds
Grant money is used for general operations or unrelated expenses.
Risk: Repayment requests, audit findings, and loss of future funding.

Poor Documentation of Restrictions
Grant conditions are not clearly recorded upon receipt of funds.
Risk: Confusion about allowable expenses and compliance issues.

Overspending Budget Categories
Spending exceeds approved limits (e.g., salaries, supplies, or admin caps)
Risk: Budget violations and funder approval required for adjustments.

Prevention

Document Restrictions Immediately
Record grant conditions when funds are received.

Track Grants Separately
Use projects/classes in your accounting system.

Review Spending Monthly
Compare actual spending to the grant budget regularly.

Building Budget vs. Actual Reports

A Budget vs Actual report is the scorecard of your stewardship. Accuracy here builds trust everywhere.

Line Item	Budget	Actual	Variance %
Grant Revenue	$100,000	$100,000	0%
Program Salaries	$60,000	$58,500	2.5%
Program Supplies	$15,000	$18,200	-21.3%
Travel	$5,000	$1,200	76.0%
Admin (10% Cap)	$10,000	$10,000	0%
Total Expenses	**$90,000**	**$87,900**	2.3%

1. **Map to Funder Lines**

   Your report rows must match the grant agreement exactly. Don't use your internal GL names if they differ from the funder's budget.

2. **Watch the Variance**

   This column tells the story. A variance of **+/- 10%** typically requires a written explanation in your narrative.

3. **Monitor Caps**

   Ensure Admin/Overhead lines do not exceed the allowable percentage (e.g., 10%) specified in the agreement.

Pro Tip:

Review this report monthly with your program managers, not just when the report is due.

Crafting Your Financial Narrative

The numbers tell **what** happened. The narrative tells **why** it matters.

Contextualize Variances

Don't just state the difference. Explain the root cause (e.g., timing difference, efficiency savings, or unexpected price hikes).

Connect to Outcomes

Always link the financial spend to the program impact. How did this expense help you achieve your mission?

Be Proactive

Address potential issues before the funder asks. Honesty builds trust and shows you are in control.

The Narrative Makeover

THE "TRANSACTIONAL" APPROACH

"We spent $5,000 on program supplies, which was $500 under budget."

↓

THE "STRATEGIC" APPROACH

"By negotiating a bulk discount, we saved $500 on supplies while serving 50 additional students. These savings will be reallocated to extend the program by two weeks."

Financial Narrative Makeover

WEAK NARRATIVE

“We spent $15,000 on program staff salaries. “

“We spent $8,000 on supplies. We spent $5,000 on client services. Total spending was $28,000."

"We had a variance of $2,000 under budget. This was due to efficiency."

"The program was successful and we appreciate your support."

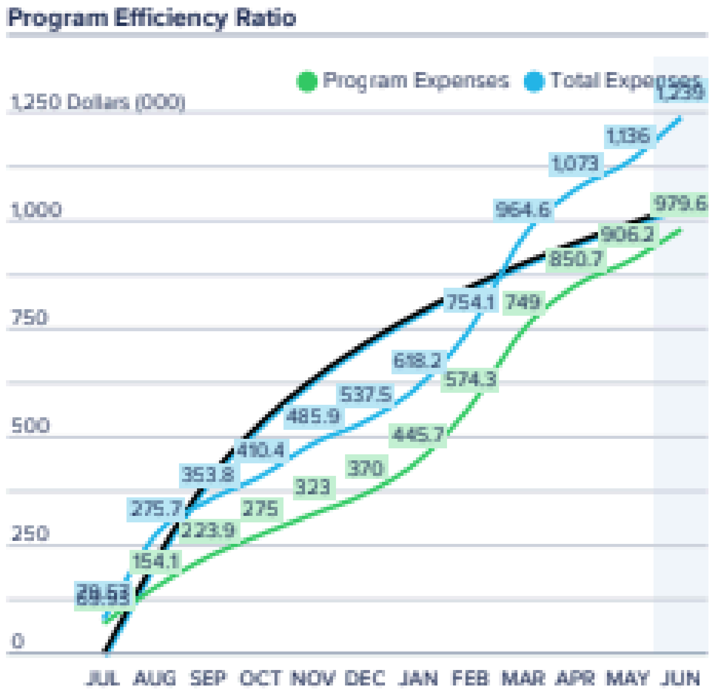
STRONG NARRATIVE

"Your $15,000 investment in program staff enabled our team to deliver 48 intensive mentoring sessions to 24 at-risk youth. Our mentors reported a 92% improvement in academic engagement."

"We came in $2,000 under budget because we negotiated volume discounts on supplies, allowing us to serve 4 additional youth without additional funding."

"This grant directly contributed to our mission: 18 of 24 youth improved their grades, 16 are now on track to graduate, and 8 have expressed interest in post-secondary education."

Add Dashboards to Strengthen Your Grant Reports



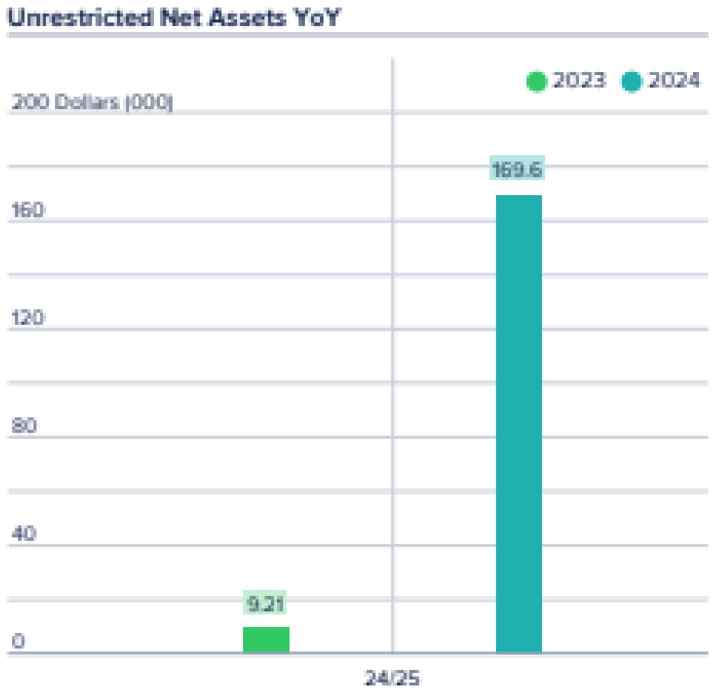
Program Efficiency Ratio = Program Expenses/Total Expenses

Example:

Program Expenses = $1,032,362
Total Expenses = $1,238,700

Program Efficiency Ratio: 83.3%

Conclusion: A significant portion of the organization's expenses are related to the delivery of its programs.



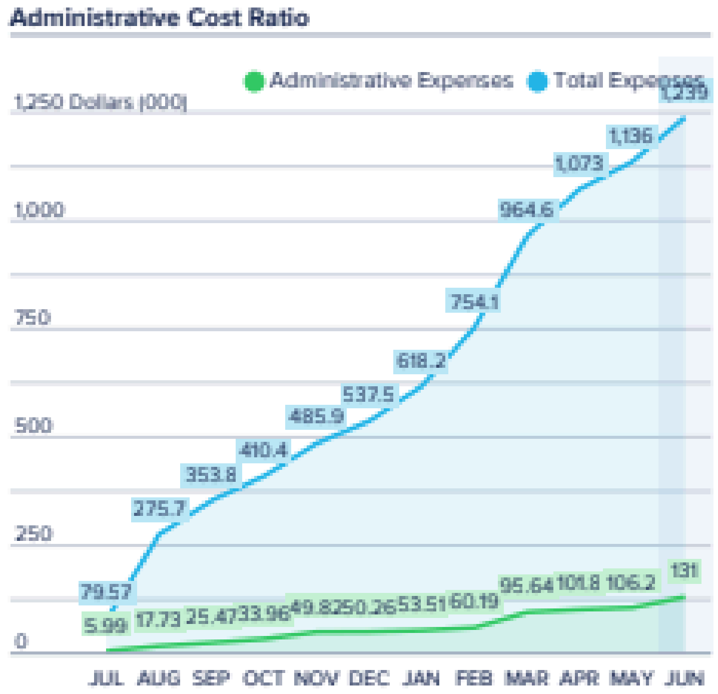
Unrestricted Net Assets YoY = Current Year Unrestricted Assets - Prior Year Unrestricted Assets

Example:

Unrestricted Net Assets - current year = $169,622
Unrestricted Net Assets - prior year = $9,207

Increase from prior year: $160,415

Conclusion: Significant increase over the prior year and trending in the right direction



Administrative Cost Ratio = Administrative Expenses/Total Expenses

Example:

Administrative Expenses = $131,225
Total Expenses = $1,238,700

Administrative Cost Ratio: 10.6%

Conclusion: The organization's administrative costs are within the expected range of 10% to 15%

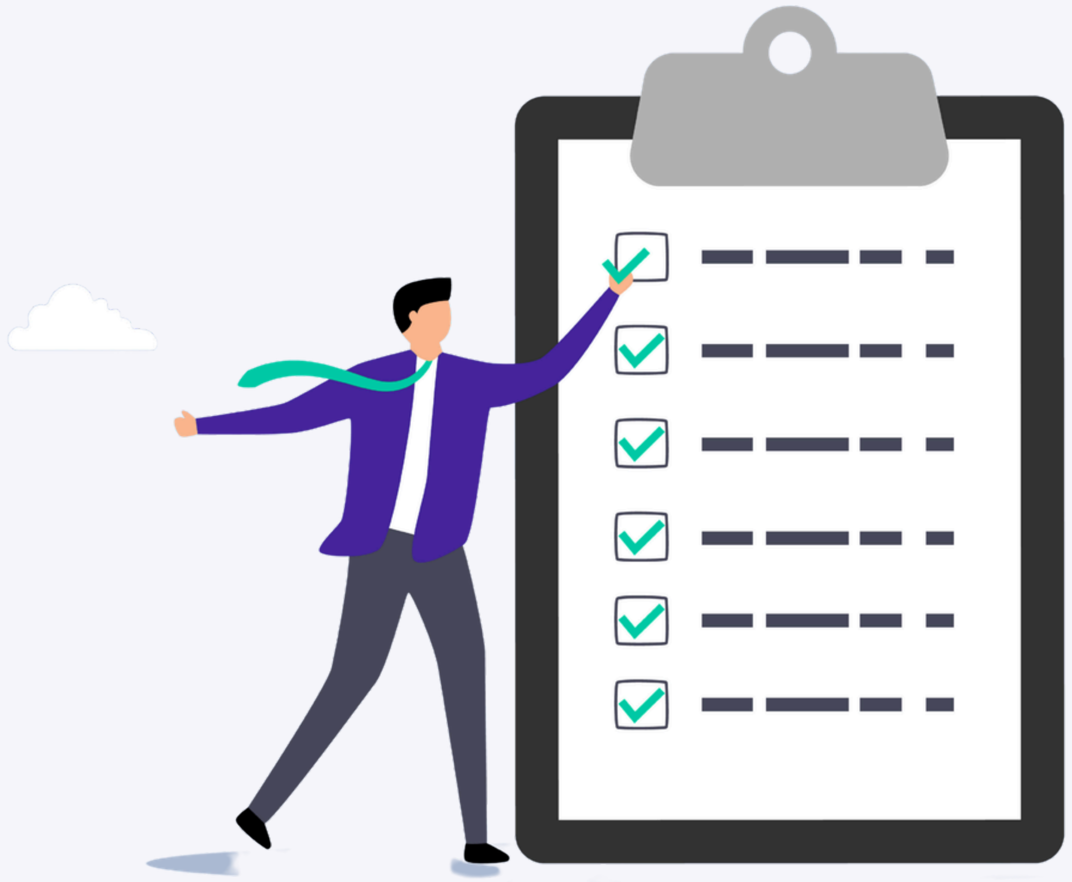
Dashboards provide funders with a quick visual summary of:

- program efficiency
- financial sustainability
- spending trends

This makes grant reports easier to understand and strengthens transparency.

When Grant Reporting Needs Finance Support

Why Controllership Fits Grant Reporting



Grant reporting sits right between accounting accuracy and strategic oversight, which is exactly where controllership operates.

Controllers typically ensure:

- Strong financial controls and compliance
- Grant restrictions are properly tracked
- Budgets are monitored throughout the grant period
- Financial data and reports are accurate
- Funder reporting requirements are met

When Should Organizations Seek Additional Finance Support?

Organizations often seek support when they:

- Manage multiple grants
- Struggle with reporting deadlines
- Rely heavily on spreadsheets
- Lack internal finance capacity

Many nonprofits struggle with grant reporting not because they lack effort, but because their financial systems were never designed for it.

Building a Repeatable Process Recap

Standardize your workflow to reduce stress and errors.

STEP 01

Grant Onboarding

- Review agreement terms
- Set up Project/Class codes
- Calendar all deadlines

STEP 02

Monthly Rhythm

- Code expenses to grants
- Reconcile restricted funds
- Review Budget vs. Actual

STEP 03

Drafting Phase

- Pull financial reports
- Draft narrative context
- Explain variances >10%

STEP 04

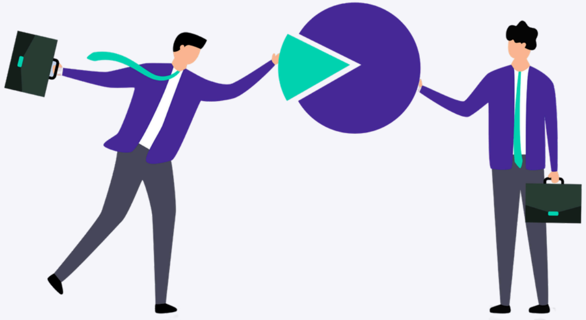
Review & Archive

- Internal leadership review
- Submit to funder
- Archive proof of submission

Turning These Practices into Reality

To implement these practices, organizations typically need:

- a well-structured chart of accounts
- consistent monthly financial reporting
- strong internal financial controls
- collaboration between finance and program teams



The Enkel Advantage

The Enkel Advantage

We help nonprofits:

- design grant-ready chart of accounts
- track restricted funds
- build financial dashboards
- prepare funder-ready reports
- provide controllership oversight

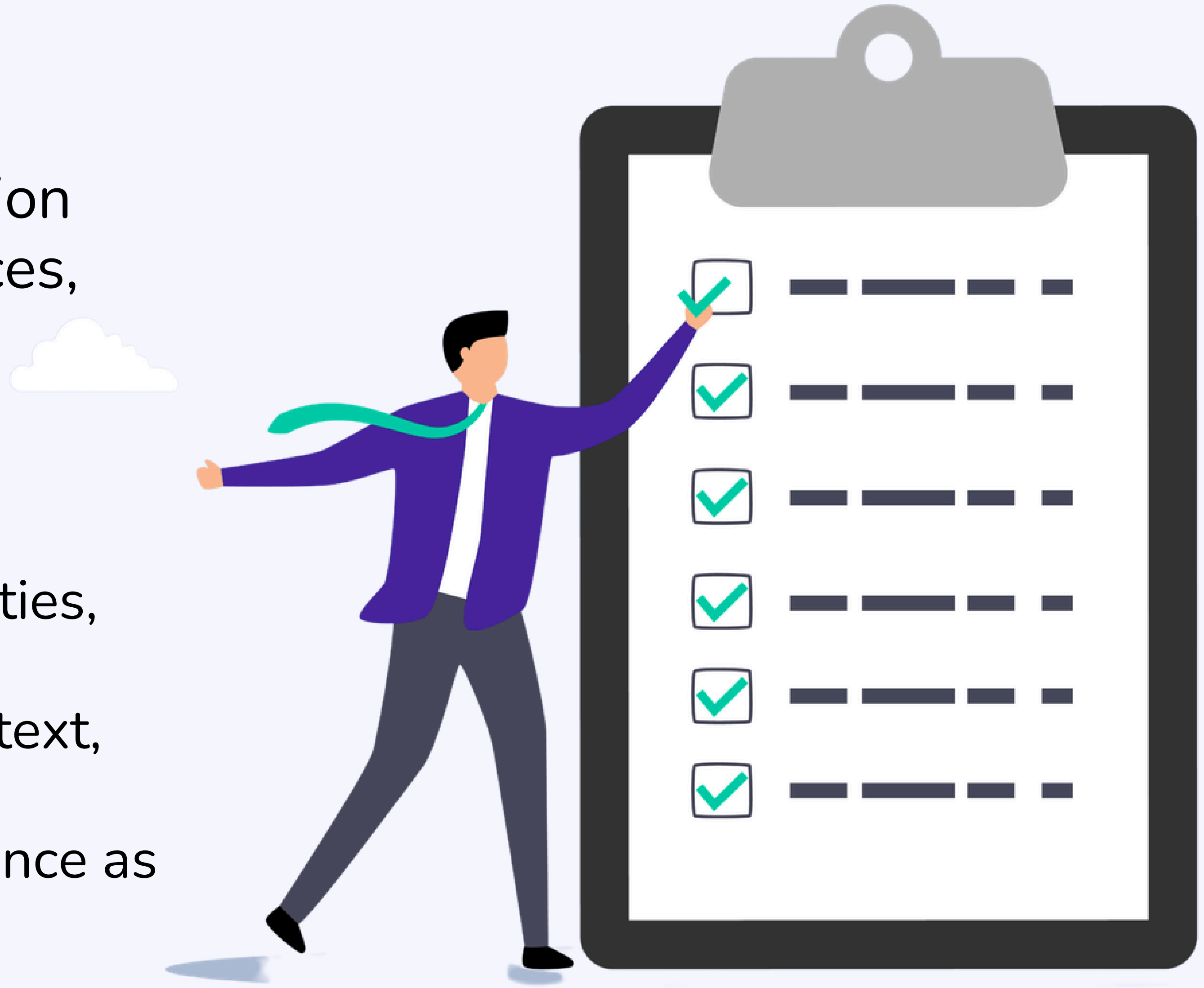
Get Your Personalized Finance Diagnostic Report

Not sure where to start?

We'll provide you with a comprehensive review of your finance function with recommendations on technology tools, internal reporting practices, controls and organizational risks.

How does it work?

- Interviews with Key stakeholders (ED, Admin staff, Treasurer, etc)
- Documentation of risks, control gaps, reporting improvement opportunities, and KPIs to measure
- Documentation of results and practical recommendations - specific context, challenges, and limitations will be taken into account
- Meeting to debrief findings with a written report, bringing clarity to finance as it stands today, with a roadmap for optimization



This assessment provides clear clarity and recommended action items.

Link: https://bit.ly/enkelfinancediagnosticcv

Further Reading & Tools

Free E-Book

Nonprofit Financial Controls

A Practical Guide for Nonprofit Leaders and Boards

Strong grant reporting starts with having the right controls in place. This free guide walks you through:

- The 5 essential controls every nonprofit needs
- How to build approval workflows and audit-ready documentation
- Common mistakes that put funder relationships at risk

https://bit.ly/enkelmayebook

Q&A and Interactive Discussion

Thank You!