

PURPOSE & STRATEGY

What kind of a community does the organization work to create for the world? (Vision)

What community focused outcomes does the organization work to advance? (Conditions)

What approach/strategy does the organization use to advance those outcomes and for whom?

Simple Business Profile Statement

~3 sentences:

1. XYZ's is an organization with a revenue stream that comes from x%
(if in-kind or volunteers are significant, include them)
2. Those resources are used to deliver x, y and z ...
(include specific program and admin)
3. To be effective, we must invest in the following resources/strategies.....

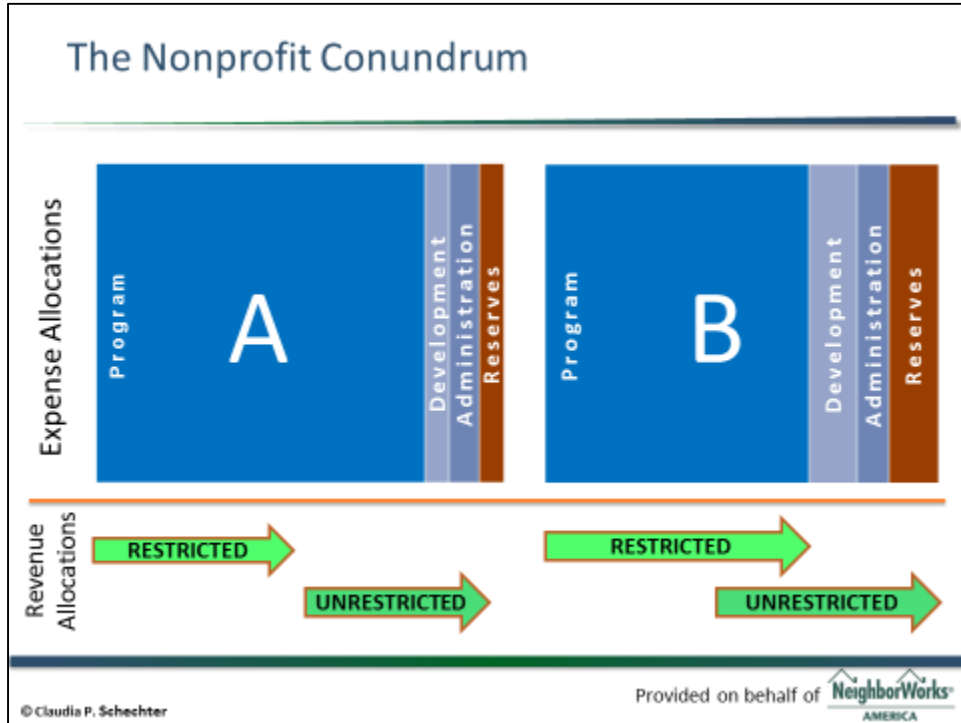
Key Financial Leaders

Role or Committee (not personal name)	How do they contribute to “Financial Leadership” Capacity
Chief Executive	
Treasurer	



FINANCIAL ARCHITECTURE

1. Notes on Discussion: The Nonprofit Conundrum



2. The Full Cost of Programs

What does fully costing programs mean to your organization?

- Dedicated income sources
- Any cost of goods sold expenses
- Expense sources
- Full program cost + <>

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Show how you compute the full cost of a program:

INCOME SOURCES (NET):

- 1.
- 2.
- 3.

SUM = NET OPERATING INCOME

EXPENSE SOURCES:

- 1.
- 2.
- 3.
- 4.

SUM = TOTAL COST OF PROGRAM

DIFFERENCE = NET PROFITABILITY OF PROGRAM

FINANCIAL PERFORMANCE

Reporting -- Who Cares?

Who is interested in your finances & why?...Take a moment and jot your thoughts.

- ▲ Staff
- ▲ Program management
- ▲ Executive leadership
- ▲ Finance committee
- ▲ Board
- ▲ Funder
- ▲ Public and IRS

Role and information needed?



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AUDIENCE	LEVEL OF DETAIL Low (1)...High (5)	PURPOSE	KEY REPORT(S)
Staff	1 2 3 4 5	Information Monitoring Marketing	
Program Management	1 2 3 4 5	Information Monitoring Marketing	
Executive Leadership	1 2 3 4 5	Information Monitoring Marketing	
Finance Committee	1 2 3 4 5	Information Monitoring Marketing	
Board	1 2 3 4 5	Information Monitoring Marketing	
Funder	1 2 3 4 5	Information Monitoring Marketing	
Public & IRS	1 2 3 4 5	Information Monitoring Marketing	

Reporting - Why the Budget v Actual P&L is NOT Enough



CASH	\$100,000
A/R	\$25,000
GRANTS RECV	\$200,000
FIXED ASSETS	\$900,000
S-T LIABS	\$220,000
L-T LIABS	\$275,000
NET ASSETS	\$730,000

As a financial leader, help the organization analyze

- Coverage and cashflow
- Aging and cashflow
- Fixed assets and building burdens
- Whose money we are using...unrestricted and restricted funds

As a financial leader, help the organization use more than a budget versus actual

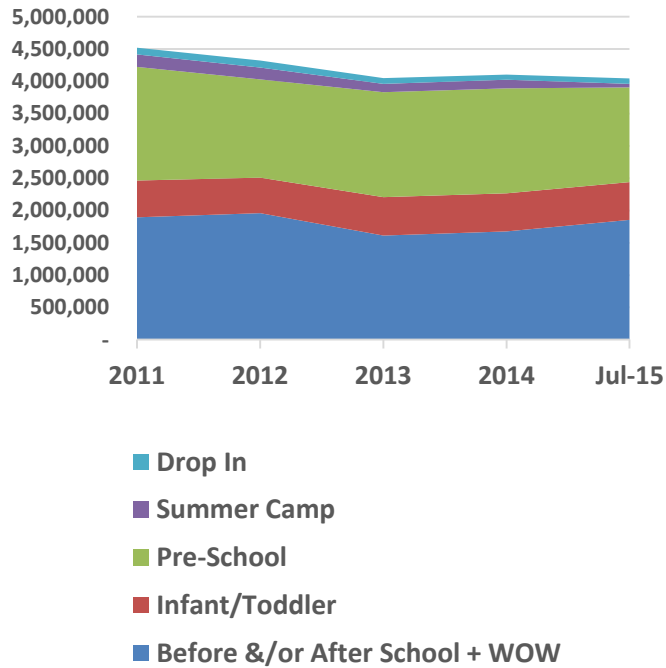
- Comparative balance sheet, restrictions clearly noted
- P&L with comparisons to budget, projected year end, and previous year, restrictions clearly noted
- Cash flow projections

YOUR ANALYSIS:

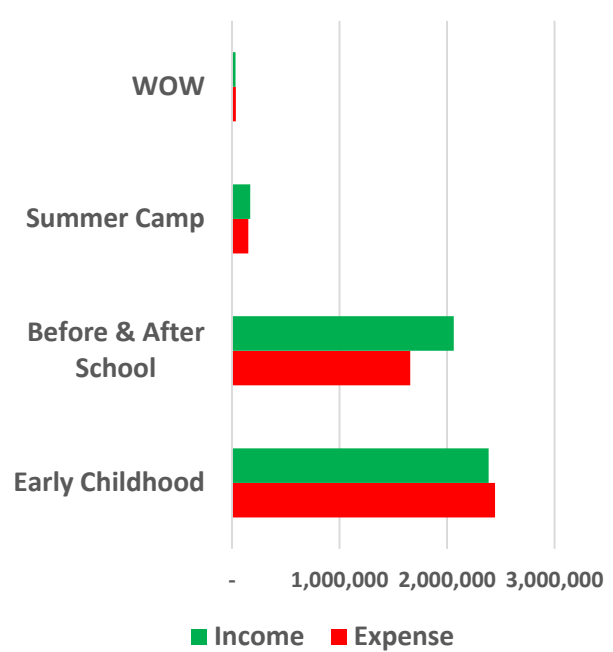
- COVERAGE (LIQUIDITY)
- RESTRICTIONS (BORROWING FROM FUNDERS)
- FIXED ASSET RESPONSIBILITY (RESERVES)

KEY RELATIONSHIPS THAT YOU SEE IN BALANCE SHEET:

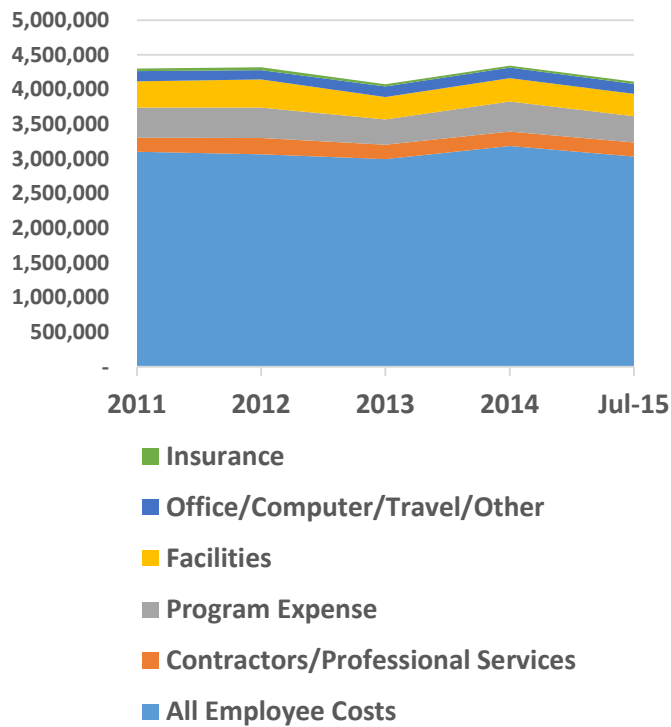
Tuition Sources, 2011 - 2015, Summary



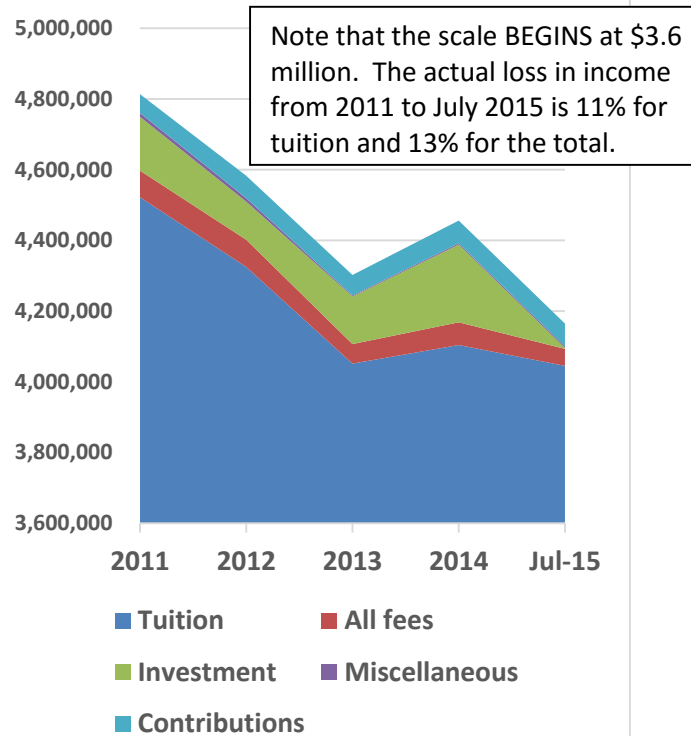
2016 Projected Program Financials



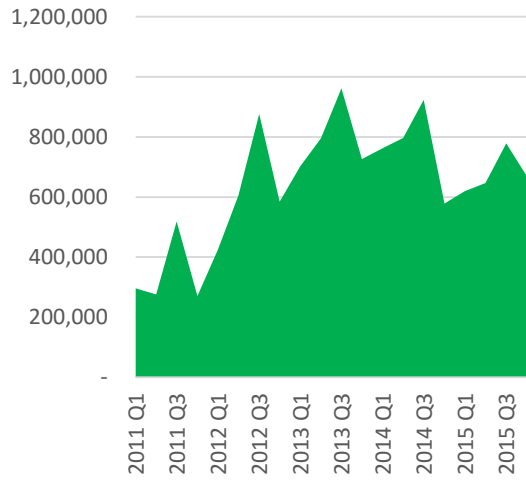
Expenses, 2011 - 2015



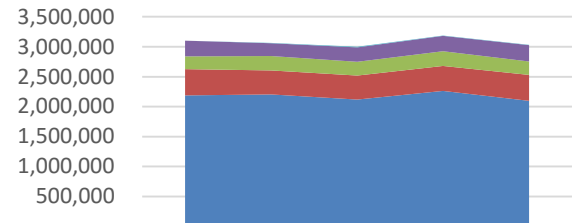
All Income Sources



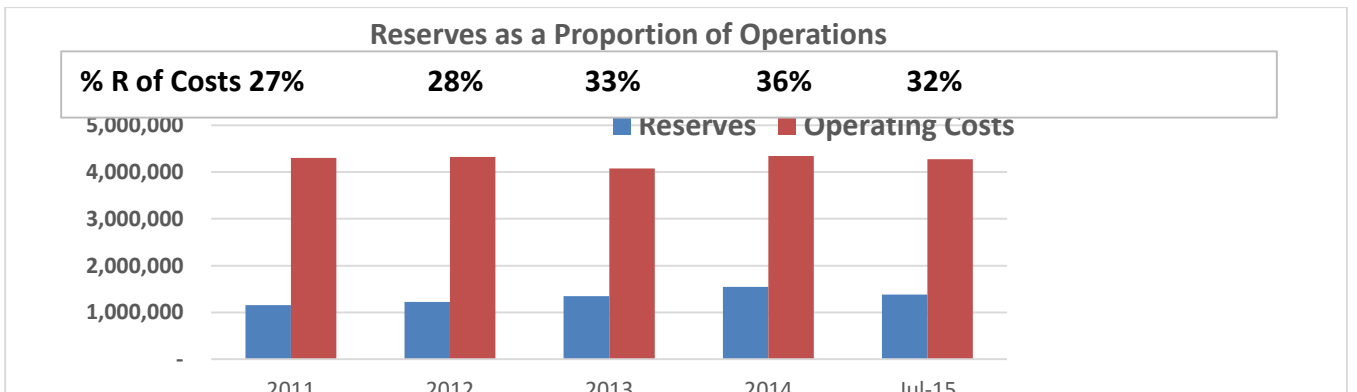
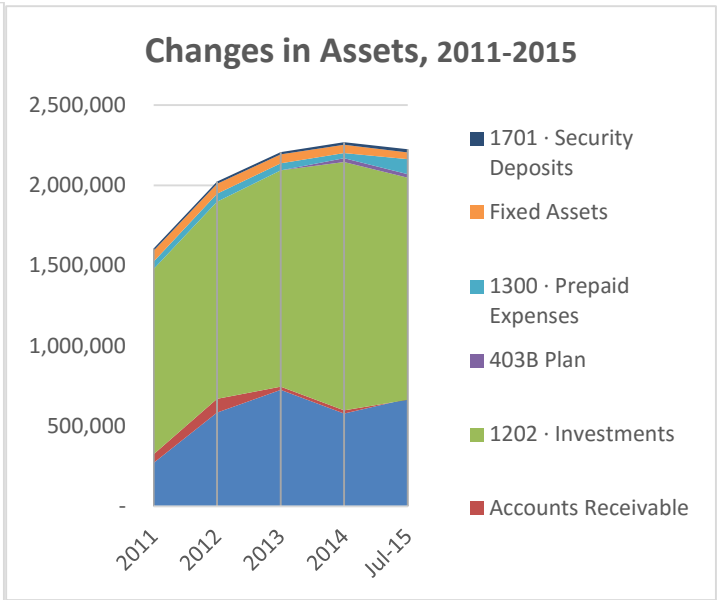
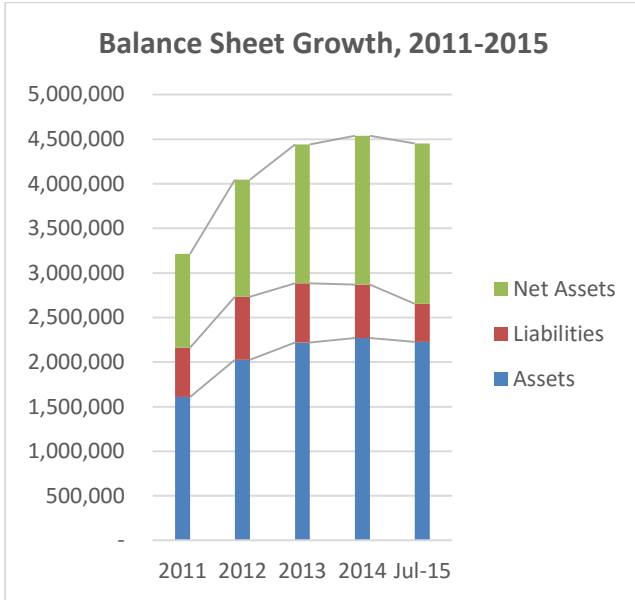
**Cash on Hand, FY 2011-
FY2015**

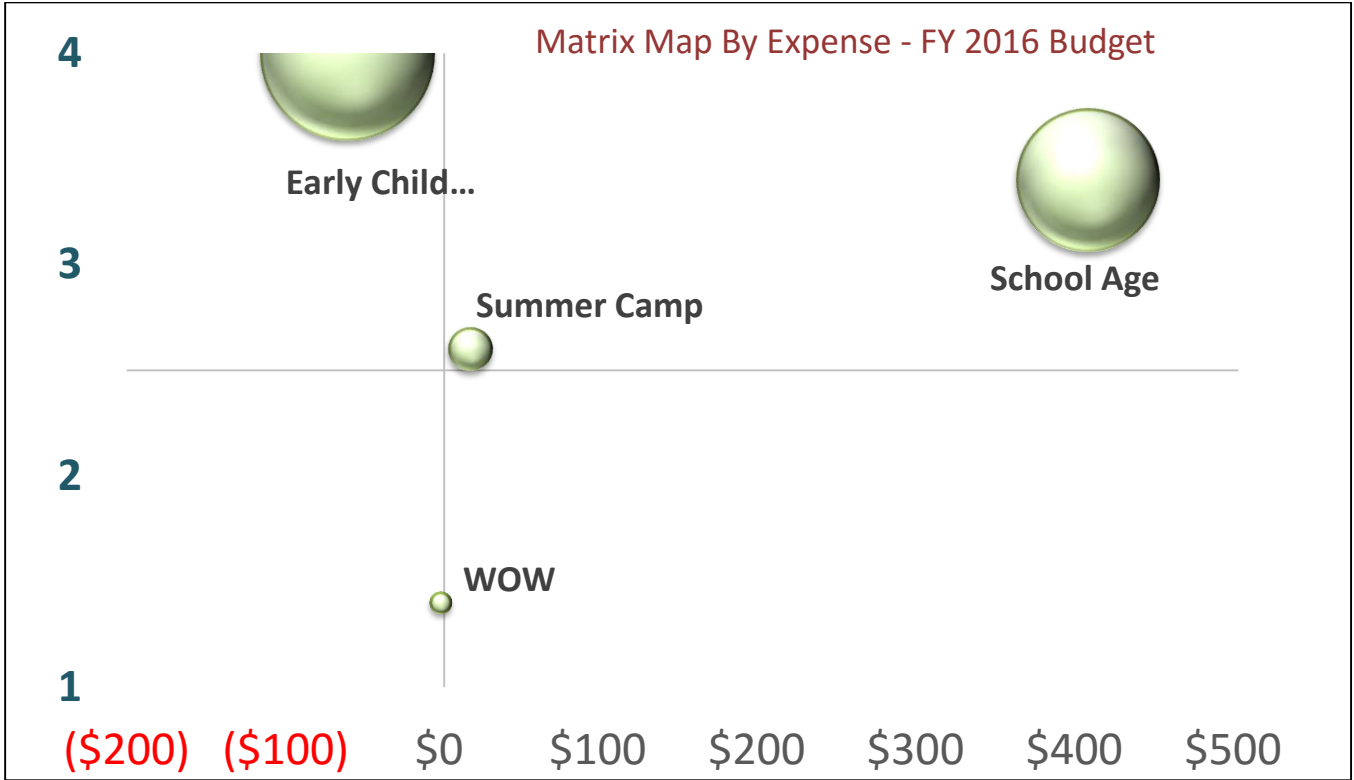


**Breakdown of Staffing Expenses,
2011-2015**



	2011	2012	2013	2014	Jul-15
Staff/Employee Incentives	4,138	6,503	7,947	6,870	6,160
Other Employer Payroll Expenses	257,997	214,395	239,745	257,590	274,708
Employer Payroll Taxes	214,964	239,246	229,628	242,900	223,125
Salaries & Wages-Other	437,380	401,685	402,977	416,204	432,515
Salaries & Wages	2,188,034	2,202,664	2,117,161	2,262,823	2,095,881





Judge the sustainability issues for this leadership team?

Action Item	High on Agenda	Important but not top of agenda	Continue to monitor	Postpone examination for strategic plan next year	Not an issue for the board
Income					
Expense					
Staffing policies					
Seasonality/ Cashflow					
Investments					
Reserves					
Program sustainability					


Dashboard – For Your Organization?

What gets measured gets attention...

With your table peers,

- ⤴ Do you currently provide a dashboard summary of key measures? How were the measures agreed upon?
- ⤴ How might you restructure the board's financial statement discussions using a analytic tools?
- ⤴ How might a dashboard measure both mission and financial sustainability for your organization?



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Notes on discussion:

At your table

- **Identify one string from input to long term result in your logic model for the outcome you choose**

Target Population	Theory of change	Activity to accomplish change	Short Term Outcome	Long Term Outcome
Context				

- **COST EFFECTIVENESS/COST BENEFIT: Identify one achievement of your work and how you might measure its cost comparison**

Outcome (Unit)	Cost of Outcome from your financials	Compared Outcome	Cost of Compared Outcome	Message:
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- **COST BENEFIT: Identify one result from your services that provides future income (or reduction in expense/savings) for the individual served or for the community**

Outcome	Cost of Outcome over time	Monetized Benefit over time	Net Benefit in today's \$\$\$	Message:
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INTEGRITY / WELLNESS

Assessing Risk

Scenario 1: Community benefit goals are not understood and are not used to shape financial actions and decisions (outcomes)

1. How might we end up in this predicament?
2. What is at risk when the following happens?
3. What would need to be in place and/or need to happen within the organization to ensure integrity in this area (i.e. it doesn't come to this)?

Scenario 2: Leadership doesn't understand how assets are acquired and allocated to achieve goals
(business model)

1. How might we end up in this predicament?

2. What is at risk when the following happens?

3. What would need to be in place and/or need to happen within the organization to ensure integrity in this area (i.e. it doesn't come to this)?

Scenario 3: assets are not effectively and efficiently used to advance goals

(plans and reports)

1. How might we end up in this predicament?

2. What is at risk when the following happens?

3. What would need to be in place and/or need to happen within the organization to ensure integrity in this area (i.e. it doesn't come to this)?

Scenario 4: the financial systems, processes, and infrastructure are not robust, accessible, or meaningful
(infrastructure)

1. How might we end up in this predicament?
2. What is at risk when the following happens?
3. What would need to be in place and/or need to happen within the organization to ensure integrity in this area (i.e. it doesn't come to this)?

Sustaining Leadership

What will it take to support more financial leadership throughout the organization?

<p>What could limit or threaten your leadership efforts?</p>	<p>What can mitigate those threats?</p>
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