

WHEN IT COMES TO FINANCE,
DON'T THINK LIKE A BUSINESS:

THINK LIKE A
NON-PROFIT ORGANIZATION



- ☑ You're not a business: you're here to **create social value**
- ☑ But to create social value, you need to **use** good business practices.
- ☑ That way you create **measurable and sustainable benefits** for those you serve.

- ☑ At Checkbox, we specialize in working with **non-profit organizations**
- ☑ We help tie your social goals into your **performance management systems.**

PERFORMANCE MANAGEMENT SYSTEMS:

HOW THEY KEEP YOUR NON-
PROFIT ALIVE AND THRIVING



- ✓ Performance management is crucial to the **social impact of your organization**.
- ✓ Your performance numbers can **direct you** and the decisions you make.
- ✓ And they're critical for **making connections** with donors and members.

These are just a few of the **key numbers** to be aware of...

- Donations
- Members
- Contacts
- Expenses
- Overheads
- Outcomes

FINANCIAL STATEMENTS:

DO THEY MAKE YOUR EYES
GLAZE OVER?



- ☑ What is it about financials that **doesn't engage** non-profits?
- ☑ The terminology is **confusing**
- ☑ The terminology often refers to **for-profit methodologies**
- ☑ The format is **dry** and **over-detailed**
- ☑ The figures aren't **explained properly**
- ☑ They are provided at the **last minute** – so they get approved in a hurry!

- ✓ So, how do you turn your non-profit financials from **dull to engaging**?

- ✓ Identify the **5 most important numbers** for your non-profit
- ✓ Ask your accountant to **explain** the terms you don't understand
- ✓ Consider moving to **cloud accounting software** for your finances to get real time numbers
- ✓ Set clear **goals and milestones**
- ✓ **Meet regularly** with your accountant

- ☑ It's important not to look at your financials in **isolation**
- ☑ Think of them as the **starting point** to help you get where you need to be

UNDERSTANDING OVERHEAD:

CAN YOU DEMONSTRATE THE
IMPACT OF YOUR FUNDING?



- ✓ Overhead is how your public judges you and your **effectiveness**
- ✓ A recent survey found that 92% of people want **clear evidence** of your effectiveness in delivering care
- ✓ But 84% of these people primarily base their decision to support your non-profit on how you **control overhead expense**

- ✓ As a non-profit, overhead is critical, but there's great misunderstanding over how you should be **managing it**
- ✓ Overhead expense reporting is largely **in the control** of the organization's management
- ✓ This is why your numbers, and your **financial management**, are so vital

So, how does a non-profit organization address the “**overhead myth**”?

- ✓ Overhead is an **investment** in the effectiveness of your organization
- ✓ Show the **link** between reported overhead and your social impact

How do you do prove that your **capital is delivering** on all fronts?

- ✓ Have good, reliable and **accurate** accounting records
- ✓ **Review** your numbers regularly against your agreed budgets
- ✓ Put a **cost allocation plan** in place

4 KEY AREAS FOR NON-PROFIT
ORGANIZATIONS:

AND HOW TO ADDRESS THEM



There are **four key non-profit areas** that need to be part of your performance management.

- ✓ Legal
- ✓ Board Oversight
- ✓ Financial
- ✓ Fundraising

LEGAL: If you're not **legal**, you can't succeed in your mission

- ✓ Consider **conflicts of interest**, and how you prevent these
- ✓ Make sure you're **keeping documents and records** for the right time
- ✓ Be **transparent** and share the right information with your public
- ✓ Making sure you're **compliant** with tax and regulatory authorities



Be legal and succeed in your core mission

BOARD OVERSIGHT:

- ✓ The **oversight** of your Board affects your financial management in a big way
- ✓ How you **manage** your Board impacts how you manage your organization



Manage the oversight of your non-profit board

- ✓ **How** does your Board:
 - ✓ Review and approve the organization's **annual budget**?
 - ✓ Approve **key financial transactions** ?
 - ✓ Approve **fiscal policies**?
 - ✓ Establish **compensation**?



Consider:

Do you hold **Board meetings** as often as required?

Do you have the **appropriate number** of members on your Board, and is it **diverse and independent**?



FINANCIAL: Key financial principles:

- ✓ Keep **accurate** financial records
- ✓ Keep your financial records **current**
- ✓ Produce an annual **budget** that makes sense and is achievable
- ✓ Get regular **financial statements** and compare your budget to actuals
- ✓ Give each project it's own **cost center**
- ✓ Have clear **expense policies**



Keep your financial oversight strong to drive success

FUNDRAISING: Consider:

- ✓ Are fundraising materials **accurate**?
- ✓ Do you **acknowledge** tax deductible contributions?
- ✓ Do you know the rules regarding **gifts**?
- ✓ Do you have proper **oversight** with your professional fundraisers?
- ✓ Are you using **social media** well?
- ✓ Is your **website** updated regularly?



Get the absolutely most from your Fundraising

INCREASING YOUR ORGANIZATION'S IMPACT

HOW CHECKBOX CAN HELP YOUR NON-PROFIT DELIVER MORE



- ☑ To create social value, you **DON'T** need to act like a business.
- ☑ But you do need to **USE** good business practices...

...to produce the **best social benefits!**

Checkbox Accounting specializes in working with non-profits.

- ✓ We help you implement a proper financial management system
- ✓ We deliver the key numbers you need
- ✓ We work with you to get more from your non-profit funding

Checkbox is here to serve your non-profit.

So you can deliver more care.



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