



TELLING YOUR FINANCIAL STORY

March 25, 2022

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BDO FMA

Today's Presenter

Gillian is an experienced nonprofit professional skilled in fiscal management, strategic planning, human resources and facility oversight, and she is deeply committed to empowering organizations and professionals to do their best work.

Gillian brings nearly two decades of management experience in both nonprofit and specialty retail. Most recently, she spent over ten years as General Manager then Managing Director of the acclaimed theater in Chicago. While in those roles, she established and oversaw all financial and HR systems and led the annual budget development and monitoring processes. Among other accomplishments there, she was integral in establishing a partnership with the Chicago Public Schools Real Estate department and worked to formalize the organization's first donor acknowledgement and stewardship plan.

Gillian graduated with a B.A. in Musical Theater from Baldwin Wallace University and holds a Masters of Management in Nonprofit Management from North Park University in Chicago.



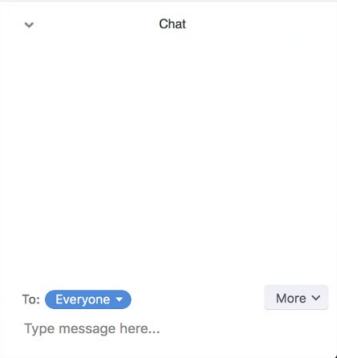
Gillian Gorra

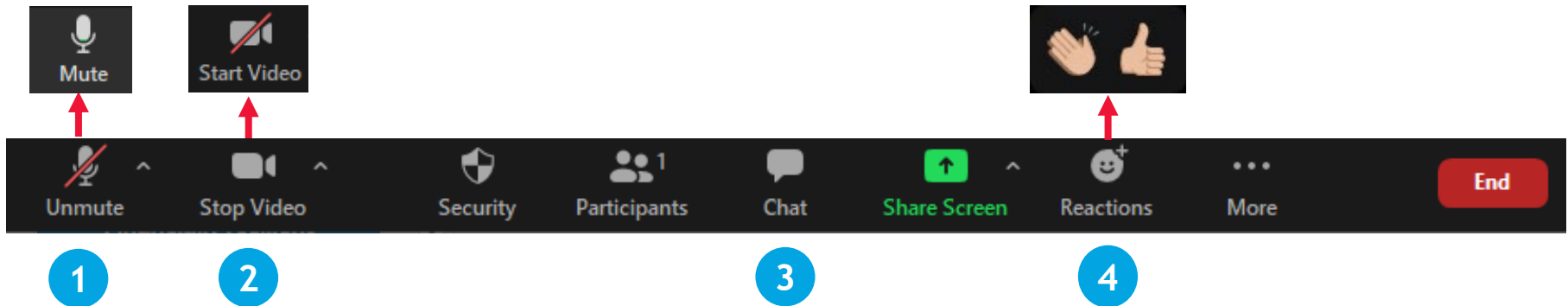
Experienced Manager

BDO FMA

She/Her

Zoom Controls

Audio/ Video	Chat	Reactions
<p>1</p> <p>Mute your microphone while others are presenting or speaking by pressing “mute”</p>	<p>3</p> <p>For questions while in-meeting click “Chat” to open a chat box and talk to everyone or a specific person</p> 	<p>4</p> <p>To react (clap/thumbs up) to something, click “Reactions” and select a reaction</p>
<p>2</p> <p>Position your webcam at eye-level. Click “Start Video” to turn on your camera</p>		



The Zoom meeting toolbar is shown with four numbered callouts:

- 1** points to the **Mute** button (microphone icon with a slash).
- 2** points to the **Start Video** button (video camera icon with a slash).
- 3** points to the **Chat** button (speech bubble icon).
- 4** points to the **Reactions** button (smiley face icon with a plus sign).

Other visible controls include Unmute, Stop Video, Security, Participants (1), Share Screen, and End.

Meeting Norms: Participate Authentically



Respect each other - judge ideas, not people



Avoid multi-tasking



Be present & engaged



Be patient with tech



Expect confidentiality



Be prepared to use video



Expect active participation



Mute your microphone (unless you want to speak)



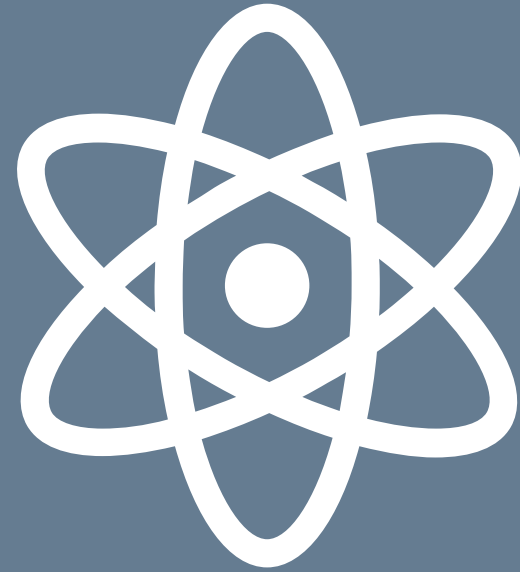
Today's Session

PERFORMANCE MANAGEMENT

- ▶ Welcome & Financial Resilience
- ▶ Introduction to Performance Management
- ▶ Finance Team & Communication
- ▶ Reporting Best Practices
- ▶ Financial Storytelling
- ▶ Resources & Wrap-Up

Answer in the Chat

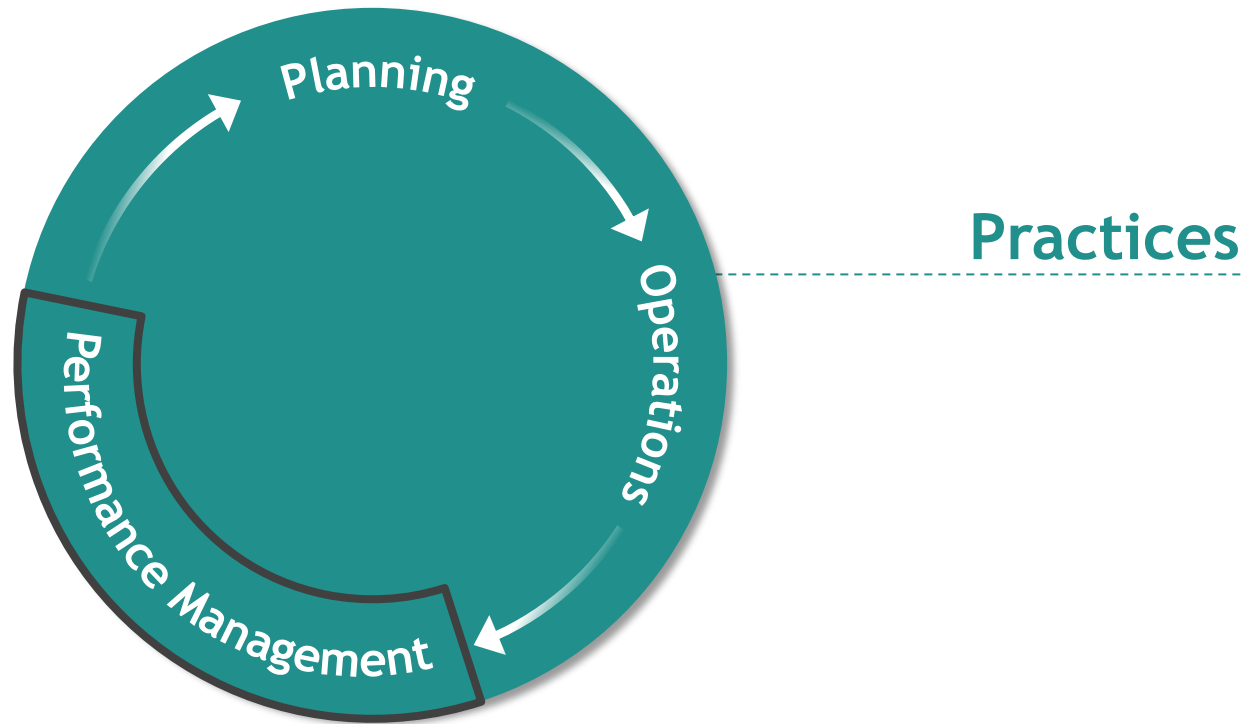
Name one thing that currently gives you energy



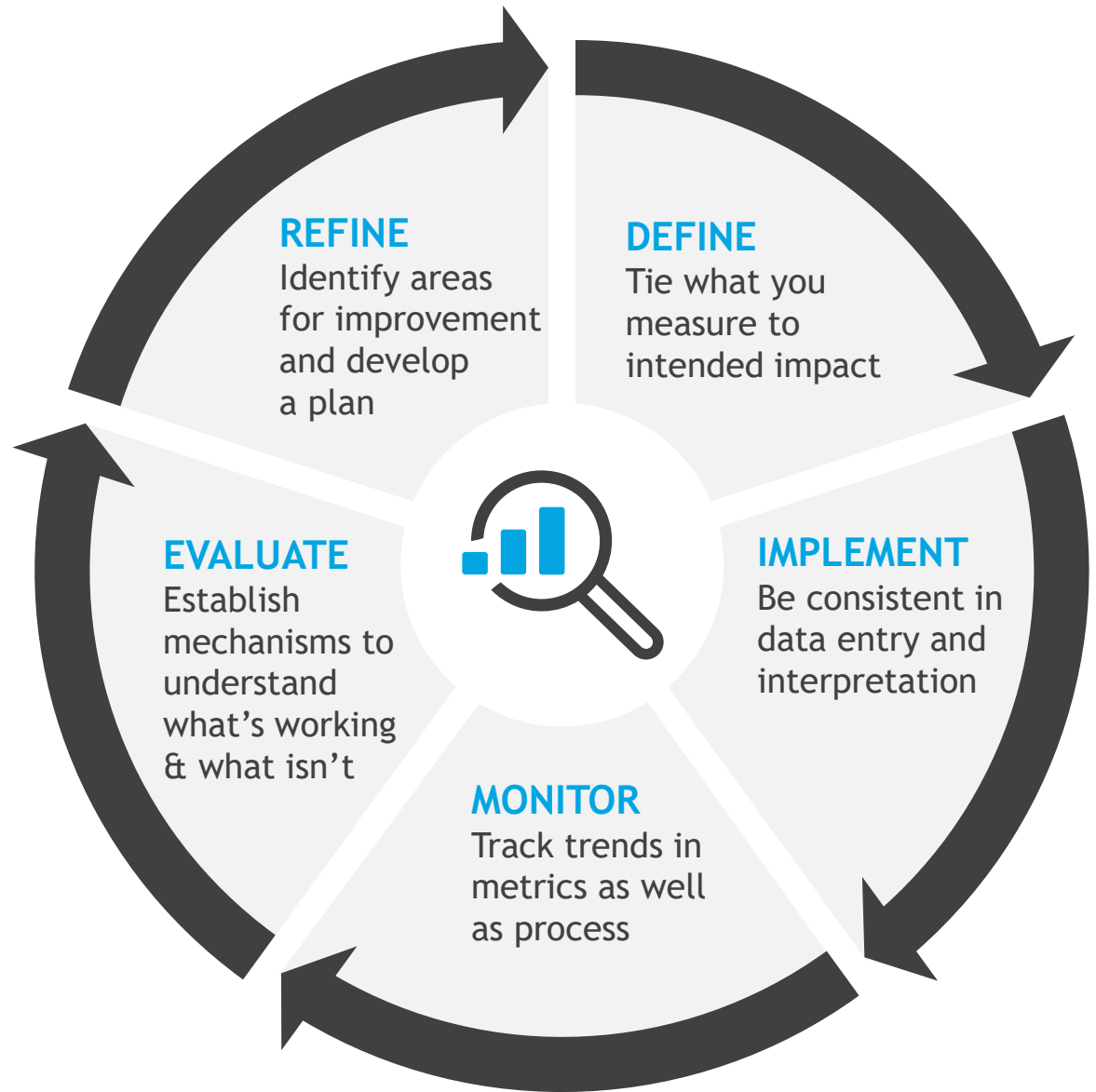
Financial Resilience



Financial Resilience



Performance Management



Financial Management: A Team Sport



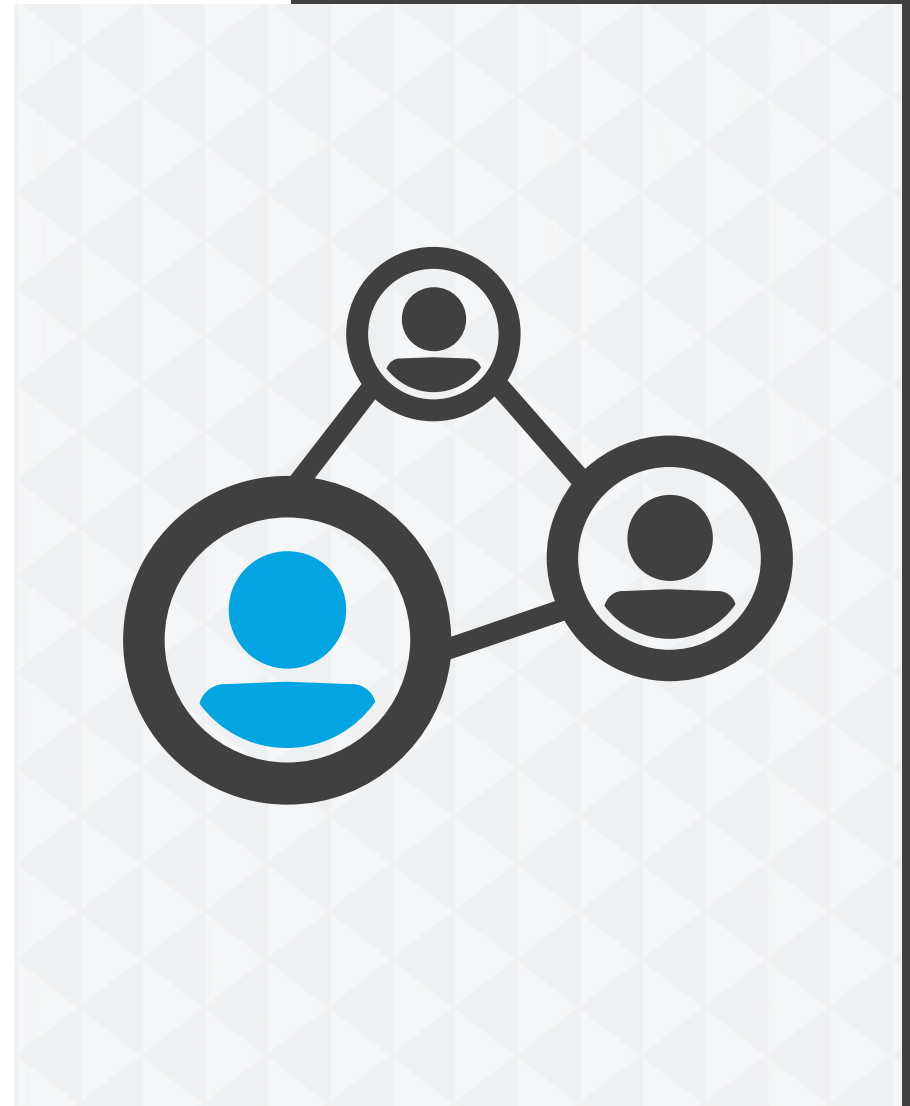
Financial Reports

**My organization
keeps overspending
trying to move this
giant rock...**

**In other words,
they can't budget!**

Activity: Reporting for Various Audiences

- ▶ You will be placed into a random breakout group
- ▶ As a group, discuss the needs of your assigned stakeholder, reflecting on the following questions:
 - What do they want to know?
 - What types of decisions do you need them to make?
 - What are their biggest concerns or fears?
- ▶ Assign a reporter to transcribe onto the padlet



Financial Reports

Financial Reports Should:

1

Address needs of senior management, board, and department/program managers

2

Be formatted in a user-friendly way

3

Be reviewed and discussed regularly

4

Be used to inform decision-making

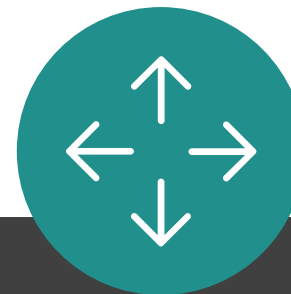
Internal vs. External Reports



INTERNAL REPORTS:

Shared with Board & Management on a regular basis

- ▶ Budget-to-actual (revenue and expense)
- ▶ Statement of Financial Position (Balance Sheet)
- ▶ Statement of Activities (Profit & Loss)
- ▶ Cash flow projections
- ▶ Management narrative



EXTERNAL REPORTS:

Shared with external stakeholders as required or at the discretion of the organization

- ▶ Independent Financial Audit
- ▶ IRS Form 990

Financial Reports: Staff

A good starting point

MONTHLY

PROGRAM & OPERATIONS MANAGERS*

- ▶ Performance Dashboard
- ▶ Budget-to-Actual Revenue & Expenses for the program(s) or function(s) and grants/contracts they oversee

EXECUTIVE TEAM**

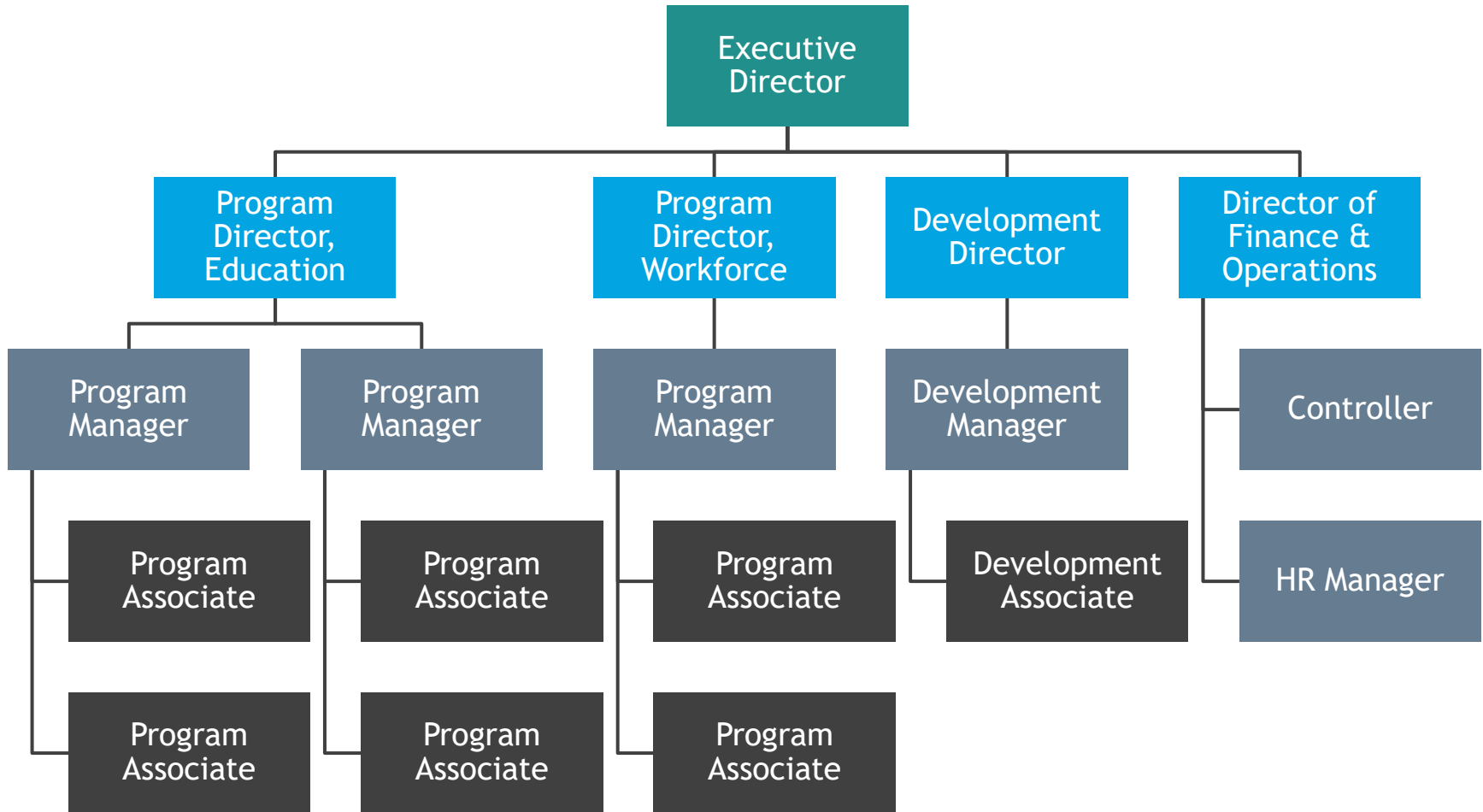
- ▶ Performance Dashboard
- ▶ Budget-to-Actual Revenue & Expenses for
 - a) each program
 - b) organization-wide
- ▶ Balance Sheet
 - a) Accounts Receivable Aging
 - b) Accounts Payable Aging
 - c) Components of Net Assets with Donor Restriction ★
- ▶ Cash Flow Projection ★
- ▶ Year-end Forecast ★

*Includes Development, HR, IT, and other department managers, as applicable

**For small organizations, only the ED/CEO would receive this package of reports

★ Tool available on strongnonprofits.org

Distribution of Financial Reports



Financial Reports: Board

A good starting point

MONTHLY*

FINANCE COMMITTEE

- ▶ Management Narrative
- ▶ Performance Dashboard
- ▶ Budget-to-Actual Revenue & Expenses for
 - a) each program
 - b) organization-wide
- ▶ Balance Sheet
 - a) Accounts Receivable Aging
 - b) Accounts Payable Aging
 - c) Components of Net Assets with Donor Restriction ★
- ▶ Cash Flow Projection ★
- ▶ Year-end Forecast ★

QUARTERLY

FULL BOARD OF DIRECTORS

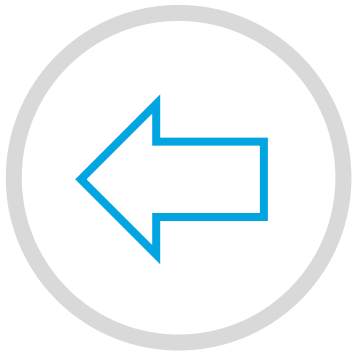
- ▶ Management Narrative
- ▶ Performance Dashboard
- ▶ Budget-to-Actual Revenue & Expenses for
 - a) each program
 - b) organization-wide
- ▶ Balance Sheet
- ▶ Year-end Forecast ★

*Larger organizations may opt to only provide reports to the Finance Committee on a quarterly basis

★ Tool available on strongnonprofits.org

Financial Decision-Making Meetings

TOPICS FOR DISCUSSION

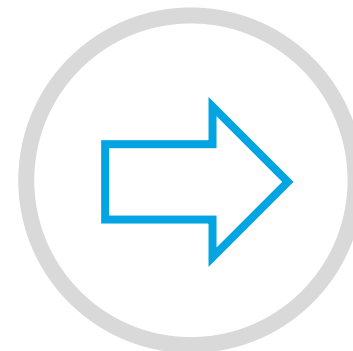


BACKWARD LOOKING

Budget-to-Actual Variances

Rate of Spending on Contracts
(if applicable)

Completion of activities funded by
restricted grants



FORWARD LOOKING

Cash Flow Projections

Revenue Projections & Pipeline

Anticipated future spending/
cost control

Financial Monitoring

Financial Decision-Making Meetings: Action Steps



Form the team: Include key representatives from Finance, Program, Development, Executive Leadership, and other departments



Establish a meeting calendar with specific dates, times, and topics for discussion/decision



Ensure the right data and reports are available 2-4 days prior to the meeting for review by participants



Take note of agreed upon action steps and circulate immediately after the meeting

“

*When we consider responding to a challenge with purposeful action, we ask ourselves two questions: **WHY** and **HOW**.*

Analytics helps answer the ‘how question’—how to use resources efficiently, detect opportunities, compare costs, and so on.

But to answer the ‘why question’—why this matters, why we care, why we value one goal over the other—we turn to narrative.

”

MARSHALL GANZ

Leading Change: Leadership, Organization and Social Movements

Financial Storytelling



Excerpt from the movie “Trading Places”

Good Financial Storytelling



Is **accurate** and based on current and relevant data



Headlines key **successes** and **challenges**



Explains **past trends** and gives insight into the future



Is **accessible** and easy to understand



Has been tailored to the interests and needs of its **audience**



Utilizes **visual tools**



Addresses **weaknesses** and anticipates **questions**



Has a clear **call to action** for its audience

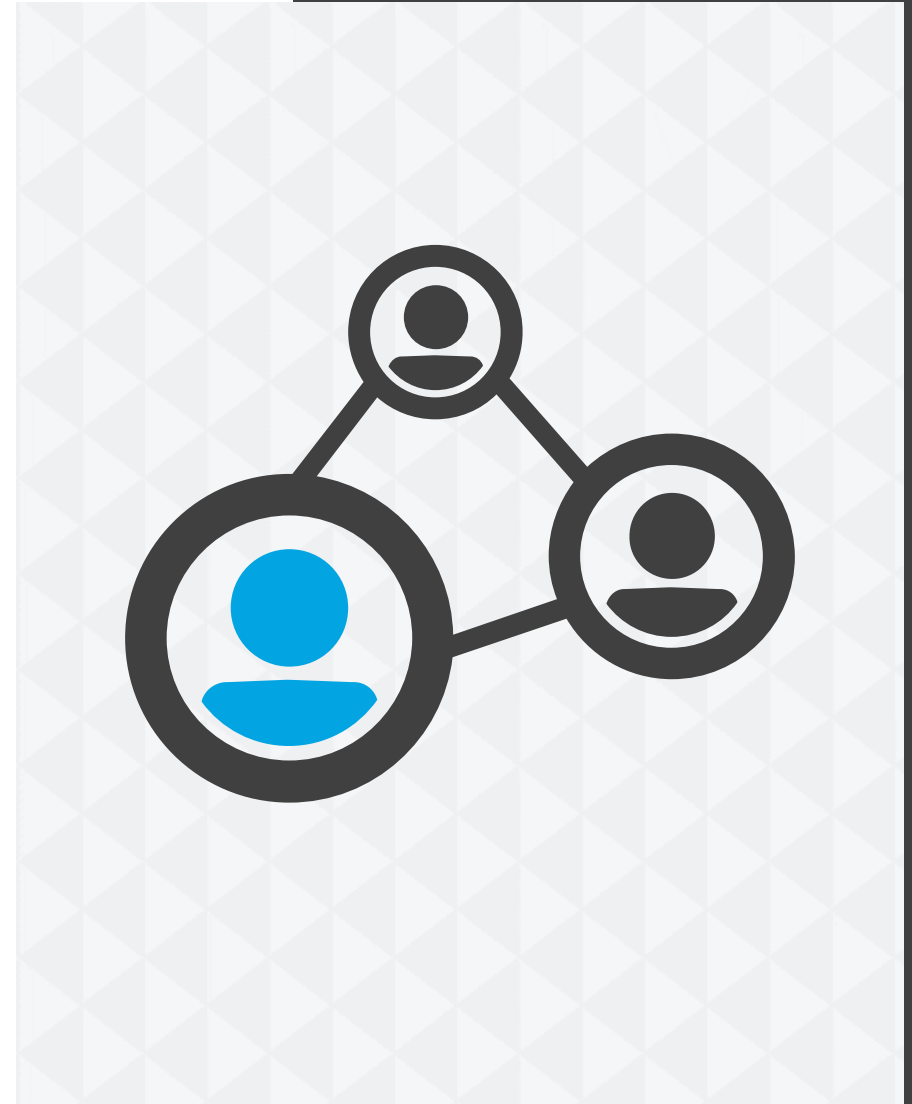


Is connected to **mission**

Reflection Activity

Discuss the following questions with your group:

- ▶ What challenges exist in communicating your financial story to external stakeholders?
- ▶ What communication strategies/practices have you employed to address them?
- ▶ What additional storytelling support do you need?



“

*At its core, financial
management is about the
allocation of resources.*

It is not neutral.

We make choices.

”

HILDA POLANCO
Managing Partner, BDO FMA

Thoughts & Questions



Resources & Wrap Up



Financial Management is not Neutral

Statement from FMA founder, Hilda Polanco

June 5, 2020

Dear Friends,

George Floyd's murder by a police officer adds one more name, one more Black life, to an appalling registry that includes Ahmaud Arbery, Breonna Taylor, and countless more. FMA stands with the protesters condemning police violence. We recognize that these murders are just the latest in an undeniable pattern of structural violence perpetrated against Black people.

On the surface, our work with philanthropy and nonprofit leaders can seem miles away from the growing movement in the streets. But, at its core, financial management is about the allocation of resources. It is not neutral. We make choices.

Choices reinforce structural inequities, resulting in the murder of Black people who also disproportionately bear the brunt of the COVID-19 pandemic.

Budgets are the official records of these choices. The police get high-end militarized equipment while frontline healthcare workers scramble for PPE.

You may associate FMA more with spreadsheets than protesting in the streets, but the connection between our work and the movement for racial justice has never been clearer. We know, from experience, that fiscal management is ultimately about power. And, at this moment, we commit to doing our best not to forget this, not to let you forget it, and not to be complacent in dismissing the myth that our work is neutral.

We commit to ensuring that we are clear, both internally and externally, about the choices that we have. We recognize that we sometimes don't see the choices in front of us. And, when we fail to see choices, when we accept things as a given, we reinforce structural racism and injustice.

I welcome your thoughts as we walk down this path together.

In solidarity,

Hilda

Financial Management Resources

In collaboration with the Wallace Foundation, FMA created a library of free tools and resources to help organizations become “fiscally fit”.



StrongNonprofits.org

- ▶ Online Tutorials for StrongNonprofits.org
- ▶ Complimentary one-hour orientation webinars that feature an overview of the website and drill down on some of its key resources
- ▶ To register and see upcoming webinar dates: bdofma.com/news-events/



About BDO FMA

BDO FMA exists to build a community of individuals with the confidence and skills to lead organizations that change the world.

- ▶ Established in 1999 to serve not-for-profit organizations around the country – combined with BDO in 2021
- ▶ Provides customized financial management, accounting, software, organizational development, and other consulting services
- ▶ Works directly with organizations or through funder-supported management and technical assistance programs



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