

Optimizing Communication

Finance and Fundraising Leadership

Minnesota Council of NonProfits

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<https://youtu.be/5qH1pBTqvc4>

The Problem with Finance People



- Rule bound
- Lack creativity
- Care more about the IRS than the donors
- Don't understand the fundraising process and how long it can take for a gift to mature
- Don't take stewardship seriously
- Too internally focused
- Boring ties

The Problem with Fundraisers



- Blue sky
- Will count anything multiple times
- Cash/Pledge – not our issue
- We want this gift to count against next year's goal
- Don't care/understand budgeting process
- Never in the office when you need something
- All they want to do is party (galas, events, house parties)
- Too externally focused

Common Confusion

What are the most common challenges you have had between fundraisers and finance people?

Common Confusion

Fundraising goals vs. operating revenue goals

Fundraising goals can included multi year gifts

Verbal intent vs pledge

DAF

Common Confusion

Restricted vs. unrestricted revenue

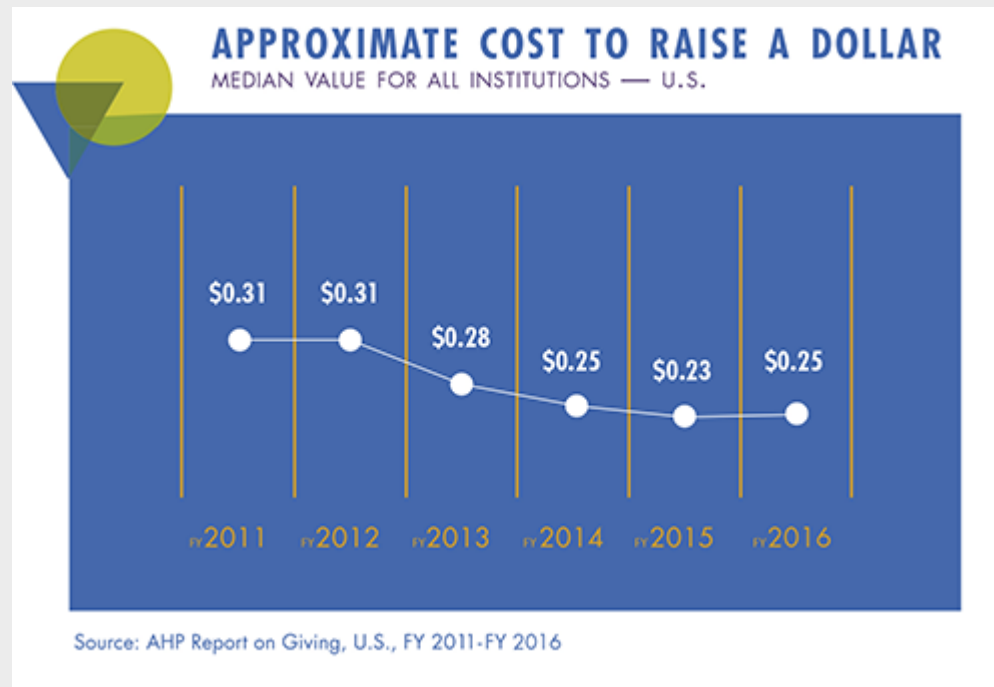
Defining appropriate level of restriction

Restricted not recognized until it is spent
but fundraising counts when it comes in

Proper coding crucial to prevent financial
statement or audit “surprises”

Common Confusion

Return on investment and how to account
for fundraising costs



Common Confusion

Mal Warwick –

“The cost of fundraising varies from one nonprofit organization to another based on a host of variables: the age of the organization, the size of the budget, the popularity of the cause, the fundraising methods used, the skills of the development staff, the strength of the organization's leadership -- and many more.”

Common Confusion

Board presentations of revenue vs.
fundraising progress

Show both but clearly separate

Advice from the field

We went out to our friends and colleagues, and asked them for advice.

Advice from the field

Hire nice people and be nice to each other

Recognize the expertise of your
colleagues, they are not making this up

We are all on the same team and need each other to
be successful (and for the organization to be
successful)

Advice from the field

Have regular meetings – include anyone who is affected and it doesn't matter what the job title is or their place on the hierarchy.

Reconcile, reconcile, reconcile

Advice

Do not plug the budget with an unrealistic fundraising goal.

What's a realistic growth goal? In a vacuum, figure 5% over the last 3 fiscal years' rolling average.

Advice from the field

Know each others' pain points

For Fundraisers - not making the value of fundraising clear in the operating budget and monthly financials, especially to the board;

Everybody is an expert – if you just....

“Have you thought of talking to Bill Gates”

Advice from the field

Pain points continued

For Finance - audit adjustments –
misclassifying revenue as new gift vs.
pledge payment or category of restricted
vs. unrestricted

25 grants = 25 budget formats

Advice from
you!

Other thoughts?

Resources

- CASE Reporting Standards and Management Guidelines
- Mixing Oil and Water and Making it Work in a Non-Profit Organization

<https://www.raisefunds.com/finance-vs-development/>

- Principles and Practices of Non-Profit Organizations, Minnesota Council of Nonprofits
- Great Glossary!
<https://www.propelnonprofits.org/resources/glossary/>