

NORTH EAST ADVOCATES TOGETHER



NEAT!

Regional Self-Advocacy Technical Assistance Project

This webinar is supported, in part by a grant, from the U.S. Administration for Community Living. However points of view do not necessarily represent official Administration for Community Living policy.



Andy Robinson

Andy is a fundraising consultant. Last year, he came to a meeting with self-advocates and allies to teach us about fundraising. We are excited to work with him again because everybody loved his presentation.

Andy knows what he is talking about. He was easy to understand and good at explaining fundraising. For more than 35 years, Andy has worked with all kinds of nonprofits in 47 different states and across Canada.

He has written six books including the most recent *Train Your Board (and Everyone Else)* to *Raise Money*. When he is not on the road traveling, he is at his home in Plainfield, Vermont.

Logistics

- You can download the handouts—but we will also email them to you
- You will be muted when Andy's presenting
- Please write any comments in the chat box



Andy _____
Robinson

What Every Board Member Should Know About Money Management ...and Probably Doesn't

Presented by Andy Robinson

Sponsored by Green Mountain Self Advocates
And partner organizations around the Northeast

Imagine we run into
each other in the
grocery store and I say,

*“Aren’t you on that
nonprofit board?”* And
you say, *“Yes, I am.”*

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Could you answer the
following questions... Or
would you turn and run?

1. What's your organization's annual budget?





2. What are your current sources of income – and what would the best mix of income?

Your Income Diversification

Organization: _____

Year founded: _____

	Last year's actuals		Current year budget		Goals for _____	
	Amount of income:	Percentage of total:	Amount of income:	Percentage of total:	Amount of income:	Percentage of total:
Foundations						
Corporations						
Government						
Membership dues and donations						
Board giving						
Major donors ¹						
Benefit events						
Earned income (sales, fees, etc.)						
Investment and interest ²						
Other (specify):						
Total:						

¹ You define "major."

² Includes income from endowments.



**3. What are your
largest expenses?**

**What percentage
of the budget do
they consume?**



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4. Does your organization have a reserve fund? If you used your reserve fund to pay your bills, how many months would it last?



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**5. What is your organization's
biggest financial risk?**

6. How do you use financial management tools to measure your impact? Do you compute the cost per unit of service: For each client you serve, etc.?



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7. What would help you better understand your organization's financial situation?

How did you score? How many questions can you answer?

6-7 You're the treasurer, right?

4-5 Please join the finance committee, we need your help

0-3 Don't feel bad – you're not alone

Financial management myths

Myth: Attention to money detracts from the real work.

Truth: Financial management helps you measure your impact – and if you can't measure, how will you know if your work is working?



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Myth: Only people who understand finances need to look at the numbers.

Truth: You don't need to solve all the financial problems, but you need to know enough to be concerned, engaged, and ask good questions.

Myth: I don't understand
the language, therefore
I can't understand the
concepts.

Truth: If you pay your
own household bills,
you know much more
than you realize.

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Is your organization financially healthy? A 3-minute guide

- **Scale:** How big are you, financially speaking? (See quiz question 1)



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- **Liquidity:** Is there cash in the bank?

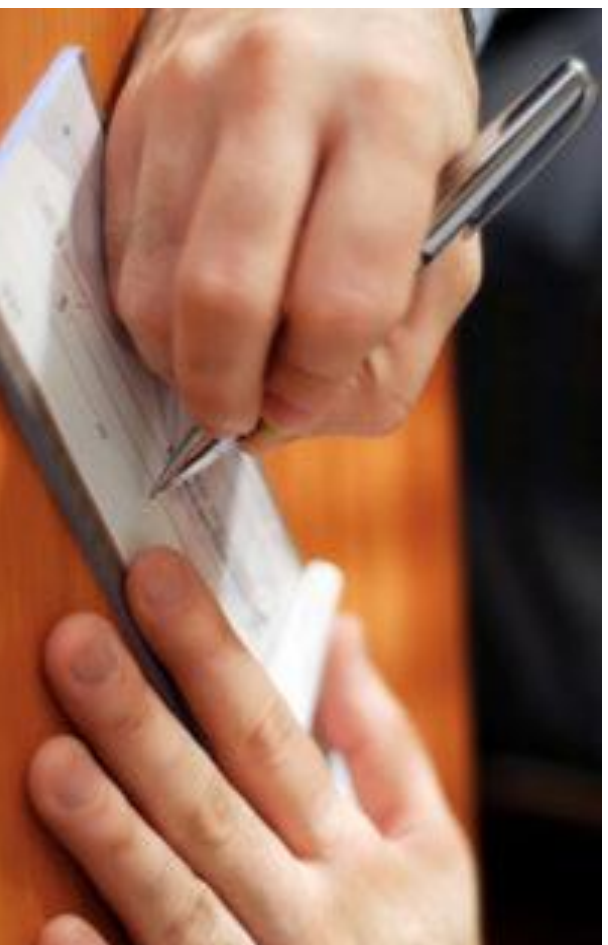
Can you pay the bills? Healthy

organizations have enough *working*

capital for 3-6 months.

Solvency: Are you worth anything?

If you shut down tomorrow and paid all the bills, would you have anything left?



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Profitability: Year by year, are you generating more money than you're spending? Can you keep operating in the same way and survive?

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**Efficiency: How well do you use your
money? How do you know?**





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Impact: Are you doing what you set out to do? Are you getting the results you hope to achieve?

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It's easier than you think

**As a board member, you can learn a lot
by reviewing a one-page **financial**
dashboard.**

Indicator	How measured	What it tells you	2 years ago final	Last year final	This year target	Year to date 8 mos
FINANCIAL						
Annual budget	Total expenses	Scale: What our work costs	\$307,200	\$323,550	\$ 325,500	\$236,602
Net income () = loss/deficit	Total revenue minus total expenses	Profitability: Do revenues exceed expenses? Goal is positive number	\$12,540	\$4,190	\$240	\$(28,427)
Months cash on hand	Cash on hand/operating expenses per month	Liquidity: Uncommitted cash, goal is at least three months cash on hand	2.53	2.39	2.36	1.52
Net worth (or net assets or fund balance)	Total equity: assets if everything is sold	Solvency: Goal is positive number	\$106,640	\$110,330	\$108,820	\$91,903
Restricted income	Share of total budget for restricted uses	Flexibility in budgeting. Goal varies by group; 67% or less is good target	90%	85%	85%	88%
Govt funding as percent of total income	Govt grants and contracts total income	Dependency: Reliance on government funding, which can be unpredictable	85%	81%	77%	75%
EFFICIENCY						
Cost per client served	Total expenses/total clients	Efficiency in providing services	\$1,299	\$1,123	\$1,415	\$1,127
Cost per volunteer	Total volunteer costs (includes training, coordination)/number of volunteers	Efficiency of using volunteers, who are not "free" labor	\$659	\$625	\$606	\$758
IMPACT						
Number clients served	Unduplicated clients	Reach: Given aging population, goal is 10% increase per year	250	288	230	210
Number of volunteers engaged	Unduplicated volunteers	Reach: Given higher demand, goal is 15% increase per year	78	85	90	75
Average client contact hours per month	Total hours, staff plus vols/ number of clients	Depth: Assumes that more time equals deeper service	5.07	5.12	5.00	4.51
Number of clients still living at home	Annual tracking	Impact: Are we succeeding at our overall goal?	197	255	210	205

Managing risk

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- Diversify your income
- Create separation of duties and strong financial controls
- Buy appropriate insurance: liability, automobile, directors & officers, etc.
- Create plans for business continuity (in case of disaster), site security, and data back-up

Finally,

- Focus on overall strategy, not specific line items
- Because it's not your money, create policies to avoid conflicts of interest
- Invest the time to train the board to understand your financial statements

Questions ?



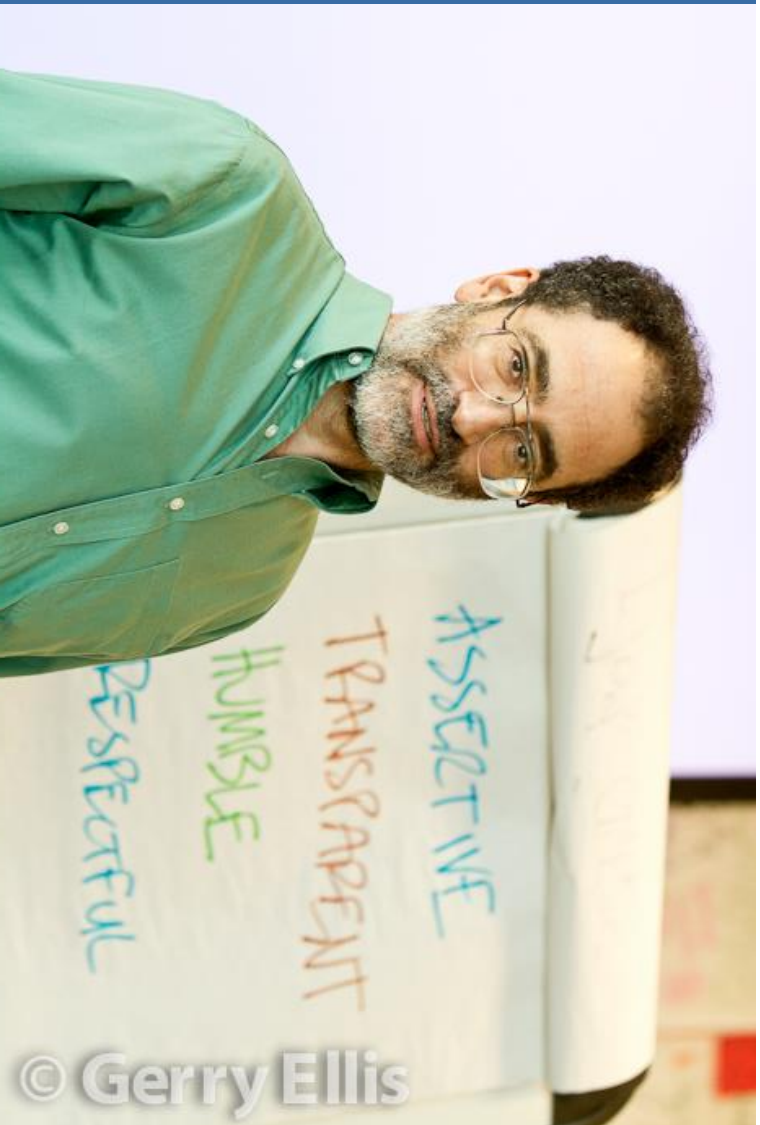


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Andy's book

Available from

www.emersonandchurch.com



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Good luck and stay in touch!

www.andyrobinsononline.com

www.trainyourboard.com

Upcoming Webinar



Title: Creating a 12-Week Major Gifts
(donor program) Campaign

Date: Monday September 12th 2016

Time: 1:00PM-2:00PM

Link:

<https://attendee.gotowebinar.com/register/26493>

Green Mountain Self-Advocates

www.gmsavt.org

North East Advocates Together

www.neat-peers.org

Thank You!