Mission-based Nonprofit Financial Management
That's a mouth full!
Bite Sized Pieces

- The “Charitable” Organization
- Financial Responsibilities/Mgmt
- Mission – the only place to begin & end
  - Direction
  - Work Plans
  - Budgeting income & expense
  - Measurement
- Wrap it up with Q&A
Ground Rules

- Please participate
- Work together
- Share your ideas & experiences
- Make the leader look good
Goals for the Day

- Enhance financial management knowledge and skill
- Develop a framework for Mission driven / outcome based budget
- Motivation & commitment to implement what is learned
VMS Budgets

VMS Locality Budgets

Year 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21
Budget $1,200,000 $1,000,000 $800,000 $600,000 $400,000 $200,000

VMS Budgets
VMS Budgets

VMS Locality Budgets (Excl. Hi & Lo)

2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20
Nonprofit or Not for Profit or…?

- Tax exempt
- IRS (Internal Revenue Service) Code Section 501 (a), (c) 1 – 27, d,e,f, & n plus 527 = 30+
  - (c) 4 & 5 - Election & Lobbying
  - (c) 6 - Business leagues, Chambers of Commerce, Real Estate Boards, Boards of Trade & NFL
  - (a) 3 - NP support Organization - Charitable
  - (c) 3 - General Nonprofits – Charitable
- Which best represents your organization?
Tax Return

- New requirements
- More information
- Governance
- Mission
- Programs & achievements
- Policy & Procedures
- It’s not about the numbers
## Filing Comparisons

<table>
<thead>
<tr>
<th></th>
<th>990 - N</th>
<th>990 - EZ</th>
<th>990</th>
</tr>
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<td>e-postcard</td>
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<tr>
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<td>10 minutes</td>
<td>208 hours</td>
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<td>504 hours</td>
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<td></td>
<td>Recordkeeping, Learning &amp; preparation time</td>
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# Filing guidelines

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
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<tr>
<td><strong>990 - N</strong></td>
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<td>G R &lt; 25K</td>
<td>G R &lt; 25K</td>
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<tr>
<td><strong>990-EZ</strong></td>
<td>GR &gt; 25K, &lt;1mil &amp; Assets &lt; 2.5 mil</td>
<td>GR &gt; 25K &lt; 500k &amp; Assets &lt; 1.25 mil</td>
<td>GR &gt; 25K, &lt;200k &amp; Assets &lt; 500k</td>
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<tr>
<td><strong>or 990</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>990</strong></td>
<td>GR &gt; 1mil OR Assets &gt; 2.5 mil</td>
<td>GR &gt; 500 k OR Assets &gt; 1.25 mil</td>
<td>GR &gt; 200 k OR Assets &gt; 500 k</td>
</tr>
</tbody>
</table>

The table outlines the filing guidelines for different types of forms and the respective asset and income thresholds for the years 2008, 2009, and 2010.
II. Financial Responsibilities

- So, who is responsible?
- Responsible for what?
- How is the responsibility met?
Who is or has fiscal responsibility?
- Board of Directors – fiduciary
- The Staff – operational

Responsible for what?
- Achieving goals and objectives
- Oversight
- Fundraising
- Protecting / Promoting Vision & Mission
- Safeguarding assets
Meeting the responsibilities:

- Policy & procedures
- Board education & development
- Audit or review – Hired by Board, reports to the Board
- Reserve fund (3 – 6 months)
- Other ideas
BREAK TIME

- Take a ______ minute Break.
- Necessary Room
- Refreshments
- Back at ______ a.m.
Vision – Mission - Strategy

- **Vision** – “We can . . .”
  - Achieve over time, successful mission
  - Ideal future outcomes

- **Mission** – “We are . . .”
  - Purpose – overall direction
  - Who we serve and what we do

- **Strategy** – “We must . . .”
  - Key issues to address
  - Program & service priorities
S. W. O. T.

- **Strengths** = we control & we are good at it
- **Weakness** = we control & we are not good at it
- **Opportunity** = we don’t control – but take advantage of it
- **Threat** = we don’t control – but should prepare for it
Table Activity # 1

- Develop & describe a consensus community –
  - 2 – 3 strengths or opportunities
  - 2 – 3 weaknesses or threats
- Make a poster
- Present poster to group
Table Activity # 2

- Create a Mission Statement
  - Tweak this Mission
  - Make a poster
  - Present poster to group
Tweak this mission:

- To be an active/collaborative/cooperative partner/leader/driving force in facilitating/creating/promoting/implementing innovative solutions that will enhance/strengthen/improve the image/infrastructure/economic base of downtown/uptown/central . . .
Table Activity # 3

- Translate mission into a “strategic” work plan – what you are going to do.
  - Develop 3 or 4 activities, events or projects

- Quantify your outcomes – measurements
  - Hint - The activity is not the outcome

Prepare and present poster
T’s Budget Sermonette

- Definition:
  - Budget is a plan
    - For getting and spending money
    - To reach specific goals
    - During a certain time
Budgeting is not as exciting as fundraising but . . . .
Quick and Dirty = Last year + or − 10%
Start with the Budget Process

- Define the purpose / goal
- Have a clear message
- Involve the Board / Finance Comm.
- Lay out a simple plan
Define the Purpose / Goal

- The purpose of the budget is to ......
  - Link strategic priorities / operational (work) plans to the Mission
- The Goal of the budget is to ......
  - Ensure that funding is available and alternatives are considered and viable
Have a Clear Message

- This is about the organization’s health and long-term sustainability
- We are not in a panic or over-reaction mode
- Our strategic work plans are linked to our mission (focus & direction)
Involve the Board / Fin. Comm.

- Input, advice and consent –
  - Timeline
    - Overview
    - Date of Board approval (before new year)
  - Key assumptions
    - Staffing, salaries, benefits
    - Program – events - activities
    - Other cost issues
  - Expected outcome - measurable
    - Cash flow, profit, or whatever
    - Financial and non-financial
Lay out a simple plan

- Timeline
- Expectations
- Key assumptions
- Outcomes
- Board involvement
Which “Reality” drives the budget?

- A case for flexible or “if – then” budgets
- Simple is better – stick to the core of the organization’s strategic plan and competencies
- The tyranny of the “or” – the genius of the “and”
“If – Then” Budgets

- Nobody likes to choose between a best case and worst case scenario budget. “Would you rather have a dish of ice cream or a broken leg?”

- Establish the most likely or probable (be conservative) budget based on the best available facts or assumptions.

- “If” funding improves “then” identify the priorities that will be met first.

- “If” funding declines “then” identify the areas that will be adjusted first.
Simple is better

- What do we do best?
- Is it unique or are we just one more doer of “X” event?
- “Kan – Ban” asking why 5 times
- Consider the ham
LUNCH

- Building the budget
- Evaluating sources of revenue
- Celebrity guests
- Wrap it up
Budget Building Blocks

Revenue Resources

Operating Costs
Table Activity # 4

- Review general costs to operate
- Estimate expenses to do your planned activities
- Begin discussing how to fund the organization & activities
- Start completing budget worksheet
Virginia Main Street

General operating and fixed costs:

Assumptions:

<table>
<thead>
<tr>
<th>Staff: 1 full time Director &amp; 1 part time staff</th>
<th>Per month</th>
<th>Annual Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefit factor 20%</td>
<td>$ 6,250</td>
<td>$ 75,000</td>
</tr>
<tr>
<td>Space (rent, utilities)</td>
<td>$ 750</td>
<td>$ 9,000</td>
</tr>
<tr>
<td>Technology (Telephone, cell phone, internet)</td>
<td>$ 100</td>
<td>$ 1,200</td>
</tr>
<tr>
<td>Insurance (P&amp;C, general)</td>
<td>$ 100</td>
<td>$ 1,200</td>
</tr>
<tr>
<td>Transportation</td>
<td>$ 125</td>
<td>$ 1,500</td>
</tr>
<tr>
<td>Office supplies and other</td>
<td>$ 150</td>
<td>$ 1,800</td>
</tr>
</tbody>
</table>

Total $ 8,725 $ 104,700

Funding Sources:

<table>
<thead>
<tr>
<th>Local government</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Members</td>
</tr>
<tr>
<td>Grants and Other (describe)</td>
</tr>
</tbody>
</table>

Total $ - $ -

Work plan activities and events:

<table>
<thead>
<tr>
<th>Activity # 1</th>
<th>Activity # 2</th>
<th>Activity # 3</th>
<th>Activity # 4</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Costs:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Added Labor</td>
<td></td>
<td></td>
<td></td>
<td>$ -</td>
</tr>
<tr>
<td>Rentals</td>
<td></td>
<td></td>
<td></td>
<td>$ -</td>
</tr>
<tr>
<td>Advertising / promotions</td>
<td></td>
<td></td>
<td></td>
<td>$ -</td>
</tr>
<tr>
<td>Supplies</td>
<td></td>
<td></td>
<td></td>
<td>$ -</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
<td>$ -</td>
</tr>
</tbody>
</table>

Total $ - $ - $ - $ - $ -

Estimated funding:

<table>
<thead>
<tr>
<th>Admission fees</th>
<th>Vendor</th>
<th>Product &amp; Concessions</th>
</tr>
</thead>
<tbody>
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<td></td>
<td></td>
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</table>

Total $ - $ - $ - $ - $ -
Funding Options

Gifts & Grants

Government Support

Program Income
VMS Balanced (Recommended)
Funding Sources
Let’s Talk About It

- Gifts & Grants - Tony Tomandl
- Program & Event Income - Jeff Sadler
- Government Support - Laurie Buchwald
Gifts and Grants

- Annual Fund Drive or General Appeal
  - Ongoing needs of the org.
  - Awareness, support & broad based

- Major Gifts
  - Time to cultivate
  - Reserve fund ideas

- Grants
  - To chase or not to chase
Events & Programs

- Special events
  - Sponsors
  - Registration/tickets
  - Food/beverage sales
- Fundraisers
  - Cookbooks, T-shirts & what-not
- Managing risk
  - What can go wrong?
Special Events

- FOUR Ways To Increase Profits!
  - Attract More People/Sell More Product
  - Raise Prices
  - Cut Costs
  - Get More Sponsors
Fundraisers

Three Questions to Ask

- Is There a Market For My “Product?”
- Is It Mission Appropriate or a Distraction?
- How Many Do I Have to Sell to Break Even?
  - What Will They Pay?
  - What Does it Cost?
Managing Risk

What Can Go Wrong?
What Can Go Wrong?
What Can Go Wrong?
What Can Go Wrong?
Top 6 Ways to Manage Your Risk

6 - Buy Insurance (Rain Insurance; Liability Insurance)
5 – Make Your Board Sell Tickets
4 - Get More Sponsors
3 - Cut Costs!
2 – Only Have Successful Events
1 – Become Less Dependent on Events for Your Income!
Local Government Support

- Largest single source of funding
- Be sure you can communicate value
- Look for ways to diversify
- Become less dependent
BREAK TIME

- Take a ______ minute break
- Necessary Room
- Refreshments
- Back at ______ p.m.
- Hang in there you’re doing great.
Table Activity # 5

- Complete the budget worksheet
- Balance the budget
- Prepare a poster and present it to the group
- How are you going to track results?
### Virginia Main Street

#### General operating and fixed costs:

**Assumptions:**
- **Staff:** 1 full time Director & 1 part time staff
- **Benefit factor:** 20%

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<tr>
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- Business Members
- Grants and Other (describe)

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<td>$-$</td>
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<tr>
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<td></td>
<td></td>
<td></td>
<td>$-$</td>
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**Estimated funding:**
- **Admission fees**
- **Vendor**
- **Product & Concessions**

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<th><strong>$-$</strong></th>
<th><strong>$-$</strong></th>
<th><strong>$-$</strong></th>
<th><strong>$-$</strong></th>
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Wrapping up

- A budget is simply a spending plan and a way to keep score.

- Consider a “Dash Board” of non-financial and financial indicators and outcomes.

- Q & A
"I loved my Heifer gift. I don’t need more chocolate or knick-knacks. Knowing that a family gets a goat for milk, and can be self-sufficient is a great positive thing to bring into the world. It’s wonderful to know a family has been given help in my name."

— Eileen, Rochester NY

Choose a meaningful gift to give a loved one and help children and families around the world receive training and animal gifts that help them become self-reliant.

After your donation, don’t forget to send a printable gift card or e-card to tell your friends and family that you’ve honored them with a Heifer gift.

Select your gift of choice:

- **Heifer** $500 (Share: $50)
- **Sheep** $120 (Share: $10)
- **Llama** $150 (Share: $20)
- **Water Buffalo** $250 (Share: $25)
<table>
<thead>
<tr>
<th>Item</th>
<th>Price</th>
<th>(Share: $10)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goat</td>
<td>$120</td>
<td></td>
</tr>
<tr>
<td>Milk Menagerie</td>
<td>$1,000</td>
<td>$100</td>
</tr>
<tr>
<td>Knitting Basket</td>
<td>$500</td>
<td>$50</td>
</tr>
<tr>
<td>Flock of Chicks</td>
<td>$20</td>
<td></td>
</tr>
<tr>
<td>Flock of Ducks</td>
<td>$20</td>
<td></td>
</tr>
<tr>
<td>Flock of Geese</td>
<td>$20</td>
<td></td>
</tr>
<tr>
<td>Trio of Rabbits</td>
<td>$60</td>
<td>$10</td>
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<tr>
<td>Gift Ark</td>
<td>$5,000</td>
<td></td>
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<tr>
<td>Joy to the World</td>
<td>$1,500</td>
<td>$150</td>
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<tr>
<td>Flock of Hope</td>
<td>$60</td>
<td></td>
</tr>
<tr>
<td>Trees</td>
<td>$60</td>
<td>$10</td>
</tr>
<tr>
<td>Honeybees</td>
<td>$30</td>
<td></td>
</tr>
<tr>
<td>Pig</td>
<td>$120</td>
<td>$10</td>
</tr>
<tr>
<td>New Beginning Basket</td>
<td>$120</td>
<td></td>
</tr>
<tr>
<td>Promise Basket</td>
<td>$85</td>
<td></td>
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</tbody>
</table>
Knitting Basket

A Gift to Warm the Heart

This year, instead of another sweater that will end up in the closet unworn, why not honor that special someone with a Knitting Basket - four wool-producing animals that will give new hope to families in need? Your gift will warm his heart and yield bundles of wool for clothes, blankets, ponchos and more ... handcrafted pieces to earn precious income for food and basic necessities.

Your gift of a Knitting Basket represents two llamas and two sheep — four animals famous for their warm, income-producing wool. From shearing to spinning, weaving and finally to selling woolen goods at market, the gift of a Knitting Basket will help struggling families earn extra income to break free from the grip of poverty and hopelessness.

Over time, as that gift multiplies and more animals are passed on to help others in need, entire communities will be warmed by the precious wool of a Knitting Basket.

View more Heifer gifts