



# Telling Your Nonprofit's Financial Story with Impact

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# Presented by:

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# What is your role within your organization?

- a. Board Member
- b. Executive Director
- c. Leadership Team Member (COO, CFO, Program Director)
- d. Finance Staff
- e. Development / Advancement Staff
- f. Program Staff
- g. Volunteer
- h. Other

**Audience Poll**



## How can financials translate into an impactful story for my organization?

- Understand your audience
- Make it relevant
- Connect to mission & be candid
- Ace the financial analysis
- Keep it concise and visual
- Make reports actionable

Visual  
Communication

=

Clear,  
Eye-Catching  
Design

+

A Message  
that Educates,  
Motivates and  
Engages



# Financial Story Boards



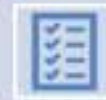
Annual Report



Board Packet



Independent Audit



IRS Form 990



Organization's website

group	%	
	8.44%	2,
	24.33%	6,70
	53.98%	13,89,
	13.25%	3,66B,

	\$MM
gy & Utility	21,651
ion	700
nce	821
& Beverage	7,46
ith Care	1,12
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# Building Your Financial Story

Who is your audience?

What do you need to accomplish?

Mission and impact

- Share results in the form of visual metrics or community impact
- Include a vision of what lies ahead

Transparency & Accountability

- Use benchmarks for measuring performance
- Demonstrate compliance and adherence to transparency standards
- Be ready to provide more detail if it's requested



# What reports does your organization prepare and make publicly available? (Check all that apply)

- Annual report
- IRS 990 return
- Independent audit
- Board roster
- Executive summaries

**Audience Poll**



# Financial Data

Supercharge your reports with the power of numbers







# The Essential Financial Reports

## Statement of Financial Position

Your best indicator of stewardship

## Statement of Activity

Showing the sources of income and how those resources are used

## Statement of Cash Flows

Reconciles all activities of the organization that either added to or used cash



# FINANCIAL SNAPSHOT

## Statement of Financial Position

	<u>2023 YTD</u>	<u>Prior Year</u>
Cash	\$ 1,126,228	\$ 2,598,872
Accounts and Grants Receivables	\$ 280,000	\$ 612,000
Investments	\$ 1,746,223	\$ -
Prepaid Expenses	\$ 17,752	\$ 16,626
Net, Fixed Assets	\$ 34,918	\$ 60,869
<b>Total Assets</b>	<b>\$ 3,205,121</b>	<b>\$ 3,288,367</b>
Accounts Payable	\$ 24,777	\$ 26,292
Accrued Employee Benefits	\$ 21,204	\$ 15,118
Long Term Liabilities	\$ 36,482	\$ 60,869
<b>Total Liabilities</b>	<b>\$ 82,464</b>	<b>\$ 102,280</b>
<b>Net Assets</b>	<b>\$ 3,122,658</b>	<b>\$ 3,186,088</b>

## Results of Operations

	<u>Jul</u>	<u>Year to Date</u>	<u>Prior YTD</u>	<u>Annual</u>	<u>Annual</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Forecast</u>	<u>Budget</u>
Operating Income:	\$ 89,454	\$ 1,663,832	\$ 2,022,074	\$ 2,853,604	\$ 1,885,454
Operating Expense:	\$ 136,642	\$ 915,714	\$ 896,421	\$ 1,691,002	\$ 1,859,715
Less Fiscal Sponsor Disbursements	\$ 140	\$ 595	\$ 30,231	\$ 595	\$ -
<b>Net Operating Income:</b>	<b>\$ (47,329)</b>	<b>\$ 747,523</b>	<b>\$ 1,095,421</b>	<b>\$ 1,162,007</b>	<b>\$ 25,738</b>

### Key Measurements:

- Narrative added here

**OVER THE COURSE OF ONE YEAR, HUMANE IMMIGRATION LAWS WERE DELEGITIMIZED.** An administration known for wearing its disdain for immigrants consistently engaged in usurping legal precedent and procedure, fast-tracking its deportation agenda, and appealing its losses to limit migrant access to justice.

RAICES leaned on the knowledge that immigrants with legal representation in court are more likely to successfully assert their right to remain in the U.S., and that a community who knows our rights can stand shoulder-to-shoulder to help navigate the immigration system.

Throughout the year and with your support, RAICES focused on advocacy to raise public awareness and leverage our collective political pressure, education to bolster a network of well-informed allies and legal and social services to directly affected migrants. To our service recipients, we thank you for trusting this community with your dreams and aspirations for a safe and fruitful future. To our broader community of supporters and advocates, we thank you for your cultivation of our shared values.

**They tried to bury us.  
They didn't know we were seeds.**

**PROGRAM INVESTMENTS**

**\$21.7M+**  
DIRECT LEGAL AND SOCIAL SERVICES

**\$3M+**  
REFUGEE RESETTLEMENT

**\$1.9M+**  
RIGHTS ADVOCACY



**FINANCIALS**

Because of allies and advocates across like you, RAICES received unprecedented support in 2018 and 2019 as part of the American public's call for transformational change in the lived experiences of our migrant community members.

In 2020, RAICES made strategic program and administrative investments to ensure long-term

sustainability as public support began to fluctuate following the onset of the pandemic.

To remain resilient and in alignment with best fiscal practice, RAICES maintains an Operating Reserve Ratio slightly exceeding 100 percent.

	2018	2019	2020
<b>REVENUE</b>			
Contributed Revenue	\$55,290,228	\$41,189,767	\$25,627,900
Earned Revenue	\$972,972	\$1,318,240	\$671,731
<b>Total Revenue</b>	<b>\$56,263,200</b>	<b>\$42,508,007</b>	<b>\$26,299,631</b>
<b>EXPENSES</b>			
Program	\$12,447,782	\$26,283,732	\$26,781,872
General and Administrative	\$859,951	\$3,842,986	\$5,856,821
Fundraising	\$874,677	\$2,445,123	\$3,004,948
<b>Total Expenses</b>	<b>\$14,162,410</b>	<b>\$32,571,841</b>	<b>\$35,643,641</b>
<b>NET ASSETS</b>			
Change in Net Assets	\$42,080,790	\$9,933,183	-\$9,843,615
Beginning Net Assets	\$4,108,365	\$46,189,155	\$56,122,338
<b>Ending Net Assets</b>	<b>\$46,189,155</b>	<b>\$57,122,338</b>	<b>\$46,478,723</b>

**YOU CAN SHOW YOUR CONTINUED SOLIDARITY WITH OUR MOVEMENT BY EXPLORING ALL THE WAYS TO GIVE TO RAICES, INCLUDING:**

- **Stock share transfers**, providing you tax savings of up to 70% and made easy via our partners at FreeWill
  - **Donor Advised Fund (DAF) grants** initiated through our website or by contacting your grant administrator
  - **IRA Qualified Charitable Distributions (QCD)** for those 70 ½ and older can meet your Required Minimum Distribution (RMD)
  - **Legacy Gifts** by naming RAICES as a beneficiary of your estate plan
  - **Match Gifts** from your employer, which can double or triple your impact
- To learn more, visit: [raicestexas.org/give](http://raicestexas.org/give)  
Every donation makes a difference.





## Sample Neighborhood Nonprofit

Statement of Functional Expenses  
Year Ending 12/31/21

		Functional Expenses				
		Afterschool Program	Summer Day Camp	Management & General	Fundraising	Total
Natural Expenses	Salaries & Benefits	\$20,000	\$15,000	\$25,000	\$10,000	\$60,000
	Rent	\$6,000	\$3,250	\$750	\$0	\$10,000
	Utilities	\$600	\$325	\$75	\$0	\$1,000
	Supplies	\$3,000	\$3,000	\$1,000	\$3,000	\$10,000
	Advertising	\$3,000	\$3,000	\$0	\$10,000	\$16,000
	Depreciation	\$1,000	\$1,000	\$2,000	\$1,000	\$5,000
	Total	\$33,600	\$22,575	\$18,825	\$24,000	\$33,600

## Statement of Functional Expense

The SFE is a matrixed report that shows the nonprofit's expenses presented in columns of Programs, Fundraising, and Management / General as functional areas (what the money was used for) and summarized by expense categories as the lines in the report (the natural breakdown of expenses).

The SFE report provides clarity to funders, donors, your Board, and others on how your nonprofit spends its money.

Keeping it routinely updated and available all year long is a measure of accountability and transparency and a big step in earning trust.



# Program Specific Operating Measurements

In addition to reviewing financial reports, KPIs, and benchmarks as an indicator of financial health, board members must also be assured that the nonprofit organization is fulfilling its stated mission.

This is a great opportunity to make the impact real by adding testimonials of program participants.

## Programs & Service Delivery

- Number of clients served
- Program attendance
- Program enrollment
- Client satisfaction rate
- Volunteer hours served per period
- Cost per service or unit
- Changes in knowledge, skills, abilities, and/or behaviors (e.g., pre- and post-scores)



ADDRESSING IMMEDIATE NEEDS

## ENERGY & WATER SERVICES

Energy burden is defined as the proportion of household income spent on energy. In Minnesota, the average energy burden is two percent. For families with lower incomes, the average energy burden is eight percent. And some families face energy burdens over thirty percent.\*



*"[CAP-HC] helped our family get through such hard times. Our heater broke in below zero weather and someone was on call and answered our message and helped us get a new heater in a time that we really needed it. This program is a Blessing!!"*

— Anonymous Energy Assistance and Energy-Related Repair Client

Community Action Partnership of Hennepin County's (CAP-HC's) largest program area is Energy & Water Services. In fact, CAP-HC is one of the largest energy assistance providers in Minnesota.

Four programs are included in this area:

- Energy Assistance — electricity and heating bill assistance grants paid to utility providers
- Crisis Assistance — utility bill assistance grants to utility providers for households with no income
- Energy-Related Repair — emergency repair or replacement of heating systems
- Water Assistance — water bill assistance grants paid to utility providers

In addition to ensuring families have warm, safe homes, this assistance often means that families don't have to choose between buying food and medicine or paying bills. Sometimes, this assistance is the only thing preventing a significant setback for families, like eviction.

## CLIENT SPOTLIGHT

*Vivien had been receiving emergency COVID-19 relief for food support. When that support ended, she was feeling overwhelmed trying to pay her electric and gas bills. "I found out about [CAP-HC] through Jewish Children and Family Services."*

*She applied for Energy Assistance and was approved. She calls the assistance a godsend saying, "the support I received through the program gives me a standard of living with dignity ... it has given me hope."*

— Vivien, Energy Assistance Client



Client names, stories, photos, and quotes throughout this report are shared with permission.

\*Source: Minnesota Compass

\*Amount disbursed includes CARES funding

### BY THE NUMBERS

 **15,949 Families**

improved energy efficiency and/or reduced energy burden in their homes.

 **\$22+ Million**

in Energy Assistance funds disbursed to support families with lower incomes.\*

 **9,163 Families**

received Crisis Assistance that prevented a utility shutoff.

 **1,671 Families**

received Water Assistance that prevented a water disconnection.

 **\$1+ Million**

in Water Assistance funds disbursed to support families with lower incomes.\*

 **343 Families**

experienced improved health and safety due to improvements to their homes.



# Leveraging the financial data

- Analysis that has impact
  - KPI's
  - Using benchmarks
  - Trends
- Make it visual
- Use narratives effectively



# Key Performance Indicators & Benchmarking

Metric	Current Ratio	Days/Months Cash On Hand (LUNA)	Unrestricted Net Assets to Debt
Description	Measures the ability of an organization to meet its short-term obligations. A current ratio greater than 2.0 helps to ensure there are sufficient resources to service any current debt or obligations	Measures the availability of cash to continue operations if the organization experiences a funding interruption.	Measures how much an organization is relying on funding from others, such as loans, payables, and obligated funds
Formula	Current Assets / Current Liabilities	(Cash & Cash Equiv – Temp Restr Net Assets) / Average Daily (or Monthly) Expense	Unrestricted Net Assets / Total Liabilities
Benchmark	≥ 2.0	90-180 days (3-6 months)	≥ 2





# Key Performance Indicators & Benchmarking

Metric	Savings Indicator	Net Margin	Management & Fundraising Expense	Fundraising Efficiency
Description	Measures net revenues the organization retains as a percentage of the expense (to maintain/replace facilities and extinguish debt).	Indicates the ability of an organization to produce a surplus which could be drawn on in future years if needed.	High values may indicate resources are not directed toward mission-related programs; low values may indicate that an organization may not have the infrastructure to maintain stability or grow.	The amount a nonprofit organization spends to raise \$1.
Formula	$(\text{Revenue} - \text{Expense}) / \text{Total Expenses}$	$(\text{Revenue} - \text{Expense}) / \text{Total Revenue}$	$(\text{Mgmt \& Admin Exp} + \text{Fundraising Exp}) / \text{Total Expenses}$	$\text{Total Contributions (less gov't grants)} / \text{Fundraising Expenses}$
Benchmark	≥ 1% to ≤ 10%	≥ 5.0 %	≥ 7% to ≤40%	Compare against peers



# SUSTAINABILITY MEASUREMENTS

### Months of Unrestricted Cash



Narrative comment(s)

### Donor Restricted Grants & Gifts



Narrative comments(s)

# FISCAL RESPONSIBILITY

The ratios below measure VRJ's effectiveness in managing its financial resources



Measurement	Score	Benchmark	What does it mean
Current Ratio	68.95	>2.0	VRJ has \$68.95 in cash & equivalents for every dollar it owes
Debt to Net Assets	2.64%	<100%	VRJ's current debt represents only 2.64% of its net worth
Net Margin	12.78%	>5%	This ratio measures VRJ's ability to create a surplus from operations to invest in growth of the organization
*Program Expenses	85.44%	70% - 90%	For every dollar VRJ spends, \$.85 is spent on programs
*Administrative Expenses	8.10%	5% - 10%	For every dollar VRJ spends, \$.08 is spent on administrative expenses
*Fundraising Efficiency	\$ 0.06	\$.25 - \$.50	VRJ spends approximately \$.06 for every dollar it raises in contributions and grants

Nonprofit Organization: Fiscal Year 2023 Cash Flow Forecast (as of July 31, 2023)



# Ensuring Transparency/Addressing Challenges



# Effective Financial Reports

SHOULD PREPARE YOUR ORGANIZATION TO . . .



Assess



Address



Act

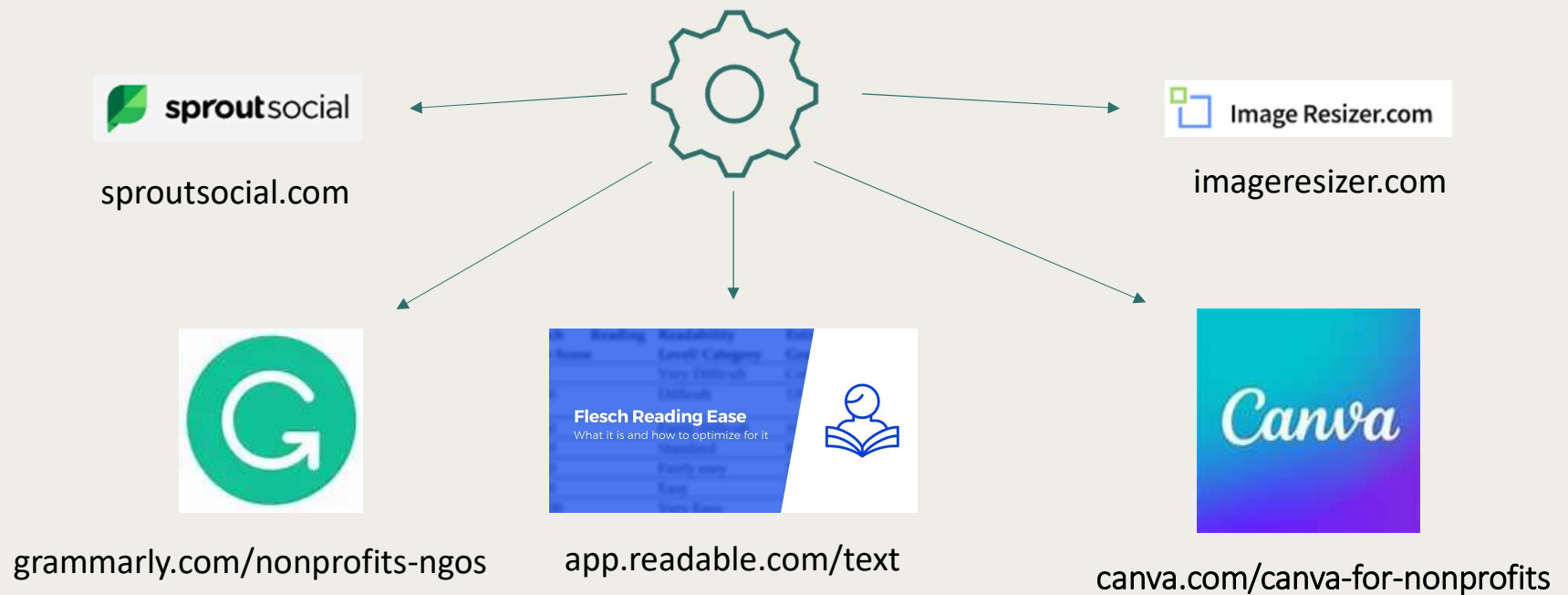


Applaud

The result will be a **nonprofit confident in its role** of ensuring mission delivery in a financially sustainable manner



# Report Building Tools (free, or low cost)





Questions or comments?





# Ready to tell your story?

- Free resources, articles and guides are available at:  
<https://www.veracitypros.com/resources>

- Contact us directly with any questions:

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# Thank you!

