

# *Financial Leadership*



# Defining Financial Leadership .....

## Financial Departments:

Are they a black hole of resources and a bottleneck?



Or is it an enabler?



# Financial Leadership vs Financial Management

Important distinction – Financial leadership and Financial Management

**Leadership:** Guiding a nonprofit to sustainability



**Management:** collecting financial data, producing financial reports and resolving near-term financial issues



Delivering Value

Delivering Intelligence

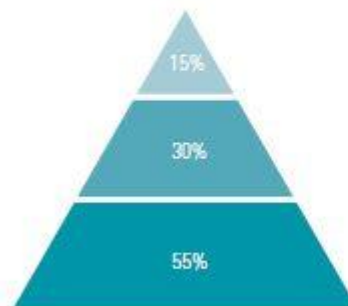
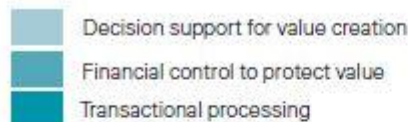
# What is Value?

**Value** is as unique as the Organization itself

**Value** comes from providing a finance service that better enables the Organization  
To achieve its objectives

- Financial reports – who uses them
- Leveraging technology
- Who had input
- Who is monitoring them?

## How the Finance model has to evolve to address these challenges



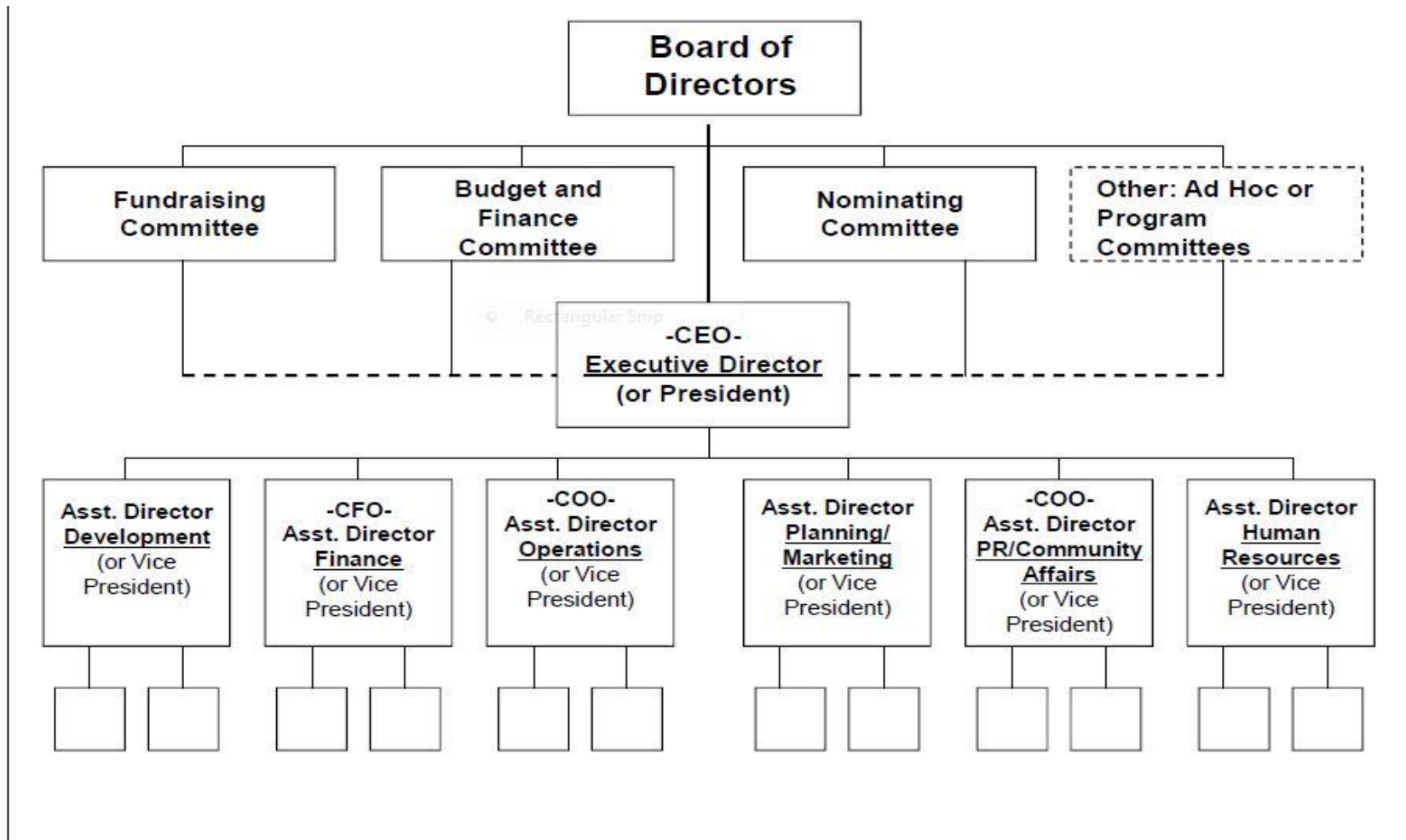
Today



Cost of Finance could be reduced by up to 45%



# Traditional Nonprofit Organizational Structure



Who is exactly the financial leader here?

# Roles within an nonprofit

## Board

- Ensure adequate resources
- Approve annual budget
- Request annual audit



## Treasurer – Finance Committee

- Provide financial oversight
- Develop budget and approve
- Monitor adherence
- Set long term financial goals
- i.e. working capital cash reserve – fund to replace equipment



## Executive Director

- Choose and supervise CFO
- Present financials to Board
- Input on final budget



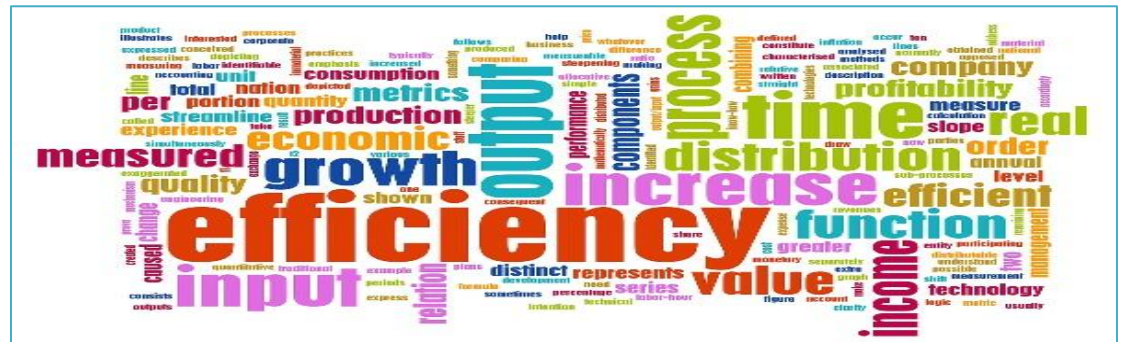
## CFO

- Oversee financial systems within the Organization
- Assist in establishing budget – goals
- Engage departments within the Organization
- Manage cash flow and forecasting
- Manage and track performance



- **Statement of Revenue and Expenses**
- **Statement of Financial Position**
- **Statement of Cash Flow**
- **Key Performance Indicators**
- **Budget vs Actuals**
- **Investment Performance**

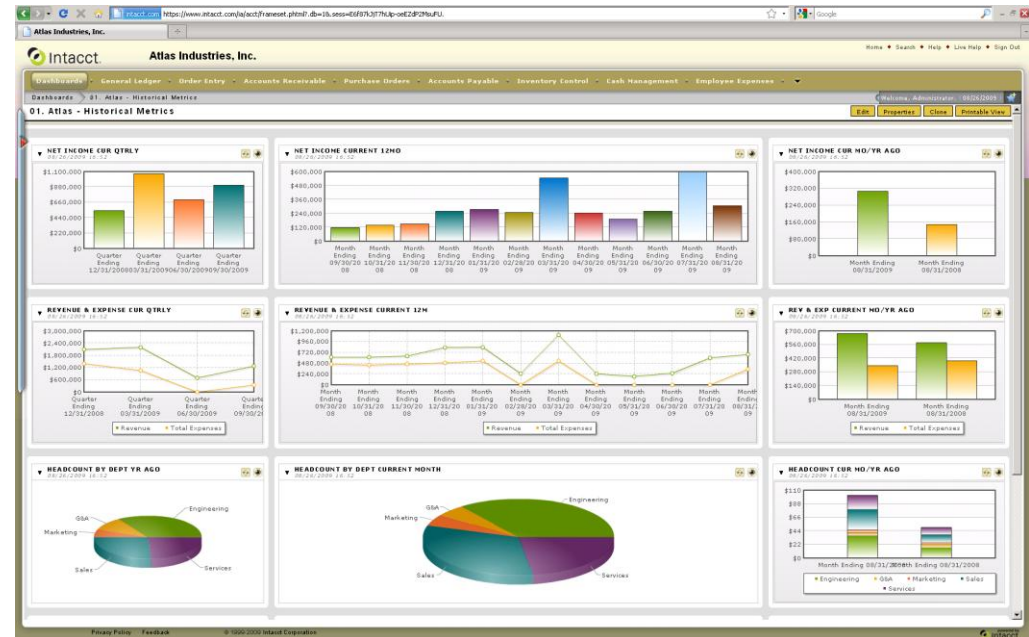
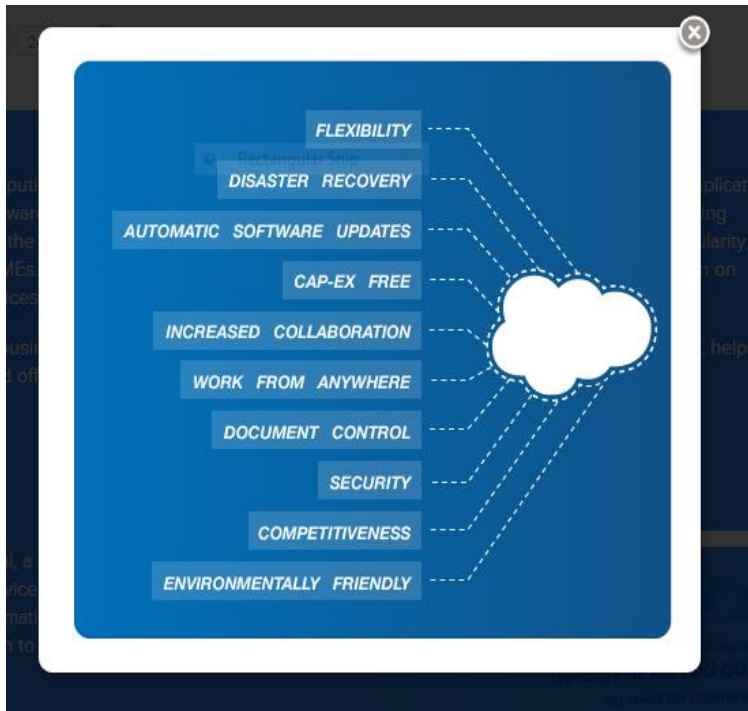
- **Improvements in Efficiency**
- **Incorporation of Technology**
- **Achievement of Qualitative goals**
- **Incorporation of Social Media**
- **Better communication tools for Board and clients**



# Financial Services

## What does financial leadership look like?

### New Technology Benefits



*Centralized and personalized dashboards*



# Rating Agencies

where do they fit in??

## Evaluators



What are they looking at?  
How are they measuring our performance?  
What should we do to go up in rank?

### Top Ten Lists

10 Most Followed Charities

10 Super-Sized Charities

10 Charities Expanding in a Hurry

10 Most Frequently Viewed Charities

10 Charities Routinely in the Red

10 Highly Rated Charities Relying on Private Contributions

10 of the Best Charities Everyone's Heard Of

### CharityWatch Hall of Shame

CharityWatch Hall of Shame presents the personalities ...



How Do We Rate Charities' Financial Health?