

COMMUNICATING ABOUT MONEY AND FINANCE

Money may talk, but most of us aren't very comfortable talking about it. Not only are finances an emotionally charged issue, when it comes to nonprofit finance, many of us don't think we know enough – and we don't want to show it! The result at many nonprofits is a lack of communication about financial matters.

However, organizations that facilitate positive communication and understanding of financial matters reap many benefits. They are able to strengthen and empower their staff and board members, and more effectively tell their story to the community. Talking productively about money builds trust and an understanding of reality internally, and results in greater accountability externally.

Communicating financial information can become a powerful tool for the organization if you follow some fundamental principles:

- **Confront and Remove the Taboos:** If money has been “off limits” in the past, the leaders of the organization have to start the conversation and change the culture.
- **Train and Explain:** Provide an introduction and overview of financial reports to board members and staff. This will familiarize them with the terms used, report format, and key items to monitor. Reports to review include the comparison of income and expense to the budget, the annual balance sheet, and the IRS 990 document.
- **Interpret the Information:** Even the best quality financial reports need interpretation to be accessible to staff, volunteers, donors, and board members. Develop a short narrative report form – even a list of bullet points – to use along with the quarterly or monthly financial reports for staff and board meetings. For donors and other external users, summarize financial information and connect it to the work of the organization.
- **Maintain an Open Book:** Once the staff and board understand the financial picture, keep the door open for questions and suggestions.

As fundraising guru Kim Klein says, as long as money remains private and mysterious only those persons willing to learn about it can really control it. Open communication about money and finances can help remove the mystery. The result is that everyone involved with the organization is informed and empowered.

WHO WE ARE

Nonprofits Assistance Fund's mission is to build financially healthy nonprofits that foster community vitality.

Our financial experts help nonprofits strengthen their capacity to address unexpected events, finance new opportunities, and realize strategic goals. We fulfill our mission by helping you thrive.

Find out more about Nonprofits Assistance Fund's loans, training, resources, and financial advice tailored for nonprofits at www.nonprofitsassistancefund.org.