

# Telling Your Financial Story



# What is a Financial Story?

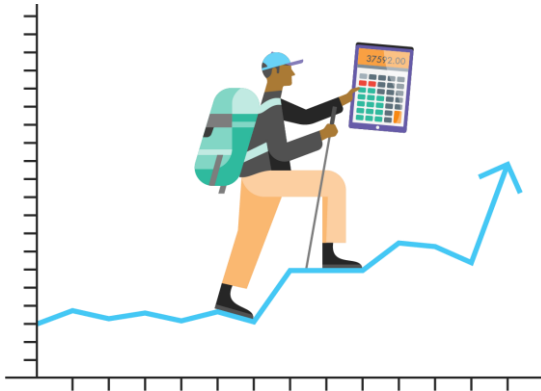
A **Financial Story uses your numbers** to explain where you are today, how you got there, and where you want to go.

It connects the numbers to mission, context, actions, and needs.



***When stakeholders understand your financial story, they can make better decisions to support your organization.***

# Who Needs to Hear Your Financial Story? Why?



## Internal Audiences: Board, Staff

- Focuses everyone on the priorities
- Transforms culture and practice
- Increases confidence in management



## External Audiences: Funders, Partners

- Demonstrates need and context
- Supports reporting and compliance
- Increases confidence in management

# Creating the Dialogue

**Share information and updates.** Foster an open and inclusive dialogue with staff, board, and constituents. Ensure there are feedback loops in place to distribute and receive information.

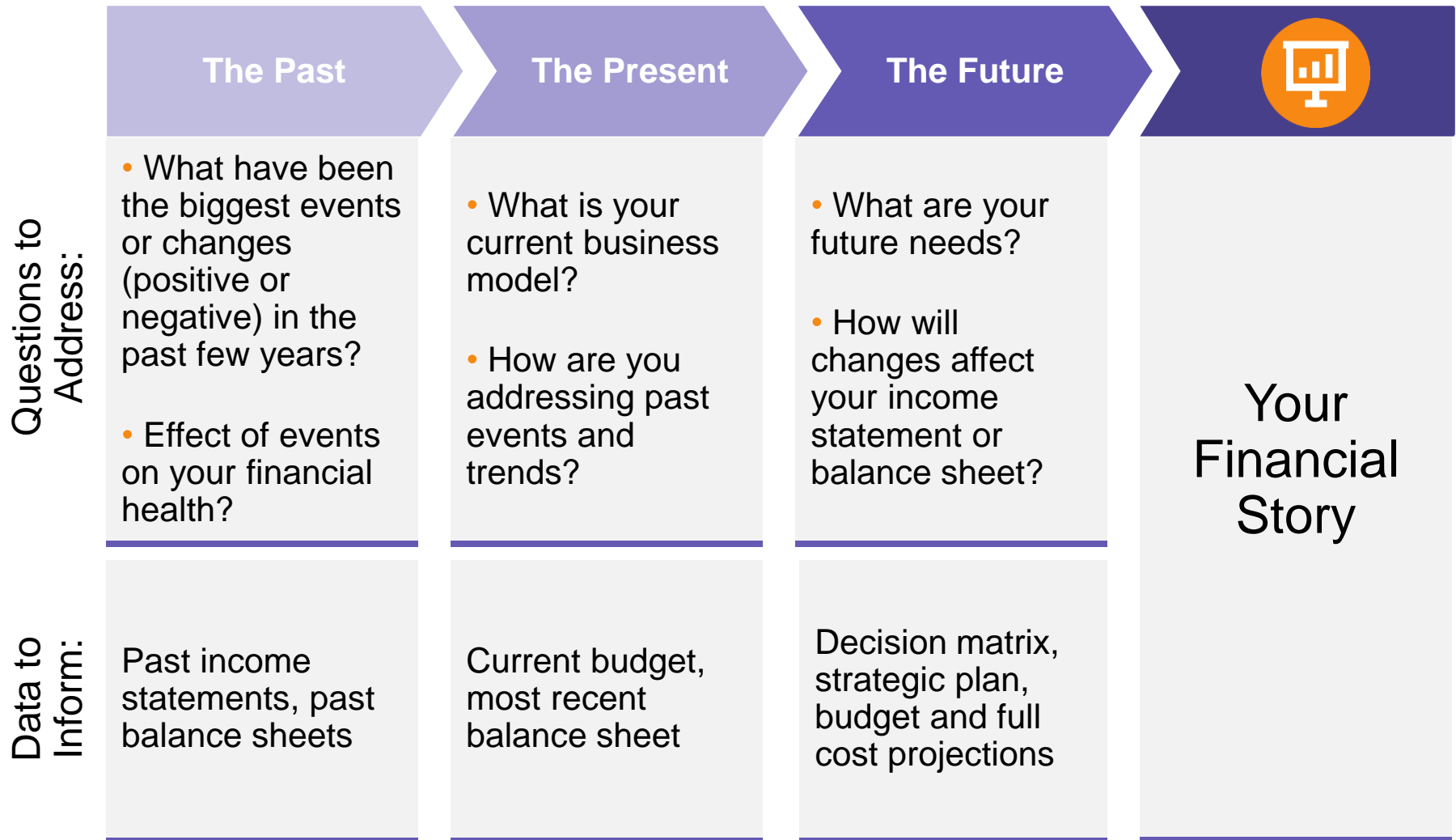
**Share responsibility and ownership** for monitoring and managing to your plans. Distribute the duty of stewarding the organization through uncertainty and change.

**Share your experience and insights.** Promote a culture of collaboration and partnership internally, and with external stakeholder groups.



Consider the role of your organization's **financial story** in how you share plans and needs...

# Communicating Financial Situation, Priorities, and Need



# Example 1: Conveying Business Model Trends

- Help for Homeless Youth (HHY) provides services through our stellar staff of community activists, program managers, partnership coordinators, and administration. We also contract for counseling services and have invested in an accessible, welcoming space.
- Government grants are about half of operating revenue and cover our food and job programs. While these grants represent a stable relationship of 5+ years, they do not cover the total cost of service. Individual donations help us cover our longer-term needs and fill the gaps in our government-funded programs. Foundation grants and individual contributions also support our clothing and mentorship programming.
- We anticipated a difficult funding environment for 2018, and, in fact, foundation support decreased by 40%. In response, we worked to increase individual giving and to negotiate a better arrangement with government partners.

# Example 2: Conveying Cash Flow Challenges to Funders

## (1 of 3)

1. Lead with mission

Over the past 5 years, Awesome Organization has more than doubled in size. Through our arts and cultural work in schools, we have demonstrated improvements in classroom behavior and in attendance rates.
2. What happened?

As we've grown, our cash flow has increased in volume. In 2014, having 2 months of cash meant \$250K. By 2018, it meant \$600K.
3. How did you respond?

While we have **posted a surplus** each year, those cumulative surpluses have not been enough to grow our cash reserves as much as we need. Concerted efforts have gotten us to \$300K in reserves.
4. Effect on mission?

If we hadn't gotten to \$300K, **we would have had to walk away from expansion**. Even now, cash flow management takes a lot of energy from leadership and is hindering our ability to stabilize and innovate.
5. What do you need?

General operating support to help us manage the financial implications of our growth is critical for us to sustain our growth and impact. We need at least another \$300K to increase our cash reserves to \$600K and free up our time to focus on delivering our critical impact. Can you help us make that happen?

## Example 2: Conveying Cash Flow Challenges to Board

### (2 of 3)

1. Lead with mission  
Over the past 5 years, the Awesome Organization has more than doubled in size. Through our arts and cultural work in schools, we have demonstrated improvements in classroom behavior and in attendance rates.
2. What happened?  
As we've grown, the cash **we spend on a monthly basis** has grown as well. In 2014, having 2 months of cash meant \$250K. By 2018, it meant \$600K.
3. How did you respond?  
We have been able to **set aside \$25K per year** for the past two years to help us grow our reserves to \$300K, **equal to 1 month of expenses** at our current size.
4. Effect on mission?  
Cash flow management takes its toll on leadership and is hindering our ability to stabilize and innovate.
5. What do you need?  
We've talked to funders about general operating support, which we could use to increase our reserves. However, we also want to explore accessing a line of credit to help us navigate short-term cash flow issues. We invite **your suggestions** for who we should reach out to; do you have any connections to the local banking community?



## Example 2: Conveying Cash Flow Challenges to Staff

### (3 of 3)

1. Lead with mission

Over the past 5 years, the Awesome Organization has more than doubled in size. Through our arts and cultural work in schools, we have demonstrated improvements in classroom behavior and in attendance rates.
2. What happened?

Our average monthly expenses are now \$300K (in 2014 they were \$125K). Given our size, **we need insight into our invoices** and reimbursements so we can make sure we have the necessary cash in our bank accounts.
3. How did you respond?

With our accounting team, we have **initiated a 30-day receipt submission** process and we are asking everyone to contribute to this effort.
4. Effect on mission?

Cash flow management can distract leadership from our goals and strategy, and we **want to be proactive** to avoid this.
5. What do you need?

If all staff **submit invoices** to be paid or receipts to be reimbursed within 30 days, our cash flow projections can be updated accordingly and leadership will have a more accurate view into cash flow for the year.

# What Is Your Financial Story?

## Spend 5 minutes to fill out your Math Libs:

- What story do you want to tell? Why do you want to tell it?
- Who is your audience?

1. Lead with mission.
2. What happened?
3. How did you respond?
4. Effect on mission?
5. What do you need?



## Then, take 5 minutes to reflect with a partner

# MATH LIBS!

## Complete the Financial Story

**CONTEXT:** Who is your audience? \_\_\_\_\_

What is the purpose of the story? \_\_\_\_\_

\_\_\_\_\_

**LEAD WITH MISSION:** Over the past \_\_\_\_\_ year(s), our organizations has

\_\_\_\_\_

*(mission reason or context for the financial issue)*

\_\_\_\_\_ .

**WHAT HAPPENED?** Due to \_\_\_\_\_ ,  
\_\_\_\_\_

*(cause)*

\_\_\_\_\_

*(effect)*

\_\_\_\_\_ took place.

**HOW DID YOU RESPOND?** As a result of \_\_\_\_\_ ,  
\_\_\_\_\_

*(whatever happened)*

\_\_\_\_\_

*(actions or steps taken)*

**EFFECT ON MISSION?** \_\_\_\_\_  
\_\_\_\_\_

*(impact or potential impact)*

\_\_\_\_\_

**WHAT DO YOU NEED?** We need your help to \_\_\_\_\_  
\_\_\_\_\_

*(impact or potential impact)*

by \_\_\_\_\_  
\_\_\_\_\_

*(what do you want them to do?)*

\_\_\_\_\_ .