

The Business of Running a Small Nonprofit

May 23, 2024

The HUB at Mulberry Mill



Columbia County
PLACEMAKING INITIATIVE



About This Project

- Rural Placemaking Innovation Challenge
- Columbia County Placemaking Plan
- Implementation Support through September 2024





Learning Objectives

- How nonprofits function differently from for-profit businesses
- How to get the help you need to get everything done
- Strategies for time management and prioritization
- How to work effectively with your staff, board, volunteers, and partners
- How to interpret and use financial statements
- How to keep track of and manage information
- Strategies to manage projects
- Tips to stay organized

Introductions





Nonprofits vs. For Profits: Similarities

- Fulfill a need or solve a problem
- Selling things/ideas
- Organizational structure
- Revenue and expenses
- Leadership
- Subject to government oversight



Nonprofits vs. For Profits: Differences

- Ownership
- Sources of funding
- Profit/surplus
- Volunteers
- Corporate structure
- Tax liability and implications
- Regulatory restrictions
- Transparency



Regulations Impacting Nonprofits

- PA Solicitation of Funds for Charitable Purposes Act
- Internal Revenue Code
- Funding-related laws and regulations



Working with Volunteers

- Labor laws – is this a volunteer or a staff position?
- Identify clear projects
- Understand motivation
- Recruit
- Make expectations clear
- Onboard
- Coach
- Reward
- Teambuilding



Working with Your Board

- Bylaws
- Identify skills, relationships, experiences
- Recruit
- Mission fit
- Representation
- Onboard
- Coach
- Culture
- Effective meetings
- Committees
- Identify tasks/projects
- Make participation easier i.e. talking points
- Performance evaluation
- Advisory groups
- Board vs. staff roles and relationships



Working with Partners

- Nonprofit, for profit, government
- Mutual benefit
- Goals and outcomes
- Build on and leverage each others' resources and relationships
- Formal vs. informal
- Set parameters
- Commitments and expectations
- Put it in writing
- Nurture the relationship
- Communication



Financial Statements

- Income statement
- Balance sheet
- Statement of cash flows



Income Statement

- Also called profit and loss statement
- Shows activity over time
- Revenue – expenses = surplus



Balance Sheet

- Shows financial position as of a specific date
- $\text{Assets} - \text{liabilities} = \text{equity}$

Statement of Cash Flows

- Shows activity over a period of time
- Cash in, cash out
- Different from income statement



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Financial Ratios

- Program, administration, and fundraising expenses
- $\text{Cost per unit of service} = \frac{\text{total cost of service}}{\text{number of units}}$
- $\text{Current ratio} = \frac{\text{current assets}}{\text{current liabilities}}$
- $\text{Debt ratio} = \frac{\text{total liabilities}}{\text{unrestricted net assets}}$
- Operating reserves



Financial Tasks

- Create a cost accounting system
- Create a budget
- Bookkeeping
- Monitor budget
- Reconcile bank statements

- Review financial statements
- Review financial ratios



Time Management

- Organize goals into small steps
- Prioritize
- Delegate
- Focus vs. multitasking
- Manage energy
- Tools – calendars, timers, spreadsheets, to do lists
- Set boundaries
- It's OK to say no



Information Management

- File naming conventions
- File organization
- Sharing information
- Backup
- Document retention
- Confidentiality
- Standard Operating Procedures
- Technological advances



Project Management

- Set goals
- Break down tasks
- Assign tasks
- Create a project plan
- Change management
- Systems to organize projects:
spreadsheets, Slack, ClickUp, Airtable
- Communication
- Celebrate wins



Stay Organized

- Create and use plans
- Maintain records
- Centralize important information
- Use coding systems – colors, tags
- Declutter and minimize
- Take action now
- Streamline ineffective habits
- Intentionally choose

Questions





How to Reach Me

Jessica Aviva, Ph.D.

(484) 225-4929

jdreistadt@hailstoneeconomic.com