



What Donors Look for in Your Nonprofit Financials



THOUGHT LEADERS

Kathy Wileczek CPA & Louise Schorn-Smith CPA

Board of Directors Workshop

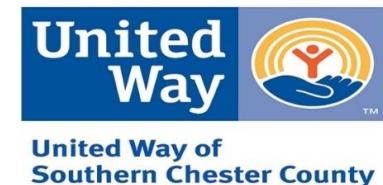
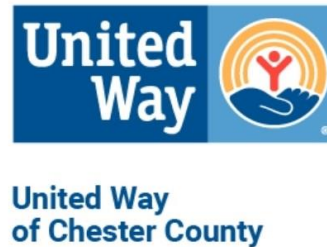
Join us virtually for nonprofit board governance best practices



Mon, Nov. 1 2021

[chescocf.org/
virtual-board-trustee](https://chescocf.org/virtual-board-trustee)

THANKS TO OUR PROMOTIONAL PARTNERS



BOARD DUTIES



1. **Ensure Legal & Ethical Integrity**
2. **Build a Competent Board**
3. **Determine Mission & Purpose; Ensure Effective Planning; Monitor & Strengthen Programs & Services**
4. **Protect Assets & Provide Financial Oversight**
5. **Ensure Adequate Financial Resources**
6. **Enhance the Organization's Public Standing**
7. **Select, Support & Evaluate the Chief Executive**

BoardSource, <https://boardsource.org/> Washington DC



OVERVIEW: TODAY'S DISCUSSION AREAS

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KW

- **What do major donors look for when considering a major gift to a nonprofit?**

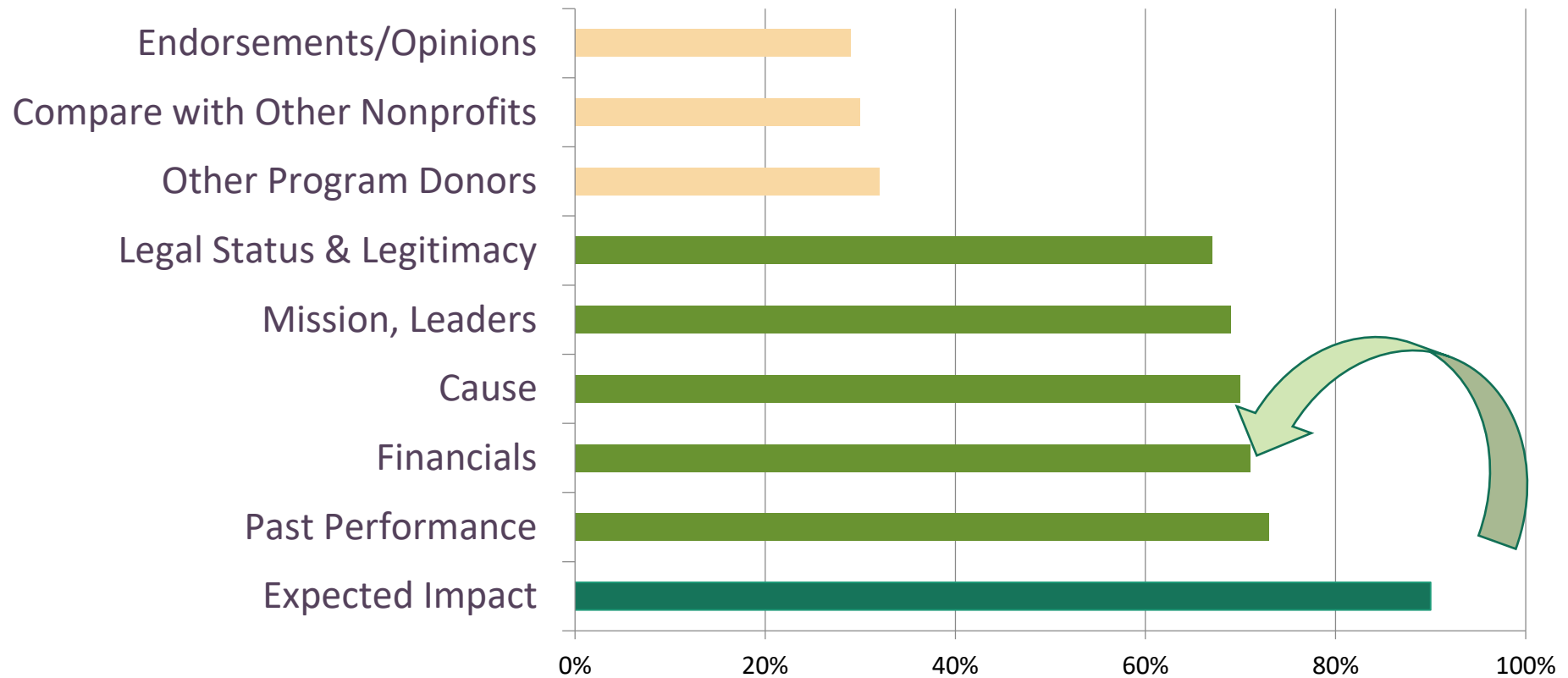
- How do we define a “major” gift. How much money are we talking about?
- What’s most important to major donors?
- How do major donors discern the financial health of a nonprofit?
- What’s important to donors when it comes to efficiency ratios, revenue and expense trends, and evidence of financial stability?
How much is “too rich to give to” and “too poor to give to” ?
 - How much in operating reserve should a nonprofit have? Too rich/too poor?
 - If a nonprofit has an endowment, do donors see that as ‘too rich’, so they won’t give?



- **What should the Board pay attention to in a nonprofit’s annual audit & IRS 990 filing?**

- What should Boards focus on?
- What do donors look for in our IRS990 filings, especially online at Guidestar by Candid?
- How can we monitor, correct, and improve our nonprofit’s Guidestar by Candid data?

WHAT DO MAJOR DONORS LOOK AT WHEN CONSIDERING A GIFT?



@50% of major donors admit they really don't know how nonprofits use their money.

WHAT DO MAJOR DONORS LOOK AT WHEN CONSIDERING A GIFT?

Level 1: Basic Compliance 501 (c) (3) in good standing

Level 2: Performance

- Constituents served
- Organizational mission, vision, major programs
- Performance track record, evaluation & outcomes
- Relationships, partners & networks
- Governance & executive leadership
- External communications
- Financial health



Sources:
Site Visits

Media/PR/Communications
Community/Sector Feedback

Audit – IRS 990

IRS FORM 990 AREAS

How does it relate to the audit?

What is the IRS 990 used for?

What is the Board's responsibility for 990 contents & filing?

KW

- **Program Service Accomplishments**
 - Defines the mission of the nonprofit organization and its impact
- **Reporting on Key Managers and Compensation**
 - Allows for comparison of similar npo's salary and compensation levels
- **Governance Reporting and Policies**
 - Defines what policies are required, and how they should be documented.
Answers the IRS definition of **good governance**
- **Disclosures – 990 Schedules: *Importance esp. due to COVID adaptations***
 - Sch A – Describes how the npo is **tax exempt** and verifies **public support** % over time
 - Sch B - List of contributors (names blocked out) indicates diverse community support
 - Sch D - Detail of financial information, reconciling between the 990 and financial statements
 - Other schedules - Grants, Non-cash contributions
- **Financial Information**
 - Overall: use historical information to identify trends & plan for future operations
 - Revenue Sources
 - Functional Expenses
 - Balance Sheet





Where Do Donors See & Use GuideStar Nonprofit Profile Info?

- ❑ AmazonSmile Facebook JustGive Network for Good VolunteerMatch Salesforce.org
- ❑ All major U.S.-based donor-advised funds, such as Vanguard, Fidelity Charitable, etc.
 - ❑ 70,000+ private foundations
 - ❑ 800+ community foundations



GUIDESTAR
by Candid.

Go online. Look up your own npo & compare to others
<https://www.guidestar.org/>
info@chescofc.org Lincoln28\$

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Compare Nonprofits

| Organization Name / EIN | OXFORD SENIOR CENTER INC EIN: 23-2489157 | Kennett Area Senior Center EIN: 23-1943595 | DOWNTOWNTOWN AREA SENIOR CENTER INC EIN: 23-2348238 | WEST CHESTER AREA SENIOR CENTER EIN: 23-2149355 |
|-----------------------------------|--|--|--|---|
| Charity Check | Check Today's Charity Check Report > | Check Today's Charity Check Report > | Check Today's Charity Check Report > | Check Today's Charity Check Report > |
| General Information | | | | |
| Location | Oxford, PA 19383 | Kennett Square, PA 19348 | Downtown, PA 19335 | West Chester, PA 19382 |
| IRS Subsection | 501(c)(3) Public Charity | 501(c)(3) Public Charity | 501(c)(3) Public Charity | 501(c)(3) Public Charity |
| Affiliation Type | Independent Organization | Independent Organization | Independent Organization | Independent Organization |
| Category | <ul style="list-style-type: none"> Senior Centers/Services | <ul style="list-style-type: none"> Senior Centers/Services | <ul style="list-style-type: none"> Senior Centers/Services | <ul style="list-style-type: none"> Senior Centers/Services Human Services - Multipurpose and Other N.E.C. Services to Promote the Independence of Specific Populations |
| Areas Served | Data Not Available | Data Not Available | Data Not Available | Local West Chester Area Senior Center serves the Borough of West Chester, PA, and the 7 surrounding... more |
| Full Time Employees | Data Not Available | 1 | Data Not Available | 5 |
| Fiscal Year | July 1 - June 30 | July 1 - June 30 | July 1 - June 30 | July 1 - June 30 |
| Form 990 | 2018 Form 990 | 2018 Form 990 | 2018 Form 990 | 2018 Form 990 |
| Financial Information | | | | |
| Year | 2016 | 2015 | 2016 | 2016 |
| Total Revenue | \$331,014 | \$804,995 | \$272,777 | \$569,956 |
| Total Contributions | \$130,874 | \$236,188 | \$69,723 | \$351,678 |
| Government Grants | \$125,961 | \$323,750 | \$128,041 | \$129,184 |
| Program Services | \$10,852 | \$155,724 | \$34,827 | \$81,163 |
| Investments | \$57,589 | \$28,901 | \$581 | \$816 |
| Other | \$5,958 | \$61,432 | \$9,805 | \$27,125 |
| Total Expenses | \$300,789 | \$749,384 | \$361,800 | \$562,339 |
| Program Services | \$254,305 | \$848,487 | \$241,350 | \$478,739 |
| Administration | \$32,080 | \$87,168 | \$84,336 | \$53,551 |
| Fundraising | \$14,404 | \$33,729 | \$36,114 | \$30,049 |
| Payments to Affiliates | n/a | n/a | n/a | n/a |
| Total Assets | \$1,381,894 | \$1,571,826 | \$595,895 | \$582,841 |
| Total Liabilities | \$1,301 | \$94,426 | \$505,337 | \$12,126 |
| Mission | PROVIDE FOR THE WELFARE OF SENIOR CITIZENS ENABLING THEM TO MAINTAIN INDEPENDENCE, LEAD HEALTHY LIVES, AND REMAIN AS ACTIVE PARTICIPANTS WITHIN THE COMMUNITY. | Kennett Area Senior Center is a community organization that serves as a focal point for activities and services for all individuals age 50 and over. The Center fosters health and dignity, encourages... more | Enriching the lives of our senior neighbors by encouraging their active involvement in programs and services that have been designed to foster self reliance and wellness. | THE WEST CHESTER AREA SENIOR CENTER ENRICHES THE LIVES OF OUR SENIOR NEIGHBORS THROUGH FRIENDSHIP, EDUCATION, ACTIVITIES, AND NOURISHMENT. West Chester Area Senior Center (WCASC) celebrated its... more |
| People | | | | |
| President/CEO | Data Not Available | Mrs. Kathy Lyons | Data Not Available | Kathy Sullivan |
| Board Chair | Data Not Available | Data Not Available | Data Not Available | Mrs. Mary Kay O'Rourke |
| Highest Paid Employees & Salaries | Data Not Available | Data Not Available | Data Not Available | Data Not Available |

FINANCIALS

GOLDEN SLIPPER CENTER FOR SENIORS
Fiscal year: Oct 01-Sep 30

☒ Yes, financials were audited by an independent accountant.

Revenue vs. Expenses

Source: IRS Form 990

2015 Breakdown

Net Gain/Loss: \$16,974 in 2015

Total Revenue: \$522,521

Contributions: \$427,194

Gov't Grants: \$0

Program Services: \$95,322

Investments: \$5

Special Events: \$0

Sales: \$0

Other: \$0

Total Expenses: \$505,547

Program Services: \$405,640

Administration: \$55,934

Fundraising: \$43,973

SUMMARY

Liquidity in 2015

0.00

Average of 0.29 over 19 years

PROGRAMS

Months of Cash in 2015

3.4

Average of 2.5 over 19 years

FINANCIALS

Fringe Rate in 2015

9%

Average of 12% over 19 years

Funding Sources

The funding sources breakdown shows the funding categories upon which a nonprofit organization relies over time.

Source: IRS Form 990

Contributions, Gifts, Grants
 Program Service Revenue
 Other: Investments, rents, fundraising
 Miscellaneous

Assets & Liabilities

The comparison of assets vs liabilities shows the relationship between what an organization owns and what it owes.

Source: IRS Form 990

Year: 2015

Assets: \$146,825

Liabilities: \$0



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WRAP-UP: DID WE COVER TODAY'S DISCUSSION AREAS?

- **What do major donors look for when considering a major gift to a nonprofit?**
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RESOURCES

BOARD MATERIALS & SESSIONS

KAS SS

To register for future Board sessions & obtain prior handouts
<https://chescof.org/virtual-board-trustee>

Links to useful articles for nonprofit board leaders
<https://chescof.org/resources/effective/>

THANKS TO OUR DISCUSSION LEADERS & PARTNERS

What Donors Look for in Your Nonprofit Financials



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610.458.1155

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<https://www.countrysidepa.net/>



Board of Directors Workshop

Join us virtually to learn best practices for nonprofit board governance!

Cost is FREE. Space is limited. Register early.
chescof.org/board-workshops

| DATE/TIME | TOPIC | SPEAKERS |
|-----------------|--|-----------------------|
| 11.15.21 | Individual Donor Fundraising: Lean Into The Trends | Corrine Sylvia, CFRE |
| 3:45-5:30 PM | | Connie Carter, CFRE |
| | | Krystine Sipple, CFRE |

