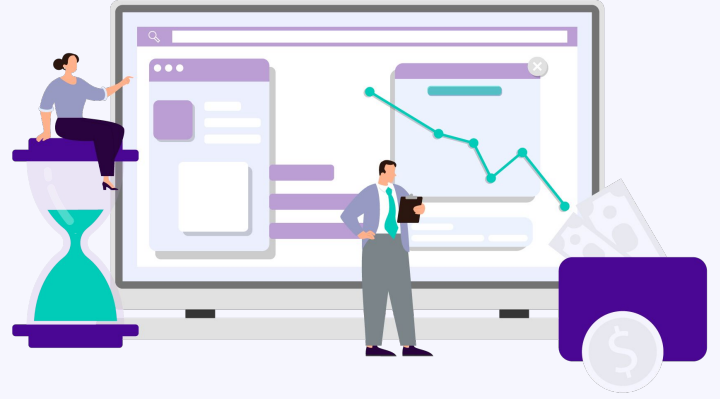


Getting Your Nonprofit's Financial Operations Ready for 2024

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Presented to you by:



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Enkel

[en-keɪ] Adjective | Simple

Co-founded by Omar Visram in 2016 with a simple problem in mind “*You can’t build a great organization without good books*”

- 300 Clients
- Worked with over 100 NPOs
- 80 team members with a global delivery model
- Focus on *Financial Operations* **not** advisory, tax and assurance work

Enkel would like to acknowledge that our offices are situated on the unceded traditional territories of the xʷməθkʷəy̓əm (Musqueam), Skwxwú7mesh (Squamish), and səliłwətaʔ (Tseil-Waututh) Nations.





Agenda

1. State of the economy
2. Setting your team up for success
3. Getting started on the 2024 budget
4. Fundraising insights
5. Getting the right people on your finance team

Polling Question:

On a scale of 1-10, how concerned are you about 2024 and its impact on your organization?

((1 = Not worried at all, 10 = Very worried))



1

2024 Economic Predictions



Current 2024 Economic Predictions



- Continued high cost of borrowing
 - Will get better but expected to be 4.5%-4.75% p.a.
- Housing crisis will continue and possibly worsen
 - Residential vacancy rates of 1% or lower in major cities
- Inflation
 - Projecting the economy to grow modestly as inflation starts to come down (target inflation rate is 2%)
- GDP growth rate of Canada is set to decrease from 3.7% in 2022 - to 1.4% in 2023 - to a further 0.9% in 2024
- Political turmoil
 - Potentially hindering Canada's access to markets, disrupting exports, and straining partnerships

Current 2024 Economic Predictions (cont.)



- Continued low unemployment rates in major cities in Canada, although expect a softening of the rate in 2024 to pre-pandemic levels
- Increasing global conflicts and potential disruption to supply chains
- The government's immigration policies will result in increased demand for housing, transportation and services in major cities





How might this impact nonprofits?

- Continued higher-than-normal demand for services
- Decrease in donations
- Higher labour and other operating costs
- Higher capital project costs
- Volunteer shortages
- Stock prices and equity investments will likely be squeezed

2

Setting Your Team up for Success



Things to consider in your 2024 financial planning



- Set clear goals for your team for 2024 and monitor progress
- Conduct regular check-ins to gather insights into challenges and opportunities
- Involve your team in developing creative solutions
- Be supportive and flexible
- Maintain strong relationships with external stakeholders

3

Budgeting



Polling Question:

Have you started your budgeting process for FY 2024?

(Yes/No)



Budgeting Basics



A budget estimates an organization's revenues and expenditures for a specific period of time.

- Master budget
- Operating budget
- Capital budget
- Program budget
- Event budget
- Project budget



Steps to building a budget

- Assessment of what is needed to deliver mission
 - Baseline, better, best
- Crunch the numbers
 - Historical data
 - External factors
 - Strategic goals
- Budget draft
- Budget review
 - Finance committee
- Budget approval
 - Board of directors
- Monitor
 - Budget vs. actual

Get started!

- Assemble the budget team
- Build the budgeting process
 - Set important dates
 - Technology selection
 - Role setting
- Build assumptions
 - Funding trends
 - Changes to grants and government contracts
 - New program initiatives



Get started! (cont.)

- Honest assessment of expenses
 - Operating
 - Program
 - Fundraising
 - Administrative
- Create program budgets
- Assemble master budget
- Move to approval process



Common budgeting mistakes

- Not enough research
- Not asking for enough money
- Violating funding agreements
- Not tracking spending closely enough
- Mismanaging funds
- Not planning for a rainy day or emergency
- Not being realistic
- Mission creep
- Rushing through the budget review



Dealing with the unknown

- Grant applications
- Donations
 - Track record review
 - Relationships with donors
 - Industry trends
- Scenario planning

A resource for finding grants - <https://canada.grantwatch.com>





Budgeting outside of Income and Expenses

A Cash Budget is an organization's estimation of cash inflows and outflows over a specific period of time, which can be weekly, monthly, quarterly, or annually. The Cash Budget can be used to determine whether the organization has sufficient funds to continue operating over the given time frame

This can be especially useful for cash outflows that do not have corresponding income such as the CEBA loan repayment - due January 18, 2024



4

A Word About Fundraising



Polling Question:

Have you started to see declines in donations?

(Yes/No)



Expect and plan for a down year



- Know who you are targeting and focus your marketing efforts
- Be clear on what resources are required to execute
- Think outside the box
 - Matching gifts
 - Create a challenge campaign (think “ice bucket”)
 - Partner with influencers/celebrities
 - Set up a Facebook fundraising campaign
 - Consider digital advertising
 - Raise more than money (e.g., volunteer hours)
 - Sell what people want to buy
 - Embrace and use social media
 - Make it easy for people to donate (website, etc.)



5

**Back it all up
with a rock-solid
finance team**



Finance is a team sport

- Critical roles
 - Executive Director
 - Program managers
 - Finance committee
- To hire or outsource
 - 2024 is a year to make sure you can be flexible
 - Bring greater rigour to budget vs. actual reporting with timely monthly results
 - If you are not getting the results that you need, consider outsourcing your finance function
 - If your annual operating budget is less than \$10 million, there are some team structures that we have seen work

You may have an unsustainable finance function if you are relying on a volunteer bookkeeper or treasurer to do the books!



General Team Setup

In our work, we see a common structures as follows:

- **Annual Operating Budget < \$1 million:**
 - Outsourced bookkeeping function
 - Finance coordination handled by ED or administrative team member
- **Annual Operating Budget \$1 million - \$5 million**
 - Outsourced bookkeeping function
 - Outsourced Fractional Controller/CFO
- **Annual Operating budget \$5 million - \$ 7 million**
 - Outsourced bookkeeping function
 - Outsourced Fractional Controller/CFO
 - Internal finance coordinator
- **Annual Operating budget \$7 million +**
 - Internal Director of Finance/CFO
 - Internal finance coordinator
 - Outsourced processes - such as payroll, accounts payable processing, etc





Re-thinking your financial operations for 2024?

Book a free consultation with Omar!

Email: omar.visram@enkel.ca
<https://www.enkel.ca/contact-us/>

Questions?



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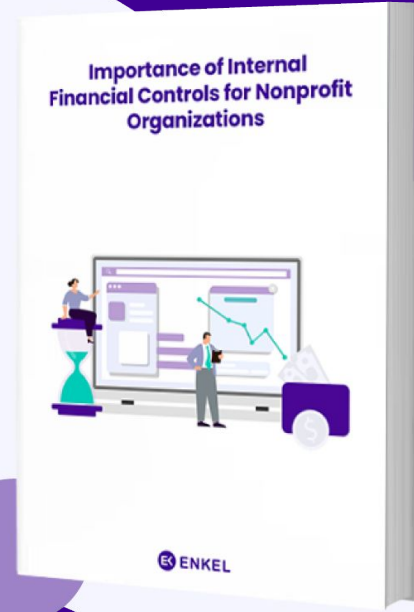
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Download our free guide:
[Importance of Internal Financial Controls for Nonprofit Organizations](#)



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