

Money Matters



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Resource Type: Risk eNews

Topic: Enterprise Risk Management

Savvy nonprofit leaders recognize that the availability of financial resources is key to mission advancement. Money—plus appropriate human resources, strong stakeholder support and a compelling vision—add up to a nonprofit with places to go and problems to solve. And attracting financial support is only part of the picture. Today’s nonprofit CFO looks strikingly different from the stereotypical “bean counter” of a bygone era. The deafening drumbeat for greater accountability and transparency has inspired the transformation of the nonprofit finance function while creating new expectations for the leader holding the position of CFO or Director of Finance.

From keeping a close watch on “overhead” costs to ensuring strict compliance with internal controls, nonprofit CFOs are the ultimate high wire performers as well as important members of a nonprofit’s risk management team. A truly effective nonprofit CFO is able to scan the horizon for oncoming issues and challenges without losing focus on his or her core responsibilities, such as preparing accurate, timely financial reports, and establishing and maintaining critical internal controls. High performing fiscal managers must be outwardly as well as inwardly focused. Accurate financial records are of little value to a nonprofit whose mission is weary or whose reputation is in tatters.

In “Risk Management: What Boards Should Expect from CFOs,” a publication of The Canadian Institute of Chartered Accountants, author Hugh Lindsay writes that “CFOs can help the Board understand the risks and complexities of the organization’s business and how they are reflected in the operating statements and balance sheet. They can also explain the key indicators that help identify potential problems.” Lindsay explains that a healthy Board-CFO relationship based on trust and candor is essential, and adds that the relationship “should support informed discussions of trends and potential problems and the options available to the organization.” Reminding readers that the CFO is not alone in shouldering responsibility for fiscal health, Lindsay notes that Board members should have “the opportunity to contribute their expertise and experience to solving problems.”

Melanie Lockwood Herman is Executive Director of the Nonprofit Risk Management Center. She welcomes your ideas about any risk management topic, feedback on this article and questions about the Center’s resources at Melanie@nonprofitrisk.org or (202) 785-3891. The Center provides risk management tools and resources at www.https://nonprofitrisk.org/ and offers [consulting assistance](#) to organizations unwilling to leave their missions to chance.