



The Story Behind the Numbers:

How Financial Information Showcases Your Impact

It's all about the story – and the way you tell it.

By Frank Jakosz

Storytelling plays an integral role in our lives, whether it's teaching a lesson, illustrating a point, or selling a service. Great stories spark creativity and cause people to view the world differently.

Your organization's financial story is fundamental to achieving your mission and showcasing your accomplishments. It demonstrates impact, increases transparency, and builds trust. It helps you maintain a strong donor base, obtain additional funding, and thrive – even during tough economic times.

Like a good book that's hard to put down, the most powerful stories feature thought-provoking themes, a range of emotions, a dynamic plot, and complex characters. While nonprofits tell inspiring *individual* stories of the people they help, they often do a poor job of using their financial success and challenges to tell an engaging story that resonates over time. Accurate numbers add depth and spark action.

Offer More than an Annual Update

Large investment firms provide daily real-time information on the performance of investors' assets. While donors don't want or expect to receive similar information on a *daily* basis from the nonprofits they support, they would like more than an annual update.

Like investors, donors want to receive regular details about the organization managing their money. They hunger for answers to questions like these:

Has the organization grown over the last year? What is its predicted growth in the coming year?

How does the organization measure programmatic and financial success?

What percentage of funds covers administrative expenses?

What are the organization's sources of revenue? Is the organization primarily state or federally funded or does it receive funding from a variety of sources?

How does the organization monitor compensation levels for its staff?

How many people sit on the organization's board? Where do they work?

Does the board have a financial expert?

When you treat donors the way fund managers treat their top investors, you'll reap rewards. Your stakeholders will feel valued, embrace your organization's story, and commit to investing in your success.

Forget the Balance Sheet

What's the best way to share your story with stakeholders? Start by surveying donors. Ask them how often they want to receive information and through which medium (e-mail, mail, etc.).

In your communication with donors, prioritize key financial highlights. Don't overwhelm donors with entire balance sheets, income statements, and hundreds of numbers. Instead, help them understand how they can help write the next chapter in your organization's story. Share only relevant and abbreviated information that provides insight into the organization's financial status, including:

- total revenue
- total expenses
- change in net assets.

Relate all financial results to your mission. Make the information clear, concise, and accurate. Never assume that everyone interprets data points in the same way. You need to show donors why the information matters and explain its implications in the short and long term. Graphs and charts can help present the data in a compelling way since pictures often tell a clearer story than words.

Despite the digital age, far too many nonprofits waste thousands of dollars sending donors printed financial materials – including balance sheets and income statements – via mail. Customized e-mail communication saves valuable resources.

Companies present both negative and positive information to their stakeholders. They often invest millions of dollars in “reputation management” for numerous reasons – including protection during crises. You can do the same. You can build trust and strengthen your reputation with financial

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transparency. A reputation for strong financial health over time can lead to increased support from individual donors when state and federal funding falls short during a budget crisis or when unexpected costs arise.

Connect Mind with Heart

Individuals everywhere yearn for stories that evoke emotion. Crafting a financial narrative alongside inspiring examples of human impact taps into stakeholders' emotions and motivates them to invest their intellectual and financial resources in your mission. Nonprofits serve as agents for positive societal change. By leveraging the power of an authentic and holistic story, effective communication with stakeholders makes this change a reality for people around the world – every day. 

Frank Jakosz, CPA (fjakosz@sikich.com) is a partner in Sikich LLP's not-for-profit services practice (sikich.com). Frank has 42 years of public accounting experience and deep expertise in serving not-for-profits. He has also co-authored numerous not-for-profit accounting publications and speaks at conferences and training sessions around the country. He is an active member of various not-for-profit and other technical standards committees in several standard-setting accounting organizations.

Your Financial Story

You can find more ways to tell a compelling financial story by perusing the articles at www.NonprofitWorld.org, including:

Why Telling the Right Brand Story Matters So Much (Vol. 32, No. 2)

The Nonprofit Overhead Myth: Devil in the Details? (Vol. 31, No. 5)

Measuring Outcomes in the Real World (Vol. 30, No. 6)

Deeper Donor Relationships = Increased Contributions (Vol. 26, No. 4)

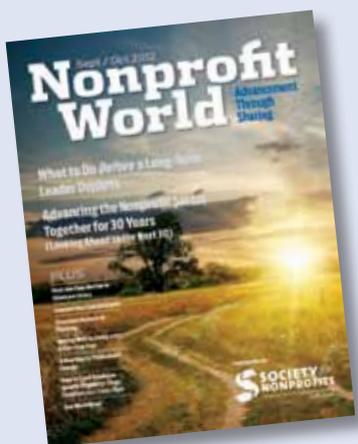
Reach New Supporters with Multichannel Tools (Vol. 29, No. 2)

Harnessing the Internet to Raise Funds (Vol. 31, No. 2)

Key Performance Indicators: Nonprofits Need Them, Too (Vol. 31, No. 2)

Free Webinar for Members: Introduction to Online Storytelling. Learn how to get storytelling started in your organization and apply it through a variety of media.

Coming Up in Nonprofit World



- Are You Telling the Right Liquidity Story?
- Diving into the Hispanic Donor Pool
- To Gain Passionate Supporters, Try a Fantasy Camp
- A Primer on Generational Philanthropy
- Do the Benefits of Tax-Exempt Loans Outweigh the Costs?
- Emeritus Board Members: The How, the Why, the Art
- Wow People with Your Digital Material
- Inside Out: A Fresh Perspective on Finding Volunteers
- Is a Personalized Letter Always Better?
- Not a “Someday” Dream: The Steps to Sustainable Income
- The Top Five Digital Tools You Should Be Using Right Now