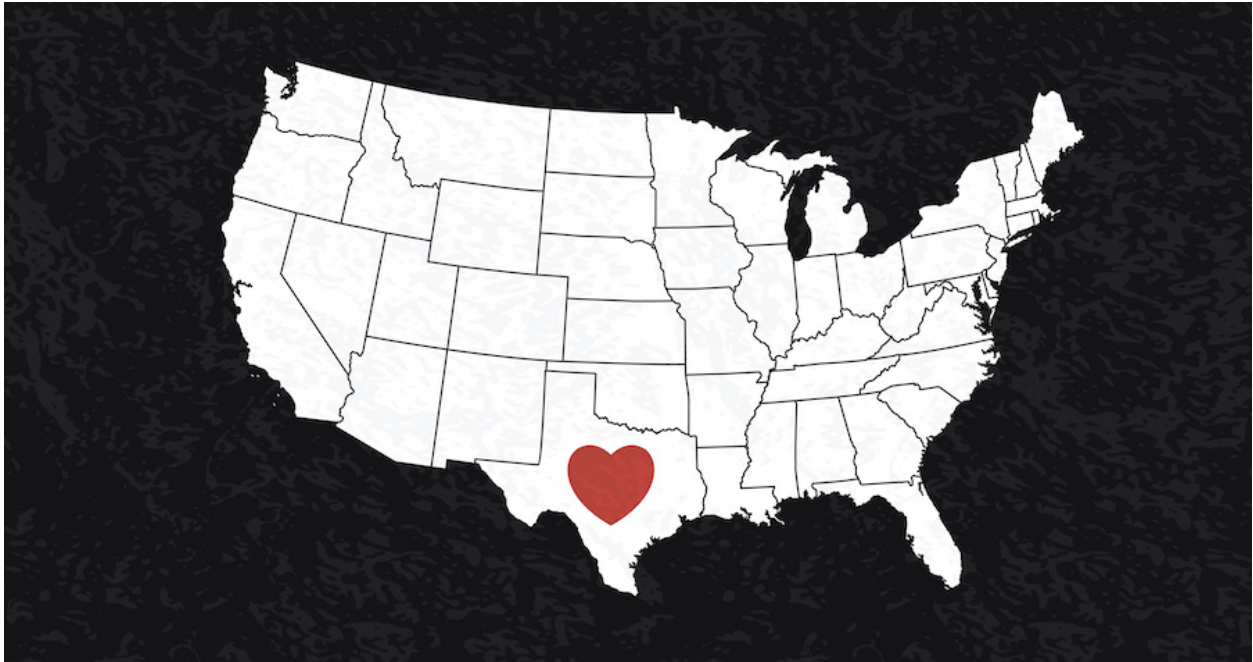


What Nonprofit Board Members Should Know About Nonprofit Accounting

4 min read



Key Takeaways

- According to a recent United Way of Texas COVID-19 impact report, more than two-thirds of Texas nonprofits are operating under reduced funding, while 42 percent have faced increased demands for services.
- First, it is extremely difficult but absolutely crucial for small- to medium-sized nonprofits to build financial reserves. [2]
- Reports show that cash donations have decreased of late, but a donation of time (e.g., for canvassing, acknowledging donors, or website programming) may even be more valuable.

In Texas, the size of our state is only matched by the amount of caring and concern in our hearts for those in need. For proof, look no further than the state's thriving nonprofit sector.

Since 2010, the number of charitable organizations in Texas has more than doubled thanks to the generosity of donors and volunteers. Currently, there are over 100,000 nonprofits operating in the state, employing more than 1 million people.

The pandemic had a huge impact on both demands for charitable services and funding levels. According to a recent United Way of Texas COVID-19 impact report, more than two-thirds of Texas nonprofits are operating under reduced funding, while 42 percent have faced increased demands for services. ^[1]

This has broad ramifications—nonprofits contribute to and support every one of the state’s major industries. Further, the same survey shows that the organizations suffering the most are those serving historically underrepresented groups and non-urban areas, and these organizations tend to have smaller (less than \$100,000) budgets.

But even in this environment, there are steps to be taken that will help [strengthen and sustain](#) your nonprofit until conditions improve.

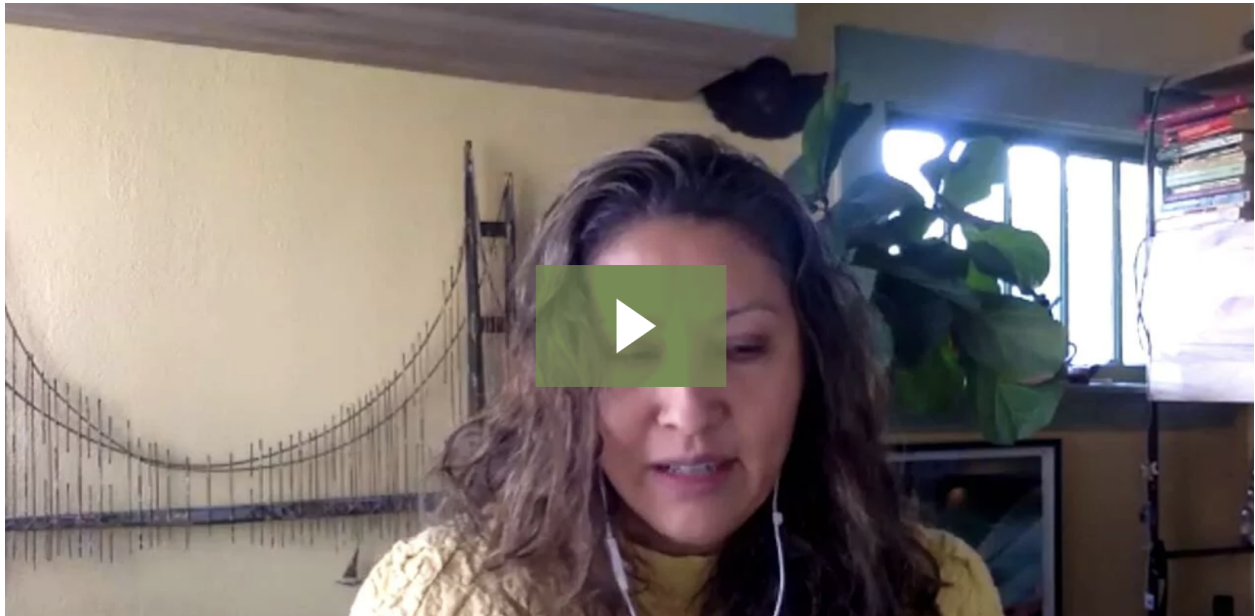
Nonprofit New World Hurdles

First, it is extremely difficult but absolutely crucial for your nonprofit to build financial reserves- especially if you're a small to medium-sized nonprofit. The challenges are greatest for organizations with 20 or fewer employees.

The goal is to keep existing donors engaged while attracting new ones. In order to achieve this, start by looking at data from your CRM to identify the most successful strategies and expand them. Having a [good donor management software](#) is key. Your Nonprofit’s CRM should be set up properly so you have a well-designed data flow to monitor programs and work backward from your decisions.

Automate business operations such as accounts receivable, accounts payable, and donations, saving money and freeing up staff for redeployment to client-facing roles. Spending less time on routine tasks means more time considering new fundraising sources and strategies.

💡 **Pro Tip:** Make it easy to donate with one click. Automating donations will likely lead to higher gifts. Donors shouldn't have to commit to remembering to write and mail a check every month; they should be able to sign up online or in-person for [automated](#) giving through a secure donation processing system.



How Detailed Reporting Helped Nonprofit Power Forward and Raise \$850,000, Despite Covid-19 Setbacks

Overcoming Fundraising Challenges

New challenges present new opportunities. It's time to get creative.

In addition, charitable organizations must execute fundraising campaigns and conduct efficient business operations. But nonprofits have one unique problem: A good portion of their patrons cannot be reached online. Engaging them usually requires sneakers on the ground, but this takes time and money. Instead, use social media to enlist a group of volunteers to canvass an area.

Even a small group can be very effective, and this strategy is completely scalable. Armed with their own phones and a template (or online form) specifying the information that needs collecting, such a group can extend your reach into non-digital realms and generate additional social media coverage.

Reports show that cash donations have decreased of late, but a donation of time (e.g., for canvassing, acknowledging donors, or website programming) may even be more valuable.^[2] In a couple of hours, for example, a software developer can dramatically enhance your website, generating increased donations and efficiencies for years.

👉 Keep reading for [5 Tips for Nonprofit Fundraising During Times Of Crisis](#)

Create Resiliency For The Future

In the end, it is undeniable that the pandemic has taken a toll on Texas nonprofits. Consider that ^[2]:

- 70% of survey respondents reported pandemic-related budgetary impacts
- 82% canceled or plan to cancel revenue-generating programs or events
- More than 24% reduced employee hours, began furloughs/layoffs
- About 19% instituted a hiring freeze

This resulted in more than two-thirds of Texas nonprofits experiencing a disruption of services to clients. **The state will recover, but it is essential that nonprofits not wait for the rising tide.**

Taking steps to strengthen organizations now will pay off big with leaner, more efficient, and smarter operations down the road.

Navigate Your Nonprofit Through Uncertainty With Data-Driven Decisions

A strong management accounting system will give you reliable, accurate, timely data that you can count on. Having a clear picture of your Nonprofit's finances, you'll know exactly

what you can and can't afford to do, and how much money you need to raise. This will help you find creative ways to adjust your organization, cut costs, and increase your outcomes.

When you have the financial insights available to foresee challenges before they occur, you'll be in a poised position to make the data-driven decisions that will maximize outcomes; so you focus on serving more people and raising more money.

[1] <https://txnnonprofits.org/covidimpact/>

[2]

https://txnnonprofits.org/wp-content/uploads/2020/08/2020-8-17_COVID-Nonprofit-Impacts-Survey-Report_Press-Release.pdf