Winning Numbers Sell the Story

Funders like to invest their funds in programs or services that make the most of the funds and produce results.

By Angela Byrne, CMA

Many organizations know how to write effective proposals that describe the value of the program and the impact on the community and individuals. They understand the motivation of the funder and their funding initiatives and consequently write a proposal that makes sense to the funder. If funding was distributed solely on the described value of the program and its impact on the community, many proposals would be funded.

However, there is another side that is of increasing interest to funders: the financial health of the organization and its use of funding. In most cases, organizations do not know how to present a positive financial picture of their organization and their funding request. In today's environment, in which competition for scarce resources and accountability continue to increase, winning proposals must connect the description of the program and its outcomes to the financial details.

The first step in writing a winning proposal is to understand the funder's perspective. Most organizations are very good at understanding this perspective when it comes to programs and services, however, they are less perceptive when it comes to understanding financial motivation. All funders may want to consider the fundamental importance of these three elements:

1. financial viability of the agency
2. strong financial controls
3. costs and sustainability of the program or service

The viability of the agency speaks to the anticipated life of the organization. Most funders prefer to distribute their funds to organizations that expect to continue over the long term. Strong financial controls in an organization will assure appropriate management and fund designation. The cost of the service and its sustainability is important to assure prudent use of funds with the expectation that outcomes are usually achieved over a longer period of time. These three elements provide the funder with a level of assurance of a worthy investment.

Several types of financial information will be required by the funder to demonstrate these points. In most cases, funders will request financial statements. Financial statements help the funder assess the viability of the organization.

If the statements are audited, then the auditor's report will provide assurance on the financial controls. When responding to the proposal, ensure that the complete package of audited financial statements is attached. Of particular concern to the funder will be the auditor's report, which provides assurance on the financial controls and the viability of the agency.

If the organization does not produce audited financial statements then it should take care to deliver statements that are in an acceptable format.

Financial statements should be current. Out-of-date financial statements suggest inadequate financial processes are in place resulting in a lack of timely financial information. This in turn may indicate that the organization is managing with old financial information which may not reflect its current financial status.

In reviewing the financial statements, funders will look to annual trends in financial information. On the income statement, funders will look for changes in expenses and revenue and they will assess any surplus or deficit in program delivery. On the balance sheet, funders will assess whether the assets and debts of the organization are increasing or decreasing. The notes to the financial statements will draw their attention to any significant changes in the organization. If annual trends reflect poorly on the organization, additional notes explaining the changes may be warranted.

Ideally funders like to invest their funds in programs or services that make the most of the funds and produce results. To assess this, a funder needs to know exactly how the money will be spent. It is critical that the amount requested from the funder be absolutely clear. Then present specific details on the costs of activities needed to achieve the intended results. This level of detail will indicate a seriousness and dedication aimed at successful completion. Any additional notes supporting the financial details will enhance the clarity of the proposal.

Highlight any cost-saving or efficiency measures achieved by this proposal. For example, a new initiative might piggyback on an existing program, thereby reducing administrative expenses.

Although the evaluation of a proposal is primarily weighted on the details of the program and services and its intended outcomes, funders are more often scrutinizing the financial health of the agency in which they invest. Today's funders are becoming more and more interested in accountability and the productive yet harnessed use of their funding dollars. Knowing how to effectively use financial information to support your request will increase your chances of successfully securing funding.

Angela Byrne, CMA & Associates, has a proven track record of helping organizations by providing expertise in the areas of internal audit, risk management, business transformations, project management, and operational reviews. To learn more about how Angela and her team can help your organization succeed, visit our website at Angela Byrne, CMA & Associates. You can also reach Angela at (519) 284-0321 or by e-mail at info@angelabymecma.com