



## Does your nonprofit need a CFO?

Your not-for-profit's ability to pursue its mission depends greatly on its financial health and integrity. If your nonprofit is growing and your executives are struggling to juggle financial responsibilities, it may be time to hire a chief financial officer (CFO).

### Core responsibilities

Generally, the nonprofit CFO (also known as the director of finance) is a senior-level position charged with oversight of accounting and finances. He or she works closely with the executive director, finance committee and treasurer and serves as a business partner to your program heads. A CFO reports to the executive director or board of directors on the organization's finances. He or she analyzes investments and capital, develops budgets and devises financial strategies.

The CFO's role and responsibilities vary significantly based on the organization's size, as well as the complexity of its revenue sources. In smaller nonprofits, CFOs often have wide responsibilities — possibly for accounting, human resources, facilities, legal affairs, administration and IT. In larger nonprofits, CFOs usually have a narrower focus. They train their attention on accounting and finance issues, including risk management, investments and financial reporting.

### Making the decision

How do you know if you need a CFO? Weigh the following factors:

- Size of your organization,
- Complexity and types of revenue sources,
- Number of programs that require funding, and
- Strategic growth plans.

Static organizations are less likely to need a CFO than not-for-profits with evolving programs and long-term plans that rely on investment growth, financing and major capital expenditures.

## **The right candidate**

At a minimum, you want a CFO with in-depth knowledge of the finance, accounting and tax rules particular to nonprofits. Someone who has worked only in the for-profit sector may find the differences difficult to navigate. Nonprofit CFOs also need a familiarity with funding sources, grant management and, if your nonprofit expends \$750,000 or more of federal assistance, single audit requirements. The ideal candidate should have a certified public accountant (CPA) designation and, optimally, an MBA.

In addition, the position requires strong communication skills, strategic thinking, financial reporting expertise and the creativity to deal with resource restraints. Finally, you'd probably like the CFO to have a genuine passion for your mission — nothing motivates employees like a belief in the cause.

## **Consider outsourcing**

If your budget is growing and financial matters are becoming more complicated, you may want to add a CFO to the mix. Otherwise, consider outsourcing CFO responsibilities to a CPA firm. Contact us for more information.

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