

**University
of Basel**

Financial management in nonprofits: challenges

Prof. Dr. Georg von Schnurbein

Example

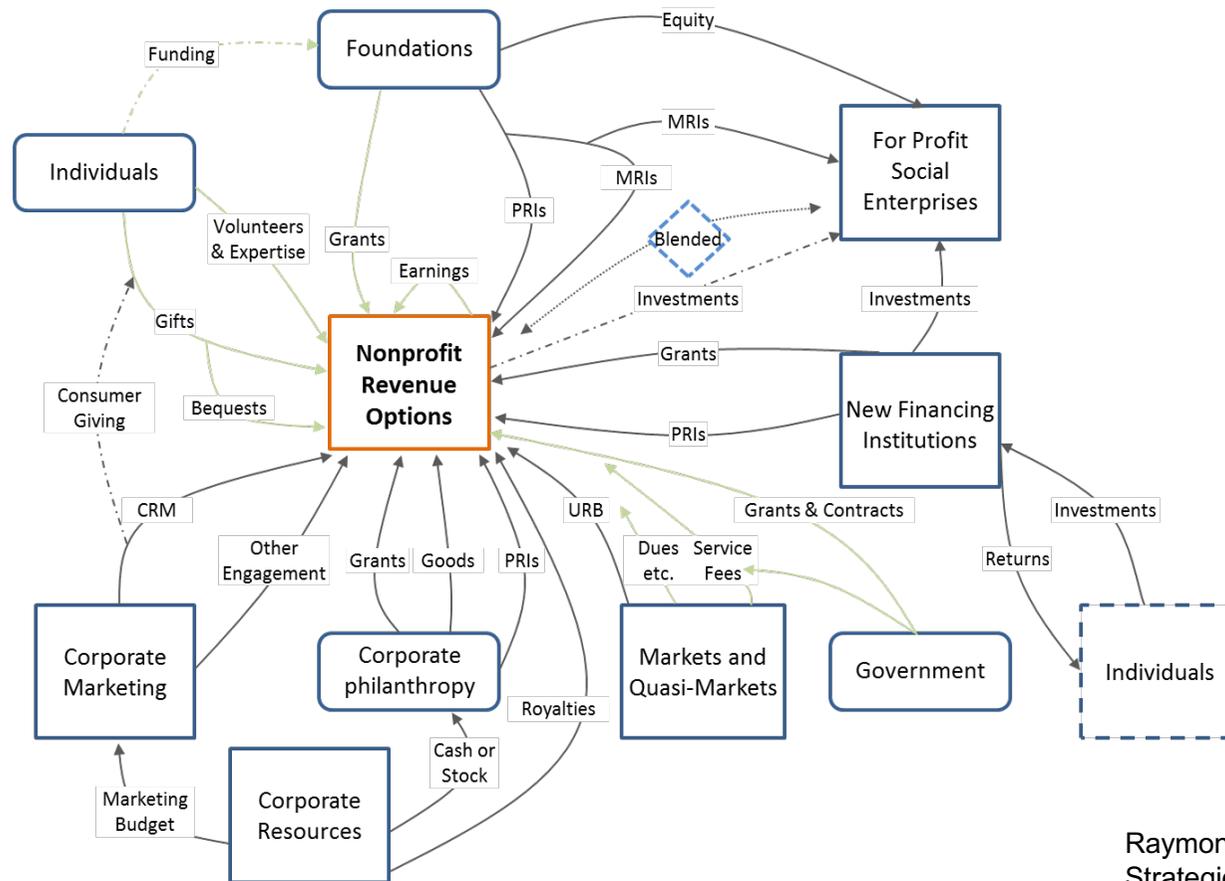


Challenge No. 1: too many options!

Challenge for social initiatives and nonprofits: What to apply for?

- State funding?
- Private donations?
- Sponsoring?
- Loans?
- Crowd funding?
- Own revenues?

Nonprofit finance options



Raymond, S. (2009): Nonprofit Finance for Hard Times: Leadership Strategies When Economies Falter. New York. Wiley & Sons

Challenge No. 2: lack of numbers

- Difficulties to find baseline or benchmark data
- No clear set of key indicators
- Financial management without references is difficult

Challenge No. 3: lack of knowledge

- Mission-related know-how of primary relevance
- Financial analysts and accountants not necessary at first sight to complete the mission
- Financial management is kept simple
- Lack of financial knowledge puts your organization's future at risk

Challenge No. 4: danger of mission drift

- Mission vs. market
- Where is the red line?
- Depends on your own organization
- Only clear red line: legal regulations on tax deductions

Challenge No. 5: year-to-year fixation

- Difficulties in measuring success turns awareness towards input
- But: expenses are always bound to one year
- Investment needs longer perspectives