

TOP 10

Ten questions every board director needs to ask about funding

An organisation's financial viability is a crucial responsibility for every board director, so your eyes should be clearly focused on enabling the organisation to thrive. This in turn puts the organisation in the best position to promote and fulfil its mission. Understanding how the organisation pays the bills is important to its ongoing success. Future-proofing the organisation involves understanding the role of board directors in asking the right questions of one another and the organisation's executive or staff team, to ensure you are all making decisions that will keep the organisation safe, successful and sustainable in the long term.

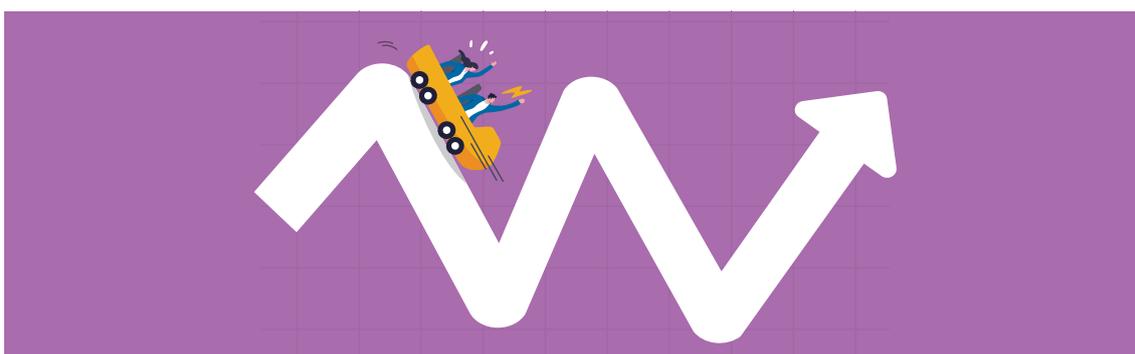
1. Where does your organisation's funding come from?

Information on funding sources should be made available to new board directors as part of the induction process. Otherwise, it's readily available from the ACNC website if your organisation is a charity, or from the annual report if there is one. If not, this is an important question to ask of the treasurer and executive team, because it has implications for the organisation's sustainability. Consider how many different sources of funding the organisation has. If the funding comes all or almost all from one source (e.g. philanthropy, individual donations, membership fees, or government grants), then the organisation is at risk, because if something disrupts this single source, the organisation will be vulnerable. For example, if your organisation is heavily reliant on donations from individuals, it is vulnerable to economic changes such as rising interest rates, inflation and unemployment, which affect people's ability to donate.



2. Has your organisation's funding gone up or down in recent years?

Most importantly, once you know whether funding has gone up or down, the follow-up question is "Why has that happened?". If the organisation's funding has increased, has this been due to a windfall (e.g. a bequest from the will of a long-time supporter), or a change in the way your organisation is pitching itself to funders (or both)? How can this be maintained and increased? If there is a decrease, is it due to the vulnerability of one source of funding, or an experiment that did not work well and should not be repeated? Is the organisation lacking in the way it manages relations with donors? The answers to these questions will help drive a strategic conversation around the board table regarding risk management and strategic fundraising activities.



3. Who are your biggest financial supporters?

Are they individuals, trusts and foundations, corporate sponsors or other types of supporters? Diverse stakeholders have different interests, so you will need to employ different strategies to maintain their interest in your work and increase their financial support. The board plays a crucial role when it comes to building relationships with funders and supporters, particularly with trusts, foundations, and mid to major donors (those providing upwards of \$5,000). Board members should support the CEO with funder engagement meetings, be across substantial grant applications, be ready to thank existing funders if they meet at sector events, warmly introduce personally known potential funders to the organisation, and provide advice on engagement with key funders.

4. When was the last time you thanked and surveyed your supporters?

Supporter engagement is fundamental to fundraising, but sometimes it falls to the bottom of the busy list for staff and volunteers. This is where the board can come in handy. A quick thank you call from a board member goes a long way in recognising the value of supporter donations and demonstrates the strength of the organisation and your belief in what it does. A handwritten thank you card from the chair of the board is often very well received.

No one likes their only engagement to be an "ask", so it is vital to ensure the organisation has a process established, even an automated one, for thanking supporters. Research shows that you need to thank someone seven times before they will consider giving again, so the board needs to feel confident that the staff have a donor stewardship plan; better still, one that is embedded into other systems to allow for automation and prompts. Similarly, it is critical that your organisation knows who its supporters are and what they care about, so a survey every now and then will help inform your communications.

5. Who supports you in a non-financial way?

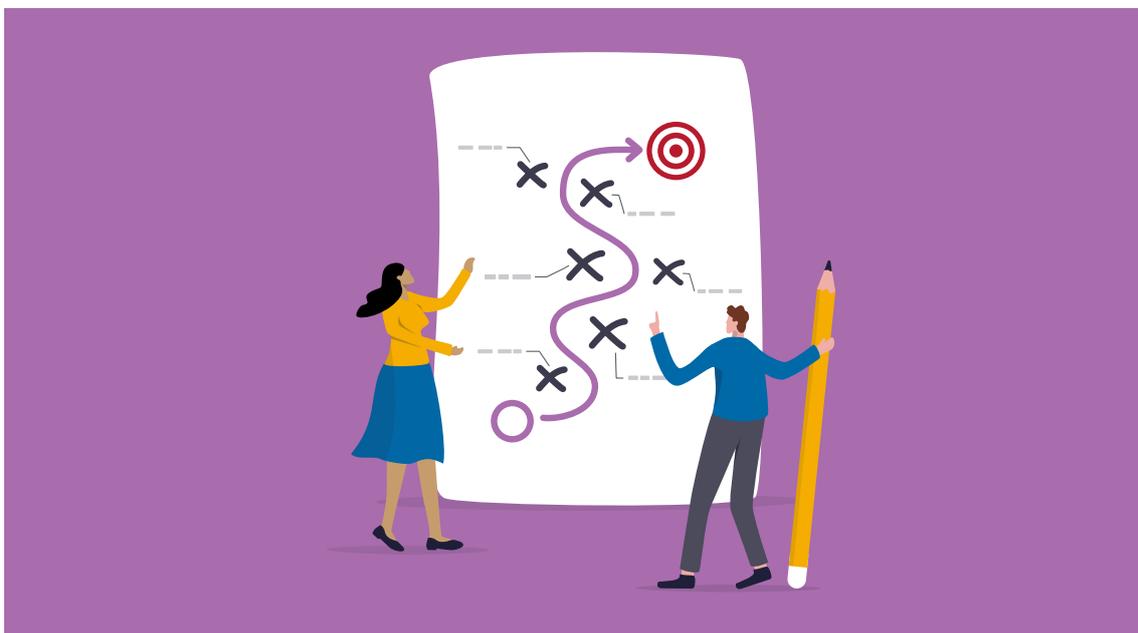
Research shows that a majority of volunteers give both their time and their money to organisations they believe in. What better way to understand the brilliance of an organisation's impact than behind the scenes, as a volunteer? Can non-financial supporters advocate for the organisation to friends or in public speaking engagements? Can they offer skills which you may not be able to afford in a paid capacity? Can they form the basis of an alumni or other support group (online and in person)? You might also have supporters who provide in-kind support, such as IT providers who help you on a pro bono or free basis, so it's important that the board is aware of these supporters, thanks them, and acknowledges their support in the annual report, on the website or via email or newsletter communications (if they approve, of course).

6. What organisations are similar to yours or compete with yours, and where do they get their funding from?

Consider two or three organisations that are similar in size to yours, or similar in the type of audience or cause they work with. Take a look at each one's website, annual report or ACNC entry, and see if you can gather where their funding comes from. Is it the same as yours, or completely different? If it is the same, does this mean you should be working together, or altering what you do - is the market saturated? If it has different funding sources, might it show an opportunity for you to diversify your funding?

7. What is your organisation's fundraising strategy?

A fundraising strategy should have clear short-term, medium-term and long-term funding goals. For example, your organisation's short-term goals might be based on meeting this year's budget; medium-term goals might include commencing a new funding stream, such as philanthropic grants; and a long-term goal might be launching a gifts-in-wills program, or a donor circle to harness the power of your individual donors.



8. What do your board directors give?

As a community board director, the enormous amount of time you donate makes you one of the unsung heroes of the community sector. You see, donations aren't all about money; they take various forms. You might donate by participating in a sponsored event presented by your organisation and asking friends to sponsor you for the cause, or by donating items to an auction, or supplying your professional services (plumbing, landscaping, lawyering, whatever) to the organisation for free, or introducing the organisation to your friends and contacts. If you are able to, making a small financial donation each year shows potential funders that board members are so committed to the organisation that they're willing to contribute their own money in the cause. However, there are other ways to give that don't involve money, as we've already outlined. In the US, there is a strong culture of mandatory giving by board directors, but this is problematic for reasons outlined by sector leader Vu Le [here](#).

9. What ties or connections do you have that can support the organisation's fundraising goals?

Do you chat with your neighbours about your passion for the organisation while you're taking the bins out? Do you brag to other parents at school pick-up about the organisation's impact? You don't need to have cash to spare to help the organisation. Your connections when you proudly advocate for the organisation broaden its social network, and you never know how your connections to other people might help it - whether because they volunteer, or make a donation, or persuade a trust or foundation to give to your organisation. It's vital that you speak about and on behalf of the organisation to your connections.

10. Has the board received training on fundraising governance obligations and responsibilities?

Joining a not-for-profit board is an opportunity to develop your own knowledge and confidence about funding. Accessing training as a board every so often means all board directors will be on the same page, with a shared language for asking the right questions.



More information

The Funding Centre: Where not-for-profits go for money www.fundingcentre.com.au

Finance for board directors: Plus many more governance help sheets:

<https://communitydirectors.com.au/tools-resources/finance-for-board-members>