

“Finance and Development – What Strange Bedfellows”

By Sharon Danosky

Could there be two more different personalities in an organization?

The Development person is often seen as outgoing, gregarious, and people-oriented. Gee, aren't they the ones planning the gala, going to lunch, dinner, breakfast, whatever? They are seldom in the office, and if they are in the office they're either on the phone or talking with someone in their office. They bring in the money, don't they? We love them for it!



What about the Finance person? They are always in the office, seldom out – though most of the time you can't really tell because they are hidden by file cabinets and mounds of paper stacked on their desks. Yet, amazingly enough, they can always find that exact piece of information when asked. They are always looking at the computer (even if you're talking with them) and all they really care about is the bottom line and if everything is on budget. Thank goodness we have them in our world too!

No wonder the myth prevails that Development people and Finance people don't get along. Yet, I contend that the most highly functioning organizations are those where these two powerhouses do work well together as they are simply opposite sides of the same coin.

Both Development and Finance have a critical role to play in achieving organizational capacity and excellence. While neither have anything to do with the services that a non-profit performs, they fuel and run the engine responsible for moving the organization forward. The liaison between the two should be seamless.

When Development brings in the revenue, it may be allocated to one of several areas (note: these are not the actual accounting terms, but will suffice for the purposes of this blog):

- 1) General operating revenue – unrestricted funds to be used to cover day-to-day costs
- 2) Capital revenue – to be used for buildings, facilities and capital expenses
- 3) Restricted revenue - which may be used only for a specific purpose – no other
- 4) Endowment – funds and the interest on those funds set aside for a host of purposes

It is the responsibility of the Development Office to know how those funds are to be used when they are being raised, to allocate them appropriately when recording those gifts in their development database, and to provide financial reporting to the Finance Office so they may be sure the revenue is expended in accordance with how or why the funds were raised.

The Development Office should also understand how much revenue is needed in each category. Every Finance Officer will say: “Just raise the funds – I’ll figure out where to put it.” Unfortunately, that is not always the wish of a donor. So, a good meeting of the minds is necessary to provide the Development Officer with the tools to raise the funds needed. The Finance Office could make a significant contribution by providing data and information on how the funds were used that could also be shared with donors. Then, there is the most basic transaction between Development and Finance – reconcile on a monthly (or at least quarterly) basis, and make sure you’re counting the money the same way.

Development and Finance – the two offices most concerned about money. It’s important they get along.

“Money is always there but the pockets change; it is not in the same pockets after a change, and that is all there is to say about money.” Gertrude Stein