Donna Tomlinson

DB3 - United Way 

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The three concepts I am going to cover are financial management (Worth, p. 306), risk management (Worth, p. 323), and internal controls (Worth, p. 324), and the nonprofit is the United Way of Greater Richmond & Petersburg (United Way).

Hajdouva and Huskakova state that the financial goals of every non-profit organization “should take into account the goals of liquidity, profitability, flexibility and independence, and the liquidity is the most important target category for non-profit organizations” (2015).  Our textbook indicates that it “usually involves the analysis of various financial ratios that may provide indicators of trends and the organization’s financial health” (Worth, 2017).  United Way is a large non-profit that supports hundreds of organizations while keeping three areas of focus in mind:  Education, Income, and Health.  In 2014-2015 alone, the United Way distributed over $4M to students and families.  For a non-profit of this size to accept donations and ensure they are correctly distributing to the many organizations they support, then the non-profit must have a very organized financial management system.  Many aspects of the financial management system of the United Way is open to the scrutiny of the public.  There is an entire financial section on their webpage, which provides copies of the 2014-2015 Annual Report and Financial Statements.

Risk management is all about identifying potential areas of risk, and then deciding what preventative solutions can be implemented to minimize the potential risk from occurring.  Our textbook states that “risk management requires identifying scenarios that could negatively impact the organization and then devising policies and controls to either prevent those event from occurring or to provide financial protection to the organization if one does occur” (Worth 2017).  One of the areas of risk that the United Way should have controls for would be reputational risk.  There are many events that take place, which are sponsored by the United Way.  If one of those events were to go wrong, then they could be looked at unfavorably in the public eye.  If the reputation of the organization is damaged, then it could lose sponsorship of any of the large organizations that provide financial support.

There is no way for the United Way to eliminate risk completely.  Most all organizations that deal with money, or the public, have various forms of risk.  Eastburn and Sharland indicate that “it is not a question of risk elimination, rather it is ensuring that the tolerance for risk taking is within manageable levels” (Eastburn and Sharland, 2017).  Internal controls should be established by the organization to set off alarm bells when risk is reaching a level that may be outside of the manageable tolerance.  These are checks and balances that are put in place to be monitored closely by the internal risk management team.

It is important for non-profit organizations to employ trustworthy individuals who will manage the organization appropriately and not for their own financial gain.  Exodus 18:21 states “select capable mend from all the people – men who fear God, trustworthy men who hate dishonest gain”.  I mentioned reputational risk earlier, and this is one area where a control should be put in place to mitigate the risk of reputational damage.  It is important for the United Way to select employees who are trustworthy and do not want to financially benefit personally from the organization.  They need to heed God’s word in Exodus when hiring for the organization.  If men (or women) are hired who do not have the best interests of the organization in mind, and they benefit financially from the donations made to the United Way, then it will quickly become front page news.

Resources:

Eastburn, R., Sharland, A. (2017). Risk management and managerial mindset.  *The Journal of Risk Finance, 18(*1), 21-47.  doi:https://doi.org/10.1108/JRF-09-2016-0114

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United Way of Greater Richmond & Petersburg FAQ.  Retrieved June 18, 2017 from <http://www.yourunitedway.org/about-us/online-pressroom/faq/>

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Leigha Moore

DB 3

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For this week, I decided to continue looking into Miriam's House. The more I read on this organization the more I understood its importance to the community. As a reminder, Miriam’s House was founded in 1994 and since has provided a comprehensive program to empower women mad vulnerable by homelessness. The concepts I would like to point out, that could help them increase their success are fund-raising, partnerships and sponsorships.

            Fund-raising can be a something that can be hard for many non-profit organizations especially during the hard economic times. On page 332 our text reads “Fund-raising means “asking for a gift," it is really a process in which asking for, or soliciting, a gift is but one step in a more complicated process” (Worth, 2017). A nonprofit organization must depend on outside donors to keep the operational budget balanced. Miriam’s House can use a variety of ways to solicit gifts including "personal solicitation, direct mail, telemarketing, events, internet/web, and text"(Worth, 2017 pg. 343). One suggestion could be to display a “donate now” link more prominently on their web page or social media. With this form of solicitation is one of "the most rapidly growing methods of solicitation"(Worth, 2017, pg. 344), and could possible increase their donations.

             Next, I think Miriam’s House could also benefit from forming partnerships. On page 374 of the text it says that “A true partnership is not a one-directional transaction; rather, it is a relationship that advances the goals of both parties” (Worth, 2017). They possibly could partner with churches in the area. Miriam’s House could take advantage financially through monthly support by partnering with them, and the churches would benefit by utilizing the volunteers available. The one thing that they have to keep in mind is what the verse 2 Corinthians 6:14 says, “Do not be yoked together with unbelievers. For what do righteousness and wickedness have in common? Or what fellowship can light have with darkness?"(NIV) This verse warns against partnering with people or other organizations that do not represent your beliefs or supports the organizations goals.

            Last but not least, I think Miriam’s House would benefit from the concept of sponsorships. On page 375 of the text the author describes sponsorships of when a "company pays for the use of its name or logo in connection with the nonprofit’s products or events” (Worth, 2017). Having a company to provide funds on regular bases could give support to the goals they value most. According to page 383 of the text, sponsorships describes the nature of the business and the products or services it intends to offer, provides an overview of the industry in which it plans to operate, and summarizes the strategic plan (Worth, 2017).  An example of this concept is if a corporate sponsor pays the nonprofit organization to use their name and logo in advertisements, during events, or their facility.

            There are many other important concepts that could be suggested to help the organization, but I suppose the number one thing to remember is that God's hand is in it. Proverbs 12:15 says, "The way of fools seems right to them, but the wise listen to advice". Miriam’s House tries to provide all of the advice and guidance it can in a Godly manner. Theyreally need to take the concepts of fund-raising, partnerships and sponsorships in to consideration to advance their success in helping the women and children in the local community.

References:

Worth, Michael J. *Nonprofit Management: Principles and Practice, 4th Edition*. SAGE Publications, Inc, 2017.

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