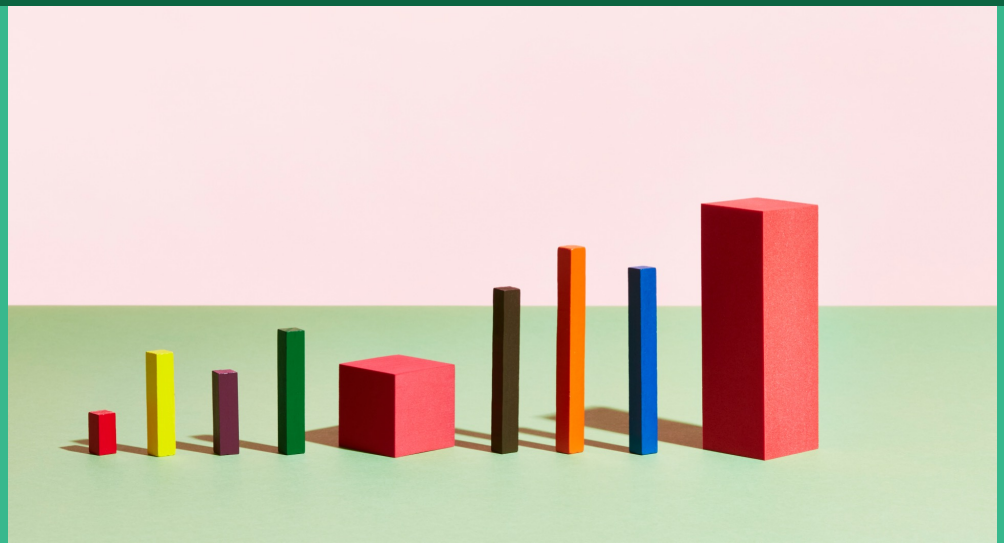
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Community treasurers

Session three: Strategic planning and collaboration

Presenter: Chloe Hall, Community Directors



Acknowledgement of Country



Check in

1. Reflections on the last two sessions?
2. Anything you've tried?

Session 3: Strategic planning and collaboration

- Assessing financial health and long-term planning
- Navigating budget tensions and strategic decision-making
- Defining roles and building strong CEO/finance staff relationships
- Utilising policies

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What's on the treasurer's radar?

- Inflation and rising costs: how to reflect them in budgets.
- Cost recovery: ensuring grants cover overheads.
- ESG/impact reporting: linking money to mission outcomes.
- Cybersecurity: protecting online banking and donor data.
- ATO changes for NFP tax reporting (e.g. annual self-review for non-charitable NFPs).



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Key Financial Indicators

- Core Funding Reliance Indicator
- Current Ratio (Liquidity Ratio)
- Survival (D-Day) Indicator



CORE FUNDING RELIANCE INDICATOR

$$\frac{817k}{938k} \times 100 = 87.1\%$$

Total revenue from your **top source of income** = [x]
Total **revenue** (including all sources) = [y]

$$\textbf{Core Funding Reliance Indicator}\ (\%) = \frac{x}{y} \times 100$$

https://www.fundingcentre.com.au/

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CURRENT RATIO (LIQUIDITY RATIO)

$$\frac{748k}{685k} = 1.09$$

Current assets (assets that can easily be converted to cash) = [x]

Current liabilities (what your organisation owes others, including unspent grants) = [y]

$$\textbf{Current Ratio} = \frac{x}{y}$$

SURVIVAL (D-DAY) INDICATOR

$$\frac{360k}{60k} = 6 \text{ (months)}$$

Net assets (what the organisation owns) = [x]

Average expenses per month = [y]

$$\text{Survival Indicator (months)} = \frac{x}{y}$$

Liquid Survival Indicator:
Available liquid reserves = x
Average expenses per month = y

$$\textbf{Liquidity survival Indicator (months)} = \frac{x}{y}$$

Breakout

1. Core funding reliance ratio

Total revenue from your top source of income = [x]

Total revenue (including all sources) = [y]

$$\textbf{Core Funding Reliance Indicator}\ (\%) = \frac{x}{y} \text{ x } 100$$

Together, review the Good Life Community financials and:

- Calculate the 3 financial ratios
- Discuss how you would you explain them simply to the board, and
- Provide one recommendation for action based on the ratio and related to strategy.

2. Current ratio (liquidity ratio)

Current assets (assets that can easily be converted to cash) = [x]

Current liabilities (what your organisation owes others, including unspent grants) = [y]

$$\textbf{Current Ratio} = \frac{x}{y}$$

3. Survival Day Indicator

Net assets (what the organisation owns) = [x]

Average expenses per month = [y]

$$\textbf{Survival Indicator (months)} = \frac{x}{y}$$

Financial health snapshot		
Core funding reliance	82.4%	High reliance on grants
Current (or liquidity) ratio	8.8	Very strong liquidity
Survival (D Day) indicator	25 months	Strong position

Recommendations for the board

Link income diversification to Goal 1 (Build sustainability and resilience):
Reduce reliance on grants (82.4% of income) by pursuing partnerships, fundraising, and fee-for-service models.

Use financial forecasting to support Goal 2 (Enhance community impact):
Leverage financial stability to expand and evaluate programs, ensuring sustainability of services that meet community needs.

Connect reserves to Goal 3 (Strengthen governance and leadership):
With 26 months of survival runway, allocate resources to board development, succession planning, and strengthening organisational capacity.

Align liquidity with Goal 4 (Drive innovation and growth):
Use the strong liquidity position (11:1 current ratio) to strategically invest in technology, new service models, and pilot projects.



Stretch break!

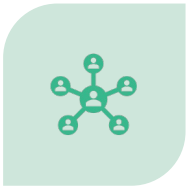
Environmental analysis



POLITICAL



ECONOMIC



SOCIAL



TECHNOLOGICAL



LEGAL



ENVIRONMENTAL

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PESTLE ANALYSIS	+	-
Political	Political leadership at the local, state or government level may be supportive of your cause and increase opportunities for funding and awareness.	Political leadership at any level may not support your purpose and lead to a lack of funding opportunities and other potential barriers.
Economic	High interest rates may provide opportunities for passive investment income.	Grant funding does not often include adjustments for inflation so the value of funding may decrease over multiple years.
Social	Increased awareness or interest in an organisation's cause or delivery may lead to additional funding and income opportunities.	Increase in demand for services without increased funding may lead to financial strain.
Technological	New technology, such as generative AI may provide low costs solutions to increase efficiency.	Cyber attacks leading to loss of funds through legal costs, financial scams or loss of donors following a data breach.
Legal	Legislation that changes DGR eligibility may provide more opportunities for organisations to access grants and tax-deductible donations	Changes to Fringe Benefits Tax (FBT) Concessions may may limit organisations opportunities to offer salary packaging and increase salary costs.
Environmental	Investing in renewable energy options, such as solar panels, may lead to savings on utilities.	Climate related events, such as floods and fires, increase insurance costs.

Environmental analysis



Strength



Weakness



Opportunity



Threat

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SWOT ANALYSIS	Strengths	Weakness	Opportunity	Threat
Goal 1: Build sustainability and resilience	Strong liquidity and reserves provide stability.	Heavy reliance on grants (82% of income).	Diversify funding sources and strengthen partnerships.	Policy shifts or grant cuts could reduce core income.
Goal 2: Enhance community impact	Clear mission and committed leadership.	Limited measurement and reporting of program outcomes.	Improve evaluation and share impact stories to attract support.	Competition for attention and funding from similar organisations.
Goal 3: Strengthen governance and leadership	Active board with commitment to governance.	Succession planning and leadership pipelines underdeveloped.	Invest in board/staff development and embed strong policies.	Risk of leadership gaps or burnout without capacity-building.
Goal 4: Drive innovation and growth	Strong reserves provide capacity to invest in new initiatives.	Underinvestment in technology and innovation to date.	Leverage digital tools, pilot new models, and scale success.	Rising costs and resource constraints could limit innovation capacity.

Three horizons

This is a way of thinking about transformation in a way that balances the current needs with future opportunities.

Horizon one: **Maintain & Optimise (Now)**

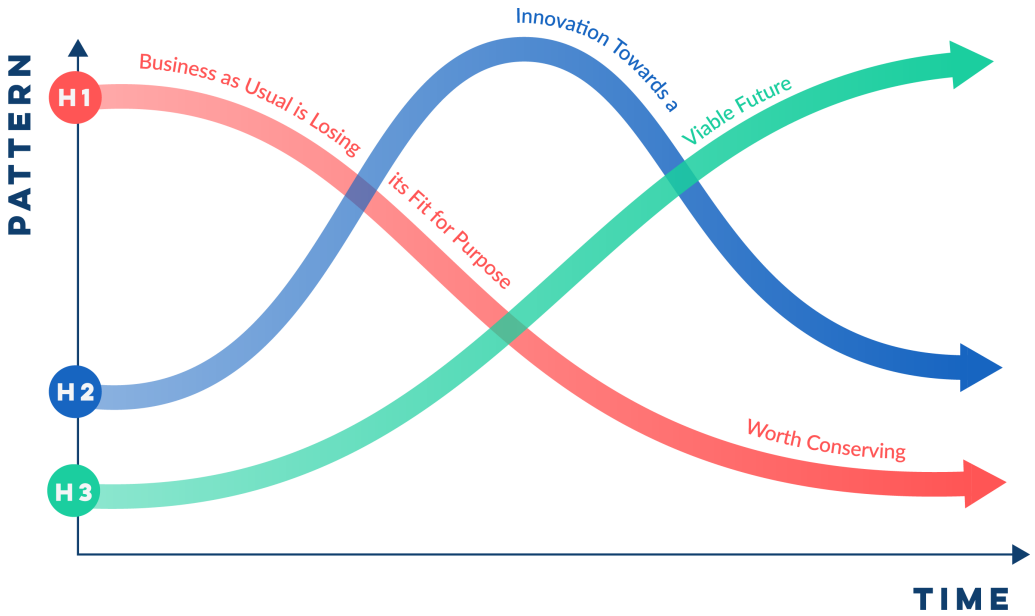
- Focuses on the current way of operating.
- Prioritises stability, efficiency, and performance.

Horizon two: **Adapt & Innovate (Next 1–3 Years)**

- Involves evolving or improving existing models.
- Bridges short-term operations with future opportunities.

Horizon three: **Transform & Reimagine (3+ Years)**

- Focuses on long-term change and visionary goals.
- Often involves new business models, services, or ways of working.



https://www.mckinsey.com/capabilities/strategy-and-corporate-finance/our-insights/enduring-ideas-the-three-horizons-of-growth

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Case Study: Good Life Community

Organisation: Good Life Community Ltd

Mission: To deliver programs and services that strengthen people and communities, supported by good governance, sustainability, and innovation.

Horizon 1 – Maintain & Strengthen (Now to 12 Months)

Current reality:

- Strong liquidity (11:1 current ratio) and 25 months reserves.
- High grant reliance (82%) creates risk if funding shifts.
- Service delivery stable but costs rising.

Consider:

- How can I explain to the board the risks of grant dependence while reassuring them about our strong reserves?
- Which short-term funding or cost-efficiency measures should I highlight as quick wins?
- How do I guide the board on whether to use reserves for investment versus protecting stability?

Horizon 2 – Adapt & Extend (1–3 Years)

Emerging challenges & opportunities:

- Need to diversify income streams.
- Opportunities to expand community engagement and demonstrate impact.
- Governance and leadership succession planning needed.

Consider:

- How can I show the board clear options for new revenue streams and their financial implications?
- Which areas of investment (staff, systems, programs) should I present as priorities for sustainable growth?
- How do I prepare financial scenarios that help the board see the impact of different partnership strategies?

Horizon 3 – Reimagine & Transform (3+ Years)

Future vision:

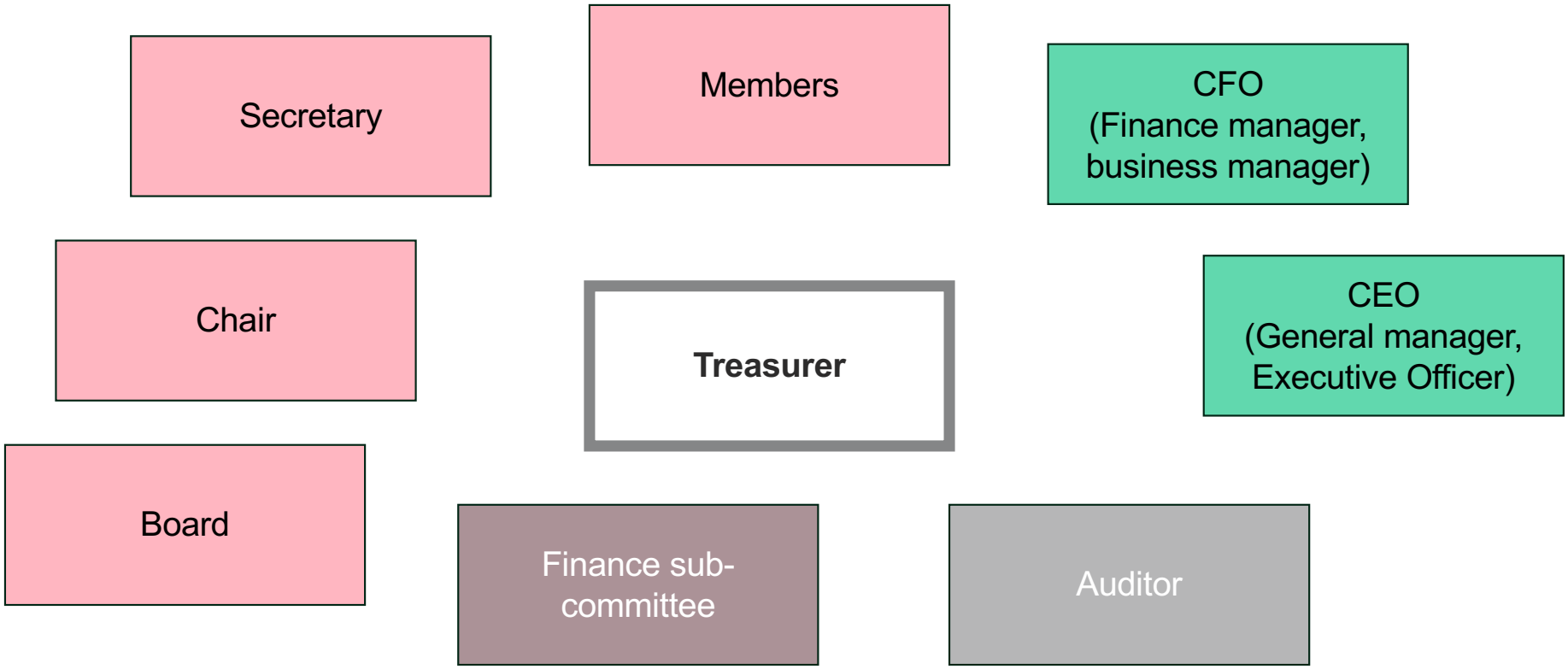
- Be a recognised leader in community impact and innovation.
- Develop new models of service delivery and digital reach.
- Strengthen advocacy and policy influence.

Consider:

- How do I frame the long-term business model choices so the board can weigh risks and returns?
- What governance and leadership investments should I emphasise to support transformation?
- How can I present risk appetite discussions in financial terms the board can understand and decide on?

Effective relationship management

Key relationships



Key questions the treasurer should be asking



- Are we on track against the budget? Where are the biggest variances?
- What is our current cash position and how long will it last?
- Are there any risks (late grants, overspends, debts) the board should be aware of?
- Do we have enough reserves to cover a rainy day?
- What decision do we need to make about finances this month?

Healthy treasurer-management relationship

- Transparency
- Open communication
- Consistency
- Trust
- Collaboration
- Professionalism
- Validation
- Accessibility
- Boundaries



How treasurers talk about money matters

Poor framing (shuts down conversation)

“We can’t afford this it’s not in the budget.”

- Sounds negative and final
- Makes the treasurer the “blocker”
- Leaves the board with no options

Good framing (opens up discussion)

“We have strong reserves, but we rely heavily on grants. Here are three ways we could approach this request, and the risks and benefits of each.”

- Provides context
- Gives the board choices
- Positions treasurer as strategic advisor

Scenario #1

At the AGM, the treasurer must report to members about a past year where financial management was poor. Bookkeeping errors led to confusion about cash flow, and the audit revealed weak controls, though issues are now being fixed.

Treasurer focus:

- How can you report honestly while rebuilding member confidence?
- What tone conveys accountability and learning rather than defensiveness or blame?

Scenario #2:

A major fundraising event that usually nets $20,000 only raises $5,000 after costs. Staff feel deflated and worry the board will lose confidence in them.

Treasurer focus:

- How can you communicate the result honestly while recognising staff effort?
- What can you do to ensure the board's discussion focuses on *learning* and *future improvement*?

Scenario #3:

Mid-year reports show expenses are 10% above budget due to rising insurance and utilities. Staff are worried about cutbacks; board members are anxious about sustainability.

Treasurer focus:

- How can you present the facts calmly and invite shared problem-solving rather than blame?
- How do you keep the conversation future-focused ("what can we do next?") rather than critical of past decisions?

Financial policies to support effective decision making

- Budget planning
- Delegations
- Employment of a CEO
- Ethical fundraising
- Financial controls
- Fraud risk management
- Fundraising policy
- Investment planning
- Legislative compliance
- Long service leave
- Privacy
- Procurement
- Redundancy
- Reimbursement
- Sponsorship
- Transparency and accountability

Effective policy development

- Fit for purpose
- Regularly reviewed
- Part of the audit
- Comply with legislative and regulatory requirements
- Supports organisational culture and values
- Flexible
- Accessible

Treasurer compliance checklist

1. **Legal and regulatory**
Comply with laws and ACNC/ASIC requirements
Lodge annual returns and reports on time
Meet tax, superannuation, and fundraising obligations

2. Financial reporting
Provide clear, regular reports to the board
Prepare annual financial statements
Arrange audit or review if required

3. Governance and risk
Oversee budgets and monitor variances
Track reserves, cash flow, and risks
Ensure internal controls and procurement compliance

4. Funders and stakeholders
Complete grant acquittals and funding reports
Keep transparent records for donors and members

5. Board responsibilities
Present financials in plain language
Support informed decision-making
Disclose conflicts of interest

6. Continuous improvement
Review and update financial policies
Stay current with standards and regulations
Build financial literacy across the board

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Reflection

What new practices will you implement immediately?

What future practices are you thinking about?

What's the most important thing you will say to the next incoming treasurer for your organisation?



Feedback

https://www.surveymonkey.com/r/2026treasurers

Keep in touch

https://www.facebook.com/groups/nphhaustralia/

https://www.linkedin.com/school/institute-of-community-directors-Australia/

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