

# How Much Money Does Your Nonprofit Actually Need? (A Case Study)

Do you know how much money your nonprofit actually needs? This week, Rob Martin goes over why this question is important to answer accurately - with Bassem Fekry, the General Secretary of the EFE.

## Introduction

Rob: How much money does the EEA itself need to operate as an association?

Bassem: Yeah, yeah. So this is the head office, the head office of the [EFE](#), the head office and its expenses yearly.

It's less than 1 million Egyptian pounds. It means around 55 Euro or around 65 US dollars, 65,000. And this is the office, yes.

Rob: All right, let's focus on that number. We're beginning our little engineering study to find out how do we find this number.

And is this number an accurate number? What we're looking for here is, what is the responsibility of the head of the organization?

What's the overall amount of money required for the EA to operate in a year?

This is a question that I've used for the last 30 years with people to help me understand the size of the organization by the flow of money going through it.

That's one thing. The scope of the programs that you're doing, the actual real costs of the organization.



## Understand Every Dollar That Flows Through Your Organization

So let's say 10 of your staff members are volunteers, the actual cost of the organization is, what does it cost those volunteers to give their time to you?

Somebody's paying their groceries, somebody's paying their rent. So are they being sent by a church, or are they independently taking care of themselves?

There could be a number of things here. But as a CEO of an association, the critical thing to understand is every dollar, every pound in Egypt, for example, flowing through your organization, or flowing through the people that do the work of the organization is part of the overall understanding of what it takes to accomplish your tasks.

A giver needs to know this, because it helps them understand the direction you're going, the size of the operation, the size of the gifts that they might want to give to join it, and other things like that.

This is a primary question that we have to get right. Now let me explain what I'm talking about here.

You're free to the organization. You cover your own expenses through the ministry that you lead.

That ministry fundraises and takes care of you. And then you're seconded from that ministry for part of your time to serve with the EA. With the EFE.

So, when we look at that, the total cost of the organization looks less than it actually is, because if you were to move from [Think and Do](#), to full time paid leadership positions, then whatever that salary is, let's not even give you a promotion or a raise.

Whatever that salary is, is actually an expense of the EFE. 'Cause if they don't have you volunteering, they have to pay somebody.

To lead that job. So when I talk about how much money we need, we need to understand that there is a value of your personal contribution, and your personal contribution to this is equal to the salary that you have from your other organization.

That's part of the valuation of the ministry.

If any of your other staff members are volunteers, not just working on projects or leading out ministries, you need to understand those overall costs.

It is as much work. Let me make this clear. It is as much work to fundraise as it is to volunteer raise.

The tasks, the time management. In fact, it's harder with volunteers because you can't fire them.

If they're not holding up their end, or if worse, you have taken someone who is gifted in another field and put them in a field that they're no good in that responsibility's on you.



## Calculating the True Cost of Running Your Organization is Hard but Needed Work

So, what we want to understand is how much does it actually take in real pounds to run your association?

And this might take some hard work on your part to figure out, what are all my in kinds?

Let's say that you've put on a conference at Casa de Bar or some upper Egypt church.

And they do the hospitality. Well you know that's worth a lot of money.

Bassem: Yeah, yeah, I know every detail.

Rob: Every detail. And the amount of work you put into arranging with that church, getting them to put up the hospitality and host and all the rest of the stuff, that is as much work as fundraising.

So whether you went out and purchased that from a hotel or got it from a church, time-wise you're probably putting in the same time or maybe even more.

But that will also help. So my guess is that the 1 million Egyptian pounds, when we were to look at all the rest of these things, that might be 1,000,005, it might be 2 million pounds.

The answer to this first question might actually be that.

And then as an executive, and as a board of that organization, when you see the answer to this question, you begin to understand the scope of your organization from what it takes.

And so it's really great to have volunteers because in effect, they're being seconded and paid for by somebody else.

Either by being seconded from their work, or they just take their family income and support themselves while they serve. All of that.

Bassem: Like me personally, I'm personally one of those.

Rob: Yeah, exactly. You've got to account for it, in order to give us the scope of the inner city.



## Your Donors Need to Know How Big Your Organization Actually is

Now, just think if you were being asked to make a grant to your organization.

You're sitting, you're in an Egyptian philanthropy and you're looking at this, and you're looking at the organization, you're looking at the activities.

You're trying to figure out, who are these people? And how good are they at what they're doing?

I'm intrigued by their idea, right? You're going through all of that. Think of yourself as a donor right now, as a giver.

You're going to want to know how big is this organization.

Bassem: It's very big, yeah.

Rob: Yeah no, but it's even bigger than you're pronouncing it. See what I'm saying?

**Small budgets get small gifts. Large budgets get large gifts.**

It's a rubric that I've seen work throughout the world.



## Closing Thoughts

So that's why I want to know what's the true size of your organization?

What's the true size? And the true size of this organization's somewhere probably near double.

Bassem: Yeah, no more, more than this. By more.

Rob: So this is a hard exercise, but it's a very useful one, because you can say to the donor, look, the total capital outlay to run this ministry in a given year is, let's say 2 million pounds, 3 million Egyptian pounds.

One million of those pounds come in through direct contributions.

Two million of those pounds come in through our volunteer in kind leadership organizational structure and all the other works.

And you show what those jobs are. And actually, your fundraising is also fundraising to find other volunteers to come in and fill the positions that you're losing or that you want to develop new programs for.

So you're raising of volunteers is a very similar activity to your raising of funds.