

Finance: Tracking Your Project Costs

One essential part of an organization's financial management is keeping track of expenses. This is a daunting task, despite its necessity, but it is one that can be handled.

Despite the large scale of financial-management needs, there are certain areas that can be focused upon as indicators of an organization's financial situation. Thomas McLaughlin, a national nonprofit management consultant, suggests the following areas as important:

-- Human resources. With so much of an organization's revenue locked in to certain areas, this one is often overlooked, but it is the one in which many organizations spend the largest amount of money. The accounting of fundraising efforts, such as special events, for instance, should include staff time.

-- Any cost that is fixed. This is especially important at the program level, as opposed to the organization as a whole. McLaughlin suggests tracking a program's fixed costs during a period of at least three years. If the fixed cost number goes up by more than two points during that time, the program may be headed for trouble.

-- Tangible assets. Any item such a building or large equipment that is used for providing services is an economic that will be used up eventually, so it is worth tracking its usage.

In addition, some indices can be derived from an organization's financial records, but some may need a separate system. Even if employee timekeeping, for example, can't be accomplished on a year-round basis, there are periods during the year when everyone's time can be recorded.

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