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A Comparatively Analyses Strategic Financial Management Practices in NPOs

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Abstract – Non-profit organisations offer programmes that are not offered by the private or government sectors, such as capacity acquisition, job formation, and the creation of social integration pathways. Despite their widely recognised important contribution to society, there are few studies about how they handle their finances. Through comparing the financial accounting activities two non-profit organisations, one faith-based and the other community-based, this study expands the frontiers of awareness. The thesis took a field-based methodology, analysing the financial reporting activities of the study organisations by interviews, paper analysis, artefact analysis, and analysis of existing annual reports. The study discovered that, although both organisations are well conscious of the threats associated with financial reporting, they use various methods to minimise such risks. Despite the fact that they are not for profit, organisations that are not for benefit are encouraged to implement cost-cutting measures in order to justify their sponsorship from investors. Financial management goals are incorporated into the organization's approach by strategic financial management.

Keywords – Financial Management Practice, Non-profit organization, Risk Management, Strategic Financial Management.

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INTRODUCTION

Non-profit organisations make a substantial contribution to the community by providing not-for-profit products and facilities provided by the private or public-sector employment, such as professional development, job creation, and the creation of social inclusion pathways. Non-profit organisations are referred to by various acronyms such as among them are community-based organisations (CBOs), voluntary organisations (VOs), nongovernmental organisations (NGOs), and not-for-profit organisations (NFPs). As a consequence of this article, the word non-profit organisation (NPO) may be used often. A non-profit organisation (NPO) is a commercial enterprise that exists for the greater interest but is not a government agency. It is managed by a board of trustees who are unaffiliated with the firm. A non-profit organization's mission plan describes the organization's goals. NPOs accept donations from major resource providers without expecting a monetary return that is proportionate or comparable. A community interest corporation (CIC) is a corporation with mainly social goals, and surpluses are primarily reinvested in the company or in the society for that reason, rather than being motivated by the need to maximise value for shareholders and investors. CICs are involved in all aspects of the economy and deal with a wide range of social and environmental issues.

NPOs are constantly faced with an ever-increasing list of events that necessitate the spending of funds in order for the organisation to fulfil its mandate. Since these organisations have few options for raising potential revenue, careful preparation and management of their financial capital is essential. The purpose of this analysis is to compare and contrast the various positions of strategic financial management in non-profit organisations, especially religious charities. Current literature on financial reporting in charitable organisations is limited due to a lack of evidence. The aim of this thesis is to add to the analysis. A partial literature review found that there is no data on the subject in general, and no substantial amount of direct research findings on faith-based organisations related to the topic (as far as the researchers are aware).

Nonprofit organisations (NPOs) are mashups of mission, membership, and funds. An NPO's central focus, and the reason for its existence, is its mission. However, there can be no mission if there are no participants. Because of the centrality of mission and membership, NPOs can expect to differ from organisations in the other two sectors (businesses and government agencies) that provide similar services. A non-profit organisation is also defined as one with "predominantly non-business characteristics that heavily influence the organization's operations" (FASB 1980). As a result, a NPO may overlook the use of accounting data to aid organisational control. The key to this oversight is often the organization's culture, in addition the fact that it is not profit-driven. Many non-profits began with a "cause" and lacked a professional management orientation from the start. This trend continues, with Froelich reporting that about a third of their sample of 363 large and medium-sized non-profits United States of America do not employ accounting personnel. An annual operating budget may be the extent of financial planning, with the budget developed separately from a long-term strategic plan. Rather than planning ahead of time, non-profits frequently react to changing circumstances and events. As a result, their systems have evolved as reactions rather than initiatives. As a result, financial management has tended to be reactive rather than proactive. Even when a NPO adopted a financial management technique (in their case, activity based costing), Arnaboldi and Lapsley found that it did so to appear “up-to-date and modern to its external controlling environment,” rather than to actually improve its financial management system.

CONCEPT OF STRATEGIC FINANCIAL MANAGEMENT

Strategic financial management entails not only managing a company's finances but also managing them with the goal of success, i.e., achieving the company's goals and objectives while also increasing shareholder over time, appreciation has increased. However, before an organisation can manage itself strategically, it must first determine its priorities clearly, classify and measure its available and future resources, and develop a comprehensive strategy for using its finances and other capital resources to accomplish its goals. The aim of strategic financial management is to generate a profit while maintaining a fair return on investment for the business (ROI). The development of corporate financial plans, the execution of financial regulations, and the formation of financial decisions are all examples of financial management. Financial control is an essential aspect of overall management. It's about a company's financial officers' obligations. Financial management is described by Solomon as "the productive use of an essential economic resource, namely capital funds." The most widely known concept of financial management, according to S.C. Kuchal, is "financial management deals with the acquisition of funds and their efficient use in the market." According to Howard and Upton, financial accounting is "the adaptation of general management concepts to the field of financial decision-making." According to Weston and Brigham, financial accounting is "an field of financial decision-making that harmonises individual motivations with company interests." Financial management is "the operational function of a company that is liable for obtaining and successfully utilising the funds required for successful operations," according to Joshep and Massie. As a consequence, the primary concern of Financial Management is the effective management of funds in a sector. In basic words, financial management as used by corporations is referred to as Corporation Finance or Corporate Finance.

FINANCIAL STATEMENT ANALYSIS FOR NON-PROFITS

Remember the three fundamental components of a government's financial position:

1. **Liquidity -** Does the company have enough liquid assets, especially cash, to meet its short-term obligations? Is it possible for it to turn the fewer liquid assets into capital in order to fund such liabilities? Liquidity is a key principle in financial accounting, as it refers to a company's capacity to satisfy short-term commitments. It demonstrates how quickly a corporation or organisation may turn its investments into cash in order to cover its debts in the immediate future. It tests a company's capacity to satisfy planned as well as unforeseen cash needs to increase investments, minimise liabilities, and cover any operational losses, according to Ezra Soloman. Liquidity is a commonly used decision criterion in financial accounting. It is used to manage liquid capital, current assets, and close cash assets in order to improve the efficiency with which they are used thus lowering costs. It also highlights the importance of the financial resources available. Liquidity enhancement allows a company to obtain additional capital from the industry.

2. **Profitability -** Are the organization's profits sufficient to offset its running costs? Profitability as a judgement factor is another valuable method in financial management for making decisions from various perspectives after assessing the company's success in various areas. For instance, if a business has to analyse profit per unit of revenue, it may do so by calculating profitability per rupee of sales. It is used as a benchmark for contrast and efficiency. Similarly, other ratios may exist. Different percentages are used for various consumers because they look at a company's performance from multiple perspectives. Short-term borrowers, long-term lenders, stock partners, customers, among others are also involved in a company's profitability. They use the percentages that are more appropriate for their needs. Profitability may be measured in terms of revenue, gross resources invested, or the company's net worth. However, various benefit amounts are

taken into consideration after that. The profit-to-sales ratio measures a company's potential to make money per unit of sales. It is impossible for a company to pay its operating costs, including fixed loan charges, and generate profit for shareholders if profits do not have a decent margin of profit. Profits are compared from the perspective of consumers as a proportion of the money invested in the corporate venture. The company's failure to use inventory adequately is reflected in the lack of an acceptable profitability level on revenue. The asset turnover ratio is calculated as used to examine this.

$$(1)\ \frac{\text{Earning available to common shareholders}}{\text{Total Equity}}$$

$$(2)\ \frac{\text{Net income after tax}}{\text{Total Equity}}$$

3. **Solvency -** Is the company capable of generating sufficient resources to offset its short- and long-term liabilities?

LIMITATIONS OF FINANCIAL RATIO ANALYSIS FOR NPOs

Manipulation of figures to determine financial ratios involves concentrating on particular trees rather than taking a look back to see the whole forest of financial research. This entails being aware of the shortcomings that should be taken into account when analysing the findings of financial ratio review. Financial forecasting calculates averages and figures that reflect on certain fields in contrast from the other members of the company. It's important to put these numbers in context, taking into account contextual considerations including general economic dynamics, the charitable sector's particular features, and the status of the organisation under investigation inside the sector, as well as its own historical and cultural movement. In addition, the income reporting data that is used to calculate these ratios has inherent drawbacks. Since certain non-profits are not subject to accounting regulations, the presentation of their records is completely up to the discretion of those who prepare them. This indicates that reporting consistency can be a challenge. Also the sentences themselves may be interpreted differently. Alternatively, a word used in a financial report could not be understood by the consumer in the same way that the preparer meant.

In addition, the emphasis of NPO activities shifts with time, rendering parallels impossible. It's not just the records' scheduling that can change with time, but also the organization's accounting procedures. The following are few explanations of such improvements in reality. Another drawback is the use of historical expense accounting. The balance sheet has a lot of different dollar amounts, with current assets like accounts receivable being listed in current dollars and non-current assets like property being stated at historic expense. This makes year-to-year comparisons challenging, particularly given the differing inflation rates over the course of the past eighty years. Inflation rates were not even considered in the 1920s; in the 1970s, they were in the double digits; and currently, they are between one and three percent. With these limits, it's critical that financial ratio interpretation "be balanced with understanding of the underlying data content, the consequences of accounting flexibility, and the limitations of historical cost accounting." These ratios must be measured and evaluated for each particular organisation in order to operationalize this model. In order to get better, pattern research for the NPO, historical evidence should be regarded, perhaps for up to ten years. Which will help in measuring organisational strengths and vulnerabilities, as well as identifying planning tasks on which the company could concentrate in order to restore its financial profile in relation to its task?

LITERATURE REVIEW

Guillermo Fuertes et al. (2019) The aim of this paper is to review the literature on the key principles that contribute to deciding the strategic response, strategy formation, organisational processes, strategy formulation, and strategic assessment as a guide for organisational management, thus taking into consideration impact of various styles of strategies on organisational success. The systematic literature review approach was used to synthesise the findings of several studies and research literature in this paper. The method of reading and analysing the literature was done using digital search engines and keywords in strategic management-related fields. The absence of empirical literature containing essential theoretical principles that serve as a reference for strategists in the development, formulation, and assessment of strategies is revealed by this study. By analysing the effect of strategic management on organisational success, this study adds to the current literature.

Panayiotis, G. A. et. al. (2018) This research examines whether there is a near relationship between equity liquidity, which proxies for the implicit expense of selling shares, and future stock returns in the Indian stock market from an asset-pricing viewpoint. Between 1994 and 2016, the most current global financial crisis extracted liquidity from capital reserves all around the world. Also after correcting for the other traditional risk factors, the empirical findings suggest that market liquidity is a structural pricing mechanism that explains a significant portion of the uncertainty in equity returns. As a residual influence or as a separate risk factor, the results are immune to both residual and original sources of liquidity. Finally, for the first time, quantile regression is used to show that the liquidity risk factor (LIQ) occupies a significant portion of the scale and value variables' information quality while being independent of the momentum factor.

Johan, S., et. al. (2018) The aim of this paper is to examine the connection between Economic Value Added (EVA), Market Value Added (MVA), and conventional financial ratios in evaluating a holding company's investment results. The company in question is PT. Astra International, Tbk, which is based in the country of Indonesia Astra is one of Indonesia's most diversified conglomerates, with interests in cars, financial services, agriculture, distribution, and technology. PT. Astra International, Tbk, which is a single company, owns all of the properties. The financial reports from 2009 to 2016 were examined in the report. In this analysis, financial measurement instruments such as Economic Value Added (EVA), Market Value Added (MVA), and Return on Weighted Average Cost of Capital (ROC) will be used. The research discovered a clear connection between ROC and EVA. Negative EVA and negative ROC did not represent the MVA on market performance. Despite negative EVA and ROC, Market Value Added could be positive (MVA). Negative MVA, on the other side, means negative EVA and ROC.

Cundill, G., et. al. (2017) Shareholders has been more vocal in their efforts to control businesses' environmental and social policies. Non-financial counterparts have gained less recognition than their financial colleagues in the mature field of shareholder activism. This paper synthesizes the knowledge base based on a review of the academic literature, with an emphasis on shareholder activism aimed at optimising corporate environmental and social performance. The function of signalling and symbolic management behaviour is explored, as well as findings from social revolution theory, Hirschman's theory of escape, speech and allegiance, and stakeholder salience theory. Centered on the literature, the data was organised into a process model of nonfinancial shareholder management. This conceptualization reflects on three main shareholder interventions: divestment, consultation, and shareholder programmes, both of which are focused on the shaping context. Coalitions, non-governmental organisations, standards and indices, the media, and regulators are only some of the tools available Are among the players and resources that allow these interventions. Managers' views of shareholder importance are influenced by the relationship between initiatives and the supporting players and resources. Instead of this, these expectations, interpersonal attitudes are formed, which have an effect on a company's symbolic and tangible environmental and social success. A study strategy is outlined to guide potential research in this burgeoning area.

RESEARCH METHODOLOGY

Approaches that are both deductive and inductive to science are the two primary techniques. The deductive process is referred to as going from the wide to the specific personal because it entails the construction of a hypothesis that is rigorously tested. An inductive analysis is one in which a hypothesis is formulated based on empirical data. As a consequence, abstract inferences are drawn from specific examples, and are the inverse of the deductive process, which means jumping from actual observations to general statements or rules. Different scholars also addressed the probability of utilizing both inducible and deducible methods in the same analysis.

METHOD OF DATA COLLECTION

The study used a field-based analysis methodology to evaluate the financial reporting activities of the two charitable organisations, utilizing the following approaches to collect data: In-depth interviews: Based on some questions about the research subject, the formal and semi structured interview methods were used. Artefacts and Documents: The following documentary sources were used to gather data for this study: The church's annual financial report can be accessed for courtesy of the charity Committee website, and the charity corporation's annual financial report can be obtained from the platform of Company House

POPULATION AND SAMPLE OF STUDY

The study's participants were chosen for their contribution to the philosophical questions rather than for their representativeness. The participant's work breakdown was also chosen depending on the study's significance. Because of the design of the examine, the purposive sampling approach was chosen as the best option. Powell strongly advocates the purposive sample, notwithstanding the fact that it can seem to be preferable to choose a sample solely based on one understands of the community and the study goals.

PRESENTATION AND ANALYSIS OF DATA

Faith-based organization Interview Analysis

A semistructured interview with the church's finance manager was conducted first in order to talk about it goal of exploring cash management and budgeting, in addition to related dangers. The following is a list of the interview's results organised by subject.

The first theme is cash control

The organization's support comes from cash and check contributions from representatives of the congregation and associates according to the ministry's treasury chief. According to her, friends of the ministry are others that are not part of the church nor trust in the purpose that they are doing as a church. These contributions are either sent on a weekly basis, or during a Sunday service, or during the week via the mail or over the phone using credit cards. The majority of the church's donors are a mix of adults and children. The manager has stated that the cash and check records they collect are reconciled to real cash lodged on a frequent basis at the bank, despite the fact that it is handled on a regular basis. They do it while keeping in mind how erroneous bank account reconciliation could disrupt the flow of cash and payments to customers. They often make sure that all disbursements are fully registered with proof of merchandise or service receipts. Finally, the author was made aware that a financial protocol exists to direct their financial choices, and that it is revised every three years.

Theme 2: Cash Management and the Risks Involved

The chance of fraud, misappropriation of money, and bad reconciliations, based on the financial planner, are all threats included in the church's cash management. The boss went on to say that rescheduling bills and negotiating with clients are some of the coping mechanisms they've used to deal with financial risks such as a shortage of resources and the like. Furthermore, it was said that they use service reductions or outright cancellations as a strategy to handle the situation income irregularities that come with maintaining a big youth congregation. Their absence during holiday time has a negative impact on cash flow. Since the corporation isn't in the business of trading and the charitable money cannot be spent, the financial officer believes that the organisation requires provisions to preserve portions of the profits in a reserve plan during times of windfall. Furthermore, insurance plans on all properties have been built order to protect the charity's fixed assets to prevent excessive expenses. Finally, the financial manager stated that careful financial management is critical to their success because it allows donors to keep giving trust and fund them.

Theme 3: Budgeting

The conference preparation committee, according to the budget manager, is in charge of programme coordination (CPC). A couple months before the programme, the CPC meets to address planning, fundraising, and how the programme can be handled. The manager also said when it comes to the programme preparation; financial solvency is the most critical consideration they understand. It was also reported if the organization is unable to accommodate the programme, it would be scaled down or cancelled entirely. More importantly, they understand the target demographic – Youth programmes are accessible placed on pause while students are on break. The manager clarified that the Church possesses detailed operating budget that a chef prepares committee of people at the outset of the fiscal year. Since too many factors influence budget execution during the process of year, such as inflation interest rate, and the rate of change value added tax (VAT), the budget is not carried through. If the schedule was implemented to the letter and a certain amount of money was created with the aim of cover the budget's products, the money would not be enough in the face of inflation, VAT increases, and other scheme demands. Under such a scenario, fund distribution would be impacted and it is impossible to place undue burden on contributors who have donated freely. Budgeting is known to influence the availability of funding for programmes and if a programme that is not on the budget arises, it will impact the release of funds for that programme in addition to for those programmes that have already been budgeted for. Finally, the financial manager emphasised that while preparing for their programmes, the church's purpose is still a consideration.

Community-Interest Company Interview Analysis

A semi-structured interview with the CIC's finance director was also conducted in order to supply a thorough review of the position that cash management and budgeting play in financial management. The below is a rundown of the interview's findings organised by theme:

The first theme is cash control

The credit sector director stated that the organization's primary source of funding is grants, and that the frequency at which these grants are provided is determined by the availability of funds as well as qualifications to apply. They just apply for funds that are relevant to their company's goals. However, they are only eligible to get grants about twice a year on average. He went on to say that these funds come from the state, which is their main funding stream. The director further mentioned that because the majority of the money they have received is subject to stringent rules, when money arrives in the shape of a check, it is deposited at the bank. He went on to say a single of the conditions of certain grants is that they would specify exactly what the funds would be used for. As a result, they must guarantee that the cheques issued match the real cash in the bank.

Furthermore, they reconcile their bank statements on a daily basis and guarantee that no transactions are made that might compromise any allocated funds that have been provided to them. Furthermore, all fund disbursements are duly registered with proof of receipts, as no expenditures are permitted above those specified in the proposal. Finally, the finance director clarified that their financial strategy is included in their articles of incorporation, which they follow, but that It hasn't been checked in a long time the company's formation.

Theme 2: Cash Management and the Risks Involved

The credit sector director said that inflation and funders demand refunds on goods not included in a budget are two risks they've seen in cash management. This is due to the fact that amount of time it requires to obtain funding for new programmes. As they "hover on the wings" of a faith-based organisation, the company has being capable of coping to some degree with financial danger correlated with market rises or unavailability of funds, according to the director. However, it was acknowledged that obtaining grants has become extremely challenging in recent months due to the limited funds accessible as a consequence of the recent economic downturn. As a result, they haven't been able to do that pursue ventures that they would have liked to. Furthermore, he explained that they have been willing to deal with profits well anomalies connected with their financing base because they have a strong relationship with their funders. On the subject of saving, the researchers were informed that due to the tight constraints applied to much of their grants, the organisation may not have any allowance for saving. However, they are searching at other opportunities to raise funds in the future. Finally, According to the director, internal financial management is critical to the corporation and a scarcity of control might land them in trouble with funders or even lead to litigation.

Theme 3: Budgeting

According to the treasury department officer, programme preparation is contingent on the amount of funding available. Their proposals for any proposed initiative are already included in the grant application they request. He also noted that the availability of financing is the most important consideration in determining whether or not to pursue a project. Furthermore, the organisation hasn't had one robust operating strategy so it will only prepare when it receives funding or wants to request a grant application. Finally, the director claims if the organisation is has the opportunity to prepare ahead of time to seek funding from non-governmental organisations, budgeting might impact the supply a budget for the initiative. They might be in a great position.

FINANCIAL ANALYSES

Quantitative data was obtained from both organisation's issued fiscal reports spanning three financial years to analyse the financial success of the two businesses (2007 -2009). For both organisations, certain chosen ratios were determined, and the findings were analyzed. Table 1 summarizes the findings collected.

Table 1 shows the financial performance of faith-based organisations

Measures	Ratios	2007	2008	2009
Liquidity	Current Ratio	0.038	0.024	0.036
	Quick Ratio	-1.1	-1.33	-1.71
	Net working Capital	-587909	-571578	-432951
Debt structure	Debt-Equity	0.96	0.98	0.97
Sources of Fund	Source of fund (donation and gift)	0.74	1.02	1.01
Uses of fund	Use of fund 1 (direct charitable expenditure)	0.7	0.69	0.33
	Use of fund 2 (administrative expenses)	0.3	0.31	0.66
Net operating	Net Operating	0.735	1.02	1

For the faith-based organisation, an analysis was conducted (See Table 1 for more information) for ratio computation for year 2007 to 2009)

Liquidity: In the 2007 financial year, the present ratio reached its peak point of 0.038. In 2008, though, this value dropped by 1.4 percent to 0.024. The existing ratio stood at 0.036 in 2009, implying an increase to 1.2 percent. The existing ratio indicates any indicators of cash flow issues during the time frame under consideration. A more serious the experiment was carried out with the fast ratio to assess this problem. As for the present ratios, the fast ratio for the 2007 fiscal year was the largest at -1.1, followed by -1.33 and 1.77 for the 2008 and 2009 financial years, respectively. Furthermore, over the three-year cycle, total working capital followed a similar pattern as the fast ratios, with negatively descending values. Following the liquidity metric, it is clear the fact that the church having cash flow issues because it has been unable to successfully fulfill its short-term obligations.

Debt structure: The debt composition, as determined by the debtequity ratio, had comparatively large values across the three-year sample span, with the maximum value of 0.98 In 2008, the lowest value was 0.96, and in 2007. This is a complete departure from the liquidity measure's prediction.

Sources of funds: This metric reveals that the Church was too reliant on charitable contributions and gifts (at 0.74 of 2007 gross spending). Furthermore, a 28 percent increase in the organization's rate of dependence in 2008 confirms this. And a 1% reduction in net spending to 1.01 trillion will not happen in 2009 suggest otherwise. Though the measure shows that the organisation relies strongly on donations and gifts, this may be due to a dramatic increase in donations and gifts over the three-year span.

Uses of funds: In 2007, 70 percent of gross spending was dedicated to direct charitable expenditure, according to this metric. This is accompanied by a 1% drop in 2008 and a third in 2009 drop to 33% of overall spending in 2009. Administrative costs, in the contrary, accounted for 30% of overall spending in 2007. In 2008, this number jumped to 31%, accompanied by a 35% increase in 2009. The utilisation of funds over the three-year timeframe showed that operating costs received more coverage at the detriment of direct charitable spending. This may be due to the company's mortgage commitments, bonuses, and bank costs.

Net operating results: In 2007, this indicator showed a shortfall of 0.74, indicating that net expenditures for the year surpassed total revenue. In the years 2008 and 2009, however, the condition reversed, with surpluses of 1.02 and 1.00 respectively. In comparison to expenditures, the organisation has more revenue.

Analysis for the Community-Interest Company

(The ratio outcome obtained computation Table 2 shows the results below)

Table 2: Community Interest Company's financial results

Measures	Ratios	2007	2008	2009
Liquidity	Current Ratio	0	3.74	15.4
	Quick Ratio	0	0	11.55
	Net working Capital	0	1577	5339
Debt structure	Debt-Equity	0	0	0.069
Sources of Fund	Source of fund 1(Activities contribution)	0	0	1.4
	Source of fund 2(Grants and donation)	0	0	0.16
Uses of fund	Use of fund 1(Conference)	0	0	0.33
	Use of fund 2(training)	0	0	0.0056
	Use of fund(educational)	0	0	0.167
Net operating	Net Operating	0	0	1.59

Availability of liquid assets: on the basis of accounting statements over the previous two years (Company had a dormant so no account in 2007 data was available). The corporation had an abbreviated record in 2008, which meant that the financial report was not fully filled. The firm first had a complete quarterly disclosure in 2009) although in 2008, it had a current ratio of 3.74, which was quickly accompanied by a dramatic increase 15.4 percent in 2009. This ratio indicates that the CIC Company has the financial resources to satisfy its short-term debt obligations. The short ratio was used to run a more stringent evaluation that omitted the company's stocks, and it showed in 2009, the volume was 11.55. Furthermore, the organization's total operating capital backs up the original suspicion. In 2008, the total working capital was 1577, and in 2009, it had more than doubled. Despite the data limitations, the liquidity metric indicates that the company has no cash flow issues.

Debt structure: In 2009, the debt-to-equity ratio was 0.069, according to the available statistics. In 2009, the liabilities-to-total-assets ratio was comparatively poor.

Sources of funds: In 2009, grant and gift dependency accounted for 1.4 percent of overall spending. However, the operations allocation, which is an additional means of finance, indicates a lower figure of 0.16 percent of overall spending. Despite the fact that the company possesses two streams of revenue in 2009 (grants and gifts, as well as events contributions), it is also largely dependent on government grants and donations.

Uses of funds: In 2009, the organisation invested 33 percent of its overall spending on conferences, 16 percent on instructional materials, and fewer than 5% on preparation, according to this metric. This means that the organisation didn't placed much too much focus on spending that was relevant to their main goal.

Net operating results: The statistics available for the next year financial year revealed a surplus of 1.59, implying that the company's net revenue for the year was greater than the real sum spent.

RESULT AND DISCUSSION

Both organisations recognize the value of sound cash management, as shown by the findings and evaluations discussed above. This is consistent with Jose's study, which showed that businesses have a favorable attitude about cash management monitoring. The results of the interview with the church have demonstrated that the company has recognized the danger of fraud, misappropriation of money, and insufficient reconciliation that it has encountered through the years of cash management. This corresponds to the Charity Commission's findings on possible threats to charities. Rescheduling payments and negotiating with clients are even strategies they've used to deal with financial threats related to unavailability of funds. This is consistent with Fairchild's assertion the management of financial risk practices will minimize overall risk and add benefit, especially if they lower the cost of financial distress. Furthermore, they have another coping mechanism to deal with revenue irregularities associated with providing a big youth congregation: they then postpone the programme or reduce the total size of the programme during the off-peak season. Furthermore, sufficient provisions have been made to save for a rainy day and to protect properties by insurance plans. Inflation, on the other side, is a challenge that the CIC faces in the case of cash management. Furthermore they aren't truly confronted with the financial risk of non-availability of funds since they are supported by a faith-based organisation. They've still been able to function well even though support hasn't been consistent. The church's conference preparation committee (CPC) is in charge of programme development, and takes into account considerations such as The target demographic and financial solvency Owing to inflation, interest costs, and the value added tax, the church establishes a comprehensive operational schedule, which is not followed. Furthermore, adhering to the schedule would have an effect on how money is used on both budgeted and non-budgeted programmes. The purpose of the Church remains the starting point for programme growth. Hartnett, who argues that unpredictable situations will impair non-profit budgeting, is a firm believer in the practise of not sticking to annual budgets? Non-compliance with the timetable, on the other side, would result in extra costs, which would negatively impact cash flow during off-peak hours. The company's creditworthiness can suffer as a result of this. Chabotar is a firm believer in the definition. In the other hand, CIC planning is based on the kinds of funds available. Furthermore, the availability of funds is the most critical factor as they decide to launch a project. They don't have a detailed budget that they keep to, although a lot of their project plans are just used for grant applications. Budgeting can affect the availability of funds for programmes if services are budgeted ahead of time and funding is sought from other nongovernmental sources. Both organisations are aware of the dangers involved with cash management, according to the results, and have adopted various approaches to cope with them.

CONCLUSION

The aim of this analysis was to compare and contrast the strategic financial reporting strategies of two non-profit organisations. According to the report, the church is completely reliant on gifts and grants as a primary source of support and is not financially stable. Faith-based organisations will choose to look at other sources of funding, such as fund-raising events. This will aid in the smoothing of their cash flow, especially during off-peak times, as well as their liquidity issues. Furthermore, as advocated by Mount; Shelton and Roger; Farsides; Smith and McSweeny as they stated that such variables such as confidence in the cause, excitement of donating, dislike of being questioned, altruism, compassion, and others, religious organisations should suggest implementing donation incentive tactics to increase their profits. Despite the fact that they are not for profit, organisations that are not for benefit are strongly urged to implement cost-cutting measures in order to justify their sponsorship from investors. This is in accordance with Denison and Beard's recommendation that administrators hold administration lean and develop contingency funds to protect against financial shock. Additionally, efforts can be taken to resolve value creation fields. This involves redefining their purpose, implementing better practices within the organisation, investing in high-impact programmes, creativity, and actively working with non-profit companies to expand their reach for creating social good. Finally, non-profit organisations can meet with consultants with expertise in financial accounting and explore management strategies for optimizing their financial results.

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