Write a Comprehensive Financial Narrative (Exercise)

Writing a comprehensive narrative (1-2 pages) that connects past to present to future can be a helpful exercise.

When complete, the narrative can inform external reporting, internal planning and management, and training for new staff and Board.

- Follow the outline below as a basis for developing your financial narrative
- Use past financial statements, current budgets, strategic plans, and multi-year projections for financial data to support your narrative
- Refresh the narrative during your budgeting process and/or at fiscal year-end

Overall Context
- Mission, identity, and unique value
- Overarching situation or context relevant to the narrative (e.g., newly merged, 10 years of growth)
- Goals for the future

Present
- Overall financial and operational situation (e.g., budget size, total assets, liquidity, reserves, # employees, sites)
- How the business model supports mission
- What balance sheet resources support the mission (e.g., reserves, debt, facilities)

Past
- Past circumstances that affect your current financial situation, the financial data that reflects this
- Management responses to past circumstances and how they affected financial health

Future
- Strategy & vision for the future
- Resources needed for this strategy (quantified and as specific as possible)
- Potential external or internal changes that might affect mission, approach, and business model
- Management actions to support future strategies and goals