

Caroline Horton: Growth Opportunities within a Growing Organization

Position: Chief Financial Officer, Aeon (formerly Central Community Housing Trust) Start Date: January 1998

Education: BS, Business Administration with concentration in Accounting, Boston University

Previous For-profit Experience: None

Previous Nonprofit Experience: AmeriCorps volunteer

Organization Information: Developer and owner of affordable housing; founded in 1986; based in Minneapolis, MN; 22 employees; \$2.4 million annual operating budget, plus \$10 million annual property operating budget (third-party managed) and \$30 million in new housing development annually

When Caroline Horton returned to Minneapolis in 1998 from a two-year stint as an AmeriCorps volunteer working in a battered women's shelter, she planned to use her degree in business administration and accounting to land an auditing job with a major public accounting firm.

While searching for an auditing position, Horton took on some temporary positions, including accounting and administrative work for a nonprofit organization that provides domestic violence therapy. In doing this job and reflecting on the work she had done in finance and accounting for Boston University while she was attending college there, Horton decided to explore working full-time for a nonprofit organization.

She applied for and was hired into a newly created finance manager position at Aeon, a developer and owner of affordable housing in the Twin Cities metropolitan area. At first, as Horton described it, the entire scope of her job encompassed finance and accounting and involved "basic things." She managed accounts payable and accounts receivable, produced the monthly financial statements for the board of directors, and marshaled the audit process for the \$1 million organization, which owned 920 units of affordable housing.

But over the next 10 years, Aeon grew into a \$2.4 million operation with more than 1,500 affordable housing units. And Horton's job responsibilities grew right along with the organization. Although she started out doing mostly accounts payable and receivable, these basic activities gave her insight into the entire organization's financial transactions and how she could partner with the housing development and asset management teams. She quickly began to play a more strategic role within Aeon. In 2000, Horton took on additional responsibility for general administration, information technology (IT), and human resources (HR) as director and then vice president for finance and administration. In 2003, she added asset management to her job description and became vice president of asset management and finance.

Horton officially became chief financial officer (CFO) at Aeon in 2006. As CFO, her responsibilities include not just finance and accounting, but IT, HR, and Aeon's rapidly growing asset management division, which has responsibility for the over 1,500 units of affordable housing that Aeon owns. In addition to managing Aeon's current \$2.4 million operating budget, Horton oversees \$10 million in annual revenue from its affordable housing units and an annual \$30 million budget for new housing development and acquisitions.

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“My role as CFO has changed quite dramatically over time,” said Horton. “It has become much more about strategic planning. I work with the vice presidents of each of our program areas on implementing the financial aspects of the strategic plan and bridging all the non-financial aspects as well—generating ideas, problem-solving, and planning for this year, next year, and five years out.”

Part of Horton’s CFO role includes collaborating with Aeon’s housing development team at the strategic planning level. Working in partnership with the development team, Horton is testing a model for how Aeon can access a greater array of funding sources and higher dollar amounts for its projects by diversifying the housing developments in its pipeline. Building on the inputs and expertise of the development team, she has created a planning model that can account for the many variables involved with developing housing in order to maximize Aeon’s access to both self-financed and external capital. The variables she must keep in mind include: geographical locations, the number of units in a project, the mix of market rate vs. affordable units, new vs. rehabilitated developments, and community support. “Eventually my hope is to build a sustainable model for our housing development activities where we have a long-term perspective and less risk in the organization overall,” said Horton.

Horton said she was able to grow into the CFO position at Aeon by continuously building on her base of financial knowledge and by asking a lot of questions. “What’s positioned me well is that all of our program areas have a relatively complex financial component to them,” she said. “As someone who understands accounting and finance, I can take the next step to help the program people who are responsible for doing the financial structuring and I’m also well-positioned to see what’s going on in the entire organization financially.”

Taking on the CFO role has not been without challenges, however. “The biggest challenge for me is the scope of the job,” said Horton, who noted that IT, administration, HR, finance and accounting, and now asset management all report to her. “It’s personally been a challenge to wrap my arms around all that,” she said. Developing great staff who can help her manage both the strategic and tactical aspects of her job and having clear expectations and organizational systems have been key to dealing with this challenge. Horton added that taking nonprofit accounting-related workshops, attending the LISC (Local Initiatives Support Corporation) annual conference for financial managers, and participating in a monthly lunch gathering of CFOs have been tremendously helpful to her career. However, she said she wishes she had had a mentor over the years.

“My advice for somebody who is looking to build a career like I have inside an organization is to look to intermediaries in your town or city for training, and to work with your auditor to build a mentoring relationship,” said Horton. “Call up other financial managers of other organizations and invite them to lunch to start a dialogue, and attend national conferences—the majority of the value is in the relationships developed with others, especially if those relationships can be sustained over time.”

“When I got this job I never intended to spend my career working in the nonprofit sector,” Horton reflected. “I thought I would do it for maybe two years and then look for something else. It’s ended up being a very good fit for me, and

offered me tremendous growth potential. I love the really complex nature of the business we're in and I love every minute of it."

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