Nonprofit Finance Fund™

Nonprofit Finance Fund (NFF) works to strengthen the nonprofit sector, particularly in underserved communities, through broader access to capital, creative financing, changes in funding practices, stronger financial management and education.

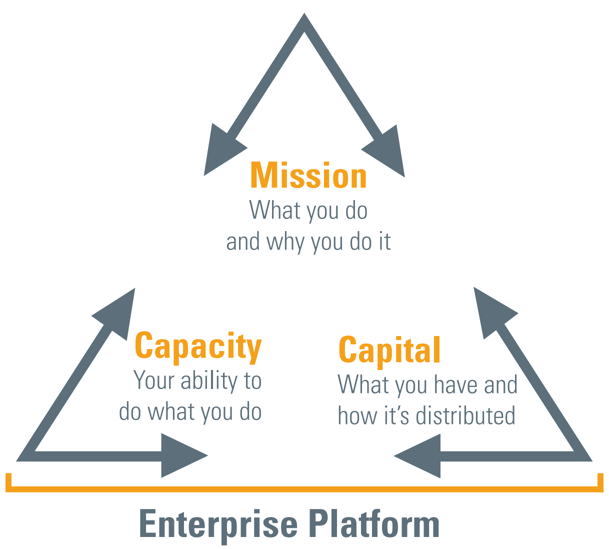
To learn more, visit us online at nonprofitfinancefund.org.

Know Your Strengths and Weaknesses

Organizations that can clearly and accurately articulate their financial story and resource needs are better positioned to make a strong case for support. In both good times and bad, your stakeholders will be more engaged if you can provide a data-driven assessment that links your nonprofit's financial health to its impact and accomplishments. This can inform strategic planning and guide leadership in making mission-driven, financially sound decisions.

Use the worksheet on the back to capture a snapshot of your nonprofit's strengths and weaknesses. The worksheet is divided into six core areas of nonprofit finance, described in detail to the right. Together, these areas help you balance the three critical components essential to an organization's long-term viability: Mission, Capacity, and Capital.

With support from your funders, we can help you better understand the way a nonprofit's core areas of finance influence organizational success. To learn more, visit us at nonprofitfinancefund.org.



Core Areas of Nonprofit Finance

Revenue
The degree of predictability and reliability of revenue is often an indicator of financial health. Revenue includes: payments for services; donations from individuals, foundations and corporations; contributions and contract payments from government agencies; and income from investments and other activities (for example, rentals).

Expenses
Nonprofits that run into financial challenges are often uncomfortable bringing expenses in line with their revenue reality. There are also costs beyond day-to-day operations, including debt principal payments, capital expenditures, and funds set aside each year for future use. Budgeting to the full cost of doing business is essential for sustained financial health.

Profitability and Savings
Nonprofits need profits. Surpluses are necessary to pay off debt, invest in facilities and equipment, and fund savings and growth. We encourage nonprofits to budget for and manage to annual surpluses that meet their short- and long-term needs. Breaking even is rarely enough.

Health of the Balance Sheet
The balance sheet reveals a nonprofit's ability to manage risk and pursue growth or other opportunities. It indicates financial condition at a specific point in time. Included on the balance sheet are assets, liabilities and net assets. In the nonprofit sector there are restrictions on assets and net assets which can impact an organization's flexibility.

Liquidity
Liquidity is a measure of how much cash (and assets readily convertible to cash) is available to an organization. Marketable securities, undrawn lines of credit and receivables are liquid if they can be turned into cash within one year. Determining liquidity is often complex for nonprofits. Cash and investments may be restricted by donors, creating the false impression that a nonprofit is flush with flexible funds when it may instead be dealing with liquidity constraints.

Financial Planning
Organizations that actively and continuously plan for the unexpected are better positioned to weather difficult times and pursue new opportunities. Planning requires access to financial information that is timely, accurate, and reliable. It is the collective responsibility of staff, management and the board. Financial plans are only as good as their underlying assumptions and are not a substitute for making and communicating difficult decisions.

Nonprofit Finance Fund TM

This worksheet reveals some of your nonprofit's financial strengths and weaknesses. If you answer Yes to many questions, you're likely weathering the economic climate well and have a good grasp of your financial dynamics. If you're answering No or Not Sure often, you may want to review what actions you are or could be taking to manage areas of concern. Match your answers to the Priority Level you assign to the question to identify which may be the most pressing concerns.

With support from your funders, NFF can help you interpret the results and consider next steps. You can then develop a clear financial plan to share with board members, funders and others.

Core Areas of Nonprofit Finance	Y	N	Not Sure	N/A	Priority- High, Med, Low	Brainstorming What is our current strategy for handling the concern? What's the next step towards a solution?
Revenue: How might the reliability of revenue streams continue to be affected in the current economic climate?						
Is our revenue mix (earned AND contributed) relatively predictable and reliable over time?						
Are our government contracts stable and relatively unaffected by state/local budget cuts?						
Will our foundation giving and/or corporate support remain stable or grow?						
Are our major donors still reliable? Can we count on their support at current levels?						
Can we rely on our Board to help cover any funding losses?						
Have we identified additional sources of support to make up for funding declines elsewhere?						
Have we updated our fundraising message to include the strongest, most urgent case for success?						
If in the midst of a capital campaign, are we still meeting fundraising targets? (If not, have we considered phasing the campaign or a Plan B?)						
Expenses: Will costs have to be cut? If so, which costs?						
Have we identified where we can cut costs without harming critical programs and operations?						
Can we still maintain our existing staff numbers and salaries?						
Profitability: How might changes in revenue streams or expense dynamics affect the bottom line?						
Are we generating operating surpluses on a relatively consistent basis?						
Are we developing and approving budgets that keep expenses in line with our new revenue reality?						
Are our surpluses big enough to cover depreciation, meet debt obligations, and contribute to savings?						
Are we raising revenue to cover new expenses and/or higher service demand?						
Health of the Balance Sheet: How might changes in operating results affect your organization's balance sheet?						
Are we making loan payments on schedule?						
If struggling with debt, have we spoken with our bank about renegotiating terms?						
Are we paying our our vendors on time?						
Are we planning for and meeting maintenance needs of our facility (or other fixed assets)?						
Are our investments safe and stable?						
Liquidity: What cash is readily available for routine and emergency needs?						
Do we have enough cash on hand to manage the cyclicality of our daily operations?						
Do we have reserves that we can draw on to manage any shortfalls?						
If reserves have been used, are we on a replenishment plan?						
Financial Planning: Have you incorporated contingency planning into decision-making?						
Have we developed best, probable, and worst case revenue /expense scenarios?						
Do we project, track, and monitor cash flow on a monthly basis?						
Is our Board regularly reviewing our financial condition and encouraging rapid response to change?						
Have we considered collaboration as an opportunity to further mission and/or save costs?						