

Situation and Comparables Analysis of Nonprofit Financial Health

Managing a nonprofit is challenging, especially when it comes to money. It's not always easy to tell when your organization's finances best support your mission. Communicating your financial story and resource needs can be harder still.

Financial SCANSM is a new online data platform that can help. It gives you an overview of your nonprofit's finances in a visual, easy-to-read format so you can quickly see trends over time.

Through dashboards, graphs, and educational narrative, you can make a case for support to your funders and take steps to build and sustain a healthy organization.

Questions to Consider

- Do you have the same excellent understanding of your financials that you do of your programming?
- Wish you had better awareness of what your difficult-to-read IRS 990 return is telling the world?
- Ever wonder how you're faring compared to other nonprofits in your sector?

Financial SCAN, which draws from IRS 990 tax returns, is the only available platform that analyzes nonprofit data in a comprehensive, standardized way, without over-simplifying your organization's story. By highlighting metrics associated with organizational stability, it helps you and your stakeholders stay focused on what's really important: achieving social impact.

Financial SCANSM draws on NFF's more than thirty years of experience advising and financing nonprofits and GuideStar's 18 years of experience with sector financial data.

Purchase a 48-hour Nonprofit Pass at guidestar.org/financialscan.

How will Financial SCAN Benefit Our Nonprofit Organization?

Evaluating the financial health and priorities of your nonprofit is time-consuming, and the everyday demands of delivering high-quality programming often get in the way of regular analysis and communications.

Financial SCAN is not a ratings platform. It doesn't apply measures like "overhead spending" that have no bearing on the stability of your organization and the effectiveness of its programs. Instead, it is a conversation starter about your organization's overall financial health and should be used alongside data that measure social impact.

Nonprofit Perspective

"Financial SCAN is a powerful tool for nonprofit leaders. . . The SCAN can help inform strategic decisions and aid in telling an organization's story. There is nothing else available that can both improve our operations and educate our supporters in such a compelling way."

M. Christie Smith, Executive Director,
Potter League for Animals

The Financial SCAN report can help you:

- Provide management and the board with an annual overview of your finances
- See whether your organization's revenue covers your true, full costs
- Understand how government receivables or a facility may be impacting your liquidity
- Compare your profitability and savings to those of a peer group
- Know what funders see when looking at your IRS Form 990
- Prep for conversations with supporters about your funding needs
- Use your financial history to make smart decisions and plan for the future

Financial Health Dashboard					
Local Youth Group					
<p>Local Youth Group EIN: 00-000000 4937 Any Street Any Town, Any State 00000 000-000000</p>		<p>Mission Statement Local Youth Group provides child care and activities for children from birth to 18 years. We strive to create a nurturing environment that helps children discover and reach their full potential and gives them opportunities to broaden their experiences and views of the world.</p>			
Income Statement					
	2006	2007	2008	2009	2010
Revenue	\$2,240,400	\$2,813,721	\$3,180,056	\$3,700,179	\$3,141,028
Expenses before depreciation	\$1,270,000	\$1,350,000	\$1,350,000	\$1,350,000	\$1,350,000
Growth rate (%)	11.2%	26.9%	11.4%	16.4%	-10.0%
Personnel	\$1,640,200	\$2,124,700	\$2,427,000	\$2,210,400	\$2,045,000
Growth rate (%)	13.0%	29.1%	14.2%	-6.7%	-7.7%
Revenue Source (% of total)					
Membership dues	0.0%	0.0%	0.0%	0.0%	0.0%
Government grants	23.2%	23.2%	22.4%	13.2%	14.7%
All other grants and contributions	71.5%	72.5%	73.0%	87.4%	85.0%
Program service revenue	0.0%	0.0%	0.0%	0.0%	0.0%
Investment income	2.8%	3.3%	2.2%	1.4%	1.2%
Other revenue	0.0%	0.0%	2.4%	2.0%	1.6%
Total revenue unrestricted & restricted	\$2,240,400	\$2,813,721	\$3,229,845	\$3,911,899	\$3,250,718
Growth rate (%)	20.0%	13.1%	8.9%	21.1%	-10.3%
Assets					
Change in unrestricted net assets before depreciation	\$400,000	\$700,000	\$800,000	\$100,000	\$400,000
As % of expenses	17.0%	4.4%	-2.0%	3.7%	10.0%
Change in unrestricted net assets after depreciation	\$300,000	\$100,000	\$200,000	\$100,000	\$400,000
As % of expenses	17.0%	4.1%	-2.0%	3.7%	10.0%
Balance Sheet					
	2006	2007	2008	2009	2010
Cash	\$348,019	\$102,354	\$12,883	\$112,417	\$138,038
Investments	\$1,080,000	\$1,450,000	\$1,500,000	\$1,800,000	\$1,700,000
Grants, land, buildings, and equipment	\$190,000	\$170,000	\$190,000	\$190,000	\$190,000
Accumulated depreciation	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Liabilities as % of assets	17.5%	14.9%	10.4%	11.0%	10.1%
Unrestricted net assets	\$632,848	\$660,144	\$888,833	\$987,793	\$1,408,848
Temporarily restricted net assets	\$240,210	\$289,440	\$249,389	\$200,200	\$280,843
Permanently restricted net assets	\$322,372	\$367,180	\$331,491	\$207,455	\$50,000
Net Asset Total	\$1,295,430	\$1,316,764	\$1,469,713	\$1,395,448	\$1,740,691
Liquidity					
Months of cash	3.8	0.4	0	0.4	0.3
Months of cash and investments	7.7	6.8	0	0.2	1.1
Months of estimated unrestricted liquid net assets	4.4	3.8	3.1	3	3.3
Key Data Checks					
	2006	2007	2008	2009	2010
Material date entry errors	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No



What's in a Financial SCAN Report?

Financial Health Dashboard

What is the big picture?

The dashboard is a snapshot of up to five years of financial trends and ratios for your nonprofit. Knowing your organization's past can help you plan for the future and prepare for opportunities and challenges.

Graphs & Data Interpretation

What can you learn from the financial details?

This section uses graphs to assess your organization's profitability, expense trends, revenue dynamics, balance sheet health, and liquidity. It also includes a primer on financial terms and calculations, and analytical questions to help you focus internal and external discussions.

Peer Comparables Analysis

How does your nonprofit look relative to its peers?

You can review your nonprofit's financials side-by-side with up to five peers of your choice to better understand broader trends. Explore how differences in programs, environments, or populations served affect financials. And remember, peers may have different structures, access to resources and ways of working.

Consultations

Develop a deeper, more nuanced understanding of your nonprofit's health

If you have questions about how to interpret the financial data in your report or need guidance on how to use this information to generate discussion, please contact NFF at nonprofitfinancefund.org/financial-consultations. A seasoned NFF consultant can work with you to develop a customized approach to meeting your needs.

About Nonprofit Finance Fund

NFF, nonprofitfinancefund.org, provides millions of dollars in loans to nonprofits and pushes for fundamental improvement in how money is given and used in the sector. We provide a continuum of financing, consulting, and advocacy services to nonprofits and funders nationwide. From workshops to one-on-one consulting to financing, our services are designed to help great organizations stay in balance and grow or innovate when they're ready.

About GuideStar

GuideStar, www.guidestar.org, connects people and organizations with information on the programs and finances of more than 1.8 million IRS-recognized nonprofits. GuideStar serves a wide audience inside and outside the nonprofit sector, including individual donors, nonprofit leaders, grantmakers, government officials, academic researchers, and the media. GuideStar's mission is to revolutionize philanthropy and nonprofit practice by providing information that advances transparency, enables users to make better decisions, and encourages charitable giving.