Financial SCAN℠

Situation and Comparables Analysis of Nonprofit Financial Health

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Developed by Nonprofit Finance Fund and GuideStar

When your clients ask you which charities they should support, you want to recommend financially stable nonprofits. But it's not always easy to identify when an organization's finances support its mission.

"We saw an opportunity to improve the use of Form 990 data by adding a layer of education and analysis. … We believe our user-friendly visual tool will become the new industry standard for interpreting nonprofit financial data."

Lee Glenn,
Senior Vice President, GuideStar

Financial SCAN℠ provides a new standard for analyzing and communicating nonprofit financial data. Through dashboards, graphical analysis and educational narrative, Financial SCAN provides insights and analyses to help you and your clients assess the financial condition of nonprofits over time, enabling your clients to make informed decisions about which charities they want to support.

Financial SCAN draws on GuideStar's 18 years' experience gathering and standardizing IRS Form 990 nonprofit financial data and NFF's 30-year track record advising and financing nonprofits.

How will Financial SCAN benefit me and my clients?

Financial SCAN applies metrics that shed light on a charity's overall financial health, an improvement on limited measures such as "overhead spending," which have no bearing on the stability of an organization or the effectiveness of its programs. Financial SCAN is not designed to evaluate nonprofit performance or rate organizations. Instead, it is a conversation starter about a nonprofit's financial health that your clients can combine with information on that organization's mission and programs to determine whether, and how, they want to support it.

Financial SCAN can be used as ...

- A time-saving annual financial "check-up" for charities your clients plan to or already support—quickly assess key measures of financial health before making or continuing their donations
- A standard peer comparison for benchmarking nonprofits against similar organizations
- A clear visual presentation of financial trends with a guide for interpreting results—demystify nonprofit finance for your clients

"Understanding a nonprofit's financial story can be daunting, since the way money flows in and out of the sector is complex and counterintuitive. … Financial SCAN provides nonprofit leaders and their supporters and advisors with greater clarity about how to interpret and use this data in decision making and strategy."

Rebecca Thomas, Vice President,
Strategy & Innovation, Nonprofit Finance Fund

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Financial Health Dashboard

Financial Health Dashboard — Local Youth Group

Local Youth Group
EIN: 00-0000000
000 Any Street
Any Town, Any State 00000
(000)000-0000

Mission Statement
Local Youth Group provides child care support and pre- and after-school activities for children ages 1-18.

Income Statement

Expenses	2006	2007	2008	2009	2010
Expenses before depreciation	$2,248,405	$2,853,721	$3,180,068	$3,765,179	$3,141,029
Growth rate (%)	11.2%	26.9%	11.4%	18.4%	-16.6%
Personnel	$1,646,299	$2,124,789	$2,427,533	$2,216,492	$2,045,580
Growth rate (%)	13.0%	29.1%	14.2%	-8.7%	-7.7%

Revenue Sources (% of total)	2006	2007	2008	2009	2010
Membership dues	0.0%	0.0%	0.0%	0.0%	0.0%
Government grants	25.2%	23.2%	22.4%	13.2%	14.7%
All other grants and contributions	71.5%	72.5%	73.0%	87.4%	85.6%
Program services revenue	0.0%	0.0%	0.0%	0.0%	0.0%
Investment income	2.8%	3.5%	2.2%	1.4%	1.3%
Other revenue	0.5%	0.7%	2.4%	-2.0%	-1.6%
Total revenue (unrestricted & restricted)	**$2,695,718**	**$3,046,492**	**$3,229,343**	**$3,011,899**	**$3,260,715**
Growth rate (%)	26.8%	13.1%	5.9%	21.1%	-16.9%

Profitability	2006	2007	2008	2009	2010
Change in unrestricted net assets before depreciation	$400,337	$126,802	-$64,796	$137,641	$435,613
As % of expenses	17.8%	4.4%	-2.0%	3.7%	13.9%
Change in unrestricted net assets after depreciation	$384,343	$116,296	-$82,311	$120,960	$421,053
As % of expenses	17.0%	4.1%	-2.6%	3.2%	13.3%

Balance Sheet

Composition	2006	2007	2008	2009	2010
Cash	$348,016	$102,264	$12,883	$112,417	$138,038
Investments	$1,086,029	$1,455,972	$1,564,930	$1,844,828	$1,728,338
Gross land, buildings, and equipment	$195,494	$176,067	$196,440	$196,440	$196,440
Accumulated depreciation	91.8%	84.4%	74.8%	83.3%	90.7%
Liabilities as % of assets	17.5%	14.9%	20.9%	31.3%	15.1%
Unrestricted net assets	$832,848	$949,144	$866,833	$987,793	$1,408,846
Temporarily restricted net assets	$240,270	$269,446	$245,369	$200,260	$280,843
Permanently restricted net assets	$322,372	$361,165	$331,491	$267,455	$0.0
Net Asset Total	$1,395,490	$1,579,755	$1,443,693	$1,455,508	$1,689,689

Liquidity	2006	2007	2008	2009	2010
Months of cash	1.9	0.4	0	0.4	0.5
Months of cash and investments	7.7	6.6	6	6.2	7.1
Months of estimated unrestricted liquid net assets	4.4	3.9	3.1	3	5.3

Key Data Checks

	2006	2007	2008	2009	2010
Material Data Errors	No	No	No	No	No

Note: This issue is relevant to a small number of organizations: The nonprofit subject(s) of this report may have affiliates. The Form 990 data may not include information about any or all potential affiliates. If an organization does have affiliates and these affiliates have substantial financial activity, the financial data in this report may not present a comprehensive picture of the nonprofit's financial condition. Please consult the 990s of any potentially related affiliates for additional information.

Guidestar/NFF Financial SCAN Report for *Local Youth Group*
EIN: 00-0000000
Report Generated: April 5, 2012
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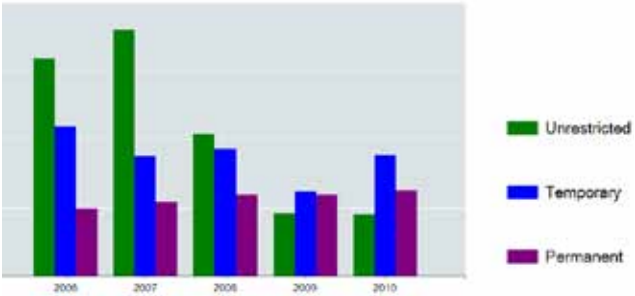
Financial SCAN

Graphs

Total Net Asset Composition



What's in a Financial SCAN Report?

Financial Health Dashboard

What is the big picture?

The dashboard is a five-year snapshot of key financial trends and ratios for a single nonprofit. It shows, among other things, whether the organization has a track record of surpluses, how much growth it has experienced, and the months of cash it has on hand.

Graphs & Data Interpretation

What can you learn from the financial details?

This section explores an organization's financial story more deeply through graphical analysis of trends in a nonprofit's profitability, expenses, revenue, balance sheet health, and liquidity. Accompanying text and questions can spark dialogue between you and your clients about the financial health of charities they support or are thinking of supporting.

Peer Comparables Analysis

How does a charity look relative to its peers?

You can review an organization's financials side-by-side with up to five peer nonprofits of your choice to understand better how its financial situation compares to others in a similar sector or region. Use this information to explore how differences in programming, size, environment, and populations served affect financial results.

Consultations

Develop a deeper, more nuanced understanding of charities' financial health

If you have questions about how to interpret the financial data in your Financial SCANs or need guidance on how to apply the information in your due diligence and discussions with clients, 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.

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