

# Grantee Financial Resilience for Nonprofits: A Framework

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*What is nonprofit  
financial resilience?*

## Financial Resilience

### Financially Resilient Organizations

- Stay focused on the long-term
- Continually assess and respond to current needs
- Understand and are able to tell their financial story

3

## Financial Resilience in Nonprofit Organizations



# VALUES

## Financial Resilience in Nonprofit Organizations

Inclusive  
Mission-Focused  
Continuously Improving  
Data-Driven

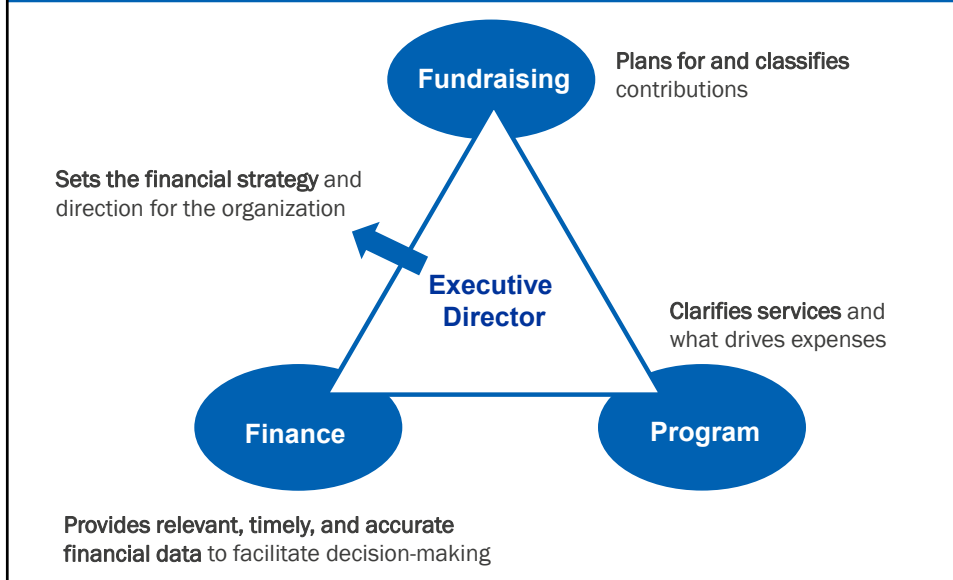
VALUES

# RESOURCES

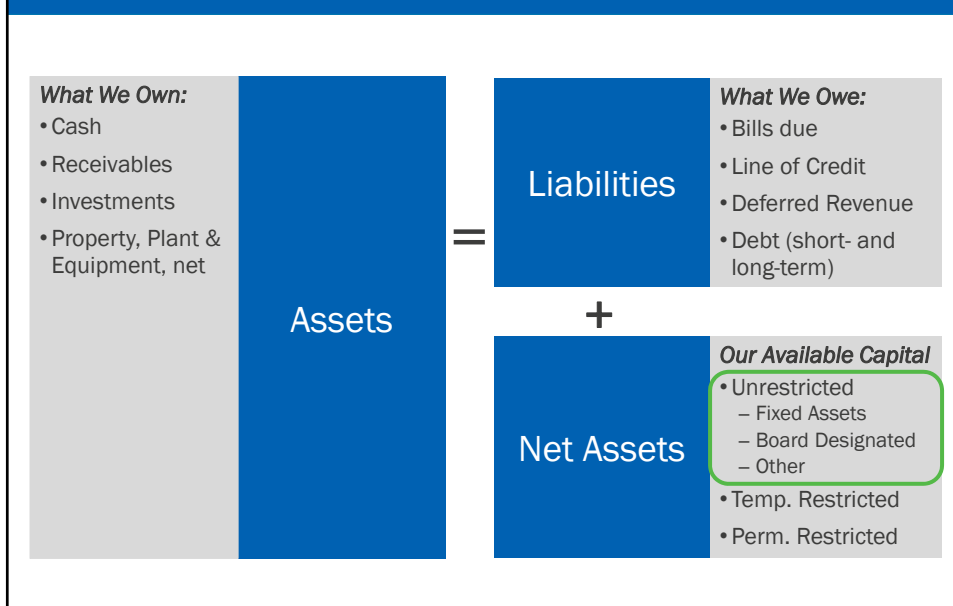
## Financial Resilience in Nonprofit Organizations

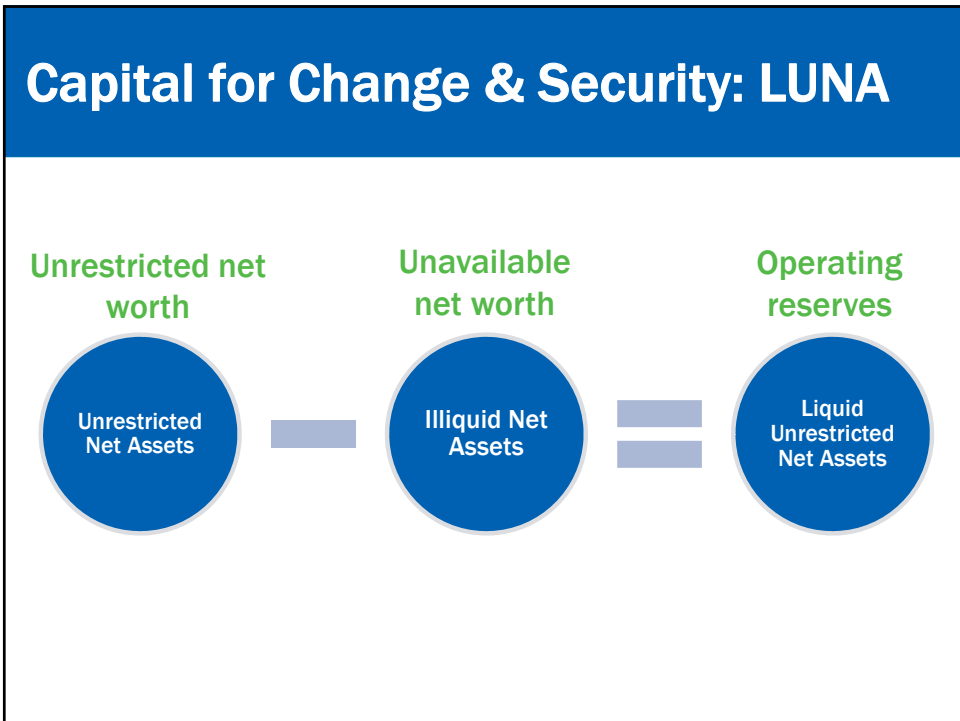
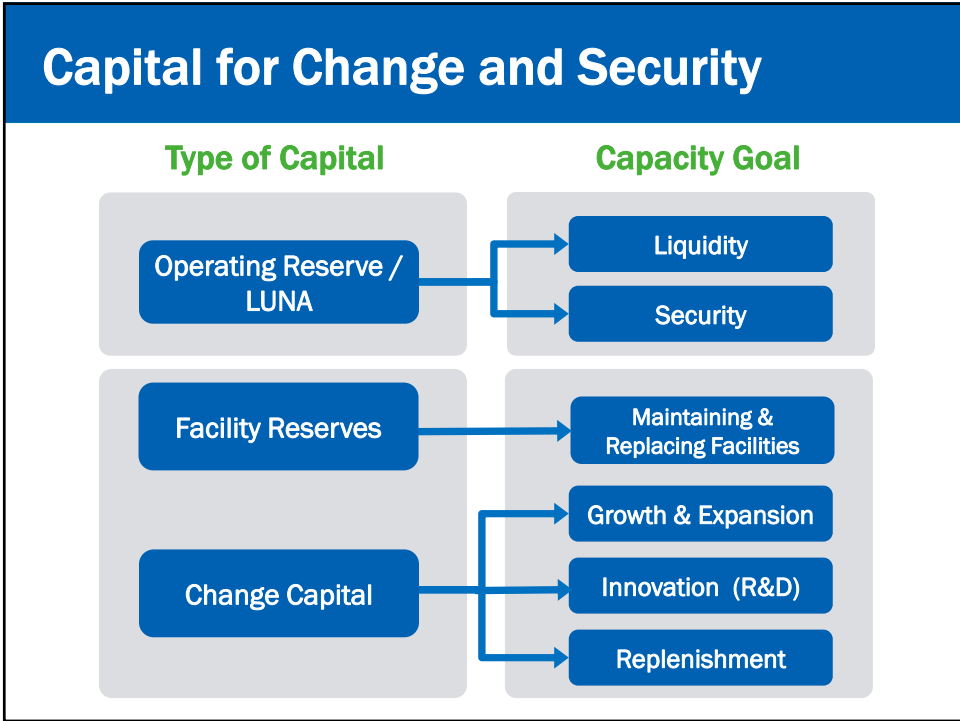


## Resources: Effective Leadership Team

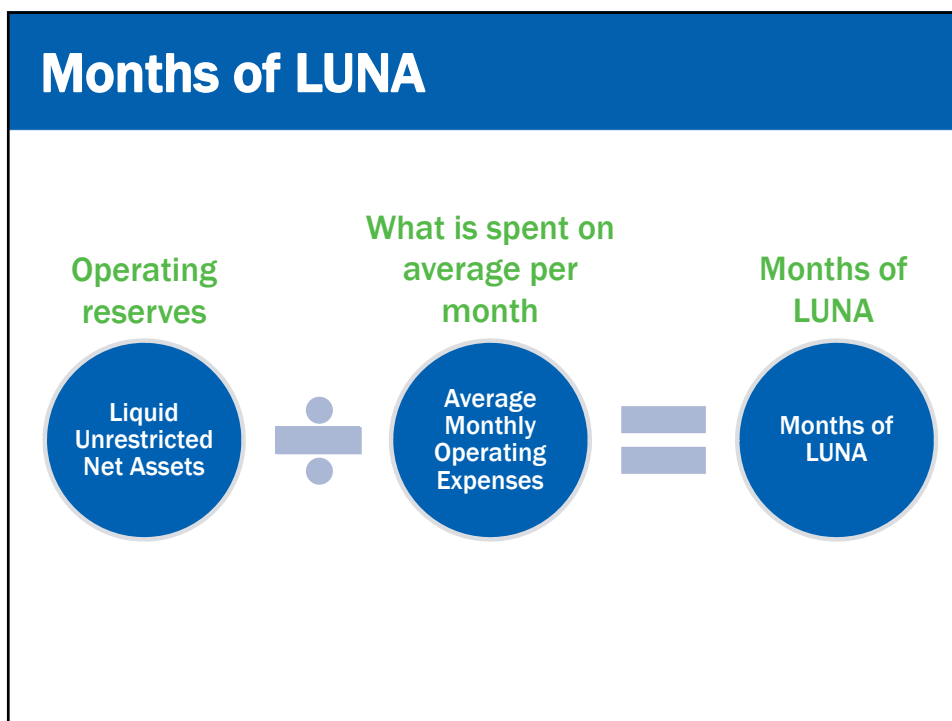


## Statement of Financial Position





COMMUNITY ARTS ORGANIZATION, INC.		
STATEMENTS OF FINANCIAL POSITION		
AS OF JUNE 30, 2015 AND 2014		
	2015	2014
<b>ASSETS</b>		
<u>Current Assets</u>		
Cash	\$ 257,590	\$ 286,052
Accounts Receivable	82,482	67,697
Prepaid Expenses	21,200	17,259
Total Current Assets	<u>361,272</u>	<u>371,008</u>
<u>Non-Current Assets</u>		
Property and Equipment, Net	1,506,326	1,545,609
<b>TOTAL ASSETS</b>	<b>\$ 1,867,598</b>	<b>\$ 1,916,697</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
<u>Current Liabilities</u>		
Accounts Payable	\$ 104,434	\$ 101,369
Current Portion of Mortgage Payable	36,442	31,573
Deferred Revenue	917	1,084
Total Current Liabilities	<u>141,793</u>	<u>134,026</u>
<u>Non-Current Liabilities</u>		
Long-Term Mortgage Payable	1,028,713	1,065,155
<b>TOTAL LIABILITIES</b>	<b>\$ 1,170,506</b>	<b>\$ 1,199,181</b>
<b>NET ASSETS</b>		
Unrestricted Net Assets	492,947	576,734
Temporarily Restricted Net Assets	204,145	140,782
<b>TOTAL NET ASSETS</b>	<b>\$ 697,092</b>	<b>\$ 717,516</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,867,598</b>	<b>\$ 1,916,697</b>



COMMUNITY ARTS ORGANIZATION, INC.				
STATEMENT OF ACTIVITIES				
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014				
	2015			2014
	Unrestricted	Temporarily Restricted	Total	Total
<b>REVENUES</b>				
Government Grants & Contracts	\$ 978,042	\$ 77,162	\$ 1,055,204	\$ 1,108,731
Foundations and Corporations	389,319	272,500	661,819	569,379
Individuals	98,389	2,048	100,437	43,885
Fundraising Events (Net of Expenses)	80,978	3,868	84,846	100,061
Interest	220	-	220	34
Miscellaneous Earned Revenue	32,473	-	32,473	10,100
In-Kind	21,785	-	21,785	37,366
Net Assets Released from Restrictions	292,215	(292,215)	-	-
<b>TOTAL REVENUES AND PUBLIC SUPPORT</b>	<b>\$ 1,893,421</b>	<b>\$ 63,363</b>	<b>\$ 1,956,784</b>	<b>\$ 1,869,556</b>
<b>EXPENSES</b>				
Program Services	\$ 1,419,559	\$ -	\$ 1,419,559	\$ 1,396,897
Management & General	339,190	-	339,190	221,264
Development	218,459	-	218,459	162,946
<b>TOTAL EXPENSES</b>	<b>\$ 1,977,208</b>	<b>\$ -</b>	<b>\$ 1,977,208</b>	<b>\$ 1,781,107</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ (83,787)</b>	<b>\$ 63,363</b>	<b>\$ (20,424)</b>	<b>\$ 88,449</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>576,734</b>	<b>140,782</b>	<b>717,516</b>	<b>629,067</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 492,947</b>	<b>\$ 204,145</b>	<b>\$ 697,092</b>	<b>\$ 717,516</b>

**Activity:**  
**Calculating LUNA**



## Calculating LUNA

Liquid Unrestricted Net Assets (LUNA)		
	2015	2014
	Year:	
	Source of Data: Audit	
Unrestricted Net Assets	\$492,947	\$576,734
Fixed Assets, Net	\$1,506,326	\$1,545,689
Less: Mortgages or Other Debt Related to Fixed Assets	\$1,065,155	\$1,096,728
Fixed Assets less Mortgages	\$441,171	\$448,961
Liquid Unrestricted Net Assets (LUNA) (A-B)	\$51,776	\$127,773
Average Monthly Expenses (Annual Expenses ÷ 12)	\$164,767	\$148,426
Months of LUNA (C ÷ D)	0.3	0.9

## Sustainable Business Model: Revenue

### Contributed Revenue

Individual Donations

Foundation / Corporate

Special Events

In-Kind Donations

### Earned / Other Revenue

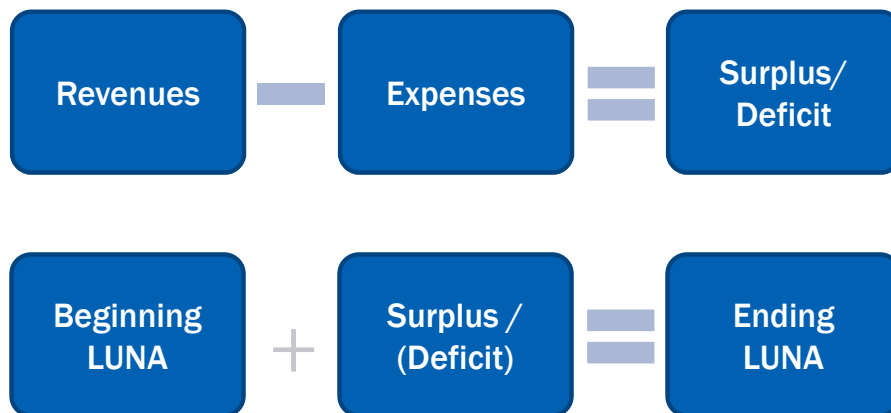
Government

Program Service Fees

Endowment Income

Other (interest, unrelated business income, etc.)

## Sustainable Business Model



19

**FINANCIAL  
RESILIENCE**

## Financial Resilience in Nonprofit Organizations



## What are vulnerable times for nonprofits?



## Supporting Financial Resilience

### Potential Grantmaker Investments:

- Fund the **true cost** of programs you support
- Provide flexible, **unrestricted** grants
- Provide **multi-year** grants
- Provide capital for **change and security**
- Invest in **infrastructure/capacity**

**QUESTIONS?**

## Up Next: Part 2

### Charting a Course Toward Financial Resilience: Building the Planning Muscle

Friday, March 29 - 9:00am to 12:00pm

#### *Prior to attending part 2:*

- Select a “favorite” grantee
- Use the Financial Health Analysis Tool to calculate LUNA and other key metrics for that grantee

## Financial Health Analysis Tool

### *Less is More: How Grantmakers are Using Simple Financial Metrics*

Hilda Polanco and Luther Snow, The Foundation Review, June 2018



Access the article here:

<https://scholarworks.gvsu.edu/cgi/viewcontent.cgi?article=1414&context=tfr>

## FMA Toolkit for Grantmakers

Area	Available Tools
Audit	<ul style="list-style-type: none"> <li>Financial Health Analysis Tool: Audit Version</li> </ul>
IRS Form 990	<ul style="list-style-type: none"> <li>Assessing Organizational Capacity Using the Form 990</li> <li>Financial Health Analysis Tool: Form 990 Version</li> </ul>
Infrastructure and Budgets	<ul style="list-style-type: none"> <li>Framework for Reviewing Organizational and Program Budgets</li> <li>Nonprofit Financial Infrastructure: Questions to Ask Your Grantees</li> </ul>

Website Address: <http://fmaonline.net/toolkit-for-grantmakers/>

## Articles

- ***Keeping it in Reserve: Grantmaking for a Rainy Day***, Hilda Polanco and John Summers, Nonprofit Quarterly, May 2016: <https://nonprofitquarterly.org/2016/05/02/keeping-it-in-reserve-grantmaking-for-a-rainy-day/>
- ***Nonprofit Capital: How to Think Differently About Its Use in Your Organization***, Webinar Recording, FMA & Nonprofit Quarterly, November 2016: <https://nonprofitquarterly.org/2016/11/10/nonprofit-capital-think-differently-use-organization/>
- ***What Nonprofit Sustainability Looks Like: An Interview with Hilda Polanco***, Nell Edgington, Social Velocity blog <http://www.socialvelocity.net/2017/02/what-nonprofit-sustainability-looks-like-an-interview-with-hilda-polanco/>

## Resources for Your Grantees

### StrongNonprofits.org

In collaboration with the Wallace Foundation, FMA has created a library of tools and resources to help organizations become “fiscally fit”

Four Topic Areas: [Planning](#) | [Monitoring](#) | [Operations](#) | [Governance](#)

The Wallace Foundation / Knowledge Center / Resources for Nonprofit Financial Management

Resources for Nonprofit Financial Management

Search Financial Management Resources

Overview | **Planning** | Monitoring | Operations | Governance | All Resources

SHOW:

- General Resources
- Tools and Templates
- Case Studies

**Planning Resources for Nonprofit Financial Management**  
Good planning finds the most effective ways to deploy your organization's resources – and meet your overall objectives. Materials here include help with budgeting, cost calculations and cash projections.

[Strengthening the Budget Development Process](#)

## Resources for Your Grantees

### Online Tutorials for StrongNonprofits.org

FMA offers complimentary orientation one-hour webinars that feature an overview of the website and drill down on several of its key resources

Upcoming webinar dates:

- **March 26, 2019 at 2:00pm (eastern)**
- **May 21, 2019 at 2:00pm (eastern)**

To register, or see upcoming webinar dates:

<https://fmaonline.net/events>

For a 15-minute, on-demand webinar tour of the site:

<http://fmaonline.net/strongnonprofits>

	
<ul style="list-style-type: none"><li>• Established in 1999 to serve not-for-profit organizations around the country</li><li>• Provides customized financial management, accounting, software, organizational development, and other consulting services</li><li>• Works directly with organizations or through funder-supported management and technical assistance programs</li></ul>	<p><b>Hilda Polanco, CPA, CCSA®, CGMA</b> Founder &amp; CEO (212) 931-9240 hpolanco@fmaonline.net</p> <p> @FMA4Nonprofits</p> <p> /FiscalManagementAssociates</p> <p> /company/fiscal-management-associates-llc</p> <p><a href="http://www.fmaonline.net">www.fmaonline.net</a></p>
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