



StrongNonprofits.Org: Resources for Nonprofit Financial Management

Q&A with Fiscal Management Associates (FMA)

CBASS: What was the impetus for creating [StrongNonprofits.org](#)? What unmet need(s) in the nonprofit and/or after-school fields did you hope to address?

FMA: In 2009, The Wallace Foundation invested in [a major capacity building initiative for after-school providers in Chicago](#), with FMA providing consulting and training support to participants' financial management practices. One outcome was the development of a range of tools and resources that could be useful across the after-school sector and among nonprofit organizations more broadly, which Wallace wanted to make freely available. FMA and Wallace worked together to develop the site and refine the resources for widespread use. The site is a "one-stop shop" for many resources that nonprofits—especially smaller ones or those just getting started—may struggle to develop on their own.

CBASS: What do you think is the biggest institutional hurdle after-school nonprofits face in achieving effective financial management?

FMA: Our initial project with The Wallace Foundation, and the backdrop for all of this work, was a [research study of the administrative capacity of after-school providers in New York and Chicago](#), where we found that organizations generally under-invest in their financial and other administrative systems, jeopardizing long-term organizational health. There are many reasons for this (outlined very well in Ann Goggins Gregory and Don Howard's article "[The Nonprofit Starvation Cycle](#)"), but our hope is to broadly make the case for the strategic importance of financial management.

CBASS: What aspect of financial management do you think after-school nonprofit organizations most commonly overlook?

FMA: We have seen that many after-school organizations don't focus enough on the *program* in financial planning and management; organizations that are primarily contract-funded have a tendency to center their planning and budgeting around contracts instead. The problems with this are two-fold: 1) It becomes very difficult to understand the actual cost of running programs and whether individual programs are operating at a surplus or deficit; and 2) The idea of budgeting as planning gets lost, and budgets instead become the accumulation of expenses that funders have committed to pay.

A tool on StrongNonprofits called the [Program-Based Budget Builder](#) helps users think through what it will actually cost to run each program. We also recommend that budgeting be a collaborative process that incorporates program managers, who are the most knowledgeable about actual program delivery (the site includes "[A Five-Step Guide to Budget Development](#)" that outlines a team-based budgeting process).

CBASS: How can intermediary organizations—organizations that provide professional development, funding and quality improvement supports to direct service providers—be more strategic about their own financial sustainability? Are there tools you recommend specifically to guide after-school intermediaries in making financial decisions?

FMA: Intermediary organizations face many of the same financial challenges as direct service providers. That said, there are two areas of financial strategy where intermediaries may want to pay special attention. One is long-term sustainability. Since intermediaries are critical to the overall system of after-school provision in their cities, their failure would have a damaging widespread effect. It is therefore particularly important to develop reserves and plan for long-term financial health. The [Governance](#) section of the site offers tools under “Planning for Financial Sustainability” that boards and leaders of intermediary organizations should take a look at.

The second area is being sure that any new funding opportunity is a good fit programmatically as well as financially, since intermediaries do so much contracting with governments and other funding sources. A resource on the site called the [Funding Opportunity Assessment Tool](#) helps guide users through the questions they should answer in determining whether a new contract makes strategic sense.

CBASS: What tool(s) on the site would you recommend for after-school non-profit organizations that are just starting to map out their financial management strategies?

FMA: Small and start-up organizations often find that managing cash flow is one of the first hurdles to overcome. Although there is (unfortunately!) nothing on the site that will actually unlock more cash, there is [a template for projecting cash needs over the course of the year](#) so organizations aren’t caught off guard when things start to get tight. New organizations also generally have a number of operational questions when it comes to finance, like, “What software should I be using?” or, “What do ‘internal controls’ really mean?” The [Operations](#) section of the site offers guidance for setting up your finance office.

CBASS: After your experience in Chicago and other cities, what is your most important piece of financial advice for executive directors of after-school non-profit organizations?

FMA: Executive directors have to be focused on the big-picture and long term, but they also have to understand that the big picture and long term are built on individual decisions in the here-and-now. From a financial perspective, understanding how this month’s and this year’s decisions impact the organization’s long-run financial position and financial health is something that executives have to pay close attention to. Now, that doesn’t mean “never spend money.” It could be the case that costly investments today are actually necessary for long-term programmatic (and related financial) success. But weighing those decisions is what makes being the executive director a challenge, and it underscores the importance of having a good team with a shared approach to financial planning and management.

[Fiscal Management Associates](#) is a consulting firm providing strategic and operational financial management consulting to nonprofit organizations nationwide. FMA and The Wallace Foundation worked together to develop www.strongnonprofits.org.