

Research and Analysis: NONPROFIT BUSINESS ANALYSIS

A nonprofit business analysis helps nonprofit executives and board members understand their organization's underlying fiscal health and readiness for change or growth.

Why conduct a nonprofit business analysis?

A nonprofit business analysis is a critical tool for organizations planning for:

- A new capital project;
- Program expansion;
- Organizational restructuring or realignment;
- Financial or fundraising challenges;
- New executive or board leadership; or
- Strategic restructuring, including collaboration, strategic alliance, acquisition or merger with another nonprofit organization.

How can nonprofit business analysis help?

A business analysis helps nonprofit executives and board members to:

- Understand the underlying financial trends and characteristics of their organizations, including revenue composition and growth, expense composition and trends, balance sheet composition, and key ratios;
- Assess the alignment of the organization's current financial structure with proposed changes;
- Predict the impact of proposed changes on the organization's future growth, sustainability, and survival;
- Use financial planning and management tools, such as annual/monthly cash flow projections, budgets of revenue and expenditures versus actual reports, to inform strategic decision making;
- Establish benchmarks for program productivity, financial performance and organization-wide fiscal health.

Additionally, a nonprofit business analysis is a powerful tool for making a sound business-based financial case to current and prospective funders and other stakeholders.

Services offered by The Finance Project

The Finance Project staff customizes its four step process to the specific needs and conditions of client organizations.

- **Gather and aggregate information** from readily available program and financial materials, such as audit reports, 990 forms, internal budgets and financial reports, strategic plans, program plans and descriptions.
- **Conduct a preliminary analysis** of the organization's financial condition and develop a graphic presentation that highlights key findings, indicators, and trends.
- **Review preliminary findings with designated executive staff and board members** and refine products and presentations as needed.
- **Submit a final presentation/report** to the organization's leaders, and if desired, make presentations to the full board of directors, funders, and other key stakeholders.

Examples of Our Work

- **Latin American Youth Center (LAYC).** The Finance Project conducted an analysis to provide the necessary financial context, including the capital and income requirements, for LAYC to successfully implement their new strategic plan, and make a sound business case to future investors and funders to realize their short- and long-term growth objectives.

For more information contact The Finance Project at 202-628-4200 or services@financeproject.org.