

Hispanic Federation – Latino Nonprofit Financial Management Initiative to Strengthen Nonprofits

Challenge

As the recession deepened in 2008, financial pressures were mounting on many of the health and human services agencies in the Hispanic Federation, a membership organization of 100 Latino nonprofits in New York, New Jersey, Connecticut and Pennsylvania. The agencies' challenges extended beyond fundraising to include declining cash reserves, difficulty generating ongoing financial reports, the absence of cost reduction strategies, and the lack of short- and long-term financial management tools to produce accurate forecasts.

Our Work

Over five months, Fiscal Management Associates worked with executive directors, finance staff, senior program staff, and development directors from 16 Hispanic Federation agencies with annual budgets ranging from \$117,000 to \$17 million. The goal of the Financial Management Initiative: to enhance the financial planning and management capacity of the agencies to ensure sustainability. For each agency, FMA carried out senior management training and one-on-one consulting in the most critical areas of financial management – ranging from fiscal staffing and budget development to governance. We conducted a gap analysis of fiscal staffing, financial planning and internal controls. And, for each agency, FMA produced a three-year financial analysis of operating results, liquidity and debt ratios, cash flow and composition of net assets to illustrate the strength of their balance sheet and their public profile.

“As a new executive director attempting to change the organizational culture toward fiscal accountability and transparency, this training has helped tremendously. Program Directors are now intimately knowledgeable about their budgets and are making data driven decisions as a result of this knowledge.”

*Cecilia Gaston,
Executive Director,
VIP Mujeres*

Results

Responding to surveys on the effectiveness of the Initiative, 94% of the participants reported they had increased their knowledge of fiscal staffing, monitoring and controls. Fully 100% said they intend to develop annual professional development plans for fiscal staff, prepare six-month rolling cash-flow projections, and make improvements in accounting software. Training from the Initiative equipped one small agency to anticipate a cash shortfall in time to adjust staffing levels. One of the largest agencies reported that it separated its fiscal office structure into contract management and accounting units to strengthen financial analysis. Together, the outcome from the Initiative has prepared Latino agency leaders with the knowledge and tools to implement the sound financial management practices needed to create sustainable organizations.

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