



FMA Chicago Speaker Series

Chicago Cultural Center
Accessing Working Capital
June 24, 2010




The Chicago Speaker Series is an initiative of the Wallace Foundation and Fiscal Management Associates, LLC.



Agenda


Welcome	9:00
Amy Gudgeon Fiscal Management Associates, LLC	
Working Capital & the Nonprofit Community	9:15
Hilda Polanco, Founder and Managing Director Fiscal Management Associates, LLC	
Accessing Working Capital	9:30
Panel	
Q&A	10:45
Final Remarks	11:00







Welcome

Amy Gudgeon
Project Lead, Strategic Financial Management Initiative
Fiscal Management Associates, LLC

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Working Capital & the Nonprofit Community

Presented by Hilda Polanco, CPA
Founder and Managing Director
Fiscal Management Associates, LLC

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Working Capital & The Nonprofit Community

What Do We Mean by Working Capital?

The diagram illustrates the concept of working capital as the difference between resources to pay and short-term obligations. It consists of two blue rounded rectangular boxes connected by a red double-headed arrow labeled "Working Capital". The left box is divided into two sections: "SHORT TERM OBLIGATIONS" at the top and "DUE NOW" at the bottom. The right box is also divided into two sections: "RESOURCES TO PAY" at the top and "FORTHCOMING" at the bottom.

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Working Capital & The Nonprofit Community

How Can We Convert Working Capital into Cash?

Current Assets	Current Liabilities
<ul style="list-style-type: none">▪ Receivables<ul style="list-style-type: none">➢ Manage Receivables – collect sooner▪ Inventory<ul style="list-style-type: none">➢ Limit amount of cash invested in inventory	<ul style="list-style-type: none">▪ Payables<ul style="list-style-type: none">➢ Prolong Payment – without upsetting your vendors!!

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Types Of Reserves: Tools For Supporting Operations

- Board-designated Cash Reserve for Operations
 - Internal line of credit to bridge funding delays
 - NOT to replace lost income or cover ordinary expenses
- Rainy Day (emergency) Reserve
- Infrastructure Reserve
 - Building maintenance, systems replacements, first year of salary for new staff, etc.
- Investment Reserve
 - A “self-governed” endowment with board authority to use the principal for other purposes if necessary



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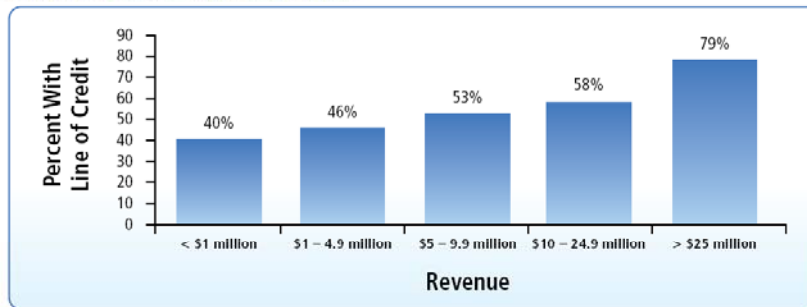


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Access to Line of Credit

Does your organization have a line of credit?



“Maximizing Nonprofit Resources in a Challenging Economy”, Fiscal Management Associates, 2009 – Survey based off of 290 nonprofit organization responses



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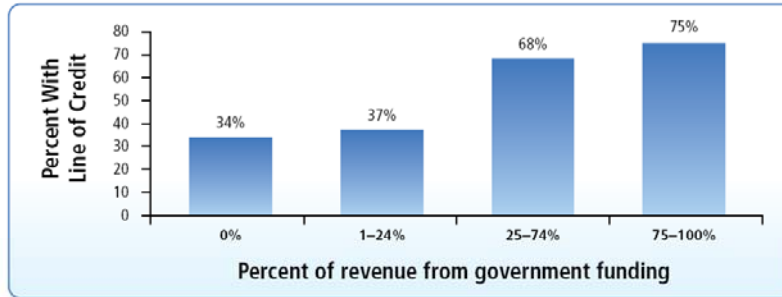
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Access to Line of Credit vs. Government Revenue

Does your organization have a line of credit?



"Maximizing Nonprofit Resources in a Challenging Economy", Fiscal Management Associates, 2009 – Survey based off of 290 nonprofit organization responses



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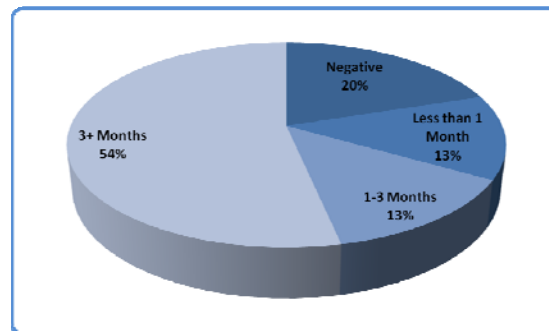


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Unrestricted Liquid Reserves

How many months of unrestricted liquid reserves does your organization have to cover expenses?



Featured In GAO
Report 10-477

"Administrative Management Capacity in Out-Of-School Time Organizations", Fiscal Management Associates, 2009 – Published by the Wallace Foundation



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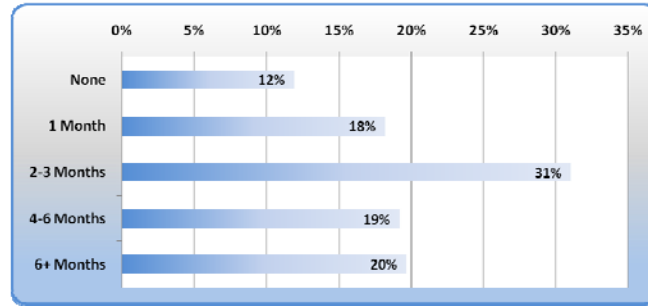


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Cash on Hand

How much cash (including reserves) does your organization have readily available?



"2010 State of the Nonprofit Sector Survey", Nonprofit Finance Fund, March, 2010 – Survey based off of 1302 nonprofit organization responses



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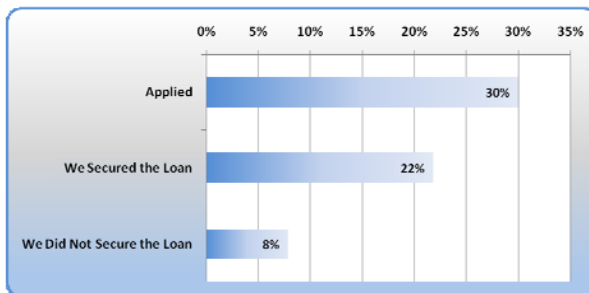


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Line of Credit

If you applied for a loan or a line of credit in the last 12 months, please check all statements with which you agree?



"2010 State of the Nonprofit Sector Survey", Nonprofit Finance Fund, March, 2010 – Survey based off of 1315 nonprofit organization responses



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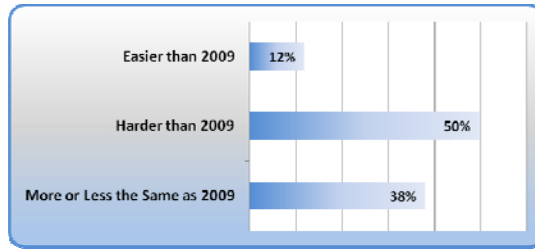


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Fiscal Outlook

What is Your Financial Outlook for your organization in 2010?



"2010 State of the Nonprofit Sector Survey", Nonprofit Finance Fund, March, 2010 – Survey based off of 1290 nonprofit organization responses. Approximation due to rounding.



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Panel



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Fiscal Management Associates (FMA)

- A consulting firm established in 1999 to serve not-for-profit organizations around the country
- Offices in New York and Chicago
- Provides customized financial management, accounting, software, organizational development, human resources, and other consulting services
- Works directly with organizations or through funder-supported management and technical assistance programs

FMA's mission is to empower not-for-profit organizations with the knowledge and skills to successfully serve their constituents and fulfill their missions.

For additional information please contact:

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About the Presenter



Hilda H. Polanco, CPA, CCSA®

Managing Director and founder of Fiscal Management Associates, LLC (FMA), Hilda provides practical, hands-on financial management and consulting services to organizations in the not-for-profit sector. Over the last nineteen years, Hilda has built a specialized consulting practice focused on helping not-for-profit agencies create and maintain effective fiscal systems and policies, cost-efficient technology systems, and a human resource infrastructure that supports their program, fiscal and operating demands. Additionally, in order to address a critical need for the professional development of leaders in the nonprofit sector, she spearheaded the creation and launch of the FMA Institute.

A recognized expert in the independent sector, Hilda has been invited for the last three years by the New York Times Company to serve on the selection committee for the NYT Nonprofit Excellence Awards. She is an adjunct professor in Columbia University's Department of Health Policy and Management and regularly conducts fiscal workshops for Columbia's Institute for Not-for-Profit Management.

Hilda currently serves on the Board of Directors for the New York Better Business Bureau Foundation and chairs the Foundation's Hispanic Advisory Committee. Hilda also serves on the Advisory Board for Acclero Learning, an

organization that partners with local communities to support high quality Head Start programs.

She has also served on the Board of Governance Matters. Other memberships include the American Institute of CPAs, New York State Society of CPAs and its Not-for-Profit Organizations Committee. In 2008, she was honored with the Social Entrepreneur Award from the National Association of Women Business Owners-New York City, which recognizes the successful impact made by a woman who uses business methods to find practical ways to solve social problems or needs related to the not-for-profit sector. Her previous honors include an award from WHEDCO in 2004 for outstanding leadership in the field of nonprofit finance and the 2003 Latina Excellence Award in Community Service from HISPANIC Magazine.

Hilda graduated from New York University with a B.A. in Accounting. She is a CPA and holds the Certification in Control Self-Assessment, conferred by the Institute of Internal Auditors to practitioners who have proven their knowledge and are able to provide guidance on risk, controls, and business objectives.



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