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Executive Summary

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Maximizing Nonprofit Resources: 2008-09 Survey of Nonprofit Fiscal Operations and Guide to Best Practices

As consultants and accountants serving clients in the New York nonprofit sector, we at Fiscal Management Associates and ERE LLP published results of the first-ever survey of fiscal management practices among New York metro-area nonprofits in 2008, before the economy and nonprofit organizations felt the full impact of the financial crisis. Now, at the release of our second survey report, we face an entirely different economic landscape.

This survey was fielded at the end of 2008, and gathered responses from 290 nonprofit organizations representing the full range of mission areas, budget sizes, and stages of development, from small start-up arts organizations to multi-million dollar city-wide social service agencies. Our questions covered a few broad fiscal management areas and dug deeper into how financial information is generated and communicated within organizations, with questions about:

- staffing patterns
- day-to-day accounting and fiscal management
- budgeting and reporting
- accounting software systems
- communications with the external auditor
- communications with the board of directors

The survey responses serve as a snapshot of nonprofit organizations poised on the brink of an economic recession. It is from this perspective that we present the results as a guide to help nonprofits understand critical decisions around fiscal infrastructure and governance, and for their stakeholders to gain a broader understanding of practices and needs within the sector.

By further breaking down the results by the responding organizations' budget size, not-for-profit leaders have the opportunity to see the fiscal practices employed by their peers and to better evaluate where their own organizations stand.

Our report looks at the responses through three lenses: efficiency, reliability, and decision making. We view efficiency and reliability as two different capacities that when combined form a stronger one: effective decision making, which ensures the long-term viability of the organization.

With efficiency, we mean achieving maximal results while conserving internal resources. For nonprofits, this has become a necessity. As you will see from the survey results, the old adage "work smarter, not harder" still applies. Reliability is defined as a balance between timeliness and accuracy of information. Once the organization has fiscal systems and processes that operate efficiently and produce reliable financial information, these elements form the basis for effective financial decision making.

A guiding principle that runs through this report is the value of a holistic approach to financial planning and decision making. Active involvement from all financial stakeholders—fiscal, program, development, executive management, and the board—will produce better long-term results.