

2018 Minnesota Nonprofit CFO Report



The 2018 *Minnesota Nonprofit Chief Financial Officer (CFO) Report* summarizes key findings from a survey designed to provide an overview of the financial practices, staffing, leadership and outlook for Minnesota nonprofit organizations. Like other industries in the United States, the nonprofit sector benefits from having timely information on pressing challenges and emerging trends related to core functions of its activities.

Nonprofit organizations make up 12 percent of Minnesota's economy, and the success of these entities is an important contributor to Minnesota's quality of life - assuming they are well managed, have reliable finances, and can maintain the trust of their funding sources, public and regulators. Chief Financial Officers (and equivalent peers with other job titles in nonprofits) are essential leadership positions for organizations to accomplish their missions.

In this report we build on the experience of two previous surveys conducted by the predecessor to Propel Nonprofits in 1994 and 2000. The findings from the 2018 CFO survey were first presented on April 19, 2018 at the Finance and Sustainability Conference co-sponsored by the Minnesota Council of Nonprofits (MCN) and Propel Nonprofits.

MCN and Propel Nonprofits plan to continue this as a biennial survey to provide an ongoing picture of nonprofit financial conditions. In response to feedback several changes will be made to the 2020 survey such as including a question about how organizations prioritize budget cuts.

We are interested in further comments and recommendations on this survey and report. A complete list of the 2018 survey questions is included at the end of this report. Please contact Kari Aanestad (kaanestad@minnesotanonprofits.org) with suggestions for changes or clarifications.

Report Authors

Jon Pratt (Executive Director, MCN), Kari Aanestad (Director of Advancement, MCN), Kate Barr (President and CEO, Propel Nonprofits)

The 2018 Minnesota Nonprofit CFO Survey was developed by the MCN and Propel Nonprofits in partnership with a Survey Advisory Group, with representatives from Bremer Bank, Eide Baily LLP, Hamline University Program on Nonprofit Management, and the Nonprofit Financial Group.

MCN is a statewide association of more than 2,200 Minnesota nonprofit organizations. Through its website, publications, workshops and events, cost-saving programs and advocacy, MCN works to inform, promote, connect and strengthen individual nonprofits and the nonprofit sector.

Propel Nonprofits fuels the impact and effectiveness of nonprofits with guidance, expertise, and capital. Its services include accounting and finance, board governance, fiscal sponsorship, lending, skills and knowledge sharing, strategic consulting, and training for nonprofits in Minnesota and the adjacent states.

Together MCN and Propel Nonprofits strengthen and build the capacity of thousands of nonprofit organizations each year.

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Overview and Key Findings

Major Sections:

The report details findings in three main categories relevant to the chief financial function of nonprofit operations and professionals who lead that work:

1. Current nonprofit conditions and prospects
2. Organization practices and policies
3. The lead finance position

Respondents:

Minnesota's CFO survey was sent to approximately 5,000 individuals with a completion date of February 25, 2018. We asked that this survey be completed by the primary financial manager of the organization (whether or not they have the title of CFO). In total 241 individuals completed the survey, generally reflecting the overall distribution of Minnesota's nonprofit organizations by size, activity areas, and geographic service areas:

- Organizations with annual budgets ranging from \$1-5 million were the largest cohort, accounting for 40 percent of total respondents. Approximately 30 percent of respondents had budget sizes greater than \$5 million, and those with budgets less than \$400,000 and between \$400,000 and \$1 million accounted for 15 percent of respondents respectively.
- Like the state's nonprofit sector, human services was the largest cohort of respondents at 37 percent (a slightly larger representation than its overall share), with arts, culture, and humanities accounting for 15 percent, education 13 percent, public benefits 12 percent, and health 10 percent of survey respondents.
- Just over 35 percent of respondents serve the Twin Cities, nearly one-quarter serve regions in Minnesota outside of the Twin cities, over 15 percent serve the entire state, and 15 percent also serve areas outside of Minnesota.

Context and Key Findings:

Minnesota is a unique state with one of the strongest nonprofit sectors in the nation, often ranking at the top for charitable giving, volunteerism, and civic participation. Such a strong nonprofit sector is a result of and continually strengthened by a number of contributing factors:

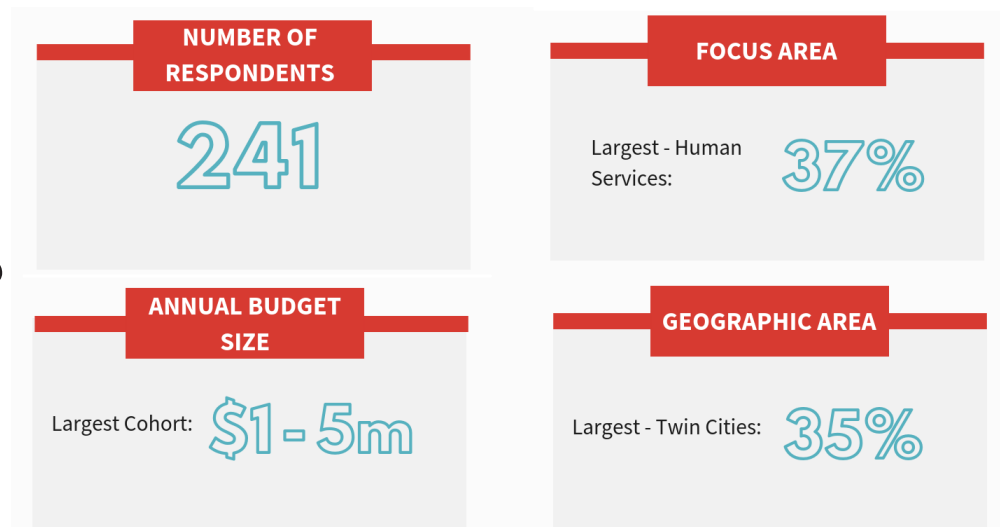
- Peer support - As Minnesota's nonprofit sector has been growing, developing, and cohering over the past few decades, nonprofit leaders have had robust opportunities for peer interactions that support the mutual growth and achievement of strong organizations. A robust, well-connected nonprofit network offers close proximity to high performers, which continues to inspire the highest performance in others.
- Strong philanthropy - Minnesota is home to a concentration of more than 1,400 grantmakers who believe in providing meaningful support to nonprofit organizations, including general operating support for core functions like financial management and oversight. Minnesota is also home to 19 Fortune 500 companies, all of which have corporate philanthropic programs with foundation grantmaking, volunteerism, and encouragement of their employees serving on nonprofit boards. Minnesota is also home to the second largest United Way in the country.
- Infrastructure support - Minnesota's nonprofits have access to high-quality capacity-building resources, infrastructure support, and nation-leading higher education opportunities dedicated to nonprofit management. One of the payoffs of nonprofit leaders' access to such deep infrastructure support is that Minnesota's nonprofits have strong financial management leadership.

Overview and Key Findings

The strength of Minnesota's nonprofit sector is reflected in the findings of the CFO survey. Key findings include:

- Financial leaders' assessment of their organization's financial health and vitality was strong overall, with results similar across budget sizes and types of organizations. 2018 results reflect an increasing number of nonprofits reporting healthy financial conditions when compared to years 1994 and 2000 surveys.
- Overall the year end results reported for 2017 were generally strong, but forecasts for 2018 anticipated a less optimistic result, with a substantial majority anticipating break-even or deficits. The survey was completed in February, reflecting respondents' best estimations at that moment in time, and perhaps reflecting customary nonprofit caution around projecting future revenue.
- On average financial leaders report stability and lengthy tenures in their positions and in the profession, with very manageable rates of turnover.
- Financial leaders reported a wide variety of educational backgrounds and pathways into the role, from accounting and finance to social work and music.
- The amount of cash available for organizations is a challenge, especially for those with more than 50 percent of funding from government sources and for organizations with budgets over \$1 million.

WHO RESPONDED?

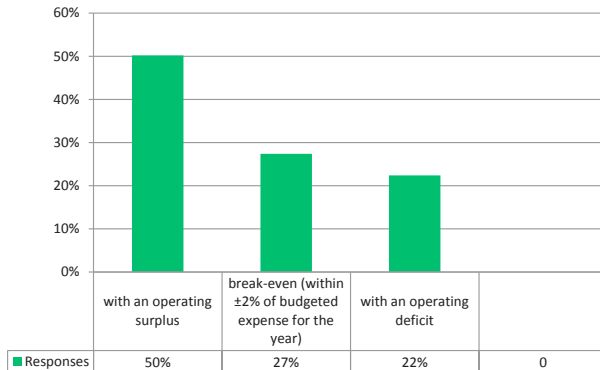


Current Conditions and Looking Forward

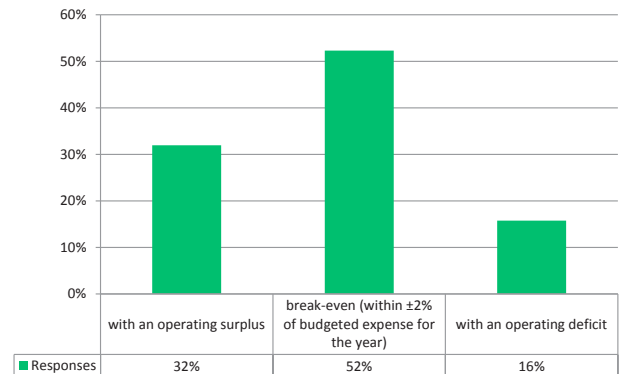
Overview and Key Findings:

The overall conditions of Minnesota's nonprofit finances seem to match the healthy Minnesota economy, with a robust state budget and relatively high levels of employment and charitable contributions.

Question 7: How did your organization end fiscal year 2017?



Question 8: How does your organization anticipate ending fiscal year 2018?



Results indicate strong financial health among Minnesota nonprofits, with 50 percent of nonprofit organizations ending 2017 with a surplus, 22 percent ending with an operating deficit, and 27 percent were break even (within 2 percent). The 22 percent of respondents reporting an operating deficit is not on its own a serious concern if this it represents an occasional episode (such as occurring once every four – five years).¹

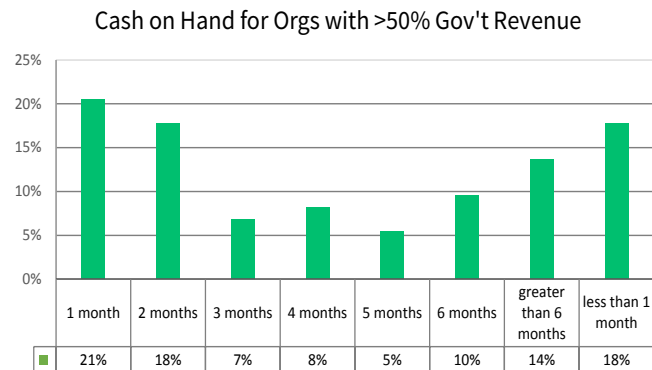
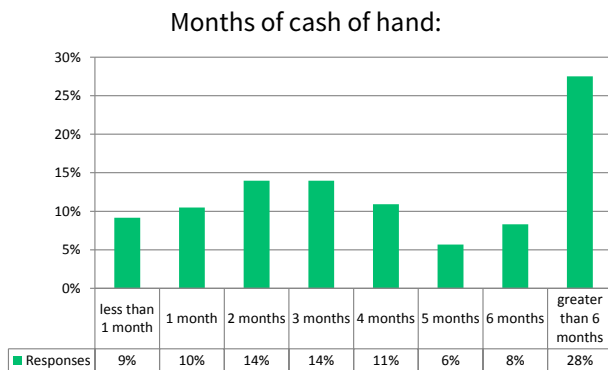
Over 35 percent of respondents said their current year expenses are within 5 percent of the prior fiscal year.

Overall the financial results for 2017 were generally strong but forecasts for 2018 were less optimistic with a large majority anticipating break-even or deficits. The survey was completed in February 2017, reflecting respondents' best estimations at that moment in time. 50 percent of respondents reported increases in expenses of more than 5 percent this past year.

¹ Understanding the relative ups and downs of individual nonprofit financial performance is complicated by the treatment of multiyear funding by the accounting profession. The financial accounting standards Board (FASB) requires that multiyear commitments made to nonprofit organizations be counted as income in the year the commitment is received, not the year it is planned to be expended. This can make a given year appeared to have surplus or deficit due to where the organization may be in its multiyear funding.

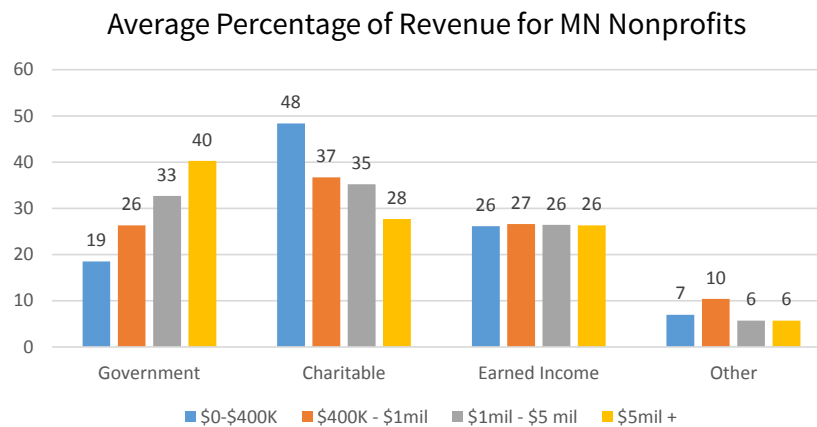
Current Conditions and Looking Forward

Question 41: How many months of cash on hand does the organization have?



The amount of cash on hand equivalent to an organization’s average monthly expenses (months of cash on hand) is often looked at as an indicator of financial health or prudence for a nonprofit, with a recommendation by some for health be greater than 6 months of operating revenue in cash. It should be noted that cash on hand is not synonymous with an operating reserve, and not all cash is unrestricted. Of all survey respondents, 28 percent indicated having greater than six months of cash on hand (61 organizations). Of those, nearly half had annual budgets ranging from \$1-5 million.

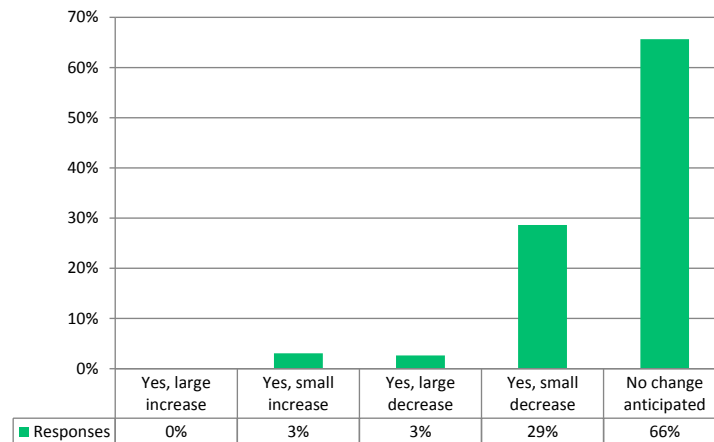
While greater months of cash on hand does offer a protective buffer against unforeseen disruptions, costs, or revenue shortfalls, looking solely at months of cash on hand as a primary indicator of financial health is a constrained view of the dynamism of nonprofit revenue profiles. For example, looking at months of cash on hand alone, organizations with greater than 50% government revenue could be seen as “unhealthy” as more than 60% of respondents indicated having less than 3 months of cash on hand. An essential factor of financial health for these organizations, however, is the reliability of funding. Government funding is often structured as reimbursement for activities and expenses that have already occurred through a consistently and reliable reimbursement process.



Organizations who have larger portions of government funding tend to be larger in overall budget size.

Current Conditions and Looking Forward

Question 46: Does the organization anticipate a change in individual contribution revenue due to the new tax law?



Responses were collected in February 2018 and reflect respondents' thinking at that moment in time when little was known about the effects of the Tax Cuts and Jobs Act of 2017 and organizations were still analyzing fourth quarter donations. Though several published accounts have attempted to predict the impact of the new federal tax law on charitable giving, reliable data won't be available until after a full tax filing season and time for analysis of the results, perhaps in 2020.

Perceived Vitality: Perceptions of strong financial health was reported across all budget cohorts. Comparing results from the 1994 and 2000 surveys show a growing share of nonprofit organizations reporting vital, healthy financial conditions.

Comparative Years:

Question 39: Which statement best describes the financial condition of your organization?

2018 Participants' Perceptions of Financial Health wth Comparisons to 2000 and 1994

	2018	2000	1994
Financially healthy & not presently vulnerable	55%	45%	32%
Financially healthy to date, but feel vulnerable in future	28%	35%	34%
Some financial problems, but expect to survive	16%	18%	33%
Don't know how they will survive this year	1%	2%	1%

Question 40: How would you describe the overall vitality of your organization?

2018 Participants' Perceptions of Organizational Vitality Comparisons to 2000 and 1994

	2018	2000	1994
Operating smoothly & positioned to meet challenges ahead	65%	49%	51%
Coping but not ready for more challenges	31%	46%	42%
Despite vigorous efforts, seem to be losing ground	3%	4%	3%
Barely surviving	1%	1%	4%

Current Practices - How Organizations Manage Finance

Overview and Key Findings:

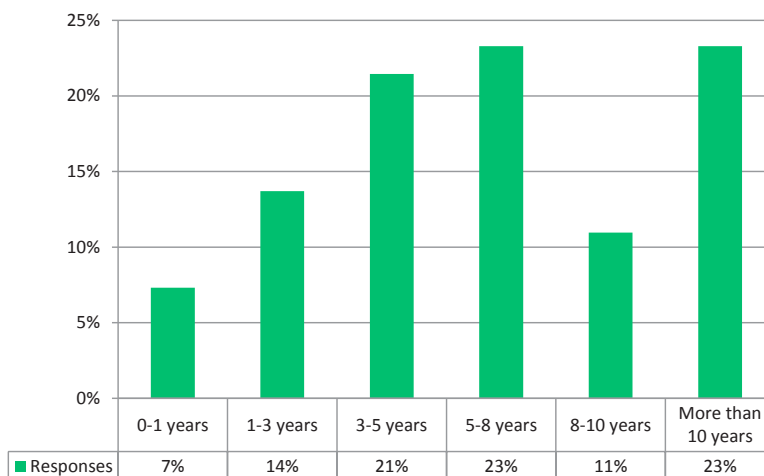
- The vast majority of respondents (70 percent) employ organizational staff who perform financial functions for the organization; Nearly 30 percent use a combination of staff and contracted workers; and less than 5 percent only use contracted workers.
- Nearly 60 percent of respondents have a policy to review and consider changing audit firms (a practice encouraged by the Sarbanes Oxley Act of 2002, in response to corporate financial scandals attributed in part to overly close relationships with between auditors and their clients and lax scrutiny by audit firms).

Question 11: What's the size (in FTE) of the finance and accounting team?

Budget Size	Average FTE of Finance Team	# of Respondents
\$0-\$399,999	0.93	40
\$400,000 - \$999,999	0.9	35
\$1 Million - \$5 Million	1.5	95
\$5 Million +	5.1	71
All Respondents	2.5	241

The average size of FTE for the finance team was fairly consistent between 1-1.5 for organizations with annual budget sizes up to \$5 million. Organizations with annual budgets of greater than \$5 million had an average of 5.1 FTE for size of the finance team.

Question 24: How long has the organization been with the same audit firm?



Current Practices - How Organizations Manage Finance

While there's no standard recommended length of time that a nonprofit organization stay with the same audit firm. Partnering with an audit firm over a number of years allows the firm to deepen its knowledge of the organization's finances and conduct meaningful audits, and yet new firms can bring fresh perspective to an organization's finances. It is recommended that nonprofit organizations have a policy in place to guide the frequency and process by which they evaluate and select an audit firm with which to work.

Staying Up-To-Date on Developments and Emerging Practices in the Field:

The survey advisory committee was interested in finding out how nonprofit professionals stay up-to-date, and what sources of information are most useful to them. When asked what primary sources of information finance teams use to stay up to date on accounting pronouncements and industry standards, most respondents indicated audit firms (over 80 percent), Nonprofit Financial Group (nearly half), and the Finance and Sustainability Conference sponsored by MCN and Propel Nonprofits (nearly 40 percent). Other sources of information include: MN Society of CPAs, accounting firms, networking lunches, social media feeds, and observations of other nonprofit organizations.



Audit Firms



Nonprofit
Financial Group



Finance and
Sustainability
Conference

Financial Information Sharing Among Non-Finance Staff and Board:

The survey sought to shed light on how financial information is shared across the organization, providing a measure of transparency that increases awareness and accountability. Over 80 percent of respondents reported sharing financial information with the organization's non-finance staff on at least a periodic basis, and over half reported regular information sharing. Close to 60 percent of respondents provide regular informal presentations and 25 percent offer formal trainings for the rest of the staff on how to interpret and understand financial information about the organization.

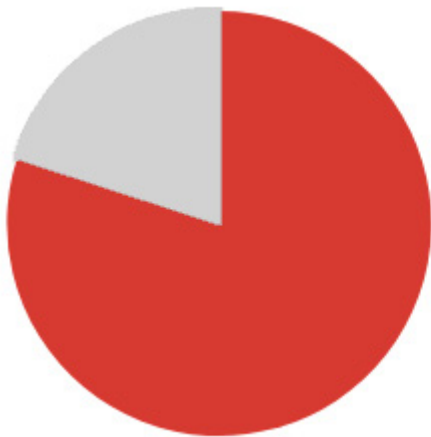
Fiduciary accountability is a basic legal responsibility of the governing role of a board, requiring that board members be knowledgeable about the organization's financial obligations, reporting formats and overall condition. Over 60 percent of respondents reported offering regular informal presentations to board members, and 25 percent provide organized trainings led by internal staff. Of some concern, 36 percent of respondents indicated that they expect their board members to already be knowledgeable coming into their role with the organization, suggesting that additional finance training would not be necessary.

Current Practices - How Organizations Manage Finance

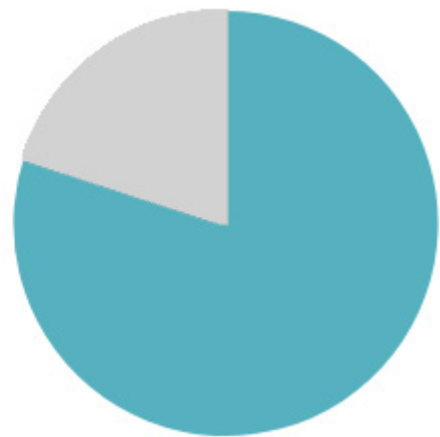
Over 80 percent of respondents indicated they have a finance committee of the board. Nearly 80 percent of respondents reported an encouraging Goldilocks board finance focus – that the level of the board’s involvement in financial matters is at the appropriate level. The remaining 20 percent either indicated highly detailed involvement (9 percent - too hot?) or minimal (11 percent – too cold?).

When asked about the frequency in which board members receive financial statements, respondents indicated:

- Monthly (46 percent)
- Every other Month (18 percent)
- Quarterly (32 percent)
- 2-3 times per year (3 percent)
- Annually (1 percent)



Have Finance Committee of the Board



Appropriate Board Involvement in Financial Matters

Organization Policies and Practices:

- Over 60 percent have an investment policy
- Nearly 75 percent carry fiduciary insurance
- Over 50 percent manage their investments through board or committee review; 30 percent use an external investment manager, and nearly 30 percent use internal management decision-making
- 85 percent of respondents indicated there is no compensation bonus provision for their position
- Nearly 70 percent of respondents said their organization has not established a succession plan for the top finance position

Current Practices - How Organizations Manage Finance

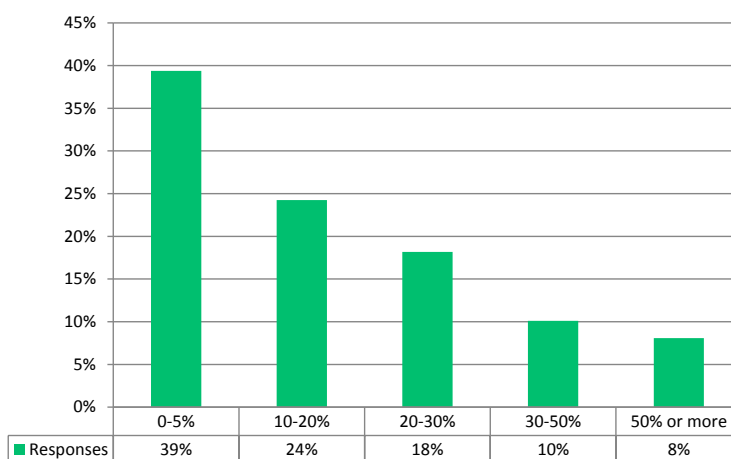
Operating Reserves:

Nonprofit organizations establish and build operating reserves to be used for a variety of purposes. Nearly 60 percent of respondents indicated that they have a designated operating reserve account. Of the remaining 40 percent without a designated operating reserve account, 35 percent have annual operating budgets of \$1-5 million and 34 percent have annual operating budgets greater than \$5 million. This reflects an earlier finding that larger organizations tend to receive a significant portion of their revenue from government, which is often restricted to specific activities and timeframes and unable to be invested in an operating reserve. The amount of cash available for organizations is a challenge, especially for those with more than 50 percent of funding from government sources and for organizations with budgets over \$1 million.

- Purposes of the reserve account included:
- Emergencies (36 percent)
- Manage gaps or unevenness in revenue (29 percent)
- Opportunity fund (24 percent)
- Repair and replacement of fixed assets/building (22 percent)
- Cover costs while waiting for a grant (12 percent)
- Manage delays in payment from government contracts (10 percent)

For additional resources, Propel Nonprofits has developed a resource that provides a helpful overview of nonprofit operating reserves including definitions of key terms, reporting and compliance considerations, and policies. The *Nonprofit Operating Reserves and Policy Example* is available online at Propel Nonprofits' website and the link is in the footnotes below.²

Question 45: What amount is the operating reserve in comparison to the annual budget?



A key sustainability challenge is for each organization to match the reliability/predictability of its revenue with a source of available cash (in reserves, deposits, or line of credit) sufficient to buffer against excessive cash requirements.

² https://www.propelnonprofits.org/wp-content/uploads/2017/11/nonprofit_operating_reserves_and_policy_examples_2017.pdf

Finance Professionals – The Role

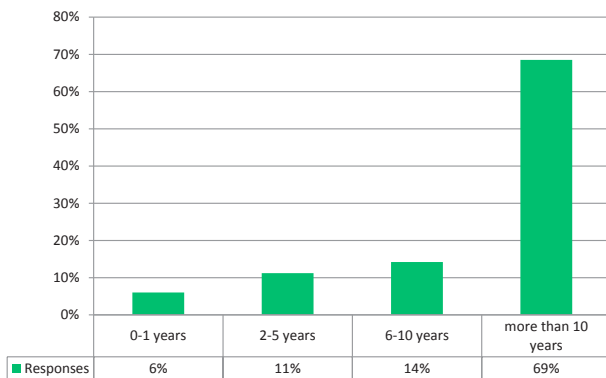
Overview and Key Findings:

Overall financial leaders report long tenures in their positions and in the profession. Financial leaders also bring a wide variety of educational backgrounds and pathways into the role and are engaged in key decisions for the organization.

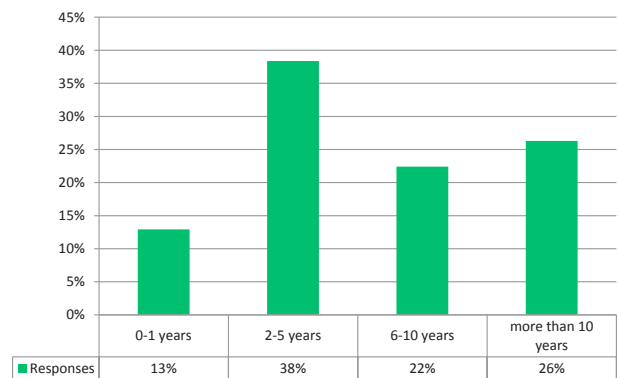
About the Respondents:

- In addition to the title Chief Financial Officer (CFO), respondents of the survey held titles including Executive Director, Finance/Accounting Director, Finance Manager, Controller, Accountant, and Associate Director.
- Nearly 40 percent of respondents said nonprofit finance was their chosen career, and 35 percent transitioned from the for-profit sector. Nearly 20 percent said they “happened to be at the organization and were assigned financial duties,” and 15 percent transitioned from another non-financial role in the organization.

Question 13: How long have you worked in the financial field?



Question 14: How long have you been with the organization?



The survey was sent to the top financial officials of nonprofit organizations holding senior leadership. A majority of respondents indicated more than 10 years of longevity in the field, which also contributes to organizational stability with more than half of respondents indicating having been with their nonprofit employer for more than six years.

Question 15: The top ten most frequently reported college undergraduate degrees:

Degree	Number of Respondents
Accounting	47
Finance	7
Business Administration	6
Sociology	6

Biology	5
English	5
Accounting	4
Business	4
Political Science	4
Economics	3

Finance Professionals – The Role

Demographics of CFO Respondents:

	\$0-\$399,999	\$400,000 - \$999,999	\$1 Million - \$5 Million	\$5 Million +	Total
Female	24	24	59	37	144
% of all Female Respondents	17%	17%	41%	26%	100%
% of all Budget Size Respondents	62%	75%	68%	54%	
Male	12	8	27	31	78
% of all Male Respondents	15%	10%	35%	40%	100%
% of all Budget Size Respondents	31%	25%	31%	46%	
Transgender	1	0	0	0	1
% of all Transgender Respondents	100%	0%	0%	0%	100%
% of all Budget Size Respondents	3%	0%	0%	0%	
Genderqueer	2	0	1	0	3
% of all Genderqueer Respondents	67%	0%	33%	0%	100%
% of all Budget Size Respondents	5%	0%	1%	0%	
Total Respondents	39	32	87	68	226
% of Respondents	17%	14%	38%	30%	100%
% of Respondents by Gender	100%	100%	100%	100%	

Race/Ethnicity	% of Respondents
White	90%
Prefer Not to Answer	6%
Asian	~2%
Black or African-American	~1%
Hispanic or Latinx	~1%
Native American or Indigenous	~1%

CFO's Role in Leadership & Management:

- Nearly 90 percent of respondents said that their CFO or similar position attends board meetings.
- Over 60 percent of respondents are either fully responsible or lead the process for compliance and reporting to government regulators funders, etc.
- 85 percent of respondents are either always or usually involved in the organization's strategy and management deliberations.

Appendix

Survey Questions:

Organization Data – Questions about the nonprofit organization

1. State
2. Service Area
 - a. Twin Cities
 - b. Entire State
 - c. Other region in MN outside of Twin Cities
 - d. Multi-state, including Minnesota
 - e. Other (please specify)
3. Activity Area

A: Arts, Culture & Humanities	J: Employment	S: Community Improvement & Capacity Building
B: Education	K: Food, Agriculture & Nutrition	T: Philanthropy, Volunteerism & Grantmaking Foundations
C: Environmental Quality, Protection & Beautification	L: Housing & Shelter	U: Science & Technology
D: Animal-Related	M: Public Safety, Disaster Preparedness & Relief	V: Social Science
E: Health Care	N: Recreation, Sports	W: Public & Societal Benefit
F: Mental Health & Crisis Intervention	O: Youth Development	X: Religion-Related
G: Diseases, Disorders & Medical Disciplines	P: Human Services	Y: Mutual & Membership Benefit
H: Medical Research	Q: International, Foreign Affairs & National Security	Z: Unknown
I: Crime & Legal-Related	R: Civil Rights, Social Action & Advocacy	

4. Expenditures in most recent year
 - a. \$0-\$99,999
 - b. \$100,000-\$199,999
 - c. \$200,000-\$399,999
 - d. \$400,000-\$699,999
 - e. \$700,000-\$999,999
 - f. \$1 million - \$2 million
 - g. \$2 million - \$3 million
 - h. \$3 million - \$5 million
 - i. \$5 million - \$10 million
 - j. \$10 million - \$20 million
 - k. Above \$20 million

Appendix

Survey Questions Continued:

5. Percentage of revenue mix from key sources
 - a. Government reimbursed service fees (ex. Medicare)
 - b. Other government grants
 - c. Federated giving (United Way, etc.)
 - d. Individual Giving
 - e. Corporations
 - f. Foundations
 - g. Fees/dues/program service revenue from non-governmental sources
 - h. Endowment/investment income
 - i. Sales/special events/social enterprise/etc.
 - j. Unallocated
6. What level of government funding does the organization receive, if any (federal, state, local)?
 - a. Federal
 - b. State
 - c. Local
 - d. NA
7. Ended fiscal year in 2017 with operating surplus, break-even, or operating deficit
8. Project to end fiscal year 2018 with operating surplus, break-even, or operating deficit
9. By what percentage did expenses change compared to the prior year?
 - a. Increase more than 25%
 - b. Increase 15-25%
 - c. Increase 5-15%
 - d. Within 5% of prior year

Finance Department – Questions about the people who manage the finances of the organization

10. Who performs the financial functions for the organization?
 - a. Organization staff
 - b. Contracted workers
 - c. Combination of organization staff and contracted workers
11. What is the size (in FTE) of the finance and accounting team?

Respondent Demographics – Questions about the respondent

12. Your title
 - a. Executive Director
 - b. Associate Director
 - c. CFO
 - d. Finance Accounting Director
 - e. Finance Manager
 - f. Controller
 - g. Accountant
 - h. Other
13. How long have you worked in the financial field?
 - a. 0-1 years
 - b. 2-5 years
 - c. 6-10 years
 - d. More than 10 years

Appendix

Survey Questions Continued:

14. How long have you been with the organization?
 - a. 0-1 years
 - b. 2-5 years
 - c. 6-10 years
 - d. More than 10 years
15. College undergrad degree (fill in the blank).
16. What is the background of the organization's top financial manager?
 - a. Nonprofit finance is chosen career
 - b. Transitioned from program or other role in organization
 - c. Transitioned from for-profit sector
 - d. Happened to be there and assigned duties
17. Percentage of current position time spent in the finance function?
 - a. Less than 15%
 - b. Between 15-30%
 - c. Between 30-50%
 - d. Between 50-70%
 - e. Between 70-85%
 - f. More than 85%
18. Are there bonus provisions for your position? (Y/N)
19. Does the CFO or similar position attend board meetings? (Y/N)
20. What is the CFO's involvement in compliance & reporting to government regulators, funders, etc.?
 - a. Fully responsible
 - b. Lead process
 - c. Depends on funding source
 - d. Review before submission
 - e. Compliance & reporting is someone else's responsibility
21. Is there a succession plan for the head of the finance/accounting department?
 - a. Designated successor currently on staff
 - b. Distribute duties to other positions during search
 - c. Search process plan established
 - d. No current plans
 - e. NA
22. How would you describe your gender identity?
 - a. Female
 - b. Male
 - c. Transgender
 - d. Genderqueer
 - e. Prefer not to answer
23. What is your race and/or ethnicity?
 - a. Asian
 - b. Black or African American
 - c. White
 - d. Hispanic or Latinx
 - e. Native American or Indigenous
 - f. Middle Eastern or North African
 - g. Native Hawaiian or Pacific Islander
 - h. Other (please specify)

Appendix

Survey Questions Continued:

Audit Firm Selection (if applicable)

24. How long has the organization been with the same audit firm?
 - a. 0-1 years
 - b. 1-3 years
 - c. 3-5 years
 - d. 5-8 years
 - e. 8-10 years
 - f. More than 10 years
25. Does the organization have a policy to review and consider changing audit firms? (Y/N)
26. Does your organization have over \$750,000 in revenue and is required by MN law to conduct a Generally Accepted Accounting Principles audit? (Y/N)
27. If yes, has your organization prepared for or decided how to address the new presentation formats including in the Accounting Standards Update on Presentation of Financial Statements for Not-for-Profit Entities (ASU 2016-14)?
 - a. We have already adopted the new standard
 - b. We have discussed this internally and are making plans
 - c. We are aware of it but have not taken specific steps yet
 - d. Not sure how this will affect the organization

Financial Leadership – Involvement in decision making, internal information sharing and governance

28. To what extent does the organization involve the finance leader as a participant in strategy and management deliberations?
 - a. Always
 - b. Usually
 - c. Sometimes
 - d. Rarely
29. What are the primary sources of information for the finance/accounting team to stay up to date on accounting pronouncements, industry standards, etc.?
 - a. Industry association
 - b. Nonprofit Financial Group
 - c. Audit firm
 - d. Finance and Sustainability Conference
 - e. Subscriptions to industry publications
 - f. Other (please specify)
30. How often is financial information shared with the organization's non-finance employees?
 - a. Regular basis
 - b. Periodically
 - c. On request
 - d. Never

Appendix

Survey Questions Continued:

31. How are staff in the organization educated on interpreting and understanding financial information that is shared?
 - a. Regular informal presentations
 - b. Organized trainings by internal staff
 - c. Organized trainings by outside parties
 - d. Expectation that staff are knowledgeable coming into the organization
 - e. None of the above
 - f. NA
32. How is the board educated on interpreting and understanding financial information that is shared?
 - a. Regular informal presentations
 - b. Organized trainings by internal staff
 - c. Organized trainings by outside parties
 - d. Expectation that board members are knowledgeable coming into the organization
 - e. None of the above
 - f. NA
33. The level of the board's involvement in financial matters is:
 - a. highly detailed
 - b. appropriate
 - c. minimal
 - d. non-existent
34. How often does the board receive financial statements?
 - a. Monthly
 - b. Every other month
 - c. Quarterly
35. Does the organization have a finance committee of the board? (Y/N)
36. Does the organization have an investment policy? (Y?N)
37. How does the organization manage investments?
 - a. Internal management decision-making
 - b. External investment manager
 - c. Board or committee review
 - d. Other (please specify)
38. Does the organization have fiduciary insurance? (Y/N)

Current Financial Conditions – The nonprofit organization's future plans and sustainability

39. Which statement best describes the financial condition of your organization?
 - a. Financially sound and not presently vulnerable
 - b. Have been financially sound to date but feel vulnerable in the future
 - c. Have some financial problems but expect to survive
 - d. Don't know how we'll survive
40. How would you describe the overall vitality of your organization?
 - a. Our organization operates smoothly and is fully positioned to meet the challenges ahead
 - b. We are coping but probably not ready for any more challenges
 - c. Despite vigorous efforts we seem to be losing ground
 - d. We are barely surviving

Appendix

Survey Questions Continued:

41. Months of cash on hand
 - a. Less than 1 month
 - b. 1 month
 - c. 2 months
 - d. 3 months
 - e. 4 months
 - f. 5 months
 - g. 6 months
 - h. Greater than 6 months
42. Does the organization own or lease its facility? (Own or Lease)

Designated Operating Reserves (if applicable)

43. Does the organization have a designated operating reserve account? (Y/N)
44. What is the purpose of the reserve account?
 - a. Opportunity fund
 - b. Repair & replacement for fixed assets/building
 - c. Manage delays in payment for government contracts
 - d. Cover costs while waiting for a grant
 - e. Management gaps/unevenness in revenue
 - f. For emergencies
 - g. Other (please specify)
45. What amount is the operating reserve in comparison to the annual budget (%)?
 - a. 0-5%
 - b. 5-10%
 - c. 10-20%
 - d. 20-30%
 - e. 30-50%
 - f. 50% or more

Future Changes

46. Does the organization anticipate a change in individual contribution revenue due to the new tax law?
 - a. Yes, large increase
 - b. Yes, small increase
 - c. Yes, small decrease
 - d. Yes, large decrease
 - e. No change anticipated
47. Does the organization anticipate other changes in income due to the new tax law?
 - a. Yes, large increase
 - b. Yes, small increase
 - c. Yes, small decrease
 - d. Yes, large decrease
 - e. No change anticipated
48. Are there subjects that you think a future CFO survey should address or recommended questions?

Appendix

Major Nonprofit Activity Areas:

- I. Arts, Culture, and Humanities (A) – Organizations that offer programming, technical services, and education that enriches communities. Examples include theatres, dance companies, cultural festivals, and museums.
- II. Education (B) – Organizations that provide instruction, build technical skills, and generate information through research. Examples include charter schools ranging from Kindergarten to secondary, major colleges and universities, and vocational technical schools.
- III. Environment and Animals (C, D) – Organizations that contribute to the beautification and protection of the natural world and animals. Examples include wetland conservation programs, public gardens, veterinary clinics, and zoos.
- IV. Health (E, F, G, H) – Organizations that provide programs and services to improve the health of individuals and communities. Examples include community clinics, blood banks, family planning services, drug recovery, counseling, and medical research.
- V. Human Services (I, J, K, L, M, N, O, P) – Organizations that provide programs and services that meet pressing needs of communities and protect the wellbeing and advance the health of its members. Examples include vocational rehabilitation programs, food banks, public housing, disaster relief, sporting leagues, youth development, family services, emergency assistance, and senior care.
- VI. International, Foreign Affairs (Q) – Organizations that offer programs and services that address opportunities and challenges related to international groups and issues. Examples include support for immigrants and refugees, intercultural exchange programs, and domestic security.
- VII. Public, Societal Benefit (R, S, T, U, V, W) – Organizations that provide programs and services that protect the rights of individuals and advance the wellbeing of communities through philanthropy and research. Examples include civil rights and advocacy groups for disenfranchised populations, neighborhood associations, philanthropy such as private foundations, science and interdisciplinary research institutes, and services for veterans.

Appendix

Major Nonprofit Activity Areas Continued:

VIII. Religion Related (X) – Organizations that guide the religious expressions and practices of individuals and faith communities. Examples include churches, religious radio and television programming, and intercultural work.

IX. Mutual/Membership Benefit (Y) – Organizations that provide services for the benefit of groups defined by a common theme such as interest areas or geographies. Examples include insurance providers, pension and retirement services, and cemeteries and crematories.

X. Unknown, Unclassified (Z) – All other organizations not otherwise categorized.



2314 University Avenue West, Suite 20, Saint Paul, MN 55114
Tel: 651-642-1904 Fax: 651-642-1517
www.minnesotanonprofits.org



1 SE Main Street, Suite 600, Minneapolis, MN 55414
Tel: 612-249-6700 Fax: 612-249-6692
www.propelnonprofits.org