

The CMA Story from the 990

Council of Manufacturing Associations
Summer Leadership Conference

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Principal
CliftonLarsonAllen

Thursday, August 7, 2014

4:15 – 5:00 PM



About CliftonLarsonAllen



CliftonLarsonAllen (CLA) provides training, consulting, audit, tax and outsourced accounting services to more than 2,000 associations and their related foundations, political action committees, and for-profit entities. We serve more than 6,000 nonprofits nationwide from our 90+ offices.

CLA has consulted with hundreds of nonprofits and foundations throughout the country in strategic and business planning, program development and evaluation, leadership transition, board development, financial and organizational assessments, financial systems analysis and design, etc.

Your Presenter



Nat Bartholomew has over 25 years of public accounting experience and has served clients within the nonprofit community his entire professional career. Nat is CLA's National Leader for Associations and Membership Organizations.

Nat's clients include: American Council on Education, Dental Trade Alliance, Intellectual Property Owners Association, Jewelers of America, Marine Corps Association, Military Officers Association of America, National Business Officers Association, National Private Truck Council, Sheet Metal & Air Conditioning Contractors of North America and a host of similar trade and professional associations.

Agenda

- Define benchmarking and trend analyses
- Why benchmark (quick summary)
- What tools are available and the benefits / limitations
- Identifying key performance indicators (KPI)
- What stories do your numbers tell



Perspicuous Financial Reporting

Perspicuous

- Clearly expressed or presented;
- Easy to understand

Perspicuous Financial Reporting

Relevant, accurate, timely, but most of all easily understood

Benchmarking – Internal and External



- Internal = Trend Analyses

Utilizing historical financial and non-financial information from your organization to spot trends

- External = Benchmarking

Utilizing financial and non-financial information from peer organizations to evaluate performance, financial condition, etc.

Why Benchmark?

- To compare like attributes or metrics from similar demographic data samples
 - To uncover business processes, practices, and strategies
- To provide a baseline for performance improvement
- To gain best practices
 - Measure by fact rather than intuition or opinion
- Benchmark when you want to ...
 - Stimulate conversation
 - Reflect or advocate
 - Make better-informed decisions
 - Answer the question
“how do I compare?”
 - Take pulse of your financial health
 - Obtain a single version of the truth



What Tools Are Available – Benefits/Limitations



- Annual reports or published financials
- Public review copies of Federal Form 990
- ASAE's *Operating Ratio Report* (ORR)
- GuideStar & Nonprofit Finance Fund -
Financial SCAN

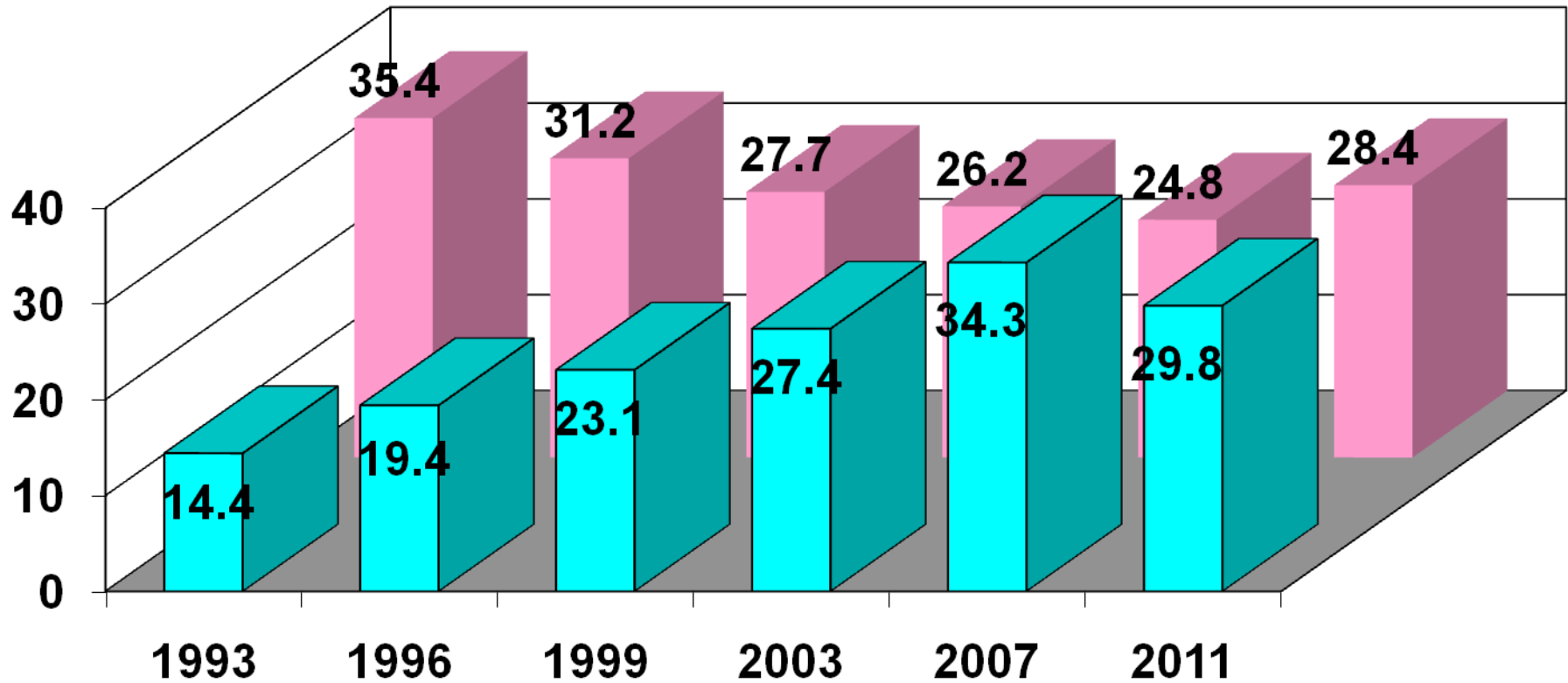
What is ASAE's ORR



- Compilation of financial data from participating associations (all ASAE members)
- First published in 1953
- Collected via Federal Forms 990 and survey supplements
- 512 valid surveys utilized in 14th Edition – along with 2,824 Federal Forms 990
- Issued '12 with 2011 data

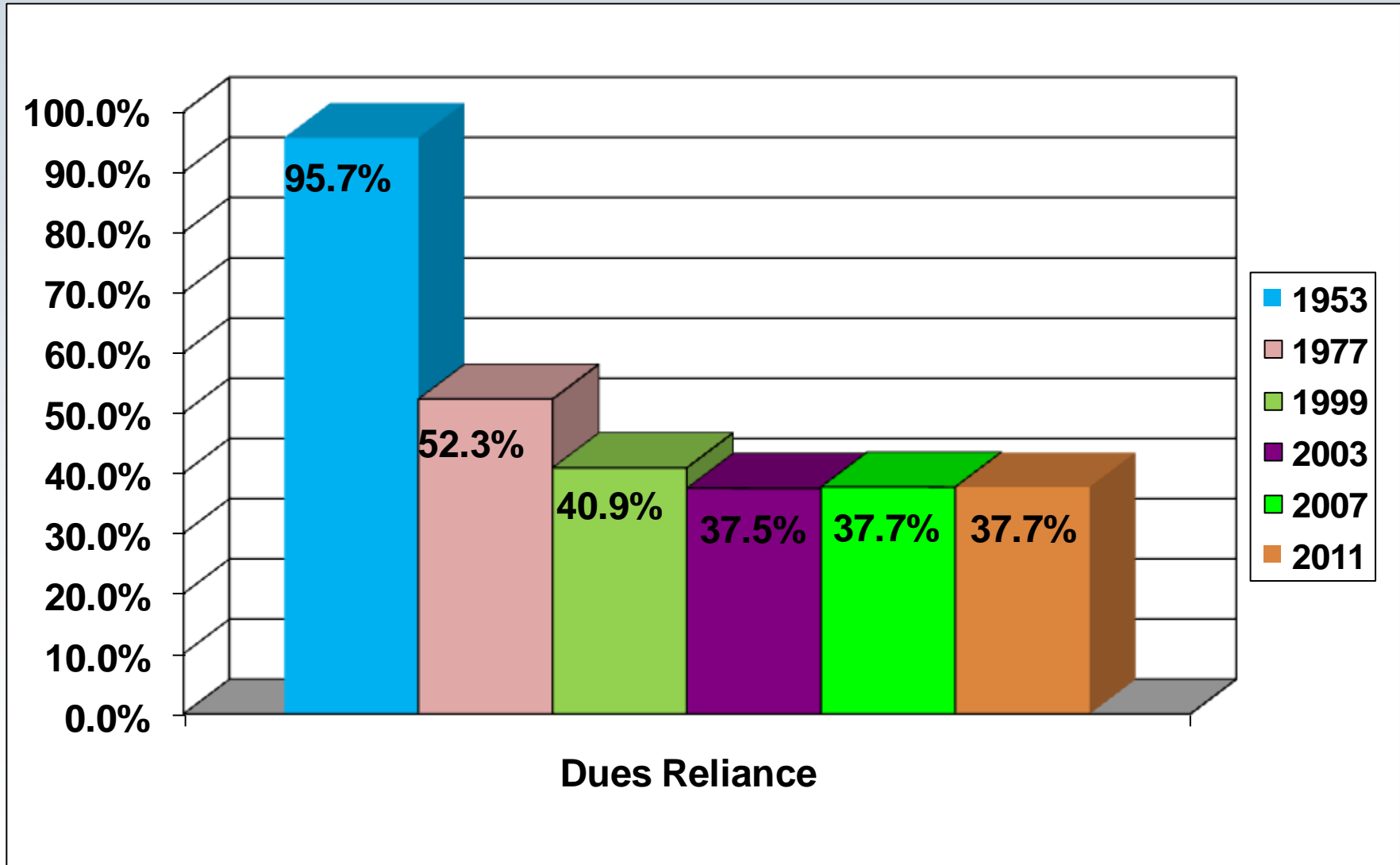
Trend Analyses - Investment Composition

(as a percentage of total assets)



Invested Securities Invested Cash

Trend Analyses – Dues as a Percentage of Revenue (Dues Reliance)



Best “Average” Measure

Median – ½ respondents above; ½ below

Mean – sum of all cases/total # respondents

Median is a better measure for average when the upper limit is theoretically infinite (e.g., # members in associations, annual budget). The mean can be strongly affected by very high values.

Number Employees Mean = 43.4 / Median = 9.0

Total Revenue Mean = \$5.0M / Median = \$549K





Situation & Comparables ANalysis

Financial SCAN At a Glance

WHAT

Data platform for assessing nonprofit financial health, decision making, and informing dialogue among internal and external stakeholders

WHO

Users include: Nonprofit leaders, private and public grant-makers, individual donors, philanthropic advisors, and consultants

More than 320,000 nonprofits eligible for Financial SCAN reports

HOW

Draws data automatically from IRS Forms 990,* presenting complex information in an easy-to-analyze and communicate format

*Note: Financial SCAN does not include data from Form 990 EZ or PF

What's in a Financial SCAN report?



- Organizational Dashboard: Five years of key financial trends and ratios for selected organizations. *Exportable to Excel*
- Graphs and Explanatory Text: Detailed overview of the organization's:
 - Assets / Liabilities / Net Assets
 - Revenue / Expenses / Profitability / Liquidity
- Peer Comparison Dashboard: Compare with up to five user-selected peer nonprofits. *Exportable to Excel*

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Multi-year Financial Health Dashboard



- Up to five years of 990 data
- 28 Indicators of financial health
- Income statement and balance sheet data for a comprehensive financial picture

Multi-year Financial Health Dashboard



Financial Health Dashboard

VIRGINIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

VIRGINIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

EIN: 54-6053866

4309 COX RD

GLEN ALLEN, VA 23060

Forms 990: [2013](#), [2012](#), [2011](#), [2010](#), [2009](#), [2008*](#), [2007*](#), [2006*](#), [2005*](#)

* Year(s) not included in this Financial SCAN Report

Income Statement

Expenses	2009	2010	2011	2012	2013
Expenses before depreciation	\$4,467,987	\$4,642,222	\$4,570,276	\$4,710,095	\$4,839,140
Growth rate (%)	5.9%	3.9%	-1.5%	3.1%	2.7%
Personnel	\$1,991,913	\$2,155,103	\$2,206,597	\$2,336,958	\$2,412,807
Growth rate (%)	7.9%	8.2%	2.4%	5.9%	3.2%

Revenue Sources (% of total)	2009	2010	2011	2012	2013
Membership dues	0.0%	0.0%	0.0%	0.0%	0.0%
Government grants	0.0%	0.0%	0.0%	0.0%	0.0%
All other grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%
Program services revenue	94.3%	94.4%	94.3%	95.0%	95.2%
Investment income	0.6%	0.2%	0.3%	0.2%	0.2%
Other revenue	5.1%	5.3%	5.4%	4.8%	4.6%
Total revenue (unrestricted & restricted)	\$4,910,546	\$4,947,867	\$4,996,219	\$5,061,189	\$5,055,498
Growth rate (%)	3.2%	0.8%	1.0%	1.3%	-0.1%

Multi-year Financial Health Dashboard



Profitability	2009	2010	2011	2012	2013
Change in unrestricted net assets before depreciation	\$420,488	\$340,221	\$449,181	\$337,948	\$195,075
As % of expenses	9.4%	7.3%	9.8%	7.2%	4.0%
Change in unrestricted net assets after depreciation	\$313,552	\$221,051	\$317,672	\$189,630	\$28,138
As % of expenses	6.9%	4.6%	6.8%	3.9%	0.6%

Balance Sheet

Composition	2009	2010	2011	2012	2013
Cash	\$1,073,020	\$1,287,321	\$1,736,987	\$2,037,887	\$2,325,549
Investments	\$129,826	\$169,557	\$189,153	\$154,090	\$0.0
Gross land, buildings, and equipment	\$2,705,768	\$2,633,189	\$2,611,632	\$2,755,029	\$2,836,803
Accumulated depreciation	48.3%	47.7%	44.9%	47.2%	48.7%
Liabilities as % of assets	25.4%	16.4%	21.0%	20.2%	24.4%
Unrestricted net assets	\$2,333,144	\$2,554,195	\$2,871,867	\$3,061,497	\$3,089,635
Temporarily restricted net assets	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Permanently restricted net assets	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total Net Assets	\$2,333,144	\$2,554,195	\$2,871,867	\$3,061,497	\$3,089,635

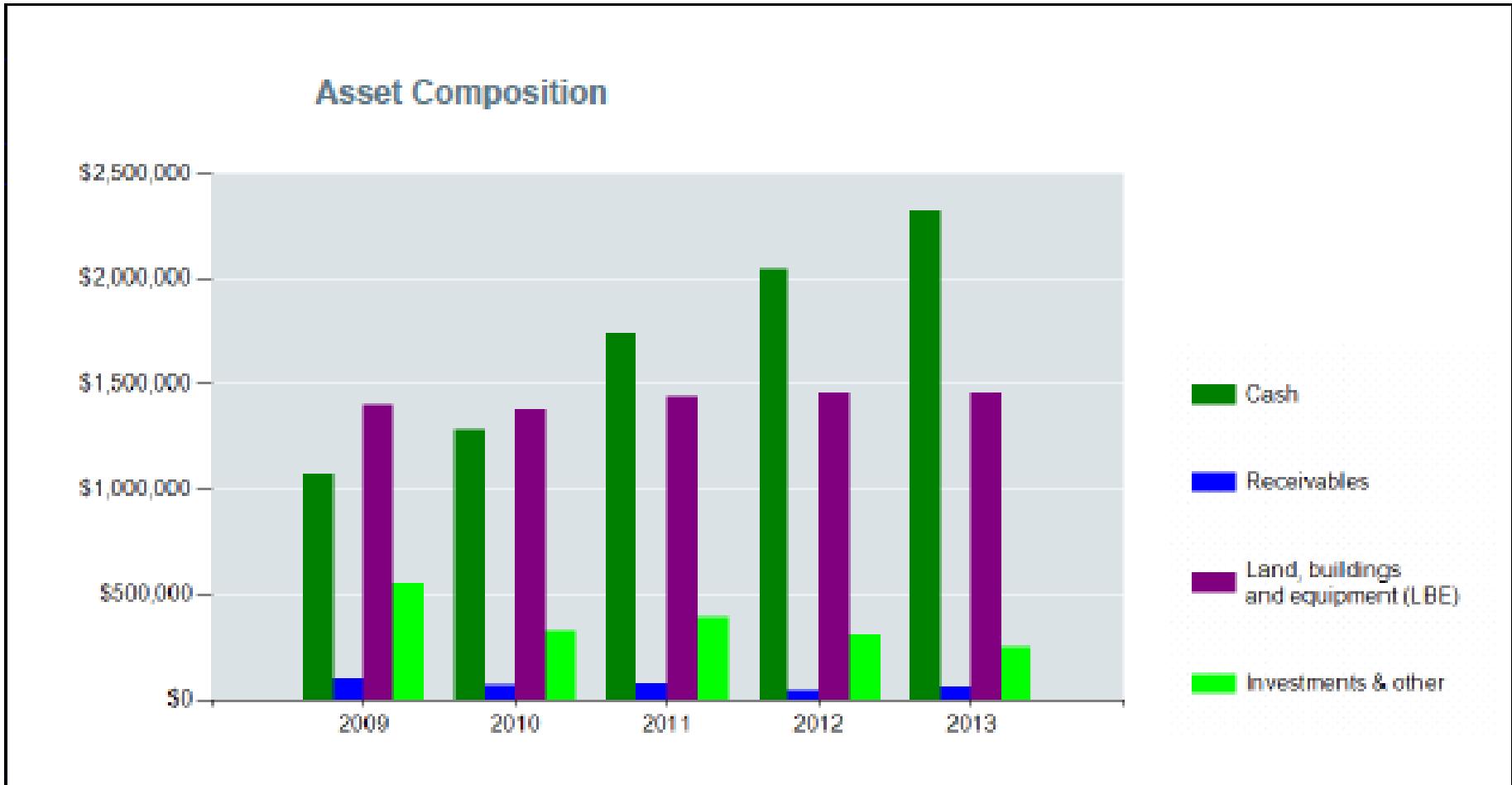
Liquidity	2009	2010	2011	2012	2013
Months of cash	2.9	3.3	4.6	5.2	5.8
Months of cash and investments	3.2	3.8	5.1	5.6	5.8
Months of estimated unrestricted liquid net assets	2.5	3	3.8	4.1	4

Key Data Checks

	2009	2010	2011	2012	2013
Material Data Errors	No	No	No	No	No

Thirteen trend graphs add visual nuance

How Has Asset Distribution Changed Over Time?



Thirteen trend graphs add visual nuance

Has the Organization Had Adequate Access to Cash?

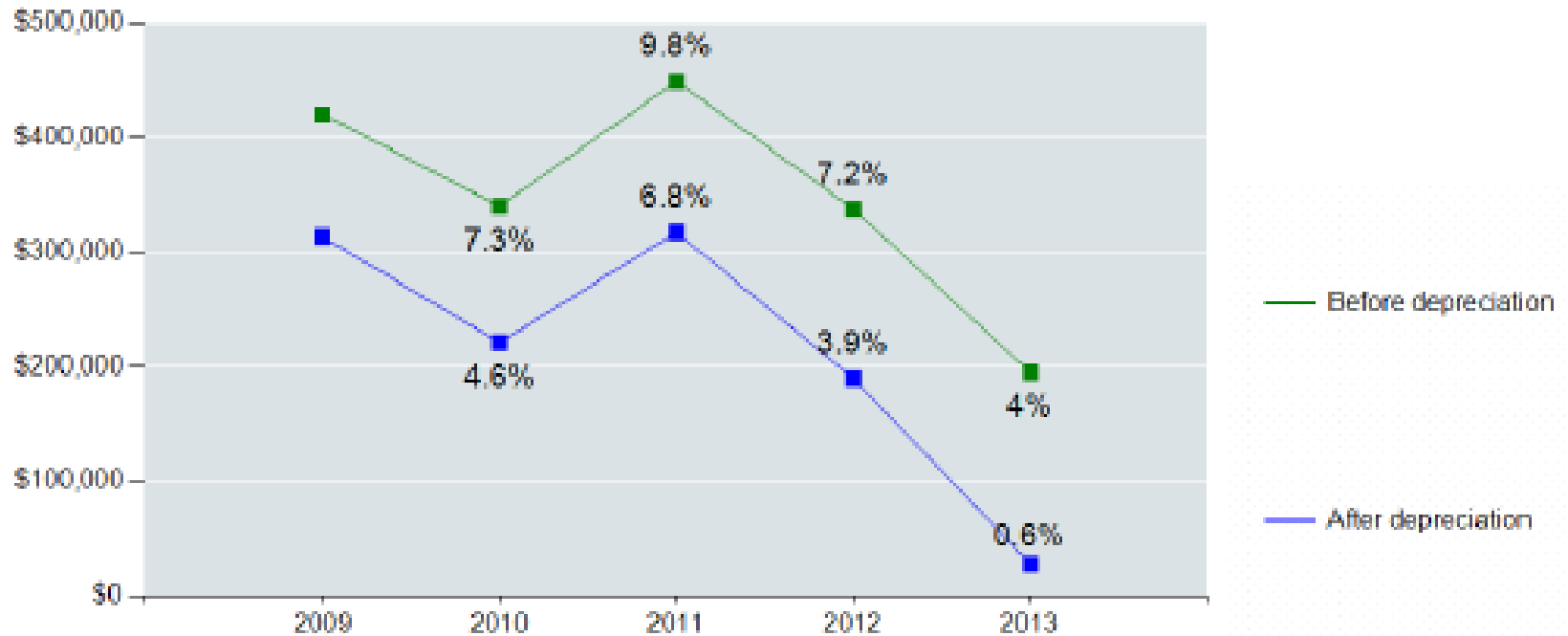


Thirteen trend graphs add visual nuance

Has the Organization Covered Its Costs?

Unrestricted Surplus (Deficit)

Surplus (deficit) as a % of expenses



Peer Comparison Dashboard

- Compare an organization with up to five peers
- Same comprehensive dashboard indicators as the multi-year dashboard
- Peer group functionality – compare on criteria such as NTEE code, total revenue, total assets, cities, states, MSAs or a combination of these attributes

Comparables Analysis

VIRGINIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

Organizations Selected (Target & Peers)

Organization Name	Location	Recent FY	NTEE Code
VIRGINIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS(VSOCPA)	GLEN ALLEN, Virginia	2013	
THE GREATER WASHINGTON SOCIETY OF CPAS(TGWSOC)	WASHINGTON, District of Columbia	2012	
MICHIGAN ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS(MAOCPA)	TROY, Michigan	2013	
Connecticut Society of Certified Public Accountants(CSOCPA)	Rocky Hill, Connecticut	2012	Professional Societies, Associations
FLORIDA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS(FIOCPA)	TALLAHASSEE, Florida	2011	
NEW JERSEY SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS(NJSOCPA)	ROSELAND, New Jersey	2012	

Income Statement

Expenses	VSOCPA	TGWSOC	MAOCPA	CSOCPA	FIOCPA	NJSOCPA	Peer Median
Expenses before depreciation	\$4,839,140	\$324,774	\$7,037,245	\$3,184,096	\$9,242,758	\$4,196,434	\$4,517,787
% growth in expenses	2.7%	-16.5%	-11.2%	158.5%	3.2%	4.5%	3%
Personnel (% of expenses)	49.9%	50.9%	41.0%	39.6%	48.5%	65.4%	49.2%
Occupancy (% of expenses)	2.4%	8.5%	4.6%	6.9%	4.2%	8.8%	5.8%

Revenue Sources (% of total)	VSOCPA	TGWSOC	MAOCPA	CSOCPA	FIOCPA	NJSOCPA	Peer Avg.
Membership dues	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Government grants	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
All other grants and contributions	0.0%	1.7%	0.0%	0.0%	0.0%	0.0%	0.3%
Program services revenue	95.2%	98.0%	97.6%	95.7%	98.5%	96.7%	97%
Investment income	0.2%	0.0%	1.4%	0.5%	1.1%	1.3%	0.8%
Other revenue	4.6%	0.3%	1.0%	3.8%	0.3%	1.9%	2%
Total revenue (unrestricted & restricted)	\$5,055,498	\$383,869	\$7,296,812	\$3,235,938	\$9,248,144	\$4,595,229	\$4,984,248

Profitability	VSOCPA	TGWSOC	MAOCPA	CSOCPA	FIOCPA	NJSOCPA	Peer Median
Change in unrestricted net assets before depreciation	\$195,075	\$59,095	\$276,309	\$62,197	\$627,435	\$241,314	\$218,194.5
As % of expenses	4.0%	18.2%	3.9%	2.0%	6.8%	5.8%	4.9%
Change in unrestricted net assets after depreciation	\$28,138	\$54,137	\$66,038	-\$11,690	\$517,400	\$113,002	\$80,087.5
As % of expenses	0.6%	16.4%	0.9%	-0.4%	5.5%	2.6%	1.8%

Nonprofit Finance Fund & FinancialSCAN



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To learn more:

www.guidestar.org/financialSCAN

To obtain a free scan:

www.CLAconnect.com/financialSCAN

Identification of Critical Indicators (Key Metrics)

- Financial Metrics
- Non-Financial Metrics



What Are Your Key Performance Indicators

Net Assets / Total
Expenses
(Reserves)

Return on
Investment

Unrelated
Business Income

Dues / Total
Revenue
(Dues Reliance)

Exposition \$
Certification \$
Publication \$
Special Event \$
Training/Education\$

For-Profit
Subsidiary
Dividends

What Are Your Key Non-Financial Metrics

Member Satisfaction

**Number of Members
Number of Donors
Number of Attendees**

Diversity

**Member
Retention**

**Number of CE
Hours Delivered**

**Number of Clients
Served**

**Market Share
(Membership)
(Education)**

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