



Non-Profit Financial Management: Growing Your Resources



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Financial Management Best Practices



- Growing the Budget
 - Budgeting
 - Financial Reporting
 - Forecasting
 - Controls
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Growing the Budget



- First and foremost, an organization must have a mission and goals that are important to its members
 - Proper planning and controls are the key to growth from a financial standpoint
 - A financial plan is known as a budget
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Budgeting



- A budget is a guideline for organization spending based on annual revenue and should be setup to help achieve the association's goals
- Budgets should be prepared on an annual basis and approved by the Board
- Material expenses exceeding the budget or new projects within a budget year should be approved by the Board prior to incurring the expense
- Larger expenses may require an organization to have a plan beyond one year to ensure stability for the organization

Financial Reporting

- Tracks and reports an associations activity
- Compares actual results to the budget
- Provides Management and the Board with reports that allow them to make informed decisions



Financial Reporting



- Non-profits generally have two key financial reports
 - Statement of Activities (statement of receipts & expenses for the year)
 - Statement of Financial Position (total value of the association)
- Supplemental Reports
 - Statement of Cash Flows (provides detail of how cash flows in and out of the organization)
 - Key Performance Metrics (visual representation, charts & graphs, of financial information; end-user friendly for non-financial users)

Financial Reporting

- Reports should be:
 - Reconciled periodically, generally monthly
 - Reviewed by management
 - Reviewed by the Board at each Board meeting



Financial Reporting



- Accounting Software

- Excel:

- Cost effective for small organizations
 - Dependent on user accuracy, both data and formulas
 - Overall unreliable (high user error rate)

- QuickBooks:

- Cost effective for small organizations
 - User enters data, program generates invoices, disbursements, reports, etc...
 - Automatically checks to ensure invoices are only paid once

- Mid-level organization software (Great Plains, Solomon, Sage MIP, etc...)

- Allows for data integration, customizable reports


Forecasting

The background of the slide features a collage of images. On the left, the Washington Monument is visible against a blue sky. On the right, there is a statue of George Washington sitting on a throne, with a large circular architectural element behind it. The overall background is a light beige color with a faint watermark of the letters 'M' and 'B' in the bottom left corner.

- Once a budget is set it should not be changed
- A forecast is an update to the budget during a fiscal year based on year-to-date activity and expected activity for the rest of the year
- Forecasting should be done at least quarterly to provide material updates to the expecting results
- Provides management and the Board with revised estimates so there are no surprises at year-end

Controls



- Having the right controls in place is the basic building block for good financial management, this will allow for:
 - Accurate tracking of receipts and expenses
 - Appropriate authorization of expenses
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Controls



- Segregation of Duties
 - Processes that involve record keeping, disbursements, and receipts should have more than one person involved
 - Example: The employee with check writing capabilities should not be the same employee signing checks
 - This is a key fraud prevention control that increases the likelihood that:
 - All receipts are deposited
 - Only legitimate expenses are paid

Controls

The background of the slide is a composite image. The left side shows the Washington Monument against a blue sky with bare tree branches. The right side shows the Lincoln Memorial at night, illuminated, with a large globe in the background and a few people walking nearby.

- New 990 Policies
 - Conflict of Interest
 - Record Retention
 - Whistleblower





Questions?

