

Certificate of Nonprofit Board Education

Webinar 6: Financial Oversight

BoardSource®

A Little About Me...



MNM
Regis University



Consulting Associate
BoardSource



Author
Fundraising & the Next Generation



Next Gen Philanthropy
21/64



Translator
Best Practices Trends Strategy



Board Member
Social Venture Partners, Association of Fundraising Professionals, YNPN



Executive Director
National Hemophilia Foundation Colorado



Founder
YNPN San Diego, Global Shapers Boulder Hub




Board
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webinarquestions@boardsource.org

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About BoardSource

VISION a world where every social sector organization has the leadership it needs to fulfill its mission and advance the public good

MISSION to inspire and support excellence in nonprofit governance and board and staff leadership

OUR GOALS

Deepen understanding and inspire action on critical sector issues	Educate leaders and support effective board service and governance
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Learning Outcomes:

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Agenda:

Oversight Committees Systems Strategy

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Can You Repeat that Please?



“...sell the forward spread and buy protection on the tightening move...”

“...use indices and add to existing position...”

“...go long risk on some belly tranches especially where defaults may realize...”

“...buy protection in rallies and turn the position over to monetize volatility.”



*Investment Strategy Quotes, New York Times, 1/26/2012

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NPO & Corporate Boards





Legal Requirements



Committees

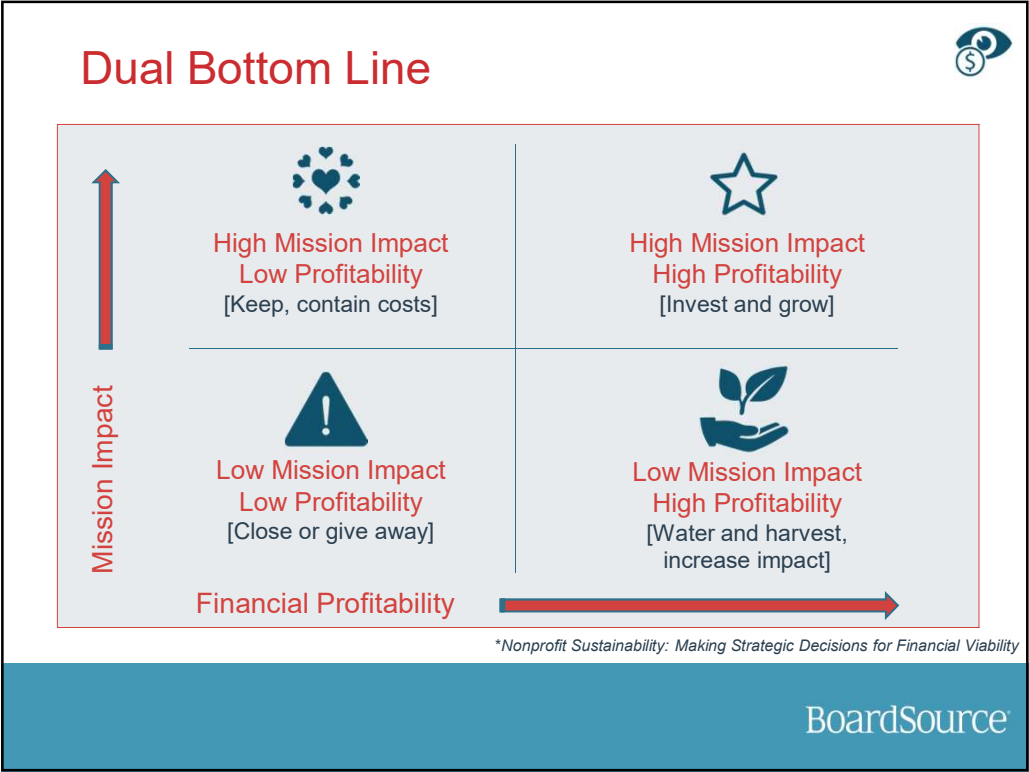
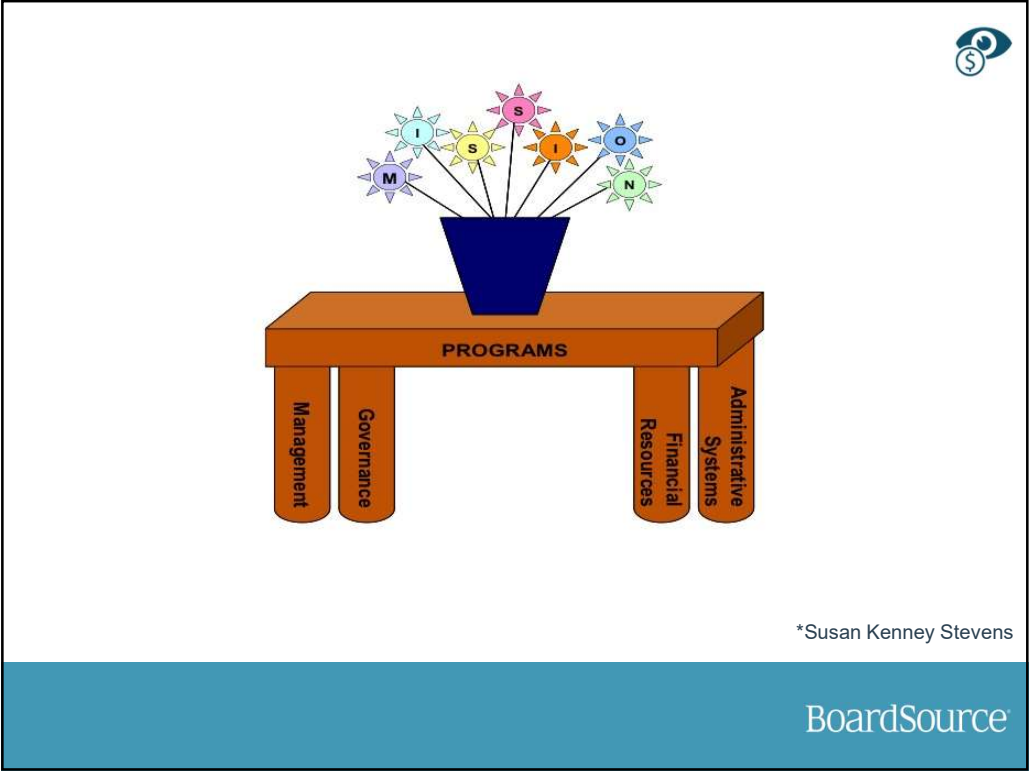


Growth



Cash

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Board

- Ultimate fiduciary responsibility
- Provide financial oversight
- Understand org finances
- Review financial docs
- Assess & minimize risk
- Delegate tasks to committees

Committees

- Finance, Audit, Investment
- Make recommendations
- Individuals do not have liability

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Show me the money...

Foundation grants

Government grants

Corporate sponsorship

Special events

Earned income

Individuals

Service clubs

Diversity is key

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Budgeting & Financial Reporting



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Which financial statements does your full board of directors review regularly? (Check all that apply.)

- Annual budget
- Budget-to-actual statements
- Cashflow statements
- Balance sheets
- Other



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Stay Sharp!

- ✓ D&O
- ✓ Form 990
- ✓ Conflict of Interest
- ✓ Audit, review
- ✓ Credit standing
- ✓ Red flags?

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Do you review your IRS 990 with your full board?

- a) Yes
- b) No
- c) Not sure
- d) Other

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Assess Financial Performance



- ✓ Liquidity
- ✓ Revenue & expense activity, diversification
- ✓ Significant investments, policy & strategy
- ✓ Reserves & policy
- ✓ Donor compliance
- ✓ Uniform Prudent Management of Institutional Funds Act



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Finance Committee



Audit Committee



Investment Committee



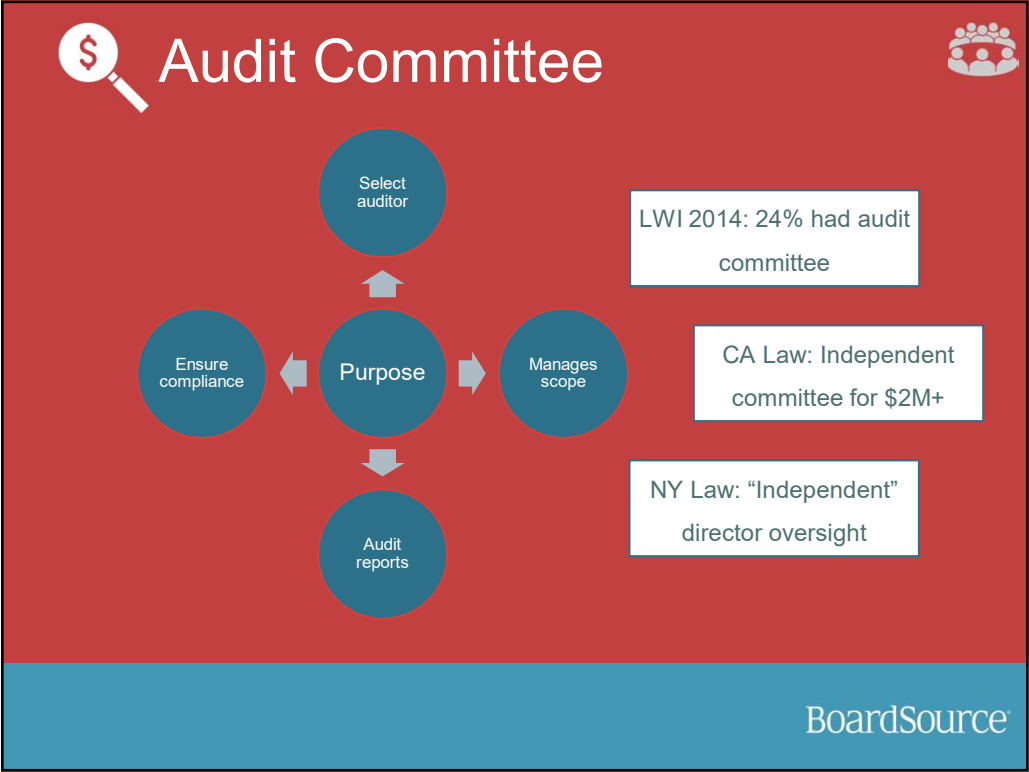
Full Board



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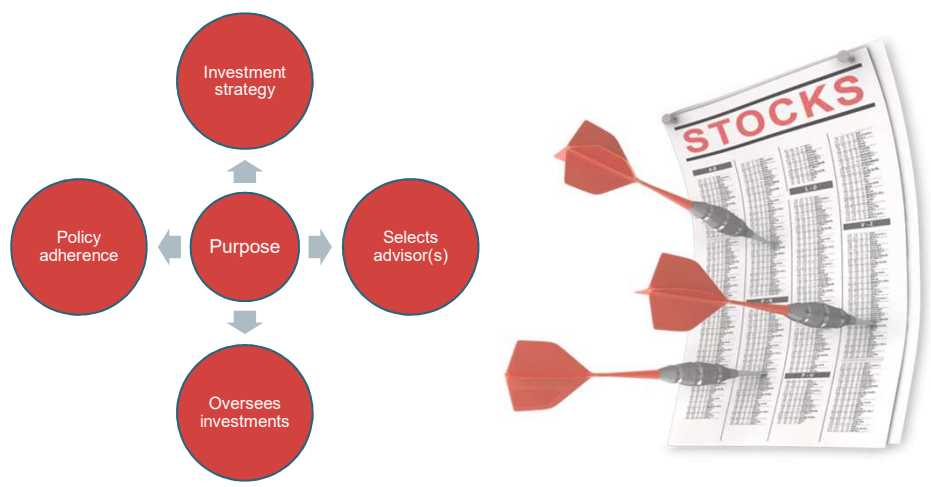


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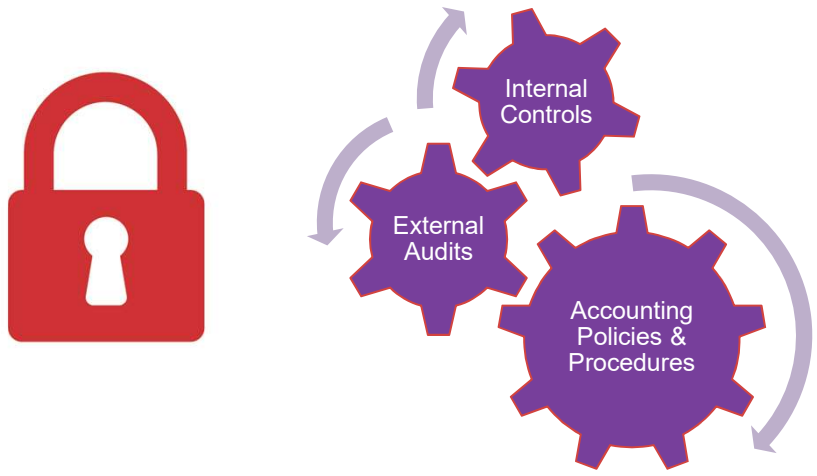
Investment Committee



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Protect Your Organization



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Internal Controls



What are they?



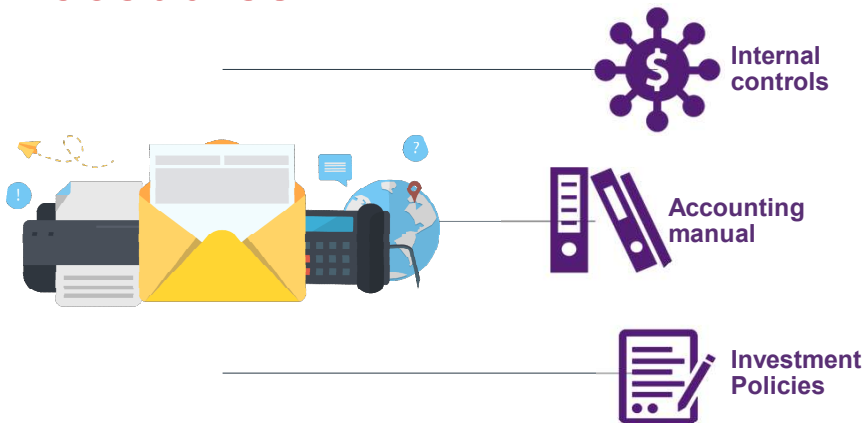
Segregation of Duties



Records & Reporting

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Accounting Policies & Procedures



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Financial Oversight Questions



- REVENUE** • Are our current revenue streams sustainable in the next year? Two years? Five years?
- OPERATING RESULTS** • How might changes in revenue streams affect operating results?
- BALANCE SHEET HEALTH** • If changes in operating results occur, how will these changes affect our organization's balance sheet?
- LIQUIDITY** • How will changes to the balance sheet affect our organization's liquidity?
- EXPENSES** • What are the true costs of each of our programs?

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How often does your organization conduct an external audit/review?

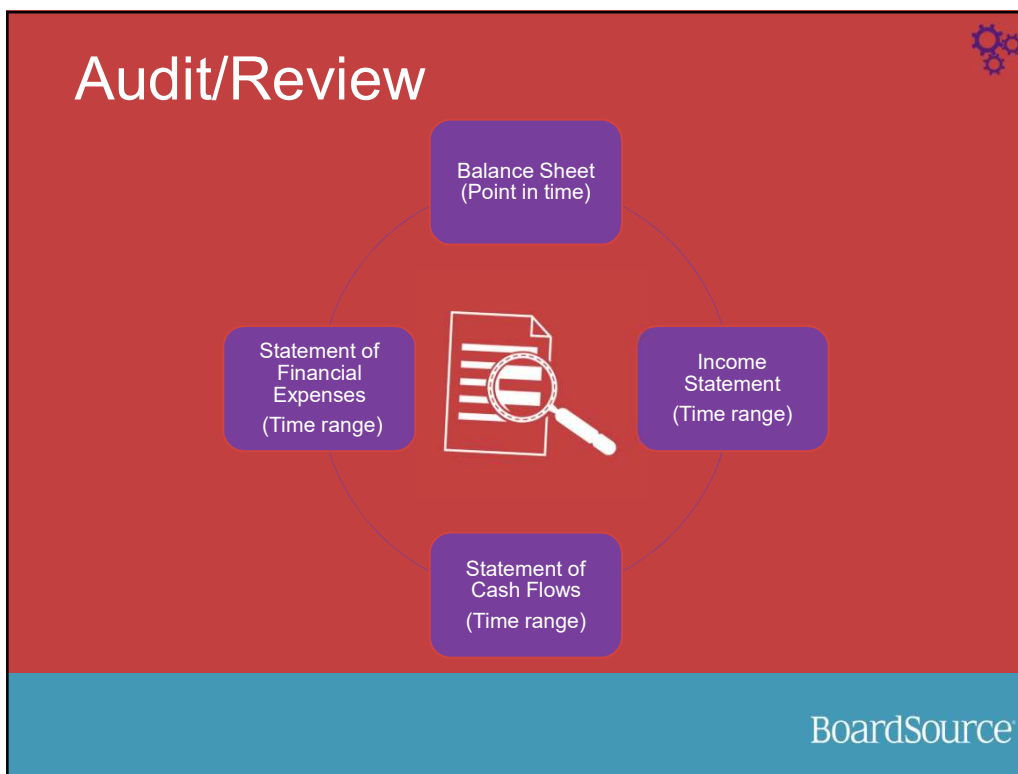


- a) Every year
- b) Every other year
- c) Every three years
- d) Other/don't know



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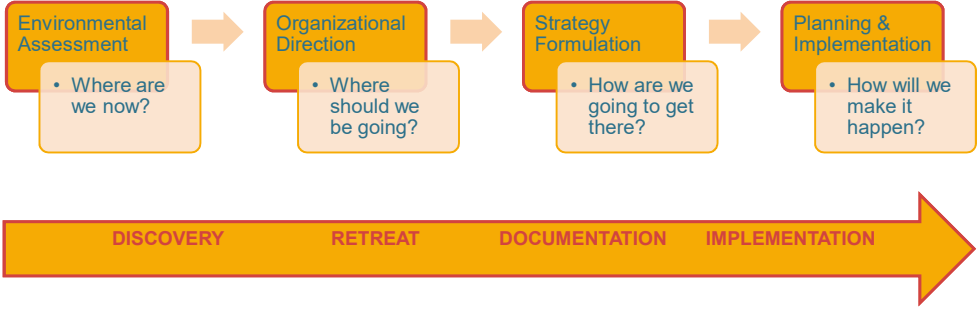
Thinking Strategically

- ❓ Does your board have a written strategic plan?
- ❓ How recently was the plan created or reviewed by the full board?

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What is it?



*Strategic Planning for Nonprofit Organizations

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Are We Ready?

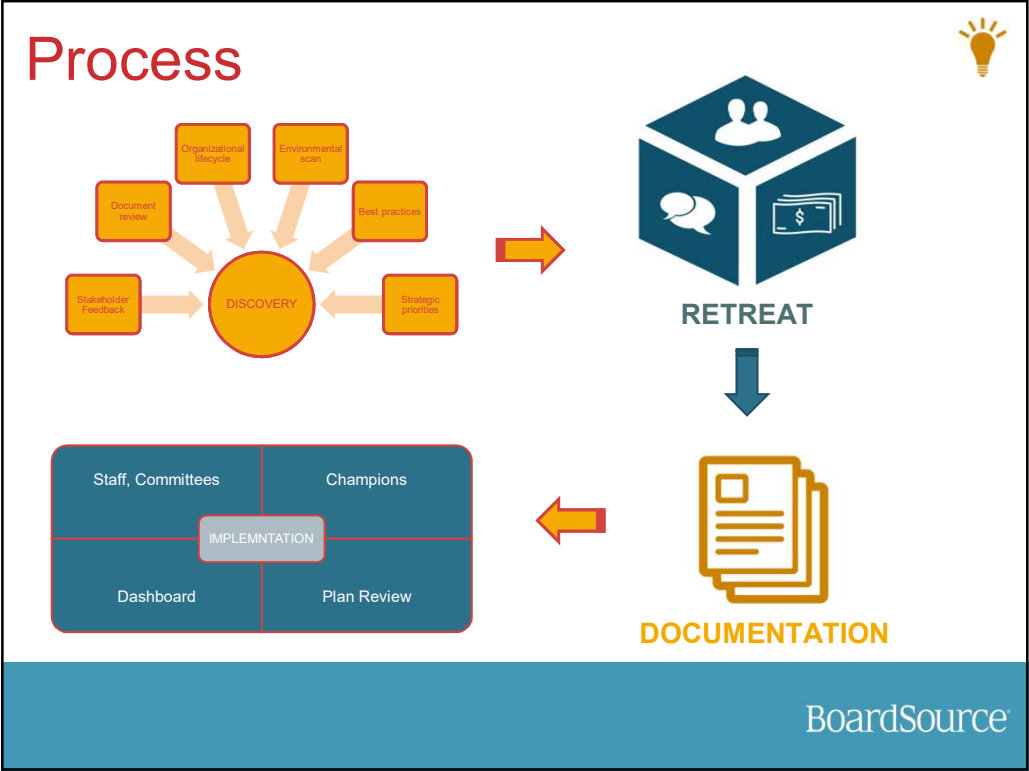


ORG STABILITY EXISTING PLAN PLAN STRATEGIES TIMING

FUNDING BOARD & STAFF COMMITMENT FACILITATION

*Strategic Planning for Nonprofit Organizations

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A Closing Thought...

“The entire board of a nonprofit is legally responsible for the organization’s financial success. This responsibility calls for the board to focus on certain areas that involve the basic financial health and welfare of the organization.”

-Financial Responsibilities of Nonprofit Boards, BoardSource,
Andrew S. Lang, CPA

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Thank you!



BoardSource 750 9th St NW Ste 650, Washington, DC 20001
Phone: 202-349-2500 | Fax: 202-349-2599 | www.boardsource.org

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