



Association of Fundraising Professionals

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Financial Management

- Nonprofits have an obligation to act as responsible stewards in managing their financial resources.

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Functions

- Prepare and analyze financial reports.
- Separation of financial duties.
- Adopt written financial procedures.
- Assess their risk and purchase insurance to address those risk.
- Board set compensation for Executive Director.
- Strictly prohibit financial loans.
- Understand how to read and interpret financial statements.



Financial Statements

- Statement of Financial Position
 - (Balance Sheet)
- Statement of Activities
 - (Income Statement)
- Statement of Cash Flows
- Be prepared to point out the financial highlights.
- Monitoring expenses to maintain the budgeted bottom line.



Compliance

- All financial regulations.
- Complete annual IRS Form 990.
- Audit committee to hire the auditor.
- Whistle blower policy.
- Openly communicate the annual report.
- Work diligently on budgets and funding levels.
- Compliance with conditions attached to funding.
- Assets used for the benefit of organization.



Transparency and Accountability

- Comply with all legally required reporting procedures.
- Responsibly use its resources toward its mission and to benefit the community.
- Establish clear performance measurements.
- Board of directors should provide information on decisions and decision-making processes.
- Provide its constituents with opportunities to interact with the board.



Public Information

- Produce an annual report that includes:
 - Explanation of the organizations mission, activities and results.
 - Explanation of how individuals can access program and services.
 - Financial information, including income and expenses statement, balance sheet and functional expense allocation.
 - List of board members and management.



Public Information

- Each nonprofit organization must also make certain data available to the public:
 - IRS Form 990 for the previous three years.
 - IRS Form 1023, Application for Recognition of Exemption.
 - Provide multiple means for contacting the organization to request information or provide input.

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Solicitation of Community Input

- Encourage to hold public meeting to gather information.
- Openly gather and exchange information on lessons learned and best practices with other nonprofits.
- Actively work with other organizations to avoid duplication of services.

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Financial Plan

- Plan financially as you would strategically. (Fund the plan).
- Understand that nonprofit is a tax term not a business objective.

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