

**U.S. CHAMBER OF COMMERCE FOUNDATION**

**WINTER INSTITUTE**

**“EXECUTIVE FINANCE”**

**Financial Management for Nonprofit Organizations**

**January 7, 2022**

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**CASE STUDY**

**HANDOUTS**

**FOR**

**IN-CLASS USE**

# Nonprofit Organization Fiscal and Financial Sustainability Checklist

(Generic document - To be tailored to your particular organization)

Should be completed at least annually; more often if concerns arise

## I. Related parties and other sensitive areas

Do we have a formal conflict of interest policy and are annual conflict of interest disclosure statements completed by all officers, board members and management? \_\_\_\_ Describe (or attach copies):

What transactions have we had with related parties\* (other than the executive director's compensation)?

Were they approved by the board - with full knowledge of the relationship, and without input from the related party? \_\_\_\_

Has the executive director's total compensation been approved by the board in accordance with compensation review policy? \_\_\_\_

Who approves board members' and the executive director's travel and entertainment expenses?

Make sure the code of ethics and whistle blower policy are both current \_\_\_\_

## II. Internal controls and risk assessment

Is there a healthy attitude about internal controls, originating at the very top of the organization? \_\_\_\_

Do we have adequate written procedures manuals for important financial and operational areas? \_\_\_\_

What procedures do we have in place to assure that?

All cash receipts are recorded properly and deposited timely?

Especially important for grants and contributions

Only proper cash disbursements are made?

Restricted resources are used only in accordance with applicable restrictions?

Assets are protected from theft?

Who reconciles our bank statements, and how quickly?

Is this person independent of other cash and bookkeeping functions? \_\_\_\_

Has our auditor made recommendations for improvements in controls? \_\_\_\_

If so, have they been discussed and where feasible implemented? \_\_\_\_

How soon after the end of an accounting period is a budget-to-actual comparison made and significant variances (or lack thereof, where expected) investigated? \_\_\_\_

Are projections regularly prepared (updated monthly) to make sure the organization is on the right course? \_\_\_\_\_

Has someone knowledgeable about computers reviewed our computer security and reviewed hardware and software for performance and updates and other risks? \_\_\_\_\_

Has someone knowledgeable about nonprofit taxes reviewed our activities for possible exposure? \_\_\_\_\_

Consider, as relevant:

Private inurement or benefit, especially compensation

Possible unrelated business income and related tax

Possible excess lobbying/political activity ((c)(3)'s are not permitted to engage in *any* political activity)

Employee vs. independent contractor status

Possible failure to comply with rules related to receipt of contributions and gifts (acknowledgement, quid-pro-quo, etc.)

Public disclosure of Form 990 on request and board oversight of form 990

If appropriate has the organization made the "H" election related to lobbying

For (c)(6) membership organizations are lobbying percent of dues not deductible as business expenses disclosed?

Has a knowledgeable attorney reviewed our activities for possible legal and other risk assessments? \_\_\_\_\_

Is there *anything* about our organization or its operations that we would be embarrassed to read about in the *[local newspaper]*/hear discussed on the evening news? \_\_\_\_\_

### III. Government grants, etc. (as relevant)

Are we following all required sections of OMB Uniform Guidance? \_\_\_\_\_

Do we have adequate time records to support charges to grants? \_\_\_\_\_

Are we following acceptable procurement procedures? \_\_\_\_\_

Are we adequately monitoring subrecipients? \_\_\_\_\_

Have we filed all required reports on a timely basis? \_\_\_\_\_

Do you know the accounting system enhancements to conform to government regulations? \_\_\_\_\_

Are you aware of?

The additional forms required like timesheet certifications and payment request forms? \_\_\_\_\_

Need to prepare indirect cost rate proposal, 90 days after initial award and 6 months after year-end? \_\_\_\_\_

That there are agency-specific templates for your indirect cost rate proposal such as HHS, see

<https://rates.psc.gov/fms/dca/np1.html>? \_\_\_\_\_

The requirement for quarterly and online Federal Financial Report, SF Form 425 needs to be filed? \_\_\_\_\_

Have we had all required audits under Uniform Guidance? \_\_\_\_\_ (\$750,000 threshold)

You have 9 months from year-end to complete the audit.

Were there any findings? \_\_\_\_\_

If so, have they been appropriately followed up with a Corrective Action Plan? \_\_\_\_\_

Has any government agency challenged any of our procedures or charges to grants? \_\_\_\_\_

If so has the matter been satisfactorily resolved? \_\_\_\_\_

### IV. Financial reporting and audits

Have we received clean (unqualified) reports from our auditor? \_\_\_\_\_

Are we satisfied that our auditor is independent? \_\_\_\_\_  
How much in non-audit fees have we paid our audit firm? \$ \_\_\_\_\_  
How many years has the current audit firm/team been used for annual financial statement audits? \_\_\_\_\_

Does our auditor understand that (s)he has unrestricted access to the board/audit committee? \_\_\_\_\_

Has our auditor received a clean peer review report? \_\_\_\_\_

Have we filed all required government reports (Form 990, state forms, etc.) on a timely basis? \_\_\_\_\_

#### V. Other

Have we made all payroll tax deposits fully and on a timely basis? \_\_\_\_\_  
(If this is not done, officers and board members can be held personally liable.)

Are our HR (human resource) practices current, administered in a fair and equitable manner and is our employment manual regularly reviewed and updated? \_\_\_\_\_

Do we carry adequate property and liability insurance and other insurance to protect organization assets? \_\_\_\_\_

Do we have a directors and officers insurance (errors and omissions) policy and are we current on premium payments and is the coverage adequate? \_\_\_\_\_

Has our board adopted a formal policy on desired levels of operating reserves, and are we comfortable that our reserves are adequate? \_\_\_\_\_

Have we analyzed cash flows for possible problems and risks? \_\_\_\_\_

Are By-laws and operating policies adhered to and periodically reviewed and updated? \_\_\_\_\_

Is there a board orientation for all new board members? \_\_\_\_\_

Are there any chapters, committees, task forces and the like acting on behalf of the organization? \_\_\_\_\_

Has a code of ethics been adopted? \_\_\_\_\_ and does it include a conflict of interest policy? \_\_\_\_\_

Has the investment policy been reviewed and updated? \_\_\_\_\_

Has the board been given the opportunity to review our form 990 to make sure it is complete and tells an accurate story about the activities and operations of the organization before filing? \_\_\_\_\_

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\* - "Related parties" include organization officers, directors, trustees, and management in decision-making positions, major donors, and members of the immediate families of any of the preceding; controlled and affiliated organizations and trusts, and businesses in which any of the preceding are in significant positions of authority (owner or manager).

**ASSOCIATION OF AMERICANS HELPING OTHERS**  
**DASHBOARD -- APRIL 30, 2021**

STATEMENT OF ACTIVITY	(1)	(2)	(3)	(4)
	FY 2021			
CONSOLIDATED OPERATIONS	ANNUAL BUDGET	BUDGET 10 MOS APRIL	ACTUAL 10 MOS APRIL	PROJECTED YEAR
<b>REVENUE</b>				
Membership Dues	853,000	694,167	709,196	881,179
Contributions and Grants	575,000	496,017	266,431	383,181
Program Fees	651,000	586,375	647,358	673,433
Rentals	275,000	225,500	252,308	295,008
Investment Income	110,000	108,000	108,189	114,189
Other Income	70,000	61,350	68,577	80,077
<b>Total - Revenue</b>	<b>2,534,000</b>	<b>2,171,408</b>	<b>2,052,059</b>	<b>2,427,067</b>
<b>EXPENSES</b>				
Salaries/Taxes/Benefits/Training	908,000	757,497	656,639	799,222
Consulting / Professional Fees	192,000	162,083	130,446	176,113
Legal/Accounting/Computer Services	94,000	84,833	92,405	112,405
Other Direct Program Support	725,000	639,967	614,383	735,816
Mailing/Postage/Printing/Editing	355,000	306,322	303,036	357,610
Other Expenses	280,000	231,990	196,590	255,918
<b>Total - Expense</b>	<b>2,554,000</b>	<b>2,182,692</b>	<b>1,993,499</b>	<b>2,437,084</b>
<b>CHANGE IN NET ASSETS</b>	<b>(20,000)</b>	<b>(11,283)</b>	<b>58,560</b>	<b>(10,017)</b>

Current Year Only

**ASSOCIATION OF AMERICANS HELPING OTHERS**  
**DASHBOARD --- APRIL 30, 2021**

STATEMENT OF ACTIVITY	(1)	(2)	(3)	(4)	(5)	(6)
CONSOLIDATED OPERATIONS	FY 2021				FY 2020	
	ANNUAL BUDGET	BUDGET 10 MOS APRIL	ACTUAL 10 MOS APRIL	PROJECTED YEAR	ACTUAL 10 MOS APRIL	ACTUAL YEAR
<b>REVENUE</b>						
Membership Dues	853,000	694,167	709,196	881,179	641,500	796,650
Contributions and Grants	575,000	496,017	266,431	383,181	293,969	440,153
Program Fees	651,000	586,375	647,358	673,433	647,426	667,297
Rentals	275,000	225,500	252,308	295,008	219,844	250,229
Investment Income	110,000	108,000	108,189	114,189	204,128	222,974
Other Income	70,000	61,350	68,577	80,077	46,360	55,550
<b>Total - Revenue</b>	<b>2,534,000</b>	<b>2,171,408</b>	<b>2,052,059</b>	<b>2,427,067</b>	<b>2,053,227</b>	<b>2,432,853</b>
<b>EXPENSES</b>						
Salaries/Taxes/Benefits/Training	908,000	757,497	656,639	799,222	699,305	828,297
Consulting / Professional Fees	192,000	162,083	130,446	176,113	162,199	191,453
Legal/Accounting/Computer Services	94,000	84,833	92,405	112,405	85,331	95,287
Other Direct Program Support	725,000	639,967	614,383	735,816	613,513	740,110
Mailing/Postage/Printing/Editing	355,000	306,322	303,036	357,610	326,321	412,559
Other Expenses	280,000	231,990	196,590	255,918	146,625	205,180
<b>Total - Expense</b>	<b>2,554,000</b>	<b>2,182,692</b>	<b>1,993,499</b>	<b>2,437,084</b>	<b>2,033,294</b>	<b>2,472,886</b>
<b>CHANGE IN NET ASSETS</b>	<b>(20,000)</b>	<b>(11,283)</b>	<b>58,560</b>	<b>(10,017)</b>	<b>19,933</b>	<b>(40,033)</b>

Comparison to Last Year

**ASSOCIATION OF AMERICANS HELPING OTHERS  
DASHBOARD -- APRIL 30, 2020**

STATEMENT OF ACTIVITY	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	FY 2021				FY 2020		FY 2022
CONSOLIDATED OPERATIONS	ANNUAL BUDGET	BUDGET 10 MOS APRIL	ACTUAL 10 MOS APRIL	PROJECTED YEAR	ACTUAL 10 MOS APRIL	ACTUAL YEAR	PROPOSED BUDGET
<b>REVENUE</b>							
Membership Dues	853,000	694,167	709,196	881,179	641,500	796,650	900,000
Contributions and Grants	575,000	496,017	266,431	383,181	293,969	440,153	450,000
Program Fees	651,000	586,375	647,358	673,433	647,426	667,297	700,000
Rentals	275,000	225,500	252,308	295,008	219,844	250,229	310,000
Investment Income	110,000	108,000	108,189	114,189	204,128	222,974	110,000
Other Income	70,000	61,350	68,577	80,077	46,360	55,550	75,000
<b>Total - Revenue</b>	<b>2,534,000</b>	<b>2,171,408</b>	<b>2,052,059</b>	<b>2,427,067</b>	<b>2,053,227</b>	<b>2,432,853</b>	<b>2,545,000</b>
<b>EXPENSES</b>							
Salaries/Taxes/Benefits/Training	908,000	757,497	656,639	799,222	699,305	828,297	850,000
Consulting / Professional Fees	192,000	162,083	130,446	176,113	162,199	191,453	180,000
Legal/Accounting/Computer Services	94,000	84,833	92,405	112,405	85,331	95,287	120,000
Other Direct Program Support	725,000	639,967	614,383	735,816	613,513	740,110	750,000
Mailing/Postage/Printing/Editing	355,000	306,322	303,036	367,610	326,321	412,559	365,000
Other Expenses	280,000	231,990	196,590	255,918	146,625	205,180	260,000
<b>Total - Expense</b>	<b>2,554,000</b>	<b>2,182,692</b>	<b>1,993,499</b>	<b>2,437,084</b>	<b>2,033,294</b>	<b>2,472,886</b>	<b>2,525,000</b>
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Add Next Year Budget

**ASSOCIATION OF AMERICANS HELPING OTHERS  
DASHBOARD -- APRIL 30, 2021**

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STATEMENT OF FINANCIAL POSITION		
	Apr 30, 2021	June 30, 2020
<b>ASSETS</b>		
Cash	523,755	473,755
Investments	687,586	697,866
Pledges and Accounts Receivable	415,887	393,888
Inventory and Prepaid Expenses	225,678	212,338
Fixed Assets - Net	210,723	244,135
<b>Total Assets</b>	<b>2,063,629</b>	<b>2,021,982</b>
<b>LIABILITIES</b>		
Accounts Payable	85,673	52,979
Accrued Expenses	46,992	61,315
Deferred Income and Deposits	227,889	193,713
Line-of-Credit	0	0
<b>Total Liabilities</b>	<b>360,554</b>	<b>308,007</b>
<b>NET ASSETS</b>		
Unrestricted	1,208,767	1,122,734
Temporarily Restricted	274,589	371,522
Endowment - Permanently Restricted	219,719	219,719
<b>Total Net Assets</b>	<b>1,703,075</b>	<b>1,713,975</b>
<b>Total Liabilities and Net Assets</b>	<b>2,063,629</b>	<b>2,021,982</b>

Income Statement-Balance Sheet



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<b>Total Liabilities and Net Assets</b>	<b>2,063,629</b>	<b>2,021,982</b>

MEMBERSHIP STATISTICS		
<b>NEW MEMBERSHIPS</b>		
FY 2021	112	
<b>TERMINATED MEMBERSHIPS</b>		
<b>NON-RENEWAL &amp; LIFE CONVERT</b>		
FY 2021	62	
<b>PROJECTED MEMBERSHIP &amp; RETENTION RATE</b>		
FY 2021	550	88%

MEMBERSHIPS			
	YEAR-TO-DATE	PROJECTED YE	BUDGET
FY 2021	525	550	520
	YEAR-TO-DATE	ACTUAL YE	BUDGET
FY 2020	475	500	480

Dashboard Summary for Board