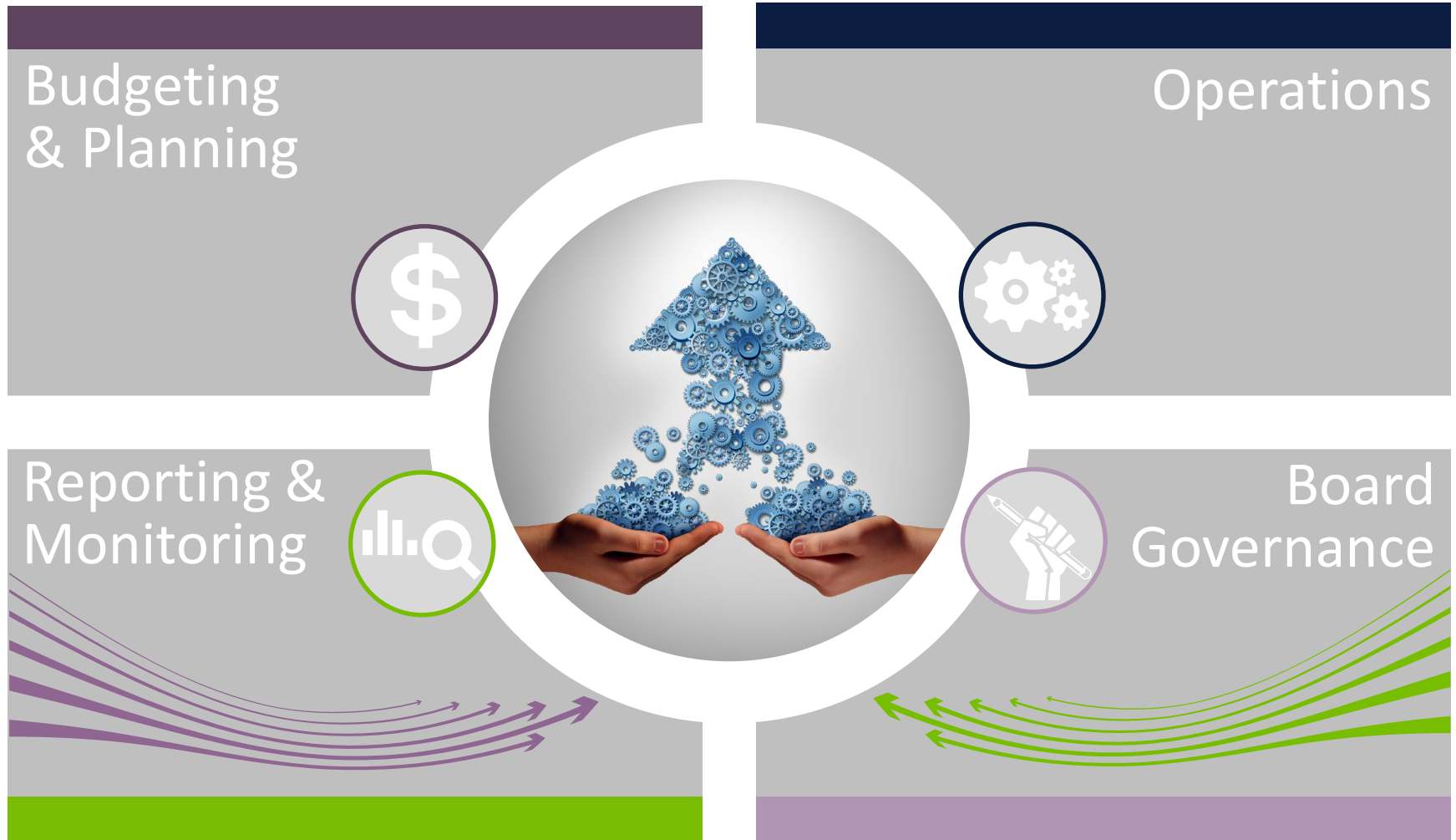


Financial Sustainability Check-up



Financial Sustainability Check-up

		LEVEL 1	LEVEL 2	LEVEL 3
		Challenged	Stable	Healthy
BUDGETING & PLANNING	• Income Statement created for each line of business/department/program or cost center	No	Maybe	Yes
	• Review Income Statement for profitability for each line of business/department/program	No	Maybe	Yes - Probability % of success used to net down revenue forecast
	• Organization complies with GAAP revenue recognition	No	Maybe	Yes
	• Program Profitability Review	Maybe	Yes	Yes
	• Income Statement created for Unrestricted and Restricted Income	No	Maybe - dependent upon \$ level of TRNA & PRNA	Yes
OPERATIONS	• Financial System	QuickBooks; Xero	QuickBooks PRO; Sage	Sage Intacct; Dynamics 365
	• Financial Staffing - CFO	None	Yes - but CFO is more transactional than strategic	Yes - experienced nonprofit CFO with strategic skill set & managing HR, Operations & IT
	• Financial Staffing - Controller	None - but often using their accountant as the Controller	Yes - manages transactions and closing process well	Yes - Controller is CPA and has extensive GAAP knowledge
	• Financial Staffing - Accounting	Has bookkeeper with some skills	Has an accountant with degree	Has experienced accounting team
	• Banking	Bank relationship transactional	Bank relationship transactional & strategic	One primary bank and using multiple products
	• Credit Availability	Self-funded or Grant-funded	Line of Credit	Line of Credit & other financing options
	• Cash Flow Forecasting	Only when needed	Cash flow actual vs. budget monthly	Monthly plus go forward 6 month forecast
	• Revenue Recognition	Probably cash basis and recognize all when received	Quarterly	As received and then released per GAAP guidelines
	• Cost Allocations	Not allocated unless they have grant programs	Some costs allocated to departments and programs	Indirect & G&A allocated to departments and programs
	• A/R & Grant A/R Review	As needed	Quarterly	Monthly
	• A/P Review	As needed	Quarterly	Monthly
	• Month-End Closing Process	Inconsistent	Not updated regularly	Detailed and evolving



Financial Sustainability Check-up

		LEVEL 1	LEVEL 2	LEVEL 3
		Challenged	Stable	Healthy
REPORTING & MONITORING 	• Bank Account Reconciliations - When	Quarterly	Monthly	Bi-monthly
	• Bank Account Reconciliations - Who	Staff person who issues A/P checks	Not the staff person who issues A/P checks	Not the person who issues A/P checks; Controller reviews and signs off
	• Cash Timing of Payments	Payroll taxes may not be paid timely; A/P as level of cash allows	Payroll timely; A/P some paid outside of terms	Payroll and A/P paid timely
	• Financial Report Preparation	30 - 60 days after month end	Within 30 days after month end	Within 10-15 days after month end
	• Creation of Financial Dashboards	No	Maybe	Yes tied to KPI (Key Performance Indicators) in strategic plan
	• Balance Sheet Account Reconciliations	Annual	Quarterly	Monthly
	• Endowment - Admin	Executive Director	Controller	CFO
	• Operating Reserves	Typically do not have available	Not monitored	Monitored and measured to benchmarks
	• Operating Reserves Amount	Less than 3 months	6 months	Over 12 months
	• Annual Audit	Review or compilation	Yes	Yes
BOARD GOVERNANCE 	• Board Meeting Frequency	Irregular	Quarterly	Monthly
	• Finance Committee Role	As needed	Semi Active - quarterly	Active - monthly
	• Board Role/Responsibility Clarity	Inexperienced board; lack of strong leader; committee structure not used well	Competent board; finance committee reviews reports & asks good questions	Knowledgeable & strategic board; strong committee structure
	• Financial Reports sent to the board	Annual or when asked	Quarterly	Monthly
	• Actual vs. Budget reporting/explanations	For Total Revenue and Total Expenses only; no BS or CF reporting	Quarterly	Monthly with insights included (e.g., what do the numbers mean)
	• Risk Management	Not addressed unless issue arises	Focused only on reactive issues	Management identifies risks annually and board discusses and approves mitigation strategy