

Ready to Serve
February 2, 2010

“Nonprofit Finances: Where does it all go?”
Rick G. Blunk

I. **Responsibility**

- Legally
- Stakeholders
- Passion

Remember the details can be delegated to the appropriate expertise (treasurer, audit committee, CPA , staff, etc.) but the full board at the end of the day always retains full responsibilities.

II **Regulations and Audits**

- Audit vs. Review
- Who might require an audit?
 - Funding sources
 - Your parent company
 - States
 - Lender
 - Bylaws
- Why an audit?
 - GAAP
 - Internal Controls
 - Conflicts of interest
 - Non profit status
- Interaction with the auditing firm

III **Gain an understanding**

Be a student

What decisions will impact finances?

Funding streams

What is coming in?

- Capital Campaigns
- Endowments
- Events
- Donors
- Grants

What first are the sources of revenues?

Are they fixed or variable?

Are they restricted?

Are they one time or repetitive?

What are the risks or potential interruptions to this revenue source?

What is going out?

- Salaries / Benefits
- Plant & Equipment
- Equipment repair and replacement

IV. **Budgeting**

- Where is the value?
- How is a budget utilized?
- Know the underlying assumptions
- Project a budget out for how long?

V. **Red Flags**

- Concentrations
- Fixed vs. Variable expense
- Lack of liquidity
- Lack of sinking funds
- Significant shifts in revenue or expenses
- Lack of separation of duties
- Unwillingness to consider an audit

VI **Wrap up**

