Modern Day Financial Governance

Presentation Slides

NC Center for Nonprofits Conference October 22, 2024



streamlining financial operations so you can focus on the mission



Nonprofit Governance

- Governance focused on the big picture – mission, policies, financial health
- Management focused on dayto-day operations (CEO/ED)
- Strong governance = accountability, leadership, compliance



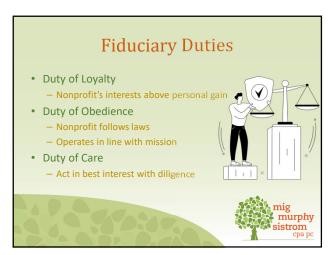
mig murphy sistrom

2

Board Responsibilities

- Set strategic direction guide mission
- Fundraising and advocacy
- CEO/Exec Director oversight support and accountability
- Financial oversight

	X		X		X		
Establish Mission, Vision & Policy; Review Impact		Hire & Evaluate Executive Director/CEO		Exercise Fiduciary Oversight & Secure Resources		Act as an Ambassador to the Community	
	X		X		X		



Discussion of Board Responsibilities • Examples of governance vs. management challenges? • Examples of fiduciary duties violations? mig murphy sistrom cpa pc



Treasurer and Finance Committee

- Treasurer chairs Finance Committee
- Finance Committee provides the overall financial oversight
 - Generally 4 to 7 members
 - Right skill set important
 - Essential to have a CPA or someone with nonprofit financial expertise on the committee



8

Financial Oversight by Finance Committee

- Monitor Financial Health
 - Financial statements, budgets
- · Report to the Board
 - Make sure Board members understand financial condition of the organization
- Ensure Compliance
 - Legal
 - Accounting rules and tax regulations
 - Grantors funds spent per terms



9

Budgeting and Planning

- Develop Budget collaborate and prioritize
- Monitor Spending budget vs actual
- Resource Planning
 - Identify when outside contractors needed
 - Select and oversee





Financial Policies & Procedures

- Establish policies
- Ensure controls in place
- Monitor adherence
- Seek external opinions as appropriate
 - Audit
 - Process review



12

Key Policies & Procedures Documents

- Accounting Policies
- Accounting Procedures
- Conflict of Interest
- Whistleblower
- Document Retention and Destruction
- Gift Acceptance non-financial donations
- Investment
- Payroll and Personnel



Advise on Financial Strategy • Long term financial planning - Sustainability - Investments, endowments, reserves • Assist Board in decision making - Accurate and timely financial information mig murphy sistrom cpa pc

14

Discussion of Treasurer and Finance Committee Roles

- Accounting Procedures Board or Staff?
- Existence of Finance Committee
- Size of Finance Committee
- Outside financial expert
- Annual risk assessment
- Policies & procedures





Basic Financial Statements

- Statement of Financial Position (Balance Sheet)
- Statement of Activities (Income Statement)
- Statement of Cash Flows
- Statement of Functional Expenses



17

Financial Reports - Supplemental

- Budget vs Actual
- Grant or Restricted Funds Report
- Donor & Fundraising Reports
- Dashboard



18

External Financial Reports • Audit Reports • Form 990 IRS Form 990 mig murphy sistrom

Discussion of Financial Reports

- Your go-to report(s) for Board meetings?
- Information you wish you could provide to Board?
- Annual audit?



20



21

When Could a Board Member Be Personally Liable?

- Breach of fiduciary duty knowingly or recklessly
- Failure to supervise
- Unpaid tax liabilities
- Excess benefit transactions



1	1
/	/
_	-



Minimizing Risks for Board Members Maintain oversight Ensure policies and procedures are in place Attend board meetings Ask questions Manage conflicts of interest Understand tax obligations



