

Holly Lofgren Consulting

Nonprofit Professional

Financial Tips for a Healthy Nonprofit Organization

Financial Management:

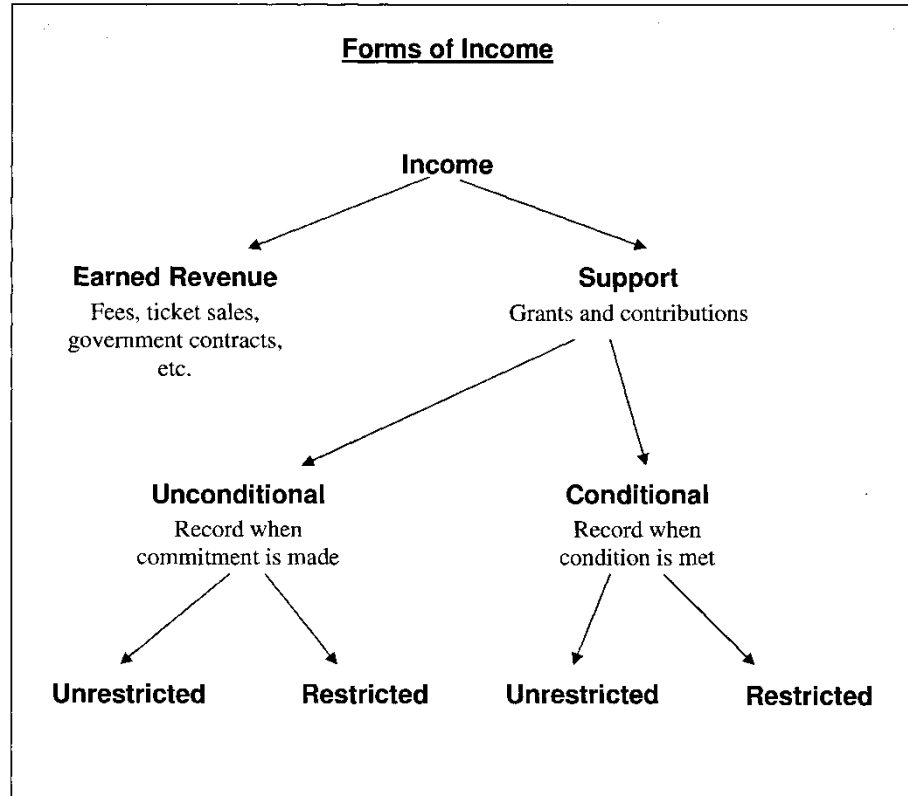
- File your tax reports on time
- Keep all of your origination documents locked and in one place
- Maintain all of your financial records in an orderly manner
- Have a qualified and experienced person complete your financial reports
- Financial reports should be reviewed by all board members on a monthly basis
- Financial reports should be completed in the same format each month
- All petty cash should be well controlled and tracked
- Loans between the nonprofit and others are frowned upon (and are sometimes illegal!)

Bookkeeping & Reports:

- Gain clarity between assets, liabilities, net assets, revenue and expenses
- Avoid comingling funds between your personal accounts and the accounts of the organization
- Have a separate checking account and credit card for the organization
- Utilize a nonprofit chart of accounts
- Complete a budget annually – no ‘source-based budgeting’
- Essential Financial reports:
 - Balance Sheet ~ Statement of Financial Position
 - Income Statement ~ Statement of Financial Activity
- A Statement of Cash Flow can help reduce the chance of a surprise cash shortfall
- A Functional Expense Report is helpful for grant and donor application purposes

Allocation Formula Example:

Name	Title	Pay/Mo	Prog a	Prog b	Prog c	Fund-raising	Mgt & General	Total
Sue	E.D.	2,000	0.2	0.3	0.1	0.3	0.1	1.0
Xaviar	Program Director	1,500	0.5	0.2	0.2	0.1	0	1.0
Jennifer	Programs & Admin	1,000	0	0.1	0.2	0.1	0.6	1.0



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In-Kind Donations

- Assets: Equipment and property – record at fair market value
- Expenses: Building rentals, professional fees and supplies - record at fair market value
- Include contributed services, which require a specialized skill and which the organization would have paid for if not donated
- Donated services that do not require specific expertise: Volunteer time. Do not report in the financial statements, but do track and report as “notes” to the financial statements
- Examples of professional expertise: accounting, financial, construction, educational, electrical or other trade, legal, medical

Finance / Fund Development

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Specializing in capacity building

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