

**2013
Nonprofit and
Association
Roundtable
Series**

September 4

**Financial
Management
and Reporting**



Presented by:

**Sarah Ellis,
CPA**

**David Ljung,
CPA**



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CPAs and Advisors

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Financial Management & Reporting

Making Your Board Financially Savvy

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Discussion Topics

- Designing financial reports for your Board
- Strategic budgeting and monthly reporting
- Cash flow
- Planning for reserves

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Designing Financial Reports for Your Board

- Identify roles and expectations
- Maintain big picture for the Board
- Financial statement shortfalls
- Focus on analysis and interpretation – not just the numbers
- Use of dashboards



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Board Roles and Expectations

- Let's face reality about most Board members
- Identify what your Board needs
 - Do you want them focused on planning and strategy?
 - What types of actions or decisions does the Board need to make?
 - What level of analysis and decision-making can occur at the committee level?

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Financial Statement Shortfalls

- Assumes Board members understand them
- Usually too much information; doesn't provide a focus
- Doesn't allow Board to focus on "big picture"
- May not emphasize areas requiring important analysis or decisions



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Emphasize Analysis and Interpretation

- Variance analysis with a narrative of major flux
 - Ideally compared to budget and PY
- Provide to Board members in advance
- Summary financials only for the Board

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Emphasize Analysis and Interpretation

- At Board meetings, don't be overly focused on analyzing variances
- Project results through the end of the year
- Focus on the net financial result and how to get there. This is what matters most....

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Dashboards

- Great way to present key financial data and important metrics
- Helps the visual learners
- Focuses on the issues
- Generates more interest
- Display key success and risk elements
- Be creative!



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Strategic Budgeting

- Align to annual plan with a narrative
- Explain key assumptions
- Clarify income that is yet to be identified
- Focus on a net financial result
- Project out 3 years
 - Tie years 2 and 3 to your strategic plan
 - Prepare on a macro basis

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Cash Flow

- Beyond financial reporting, cash flows are also a critical piece of information
- Prepare projections – Executive Director may need to be involved in identifying key assumptions



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Cash Flow

➤ Identify the source of cash flow issues:

- Seasonality
- Deficit
- Timing of payments or receipts

➤ Anticipating shortfalls

- Budget adjustments
- Manage timing; delay payments
- Line of credit

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Planning for Reserves

- Achieve a surplus – Budget for that net financial result
 - Create a reserve policy
 - Setting a reserve goal
- Identify when to use your reserves
- How much is enough? Too much?



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Exercise

➤ Reflecting on our discussion topics, consider how you might complete this statement:

“I would really like to see our organization change the way it””