



TOOL KIT #2

FINANCIAL GOVERNANCE

How to Use Tool Kit #2

This is the second of six Tool Kits in a series developed for OSEP Parent Training and Information Centers and Community Parent Resource Centers to ensure sound nonprofit governance practices. This Tool Kit addresses Financial Governance.

Tool Kit #2 includes materials Parent Centers can use for Board professional development on three topics related to Financial Governance: Financial Statements, The Form 990, and Fundraising. Each topic includes:

- a short video that you can stream anywhere you have an internet connection
- a Dialogue Guide (a series of slides with thought-provoking questions meant to prompt discussion/reflection on a topic)
- a FAQ (some of the most common questions that Boards have about the topic),
- a Resource List (great web-based and PDF handouts on the topic area)

You can use these materials selectively to meet the professional development time available and the specific needs of your own Parent Center. Here is one suggested plan for using the toolkit materials with your Board:

- Plan 40 - 45 minutes on your Board agenda;
- Show the video first (most are 15-20 minutes);
- Use the Dialogue Guide next (10-15 minutes). You can either use the Dialogue Guide as a PowerPoint for all to see and/or print hard copies. The Dialogue Guide is intended to guide a short board discussion applying the ideas from the video to your own center;
- Next, distribute the FAQ Sheet and Resource List. (5 minutes). Both resources can be a “take home” for the Board of key points and important supplementary materials. If time permits, they can be reviewed during the Board professional development. Or, select 1-2 Resources off the list that really speak to you and provide these;
- Finally, use the Evaluation form (5 minutes).

If you would like more details, the chart that follows below briefly describes each product in the three Tool Kit #2-topic areas. Also included is a time estimate for each product and suggestions for optional materials to use during the Board professional development.

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FINANCIAL GOVERNANCE

Topic area	Product	Description	Time Needed	Optional Materials Needed
FINANCIAL STATEMENTS	Video	Relating to the 10 basic responsibilities of nonprofit Boards, this video, https://youtu.be/U7Wovw_UBDo , focuses on basic reports including balance sheets, income statements, and statements of functional expenses. The video introduces basic analyses, including ratios, trends, and benchmarking.	19 minutes	Internet connection
	Dialogue Guide	This Guide includes a series of PowerPoint slides (that follow the video content) with thought-provoking questions meant to prompt Board discussion/reflection on the topic. “Discussions” can be written exercises, small group conversations, or large group exercises. Using your organization’s financial statements, participants can discuss what these numbers say about the organization’s financial condition. Additionally, there is a simple ratio analysis exercise.	10 – 15+ minutes	Your organization’s recent financial statements Calculators
	FAQ	The FAQ addresses typical financial red flags, the “overhead myth”, and an exploration of direct vs. indirect costs as they refer to IDEA Parent Centers.	NA	NA
	Resource List	Links and resources to hand out or use selectively.	NA	NA
THE FORM 990	Video	This video, https://youtu.be/NkakU1paZM4 , addresses the importance of the 990, with a focus on program services accomplishments; governance, management, and disclosure; the statement of revenue and statement of functional expenses.	21 minutes	Internet connection
	Dialogue Guide	This Guide includes a series of PowerPoint slides that lay out the format of the 990 and asks participants key questions about the story the 990 tells about financial condition, governance, transparency, and practices.	10 – 15+ minutes	Your organization’s 990 – past 2 or 3 years; pen, white board; or chart paper/easel
	FAQ	The FAQ focuses on roles and responsibilities for completing and reviewing the 990, the relationship of the 990 to the annual audit, documenting the process for determining executive compensation, and the list of officers and trustees.	NA	NA
	Resource List	Links and resources to hand out or use selectively	NA	NA

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Product Guide

Topic area	Product	Description	Time Needed	Optional Materials Needed
FUNDRAISING	Video	While Fundraising is a basic responsibility of nonprofit Boards, participation may be low and need a boost. This video, https://youtu.be/8ywVl24Lcms , addresses these typical issues and shares a 3-stage approach including cultivation, solicitation, and stewardship.	20 + minutes	NA
	Dialogue Guide	This brief PowerPoint includes a discussion of 9 ways to boost Board participation in fundraising, and opportunities for role plays and exercises to build Board Member confidence as fundraisers.	10 – 15+ minutes	Organization’s Current Fundraising Information, pen; white board; or chart paper/ easel.
	FAQ	This Fundraising FAQ addresses challenges for Board members with limited financial capacity, board and staff roles, what can and cannot be done with staff time funded by IDEA, and perspectives on special events.	NA	
	Resource List	Links and resources to hand out or use selectively.	NA	NA
EVALUATION	Evaluation Form	Here is the Survey Monkey link for participants in all or part of Tool Kit #2: https://www.surveymonkey.com/r/ToolKit2BdFinGov . We would appreciate the feedback. We have also provided a hard copy Evaluation Form to use with participants if you prefer.	NA	NA