

What are the key financial questions our board should ask?

Ten key financial questions nonprofit board members should ask:

1. Have we run a gain or loss? (i.e., Are we better or worse off financially than we were a year ago?)
2. Are our key sources of income rising or falling? If they are falling, what are we doing?
3. Are our key expenses, especially salary and benefits, under control?
4. Do we have sufficient reserves?
5. Has the board adopted a formal policy for the establishment of reserves? Is our cash flow projected to be adequate?
6. Are we regularly comparing our financial activity with what we have budgeted?
7. Is our financial plan consistent with our strategic plan?
8. Is our staff satisfied and productive?
9. Are we filing on a timely basis all the reporting documents we are supposed to be filing?
10. Are we fulfilling all of our legal obligations?

References

Andrew S. Lang, Financial Responsibilities of Nonprofit Boards (Boardsource 2003)