SELF-ADMINISTERED FINANCIAL CHECK-UP

This financial Check-Up was originally created by the Non-Profit Financial Center (NFC) as a self-assessment tool for non-profit leaders to assess strengths and weaknesses in the policies, systems and practice of financial management in their non-profit organization.

When using the tool, it is important that the Chief Executive Officer, the Chief Financial Officer or person primarily responsible for maintaining the organization’s accounting system as well as a member of the Executive Committee of the Board of Directors (preferably the Treasurer) complete this form and/or are interviewed to insure that the results are of value to the organization.

Answer all questions. If you don’t know, check off the “don’t know” box. That is a clue as to your next steps. All responses of “no”, “needs work”, and “I don’t know” may require further investigation or a plan of action.

Date: __ / __ / __
Start Time: ________

BASIC ORGANIZATION INFORMATION

Name of Organization: ______________________________________ Fiscal Year Ends: __/__
Date Organization was Incorporated _____________
Number of Employees: FTE ________ PTE _________ Contract/Consultant _______________
Last FY Fund Balance $ ________________
Total Budget for Current FY $ ________________
Amount of Budget Confirmed $ ________________
Primary Funding Source (s) $ ________________

Who in your organization is primarily responsible for financial management? Include job title(s) and brief job descriptions.
### SECTION I

**ORGANIZATION, ADMINISTRATION and MONITORING**

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<tr>
<th>Needs</th>
<th>Work</th>
<th>Don’t Know</th>
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<tbody>
<tr>
<td>Yes</td>
<td>No</td>
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1. Agency has written financial management **Policies**, including but not limited to:
   - Delegated Line of Authority  
   - Internal controls  
   - Investment Policies  
   - Billing Procedures  
   - Collection Procedures  
   - Personnel Policies  
   - Accounting Procedures Manual  
   - Daily Back-up of Financial Records to a disk or zip drive and stored in fire proof cabinet  
   Date of Policies and Procedures Manual: __/__/____

2. A **Finance Committee** of the Board oversees all:
   - (a) financial matters of the agency  
   - (b) legal financial requirements  
   - (c) adherence to fiscal policies  
   - (d) reports to the full board on a regular basis monthly ___ quarterly ___  
   - (e) Asset Management: Loan or Real Property Portfolio M’gmt

3. Board Members review **Financial Statements** at each board meeting which include at a minimum:
   - Balance Sheet (Statement of Financial Position)  
   - Statement of revenue and Expenses (Statement of Activities)  
   - Cash Flow Statement (Budget to Actuals And Year To Date)

4. Agency reviews actual cash flow and makes comparisons to projected cash flow statements on a regular basis.

5. Board members demonstrate a **clear understanding** of:
   - (a) Financial Reports and are able to ask pertinent questions about financial matters  
   - (b) the Board’s Legal and Fiduciary Responsibilities and liability as well as their general responsibility to the public for wise financial management.

6. There is an annual review of revenue generating activities to be certain that no sources or opportunities are missed and that all **Resource Development** activities and systems are efficiently managed to raise sufficient revenues to cover operating and
capital expenses. 

7. Board approves 
   (a) the annual budget (60—90 days before the end of the current fiscal year) 
   (b) the fiscal year end financial statements 
   (c) the Financial Audit 

8. Is the organization required to have an “A-133” audit (required if at least $300,000 of federal funding are expended) 

9. Last Year Audited ____________________________

10. Did the auditor’s Management Letter identify any deficiencies discovered during the audit process 
    …. If so, have these been resolved? 

11. Agency reviews the budget Allocated to Administration and Fundraising (or Resource Development) annually 

12. Agency gauges the Financial Health and Solvency of the organization using: 
    Working Capital Ratio 
    (Current Assets – Current Liabilities) 
    Current Ratio 
    (Current Assets/Current Liabilities) 
    Capacity for Debt Service 
    (Total Liabilities/Fund Balance) 
    Other: 

13. Personnel responsible for the agency’s Financial Records are sufficiently experienced and trained for the task 

14. Management Staff demonstrate a clear understanding of financial reports and their implications (Cost Centers) 

15. Current information is available regarding the actual costs of providing services to each client 

16. Agency compares the number of service encounters (clients, servicing hours, etc.) to determine the cost per encounter at least annually. 

17. All staff members who handle agency funds are bonded at limits which reflect the amounts they actually handle. (Fidelity) 

18. All of the agency’s activities and facilities are adequately insured against potential liability. 

19. Board members are insured against personal liability. (Indemnification; Hold Harmless)
SECTION II
PLANNING and BUDGETING

1. Agency can operate at the present funding level for at least the next three months. ___ ___ ___ ___

2. The percent of income that the agency earns (if any) remains stable or is increasing each year. ___ ___ ___ ___

3. Agency has Financial Planning component which provides for securing alternative funding when time-limited funding resources expire or provides for an orderly phase-out of services ___ ___ ___ ___

4. The agency has a Diverse Funding Base which lessens the disruption of services caused by a withdrawal of funds from any one source. ___ ___ ___ ___

5. The agency prepares Cash Flow Projections using historical trends. ___ ___ ___ ___

6. All agency expenses, both personnel and non-personnel, Operating and Capital expenses are included in Cash Flow Projections. ___ ___ ___ ___

7. All Cost Centers of the agency are monitored in relation to the total budget. ___ ___ ___ ___

8. Expenditure planning is clearly tied to the agency’s program planning. ___ ___ ___ ___

9. The agency has a means of projecting, over several years time, the organization’s needs for capital. ___ ___ ___ ___

10. It is recognized that as the Earned Share of the budget increases versus the Contributed Share of the budget, the organization is stabilizing. ___ ___ ___ ___

11. The strength of continued funding and earnings for each program have been assessed within the last twelve months, and new sources of revenue have been projected to meet anticipated shortfalls. ___ ___ ___ ___

12. There is a Budget for each Program or Line of business showing projected and Actual Income and Expenses. ___ ___ ___ ___

13. Cash Flow Statements are used when preparing budgets. ___ ___ ___ ___

14. Everyone with spending and/or income (Resource Development) responsibilities is involved with the budget process. ___ ___ ___ ___
SECTION III
ACCOUNTING and ACCOUNTING CONTROLS

1. The agency uses a specified system of accounting, i.e. accrual ____, modified accrual ____ or cash ____.

2. Agency has a written and updated Chart of Accounts showing what line categories and sub-categories are in use that is coordinated with the agency’s reporting requirements.

   Chart of Accounts was last reviewed and updated ___/___/___

3. Agency’s Financial Data is sufficiently Accurate and Timely (i.e. Current, w/n 30 days) that it can be used for Planning, Monitoring and Decision Making by Board & Staff.

4. Financial Statements are usually delivered to Board members _____ Days before their regular Board meeting for their review

5. Agency’s financial reports contain all information needed by the decision makers, minimally all financial statements for the organization (Balance Sheet, Revenue/Expense, Cash Flow) as well as Program Financials.

6. The agency’s financial statements meet the requirements of its funding sources.

7. There is a separate filing system for financial receipts, forms and records.

8. Agency conducts bank reconciliations monthly.

9. The agency’s cash disbursements are supported by adequate documentation: Invoices, Executed Purchase Orders, Checks, Ledgers, Check Copies, etc.

10. Agency has an up-to-date system for summarizing each month’s transactions, including, but not limited to the following:

    General Ledger
    Dedicated Ledgers for Lines of Business (RED, Lending, Etc) ____ ____ ____ ____
    General Journal
    Cash Receipts Journal
    Cash Disbursement Journal
    Accounts Receivable Ledger
    Accounts Payable Ledger

11. Agency uses Fund Accounting, allowing it track each grant or contract by funding source.

12. Agency has the means for determining what monies it owes
and what monies are owed to it in addition to what it actually received.

13. Agency has a Computerized System
   Software Used: _________________________________
   Back-up files stored off-site? yes no

14. Back-up Procedures or protocols are performed on a daily/weekly basis for all accounting data files.

15. Agency has a clear policy regarding authority for final decision about all agency financial matters.

Specify, by Job Title, who is responsible for the following functions:

Who authorizes purchases? ________________________________________
Who prepares checks for Disbursement? ________________________________________
Who is authorized to Sign Checks? ________________________________________
How many Signatures are required? ________________________________________
Are there Check Threshold Amounts? $ $ $

Who prepares cash receipts for deposits? ________________________________________
Who deposits cash receipts? ________________________________________
Who reconciles the bank account? ________________________________________

16. Agency has a means for anyone who notices a shortage or the need to purchase an item to bring it to the attention of someone authorized to make such a purchase, i.e. supplies.

17. Agency has a system in place to ensure that those people who authorize purchases are not the ones who pay for them or at least have required Counter Signatures for checks.

18. Agency has a Written Purchase Order/Check Request System

19. Agency has a Property and Equipment Inventory System.

20. Agency conducts periodic inventories of the agency’s equipment, noting the condition and location.

21. There is a Formal or informal Bid Process for all purchases/Service Contracts over $500

22. Agency has a closely controlled petty cash system, i.e. a way for small purchases to be paid with the proper substantiating Documentation from a readily available cash reserve

   Who is responsible for petty cash?

23. Agency has established procedures, priorities and schedules for paying bills recurring regularly.

24. Idle funds, those which are not needed for operating during a 30 to 90 period are invested in interest bearing accounts.
25. There is a system for handling all contributions, grants and earnings including a means of providing contributor with receipts (database-ing and “thank you”s)       ____  ____  ____  ____

26. There are established procedures for billing to third party payers such as government agencies.       ____  ____  ____  ____

27. Staff responsible for billings know and have schedules and deadlines for submitting vouchers which correspond with the third party’s comptroller’s schedules.       ____  ____  ____  ____

28. Staff uses precise forms and format for submitting such billings or vouchers.       ____  ____  ____  ____

SECTION IV
TAX and OTHER REQUIRED REPORTING

1. Does the Agency have a 501 (c) 3 tax exempt status?       ____  ____  ____  ____
   _Provisional? ___________  Permanent? ______________

2. State with-holding taxes are paid directly to the state Department of Revenue using the appropriate coupon or dedicated state system       ____  ____  ____  ____

3. Federal with holding taxes and the employer’s portion of FICA taxes are deposited in a Federal Depository as required by law.       ____  ____  ____  ____

4. Federal and State 941’s are filed no later than 30 days following the end of each quarter, whether or not there are any employees paid during the quarter.       ____  ____  ____  ____
   When was the last Federal 941 tax Report Filed?  __/__/____
   When was the last State 941 tax report filed?  __/__/____

5. Annual Reports to the Secretary of State are filed when due       ____  ____  ____  ____
   When was the last Annual Report to the Secretary of State filed?  __/__/____

6. Annual reports to the Internal Revenue Service (Form 990 and Schedule “A”) are filed by the 15th day of the fifth month after the end of the agency’s fiscal year.       ____  ____  ____  ____
   When was the last federal 990 report filed?  __/__/____
   Is the 990 report readily available upon request by the public?  ____  ____  ____  ____

7. Annual Reports to the State Attorney General are filed when due.       ____  ____  ____  ____
   When was the last Annual State AG (Non-Profit Corp) report filed  __/__/____

8. Is your agency exempt from the AG Annual Reports (receipts,
exclusive of dues and government grants, were less than $25,000) an affidavit of Exemption" is filed with the IRS.

9. State UC3/40’s and payments for unemployment insurance are filed with the State Department of Employment Security on a quarterly basis

Are state unemployment insurance payments current?

10. Does the Agency pay Federal Unemployment Taxes?
    (Note: non-profit organizations are exempt from paying Federal Unemployment Taxes)

11. Year-end payroll reports to the Social Security Administration and State Department of Revenue (Forms W-3) are filed by the last day of February

12. Agency appropriately distributes W-2’s by the last day of January to all employees that worked for the organization during the past calendar year and for whom taxes were withheld.

13. Federal 1096 forms are filed with the Internal Revenue Service by the last day of February for each independent consultant paid more than $600 during the past calendar year.

14. Agency appropriately distributes 1099’s by the last day of January to all independent consultants paid more than $600 during the calendar year.

15. Agency has the following employee benefit plans:
    Tax Shelter Annuity
    Cafeteria Plan
    Education Assistance Plan
    Legal Assistance Plan

16. If yes to any of the above, agency files form 5500 with the IRS by the last day of the 7th month after the plan year.
    If required, when was the last Form 5500 report filed?

17. Payroll is managed by financial management staff third party contractor

General Observations or Request for Technical Assistance:

________________________________________________________________________________
________________________________________________________________________________
________________________________________________________________________________
________________________________________________________________________________
________________________________________________________________________________