

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**

	<i>Yes</i>	<i>No</i>	<i>Needs Work</i>	<i>Don't Know</i>
1. Agency has written financial management <u>Policies</u> , 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 <u>Finance Committee</u> 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 <u>Financial Statements</u> at 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 <u>clear understanding</u> 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 <u>Resource Development</u> 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 (<i>Current Assets – Current Liabilities</i>)	_____	_____	_____	_____
Current Ratio (<i>Current Assets/Current Liabilities</i>)	_____	_____	_____	_____
Capacity for Debt Service (<i>Total Liabilities/Fund Balance</i>)	_____	_____	_____	_____
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	_____	_____	_____	_____
(<i>Cost Centers</i>)				
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 <u>next three months</u> . | _____ | _____ | _____ | _____ |
| 2. The <u>percent of income</u> that the agency earns (if any) <u>remains stable or is increasing</u> each year. | _____ | _____ | _____ | _____ |
| 3. Agency has <u>Financial Planning component</u> which provides for securing <u>alternative funding</u> when time-limited funding resources expire or provides for an <u>orderly phase-out of services</u> | _____ | _____ | _____ | _____ |
| 4. The agency has a <u>Diverse Funding Base</u> which lessens the disruption of services caused by a withdrawal of funds from any one source. | _____ | _____ | _____ | _____ |
| 5. The agency prepares <u>Cash Flow Projections</u> 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 <u>Earned Share</u> of the budget increases versus the <u>Contributed Share</u> 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 <u>Chart of Accounts</u> 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 <u>Accurate and Timely</u> (i.e. Current , w/n 30 days) that it can be used for <u>Planning, Monitoring and Decision Making by Board & Staff.</u> | ____ | ____ | ____ | ____ |
| 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 Un-employment 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:

