



WORKSHEET: NONPROFIT FINANCIAL ESSENTIALS

OVERVIEW

Fiduciary responsibility is about trust.

To gain trust, it essential that a nonprofit runs a 100% clean organization.

List three basic fiduciary responsibilities of a nonprofit:

1: _____

2: _____

3: _____

Cash accounting - revenue is recorded when it is received, expenses are recorded when they are paid.

Accrual accounting - revenue is recorded when it is earned, Expenses are recorded when they are incurred.

To help clarify the three types of financial reports you will review at each board meeting, label the term that identifies each definition. (You will need to refer back to this table as the module progresses in order to complete it.)

Term	Definition
	A financial report of the income and expenses over a specified period of time.
	A summary of the assets and liabilities of an organization at a specified period of time.
	An estimate of income and expenses over a 12-month period.



INCOME STATEMENT

Answer Y or N regarding the use of each income category.

	Can be used for any purpose	Can be used to cover operational costs	Can be used at any time
Unrestricted contribution			
Restricted donation			
Restricted grant			
Sponsorships			
Contracts			
Fees			
Investment income			

Your responsibility as a board member: *Look, Listen, Ask.*

What should you know when reading an Income Statement?

1: _____

2: _____

3: _____

What should you look for when reading an Income Statement?

1: _____

2: _____

3: _____



STATEMENT OF FINANCIAL POSITION

The Statement of Financial Position is helpful in assessing the nonprofit's health. When analyzed over several accounting periods, this report can highlight trends that may suggest possible problems or areas of improvement.

Please refer to the annotated Statement of Financial Position to understand the definitions of Assets, Liabilities and Equity as it relates to nonprofit financial accounting.

What is best practice when building a Reserve Fund:

Your responsibility as a board member: *Look, Listen, Ask.*

What should you look for when reading a Statement of Financial Position?

1: _____

2: _____

3: _____



NONPROFIT BUDGET

Why is the budget important?

1: _____

2: _____

How do the formats differ between the Budget and the Income Statement?

Your responsibility as a board member: *Look, Listen, Ask.*

What are your responsibilities as a board member as it relates to the budget?

1: _____

2: _____

What should you look for when reviewing the budget?

1: _____

2: _____



FINANCIAL CONTROLS

Financial policies, procedures, and controls spell out formal responsibilities, guide decision-making, and help prevent problems.

Further describe specifics related to each of the below financial policies.

Check signing authority	
Transfer of funds authority	
Reserves	
Segregation of duties	

Your responsibility as a board member: *Make sure that policies are in place - and that they are followed.*

Are nonprofits required to submit tax returns? If so, how often and in what form?

You can find financial information about any nonprofit on Guidestar by Candid's website: www.guidestar.org.