

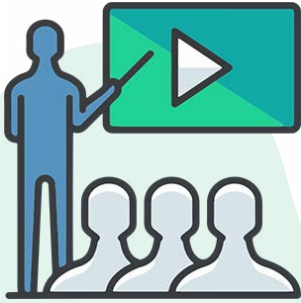
5 STRATEGIES

— TO MONITOR YOUR NONPROFIT'S —

FINANCIAL HEALTH



YOU CANNOT MANAGE WHAT YOU DO NOT MONITOR AND MEASURE



1 TRAIN

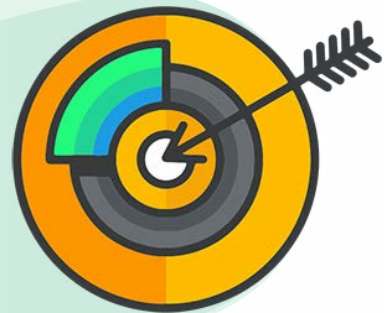
AND DEVELOP YOUR BOARD

Develop and implement a formal training process for Board members to include information focused on accounting matters and financial reporting issues applicable to nonprofit organizations.

2 FORECAST

A REALISTIC ANNUAL BUDGET

Develop an annual operating budget that is realistic. Nothing is gained by establishing financial milestones that are based on unrealistic estimates and expectations. Closely monitor actual results to budgeted expectations and, when deviations between actual results and budgetary expectations are identified, take corrective action to address them immediately.



3 FORM

A FINANCE COMMITTEE

In addition to securing an individual with professional experience in accounting, financial reporting, or financial services to serve as the organization's Treasurer, you also need to form a Finance Committee of volunteers with similar skills, knowledge, and experience to provide the detailed review and oversight of internal financial results, budgetary performance, and financial strategies, and to report results to the Board.

4 DETERMINE

KEY PERFORMANCE INDICATORS

In addition to monitoring financial results to budgeted expectations, develop a set of key performance indicators to monitor key financial and non-financial outcomes. Many organizations do not place enough importance on gathering and analyzing data to enhance financial and operational decision-making.



5 DEVELOP

A FINANCIAL DASHBOARD

Not all Board members are financial reporting experts. To ensure all Board members understand the organization's financial performance and its financial health, many organizations provide financial information and other metrics in a graphical format that is often easier to understand for the non-financial user.



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