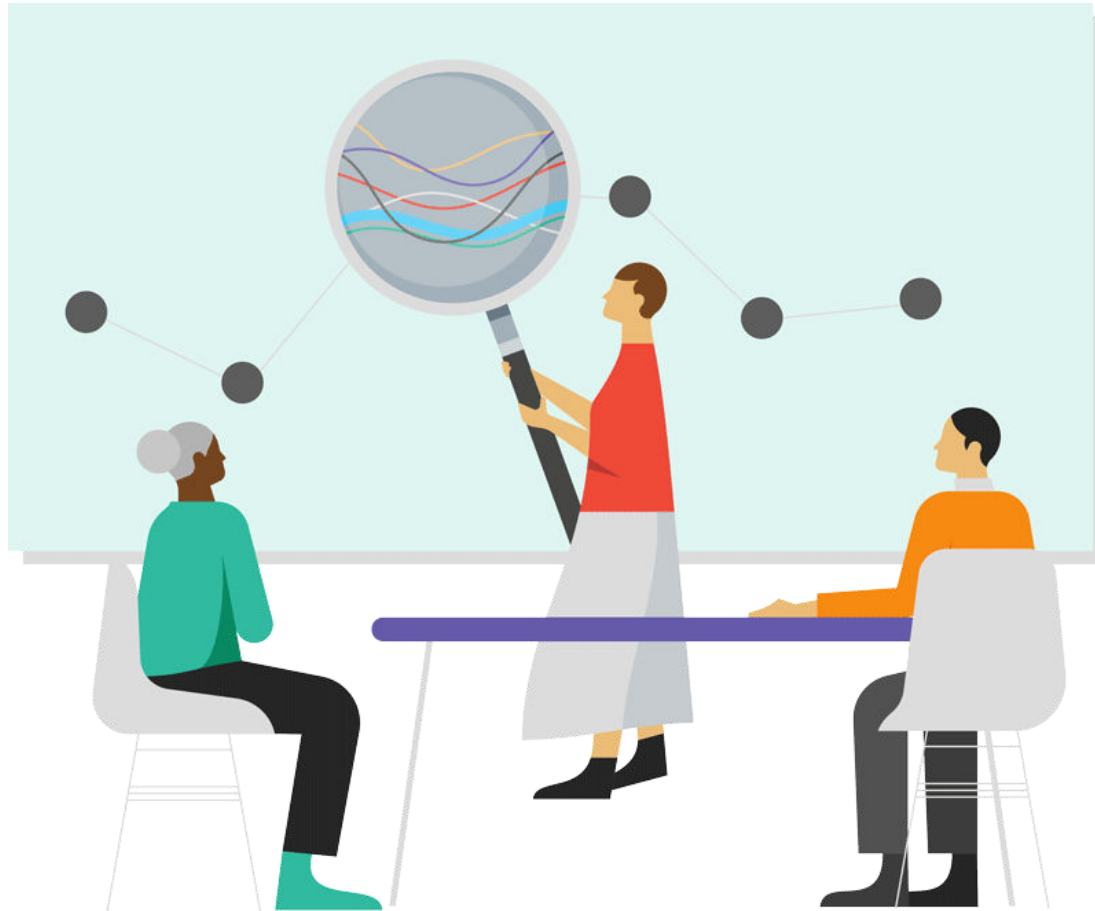


# Best Practices for Nonprofit Boards

## 7) Monitor Financial Performance



# What is Necessary for Monitoring Financial Performance?

**The board is responsible for approving the budget, the audit and the IRS 990 annually**

On regular and consistent intervals the board should receive the following:

Key Documents	Other Documents
<ul style="list-style-type: none"><li>▪ Narrative describing the financial status of the organization</li><li>▪ Budget</li><li>▪ Year-to-date revenue and expenses compared to:<ul style="list-style-type: none"><li>• Year-to-date budget</li><li>• Full-year budget</li><li>• Previous year's actuals</li></ul></li><li>▪ Current balance sheet</li></ul>	<ul style="list-style-type: none"><li>▪ Cash flow projections</li><li>▪ Dashboard of key performance indicators &amp; program metrics</li><li>▪ Aging schedules for:<ul style="list-style-type: none"><li>• Accounts receivable</li><li>• Accounts payables</li></ul></li><li>▪ Investment summary (if applicable)</li><li>▪ Debt summary (if applicable)</li></ul>

## Crisis Tips

- ✓ Identify 1-2 financial indicators to monitor closely
- ✓ Establish frequency of check-ins