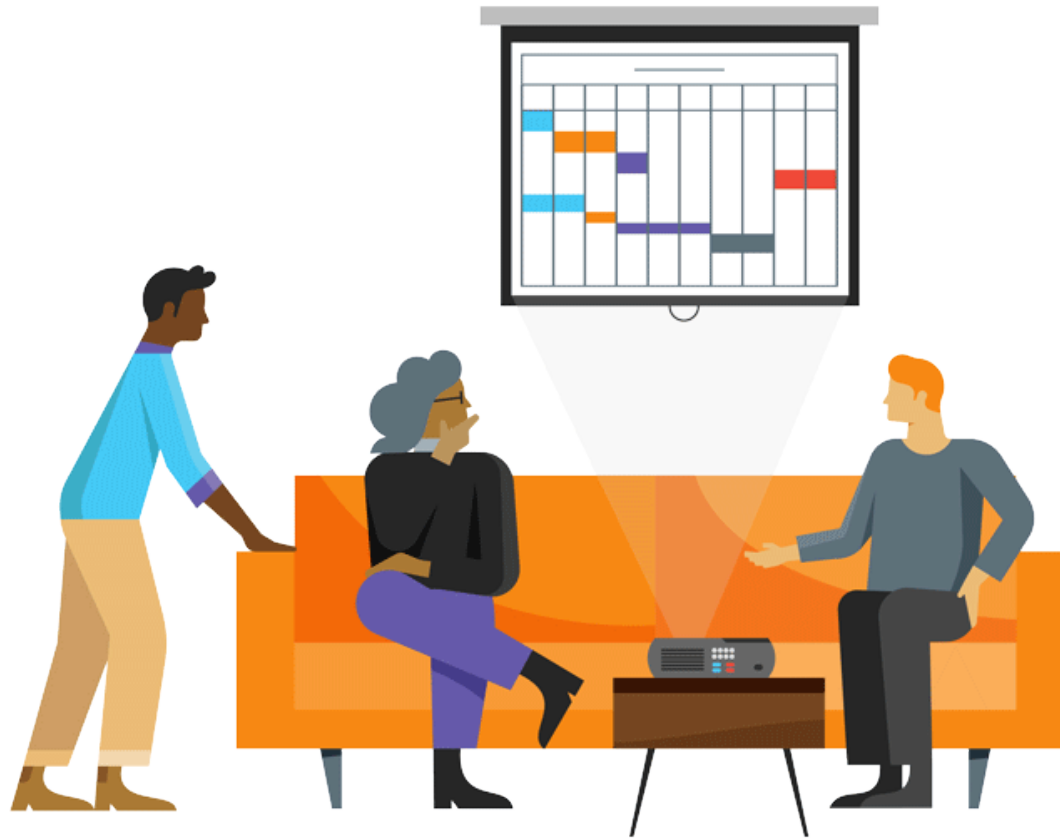


# Best Practices for Nonprofit Boards

## 4) Understand Financial Health and Performance



# Understand Financial Health and Performance

## Business Model and Capital Structure

Business Model	← →	Capital Structure
How an organization makes and spends money in service of its mission	<b>Definition</b>	The nature, distribution, and magnitude of balance sheet items
The income statement	<b>Reflected On</b>	The balance sheet
Do you have the revenue to meet and exceed expenses?	<b>Guiding Question</b>	Do you have enough of the right types of resources to accomplish your strategy?
Consistent surpluses; impactful programs	<b>Measure of Success</b>	Mitigate risk, support innovative programs; reinvest in business model

### Crisis Tips

- ✓ Reassess immediate business model and capital structure goals
- ✓ Examine scenario plans for how to mitigate changes to the business model and /or capital structure