

FINANCIAL STABILITY

The Directors of a Board and senior staff must be fully aware of their legal responsibilities. In general terms, Directors of the Board are responsible for:

- Appointing financial officers with appropriate qualifications and competencies
- Ensuring that specialists (accountants, auditors) are appropriately qualified and competent
- Ensuring responsible investment of outside funds using outside expertise
- Enacting by-laws concerning the organization’s financial affairs
- Establishing financial policies
- Reviewing financial reports at regular intervals

FINANCIAL STABILITY CHECKLIST

Books and Records	Yes	No
Are the books and records of the organization kept up to date?		
Are books and records maintained in a neat and organized manner?		
Is responsibility for record keeping clearly delegated to specific individuals?		
Are accounting/bookkeeping and clerical demands processed promptly?		
Financial Statement Analysis	Yes	No
Are financial statements produced on a regular basis and reviewed by management?		
Are financial statements audited or reviewed by an accredited and publicly licensed accountant or accounting firm?		
Are we satisfied that accounts receivable are bona fide and that there are no significant balances owing over 90 days?		
Are there any significant accounts receivable from officers, management, employees or board members of the organization?		
Are inventory levels reasonable?		
Have all long-term commitments and obligations been identified in the financial statements? (Consider long-term leases, long-term debt)		

SaskCulture Web Resources – FINANCIAL MANAGEMENT

Has the organization been able to justify all significant differences between budget and actual for major revenue and expense accounts?		
Has the calculation of key financial ratios highlighted any areas of concern? (Consider quick ratio, current ratio, debt to equity/membership ratio)		
Has the organization had significant operating losses in the previous two years?		
Is the organization's current working capital position acceptable?		
Is there any correspondence from the auditors/accountants indicating weaknesses in internal control or other accounting procedures?		
Have any recommendations from the auditors/accountants NOT been adopted?		
General	Yes	No
Is the organization's incorporation documentation up to date?		
Does the organization have title to all major assets?		
Are major assets pledged as security against any debts?		
Does the banking resolution governing sign authority correspond with the Board's decision or the organization's by-laws?		
Is there any possibility that key sources of revenue to the organization will be lost?		
Is the organization realizing the revenue potential of its current membership base?		

*Content excerpted from An Overview of Governance, from
The Effective Not-for-Profit Board – Governance of Not-for-Profit Organizations,
Deloitte & Touche, 2013.*

Other Topics to Explore:

[Financial Planning aka Budgeting](#)

[Audit Committees](#)

[Governance Framework](#)

Other links:

[An Overview of Governance](#), from The Effective Not-for-Profit Board – Governance of Not-for-Profit Organizations, Deloitte & Touche, 2013.