

Financial Checklist for Critical Management

1. Understand your Balance Sheet

- a. What is your Statement of Financial Position (Balance Sheet) telling you about your organization?
 - i. What are your receivables?
 - ii. What are your payables?
 - iii. How much in current assets do you have?
 - iv. What is the amount of your debt? Can it be restructured?
 - v. What is your debt to worth ratio? (see ratios)

2. Assess Liquidity

- a. How many months of cash and liquid net assets (investments) do you have? What is your working capital and for how many months?
- b. What is your liquidity ratio? (see ratios)

3. Monitor Cashflow

- a. Do you have a 12 month cashflow projection and is it updated monthly?
- b. Do you compare your cashflow projections with actual revenue and expenses each month?

4. Quantify the Risk

- a. Which revenue sources are at major risk?
- b. What changes can you expect to make if you lose revenue in excess of 5% or 10% from any one source or line item.
- c. Have you created scenario budgets in case you do not raise the money projected in your budget? (best case, probable and worst case)
- d. What are you doing to actively protect your revenue sources?

5. Articulate Performance and Results

- a. Can you communicate the result or performance measures for the organization? How do you compare to others in your field? Do you have a story to tell on what has been accomplished in your organization using both data and stories? Do you use your performance measures to manage?

6. Being Transparent

- a. What is your communication plan to the board, staff, volunteers, stakeholders and funders and the community?
- b. What role is your board playing in developing fundraising strategies?

7. Collaboration, Strategic Alliances and Mergers

- a. Are you actively talking with your colleagues and peers about ways to work together to save funds.
- b. What cost saving strategies are you implementing?

Key Ratios for Your Score Card

		Year 1	Year 2	Comments
Current	<u>Current Assets</u> Current Liabilities			
Quick	<u>Cash+Acct. Rec</u> Current Liabilities			
Debt to Worth	<u>Total Liabilities</u> Total Net Assets			