



Where the **Power of Business**
Meets the **Passion of Giving**



Best Practices Check List: Finance

Financial Position and Liquidity		
1. Do cash reserves equal 6 month's worth of average monthly expenditures?	Yes	No
2. Do other current assets such as pledges receivable regularly come in as cash which can be relied upon to meet operating needs?	Yes	No
3. Is an operating surplus generated which can be used to fund operating reserves?	Yes	No
4. Are most operating assets unrestricted?	Yes	No
5. Are restricted assets easily released in the regular course of business or are restricted assets in an endowment fund?	Yes	No
6. Is the Current Ratio (Current Assets/Current Liabilities) greater than 4?	Yes	No
Financial Management and Internal Controls	Yes	No
7. Is the annual budget comprehensive and is it reviewed, understood, and approved by the Board?	Yes	No
8. Are all financial activities recorded through a general ledger system?	Yes	No
9. Are all cash accounts reconciled monthly on a timely basis? Are the reconciliations reviewed by the Board Treasurer or another knowledgeable professional?	Yes	No
10. Are other balance sheet accounts reconciled on a monthly basis?	Yes	No
11. Are revenue amounts per the general ledger reconciled to the donor management records on a monthly basis?	Yes	No
12. Is performance to budget monitored by staff on a monthly basis and variances acted upon appropriately?	Yes	No
13. Is performance to budget reported to the Board or Finance committee on a monthly basis along with staff's recommended action?	Yes	No
14. Are cash flow, expense, and revenue trends monitored regularly and operating budgets modified if necessary?	Yes	No
15. Are monthly financial statements prepared which are timely and accurate?	Yes	No
16. Does the board review financial performance and complete financial statements (Statement of Financial Position and Statement of Activities at the very least) at every meeting?	Yes	No
17. Is cost center data accurately tracked, analyzed and incorporated into financial plans?	Yes	No
18. Are indirect costs allocated?	Yes	No
19. Are all accounting processes documented, including indirect cost allocation?	Yes	No
20. Is board and staff financial training prioritized and fully funded?	Yes	No
21. Is an independent audit or review arranged by the board annually?	Yes	No
22. Do comprehensive written policies exist which outline authority and procedures regarding assets, investments, and use of funds?	Yes	No
23. Do accounting systems include password protection and daily system data back-ups?	Yes	No

24. Is access to checks controlled and do policies prohibit signing blank checks or checks written to "cash"?	Yes	No
25. Are authorized check signers NOT involved in check writing, bookkeeping, or reconciliation?	Yes	No
26. Is countersignature required for designated large amounts?	Yes	No
27. Are cash receipts recorded and endorsed for deposit by staff not responsible for recording and reconciling bank deposits?	Yes	No
28. Are fixed assets regularly inventoried?	Yes	No
29. Are insurance needs and coverage appropriate and reviewed by the board annually?	Yes	No
30. Are staff and volunteers well informed about a confidential means to report suspected financial impropriety and are protected against potential retaliation?	Yes	No
Current Best Practice (Capacity) Level:	High (20 - 30) Medium (10 – 19) Low (1 – 9)	

This checklist is provided without representation or warranty. None of the authors thereof, San Diego Social Venture Partners Inc., or any of their respective representatives or agents shall have any liability to any person or entity with respect to any loss or damage caused or alleged to be caused, directly or indirectly, by the use of this checklist.

Copyright 2009, San Diego Social Venture Partners Inc.

San Diego Social Venture Partners
420 Stevens Ave, Suite 210
Solana Beach, CA 92075
(760) 269-3836
<http://www.sdsvp.org>