Help! I’ve Been Elected Board Treasurer

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Our Mission

Fuel the effectiveness of nonprofits with guidance, expertise, and capital.
Objectives for Today’s Session

1. Role of the board treasurer

2. Reports to accomplish key responsibilities

3. Wearing all your treasurer hats (modes)

4. Goal: confidence!
How Were You Selected as Treasurer?
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Board Member Responsibilities

- Ensure Healthy Governance
- Lead Strategically
- Support & Supervise the Executive Director
- Be an Ambassador
- Ensure Financial Stability
Legal and Operational Responsibilities

- Board of Directors
- Board Treasurer
- Board Finance Committee
- Executive Director
- Staff
- Outside advisors and accountants
Board’s Role

- Adopt strategic plans and goals (including financial)
- Create and maintain an appropriate governance structure
- Adopt policies for financial practices and activities
- Ensure adequate staffing
- Evaluate and monitor effective use of financial resources
Board Treasurer’s Role

- Maintain records and bank accounts (unless done by staff)
- Report financial results – ensure board receives accurate/timely financial information for decisions
- Knowledgeable about the organization’s financial affairs and can communicate it to the board
- Financial partner to ED/CEO and CFO
- Ensure board’s financial responsibilities move forward
The Treasurer as Financial Leader

• Assure board received accurate and timely financial information and uses it

• Communicates financial info to the board – knows particulars, restrictions, requirements

• Offers knowledgeable perspective and guidance – can ask the hard questions when needed

• Does not have sole responsibility for organization’s financial health
The Treasurer in Board Meetings

- Read entire financial packet before the meeting and ask questions
- Ask questions in the board meeting
- Possibly present financials
- Frame up the financials – highlight trends
- Relate to strategy
- Move your board financial tasks forward
Board Finance Committee’s Role

- Participate in budget planning, recommend fiscal policies, discuss financial reports
- Use financial lens to consider organization’s plans and challenges to help board think through financial questions and develop options
The Treasurer and the Finance Committee

- Leads the committee in budget planning
- Recommends fiscal policies
- Often involved with risk management
- Reviews current financial statements with lens of organization’s plans and challenges
- Thinks through financial questions and develops options
- Not every nonprofit has a finance committee – key when organization has complex funding sources and other financing
Executive Director and Staff’s Role

- Prepare and plan financial operations
- Comply with board direction and decisions
- Follow adopted financial policies
- Develop and use financial procedures and practices
- Monitor progress/make decisions within financial framework
- Provide accurate and adequate financial information
Outside Advisors/Accountants’ Roles

• Provide professional services and advice

• Cannot take responsibility in place of staff and board
Questions – Part 1
Leadership Required

http://www.flickr.com/photos/twenty_questions/6266162774/
# Key Financial Reports

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
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<tbody>
<tr>
<td><strong>Organizational budget</strong></td>
<td>Approved by the board before the fiscal year begins</td>
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<tr>
<td><strong>Monthly or quarterly financial reports</strong></td>
<td>• Income Statement and comparison of actual income and expenses to budget</td>
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<td></td>
<td>• Balance Sheet</td>
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<td>• Narrative report</td>
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<tr>
<td><strong>Cash flow projection</strong></td>
<td>• Predict incoming and outgoing cash</td>
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<tr>
<td><strong>Audit report</strong></td>
<td>• Required in Minnesota if revenues exceed $750,000</td>
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<td>• Auditor is hired by the board</td>
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<tr>
<td><strong>Verification of required reports</strong></td>
<td>• IRS Form 990</td>
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<tr>
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<td>• Other required forms and registrations</td>
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</tbody>
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Using Different Types of Reports

Compliance

*How much?*
- Financial reports - income statement & balance sheet
  - Audit report
  - IRS 990
- Status of agreements

Evaluation

*How well?*
- Comparison to total budget
- Analysis of variances
- Comparison to benchmarks
- Fundraising progress reports

Planning

*Where are we heading?*
- Budgets
- Cash flow projection summary or detail
- Fundraising plans
- Programmatic financial plans

Action

*What will we do?*
- Committee reports with recommended actions
- Specific information to assist with decisions
- Information on alternatives, options & recommendations
What mode are you in?

Operational: Good Data

Oversight: Effectiveness

Strategic: Adaptation
Operational Tasks and Reports

**Tasks**
- Prepare a budget
- Balance a budget
- Approve and pay bills
- Sign checks
- Open bank accounts
- Prepare financial reports
- Resolve financial shortfalls
- Hire auditor

**Reports**
- Organizational budget
- Financial reports
  - Income statement (Statement of Activities)
  - Balance sheet (Statement of Financial Position)
- Financial policies and procedures
Oversight Tasks and Reports

**Tasks**
- Approve a budget
- Approve contracts
- Approve expenses higher than budget
- Ensure maintenance of bookkeeping records
- Review and analyze financial reports
- Review audit report
- File IRS and state reports

**Reports**
- Cash flow projects
- Historical financial data
- Audit report
- 990 form
Strategic Tasks and Reports

**Tasks**
- Know your business model
- Set financial strategies, goals, & priorities
- Anticipate financial opportunities and challenges
- Identify key levers in financial reports
- Adjust roles in the org’s financial leadership

**Reports**
- Strategic plan, including financial strategies
- Current budget and organizational priorities
- Financial dashboard
Wrap up

- Get to know your organizational financial values and culture
- Build capacity of the Treasurer; and the rest of the board
- Flex modes as needed – and be explicit about what mode you are in
- Ensure space for treasurer to exercise financial leadership
- Avoid “Hunger Games” – people feel capable to take on role or know they’ll be supported
Questions – Part 2
Thank You!