
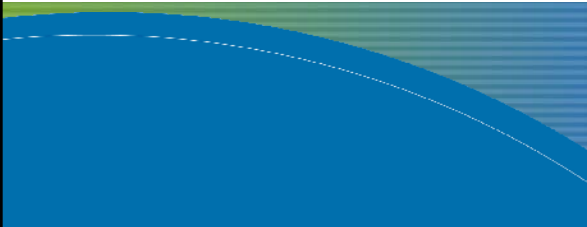
 → *Wagner CPAs* "Beyond Numbers"

Financial Sustainability

Presented by: Scott Haumersen, CPA, CMGA, Partner

What is a Financially Strong Nonprofit?

“One that has sufficient liquidity and reserves to weather any financial instability, and one that plans for growth and its future, utilizing a financial team that understands risks and the numbers and has the right internal controls & tools to reduce risk.”






Potential Financial Storms

- Declines in funding
 - 2008 & Beyond - The Perfect Storm
- Changes in cash flow-funders
- Unanticipated costs and liabilities
- Increasing regulations
- Natural disasters
- Rising costs- Disallowed costs
- Fraud
- Lack of clear plans and financial literacy






Liquidity

- Prepare Cash flow budgets
- Benchmark and monitor financial ratios
- Anticipate problems before they happen



Role of Reserves

- Determine your current reserve levels
- Set benchmarks and targets for future
 - What are your reserves?
 - What are adequate reserves?
 - How do you create them?
- Adopt a Reserve policy



Plans for Growth

- There are three strategies:
 - Do Nothing
 - Retrench
 - Expand
- Seems that the third one has the most potential!





Financial Team & Literacy

- Your financial team includes program managers, senior executives and the Board
 - Make sure they are all getting the right training and have sufficient financial literacy to understand the numbers



Risk Management

- Enterprise Risk Management
 - Risk assessment
 - Strategy to manage
 - Monitoring & reporting
- Reputational Issues and Planning
 - Engaging your stakeholders
 - Using public relations efforts & lobbying
 - Donor & lender support



Internal Controls & Fraud

- Cost of Fraud & Fraud Triangle
- Examples of Frauds in Nonprofit Organizations
- Components of Internal Control
- Internal Controls to Protect Your Organization





Right Tools

- Invest in your infrastructure and this does include your accounting systems and databases.
- Make sure you have the resources and ability to do analysis on all aspects of your operations.





Final Thoughts

- Are you prepared for the future?
- Do you have the right people on your team?
- Do you understand your financial condition & do you have enough reserves?
- Do you have the right tools?



Resources

- Wegner CPAs
– www.wegnercpas.com/non-profits/resources
- Nonprofit Risk Management Center
– www.nonprofitrisk.org
- Wallace Foundation- Strong Nonprofits
- National Center for Nonprofit Statistics (Operating Reserve Policy toolkit)



Thank You!!

Scott Haumersen, CPA, CGMA, Partner

Wegner CPAs
2110 Luann Lane
Madison, WI 53713
608.442.1925

scott.haumersen@wegnercpas.com