



Financial Management

Speakers:

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Why Financial Management?

Good Financial Management is a:

Responsibility and Obligation

- Board Oversight, Public Accountability, and Good Community Relations

Primary Management Tool

- Use Dashboards, Ratios, Cash Flow, Liquidity, and Budget Forecasting

Guide to Organization Sustainability

- Avoids Catastrophe and Facilitates Long-Range Planning



Reality of Financial Management

But for far too many, Financial Management is neither easy, nor obvious!

Confusion About Terms

Lack of Understanding of How To Read Financials

Inconsistency in Presentation and Accounting

Lack of Capacity for Financial Record Keeping



Basic Documents

4 Basic Financial Documents for Nonprofits:

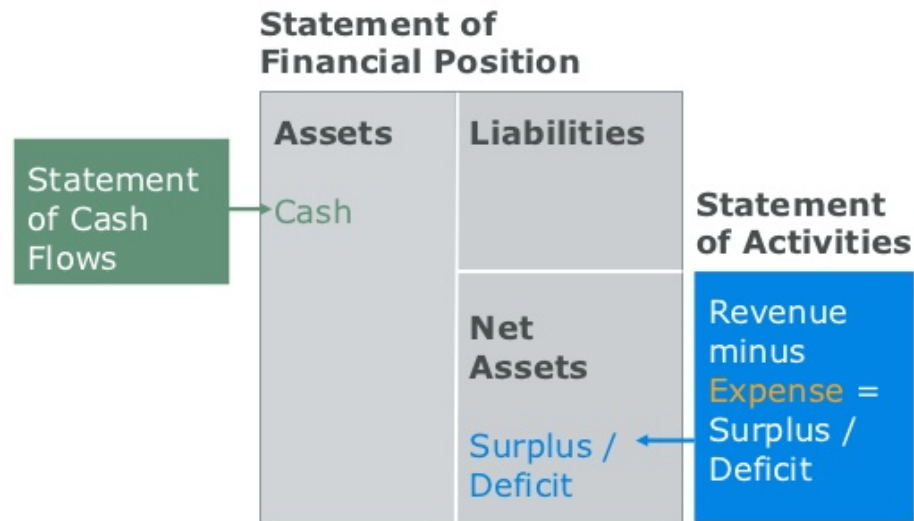
- 1. Statement of Financial Position** = Balance Sheet or Net Worth
- 2. Statement of Activities** = Profit and Loss or Income Statement
- 3. Statement of Cash Flows** = Reconciliation of Cash In/Out, but, Not a Cash Flow Analysis!
- 4. Statement of Functional Expenses** = Categorizes how money is being spent

Plus, an Approved Budget



Fitting the Statements Together

Determining Your Risk Tolerance: Focus on the Balance Sheet





Levels of Scrutiny

Types of Financial Document Presentations:

Compiled – Put together by staff or bookkeeper

Reviewed – Looked at by a financial professional, i.e., CPA for completeness w/ opinion and management letter

Audited – Detailed investigation and testing of accuracy w/ CPA opinion and management letter , reviewed by second CPA



What can you do to learn more?

Books

Websites

Articles

Tools

Organizations

Gatherings

Grants

Consultants



What's Next?

**I dare you to
spend 1 hour a week learning more about
Financial Management!**

P.S. Nothing changes, until it changes!