

## 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.”*

### Score

1. \_\_\_\_\_ How would you rate your vulnerability to financial storms?  
(1- being “we never know what the future will bring”, 5-being “ we have no uncertainties at all”)
2. \_\_\_\_\_ Is your liquidity sufficient to meet current obligations?  
(1-being “I’m not sure how we will make payroll next week”, 5-being “lots of cash in the bank”)
3. \_\_\_\_\_ Are your reserves sufficient?  
(1-being “no reserves”, 5-being “we have so many reserves that my board has policies on what to do with them”.)
4. \_\_\_\_\_ Do you have plans for growth and are they incorporated in the financial plans?  
(1-being “we have no plans for the future”, 5-being “we have lots of great plans and strategies”)
5. \_\_\_\_\_ Does your team have sufficient financial literacy?  
(1-being “what’s the difference between a debit & credit” 5- being “we have CPAs on staff!”)
6. \_\_\_\_\_ Do you regularly assess risk and develop plans to minimize them?  
(1-being “we have no risks” 5-being “we have a risk manager on staff and a written ERM plan”.)
7. \_\_\_\_\_ How are your internal controls?  
(1-being “we have no controls and multiple findings in our audits”, 5-being “we have multiple staff involved with segregation of duties, and an internal audit program with monitoring”).
8. \_\_\_\_\_ Are your accounting and other systems sufficient to give management the information it needs to make decisions?  
(1-being “we use an excel spreadsheet to process data”, 5-being “we have a fully integrated data management system that reports to all levels of management”.)

### \_\_\_\_\_ **Total Score**

32-40 Doing great- perhaps some fine tuning in key areas

24-31 Some opportunities here to make adjustments

16-23 Time to implement a plan to make sure we are financially sustainable

16-0 Significant challenges!