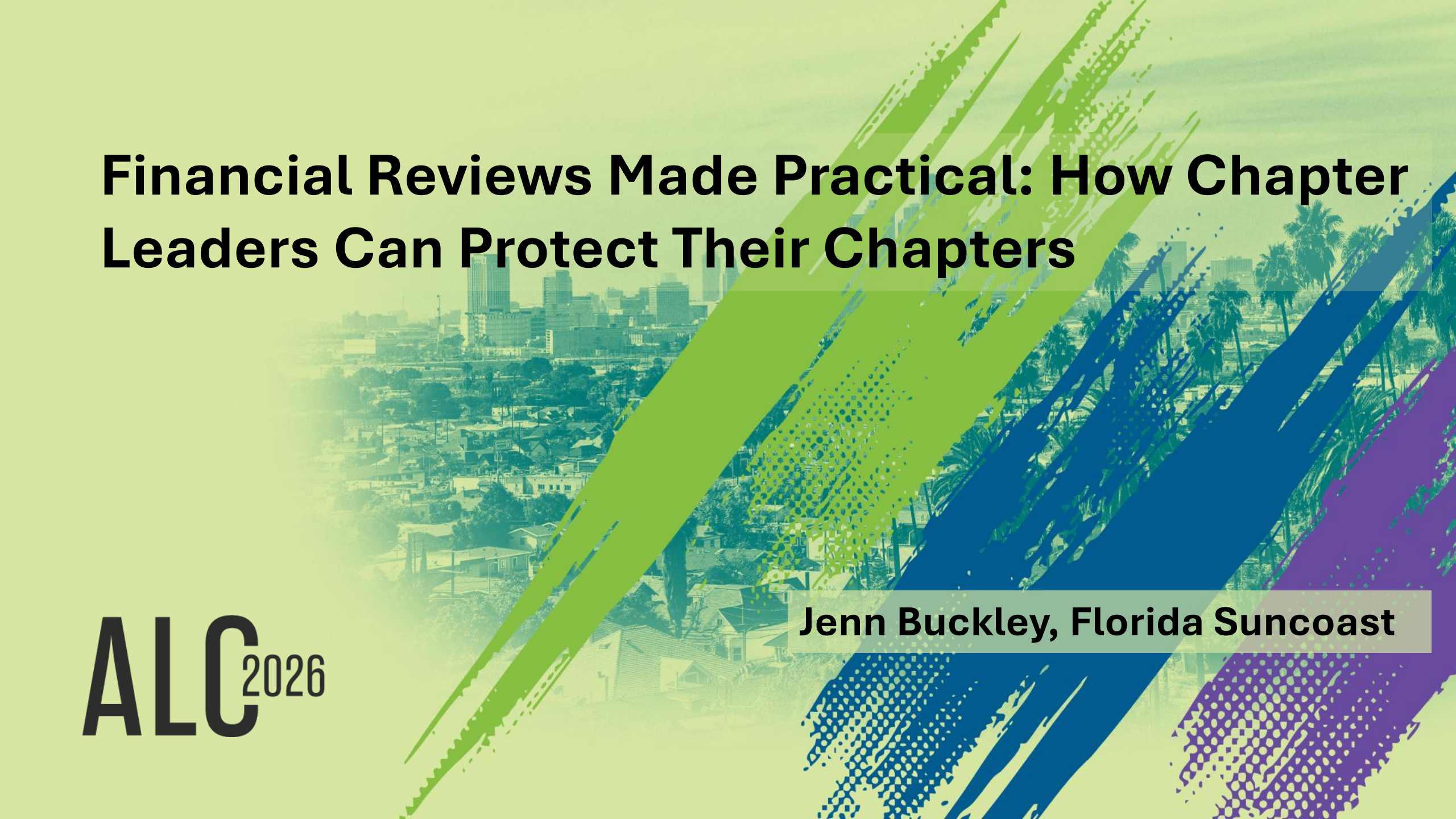
Financial Reviews Made Practical: How Chapter Leaders Can Protect Their Chapters



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Jenn Buckley, Florida Suncoast

Agenda

- Welcome & Context
- Purpose of a Financial Review
- Financial Records Review
- Income & Donation Verification
- Expense Spending & Reporting Review
- Governance and Compliance Check
- Internal Controls
- Ethical Considerations
- Exercise #1: Spot the Red Flags
- Exercise #2: From Findings to Action (A & B)
- Wrap Up & Takeaways
- Evaluation

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Purpose of a Financial Review

Financial Integrity

Ensures income, expenses, and financial details are recorded accurately and honestly, giving donors and the public confidence that funds are used properly.

Error & Fraud Prevention

Catches mistakes early, prevents fraud, and strengthens financial policies to keep operations running smoothly and transparently.

Legal & Compliance

Confirms the organization is following tax laws, state rules, and funding requirements from grants or major donors.

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A review is a lighter check-up; an audit is a thorough examination. Both are essential to financial health.

Financial Records Review

Documents to Gather

- Balance Sheet (assets & liabilities)
- Income Statement (revenue & expenses)
- Cash Flow Statement
- Bank Statements & Reconciliations
- General Ledger
- Receipts, invoices, checks & deposits

Key Questions to Ask

- Are all required documents on file for the review period?
- Do bank statements match the general ledger?
- Are assets and liabilities properly recorded?
- Are there unexplained discrepancies in cash flow?
- Do all checks and deposits match bank statements?

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Income and Donation Verification

01

Revenue Recording

Confirm all revenue sources — donations, grants, and fundraising — are accurately recorded and properly categorized in the books.

02

Donor-Restricted Funds

Verify donor-restricted funds are accounted for separately and used only in accordance with donor intent, Bylaws, and organizational Policies.

03

Tax Compliance & Grant Tracking

Ensure tax-compliant donation receipts were issued, and that all grant funds were tracked and reported as required by funders.

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Expense Spending & Reporting Review

Mission Alignment

Verify that all expenses are legitimate and directly support the organization's stated mission. Question any expenditures that seem unrelated.

Budget Compliance

Compare actual spending against the approved budget. Flag any line items that are significantly over or under budget and seek explanation.

Documentation

Every expense should be backed by an invoice, receipt, or contract. Look for missing documentation, duplicate payments, or unusual transactions.

Approval Procedures

Confirm expenses were approved according to policy. Large or unexpected purchases must have proper authorization before payment.

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Watch for: Duplicates · Excessive transactions · Missing receipts · Recurring payments needing renegotiation

Governance and Compliance Checks

1	**Board Oversight**	Confirm board meeting minutes show regular financial review discussions and that the board has reviewed and approved financial policies and budgets.
2	**IRS & Tax Filings**	Verify Form 990 has been filed correctly and on time. Check that all state/local taxes were filed and paid on schedule.
3	**State Registrations**	Ensure nonprofit registration and charitable solicitation permits are current. Lapsed registrations can jeopardize the organization's legal standing.
4	**Conflict of Interest**	Confirm a conflict-of-interest policy is in place and that board members have signed and adhere to it.

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Internal Controls

Separation of Duties

The person writing checks should not be the same person reconciling accounts. Segregate financial responsibilities across multiple individuals.

Dual Approval

Major purchases, transfers, or expense reimbursements should require approval from at least two people before processing.

Secure Record Storage

Financial data must be securely stored and backed up — both digitally (with restricted access) and physically where required.

Cash Handling Procedures

Documented procedures for handling cash receipts (e.g., at events) must exist, with dual-counting and immediate logging.

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Test sample transactions for proper approvals · Restrict system passwords · Review cash-handling accountability procedures

Ethical Considerations

Confidentiality

Financial review findings, records, and any irregularities must be kept strictly confidential. Share only with board leadership and authorized parties.

Objectivity & Independence

Reviewers must remain impartial and free from conflicts of interest. If a reviewer has a personal relationship with a financial decision-maker, they should recuse themselves.

Reporting Obligations

Any identified irregularities, fraud, or compliance failures must be reported to the board promptly and honestly — even when uncomfortable. Silence is not an option.

Continuous Improvement

Use review findings constructively. Recommend policy improvements, corrective actions, and training. The goal is a stronger organization, not blame.

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Exercise #1 – Red Flags

Instructions:

- Look through Income Statement & the Expense Detail Report
- Identify any red flags

Time = 10 minutes

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Any Non-Profit Chapter – Part 1 – January 2019

Income Statement

Revenue	
Membership Dues	$9,450
Event Revenue	$6,200
Donations	$1,250
Total Revenue	**$16,900**
Expenses	
Event Venue	$7,950
Travel Reimbursements	$3,775
Office Supplies	$1,180
Equipment Purchase	$5,200
Miscellaneous Expense	$2,920
Total Expenses	**$21,025**

Expense Detail Report

Date	**Vendor / Payee**	**Description**	**Amount**
1/05/19	City Hall Events	January meeting room rental	$7,950
1/08/19	J. Smith	Volunteer reimbursement	$925
1/12/19	Office Depot	Office supplies	$1,180
1/18/19	A. Lee	Meeting reimbursement	$925
1/22/19	Tech World	Laptop purchase	$5,200
1/25/19	Misc Vendor	Miscellaneous expense	$2,920
1/28/19	TravelNow	Hotel reimbursement	$1,450
		Expense Detail Total	**$20,550**

Exercise #2 – From Findings to Action, A

Instructions:

- For each item below, identify what supporting documentation you would request before approving the financial statements
  - Travel reimbursements
  - Laptop purchase
  - Miscellaneous expense
  - Event venue expense
  - Revenue deposits

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Time = 10 minutes

Exercise #2 – From Findings to Action, B

Instructions:

- For each item below, identify what supporting documentation you would request before approving the financial statements
  - Travel reimbursements
  - Laptop purchase
  - Miscellaneous expense
  - Event venue expense
  - Revenue deposits

Time = 5 minutes

Wrap Up, Questions, & Takeaways

Non-Profit Financial Review Guide (handout)

Non-Profit Financial Review Checklist (handout)

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The evaluation form for this session is available via the ATD mobile app and virtual platform.

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