

LOUISIANA HOUSING CORPORATION  
2019 LIHEAP TRAINING CONFERENCE  
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# FISCAL INTEGRITY/FRAUD PREVENTION

**“12 golden keys for nonprofit finance”**

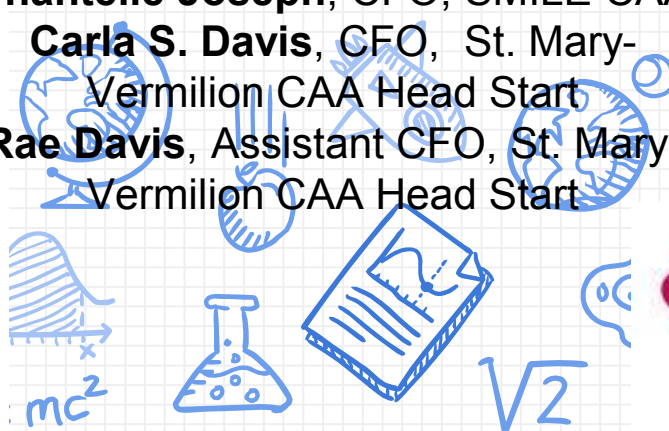
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# COURSE TAKE-AWAYS...

- ✗ Nonprofit organizations impact communities and individuals by delivering services, providing advocacy, and building community.
- ✗ Behind the scenes, powerful missions, innovative programs, and passionate staff and volunteers are supported by sound financial activities and decisions.

# COURSE TAKE-AWAYS...

- ✗ Healthy nonprofit organizations employ financial management practices that build stability and flexibility, both today and into the future.
- ✗ Federal and state agencies must ensure nonprofits employ sound operating and financial practices.
- ✗ In this resource we set out the “***12 golden rules (keys) for nonprofit finance***”, including budgeting, diverse funding sources, and interdependence.



# 2. PROGRAM COSTS...



Financial decisions rely upon accurate information. It is essential that organizations understand the real costs of their programs in order to make decisions about fundraising needs, contract terms, targeted outcomes, and program expansion or modification.

# 3. DIVERSE FUNDING SOURCES...

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While it sounds good, diversifying funding sources isn't easy, and isn't necessarily a smart move in the wrong situations. Different types of program revenue require different management systems, organizational structures, stakeholder relationships, and internal communications.

# 4. Functional/Infrastructure Expenses (aka, Core Mission Support)

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- X Nonprofits are required to account for functional expenditures – program services and general/administration & fundraising (often referred to as “overhead”).
- X While lower overhead expenses may sound better to donors, this emphasis is destabilizing and unsustainable. Make the case by reframing from “overhead” to “infrastructure” or **“Core Mission Support.”**











# 7. Financial Responsibility...

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Responsibility for making sound financial decisions and carrying out appropriate financial activities is shared among **ALL** staff throughout an organization. This principle must be supported with accurate information, frequent communication, and appropriate lines of authority.

# 8. Operating Reserves...



Every nonprofit needs to have some cash in reserve in order to respond to an unexpected downturn or opportunity.

**QUIZ...** *Is there a golden number that every organization should maintain, and how can a nonprofit build reserves?*











# Practical Application is key

