

## Financial Review Checklist

Organization Name \_\_\_\_\_ Fiscal Year End \_\_\_\_\_

Checklist prepared by \_\_\_\_\_

Organization's Financial Contact Name/Number \_\_\_\_\_

Financial Statements/990's dated \_\_\_\_\_ and \_\_\_\_\_

### Financial Statements

1. Two years audited or reviewed?	
2. Do the auditors give the financial statements a clean opinion?	
3. In absence of audited financials, are there compensating controls? 4. Have they provided the Form 1023 and supplemental info?	
5. Are there any concerns noted in the footnotes? Legal?	
6. Other areas of concerns requiring follow-up?	

### Balance Sheet

1. Net assets (Assets less Liabilities)- positive and growing?	
2. Healthy cash and investments balance in relation to total operating expenses (enough to cover at least 3 months of expense?)	
3. Non-liquid assets (eg land and buildings) not at unreasonable levels?	
4. Reasonable debt level relative to size and without onerous current repayment obligation?	
5. Permanently restricted net assets not a material portion of total net assets?	
6. Are there any red flags? Anything you don't understand?	

### Income Statement from previous two years

1. Is there a positive revenue growth trend?	
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2. Trend of expenses not in excess of revenue growth trend?	
3. Have they operated in the black for the last two years? If not – why?	
4. How many months' operating funds do they have in reserve? ( <i>Cash reserve / monthly operating costs</i> )	
5. How consistent is the financial performance for the two years? Are the changes reasonable?	
6. Review of footnotes to financial statements, being alert to: Adverse litigation, contingent liabilities, IRS compliance issues, related party transactions, debt covenant issues, no line of credit or no availability under line of credit. Identify any risks noted.	

## Project Budget

1. Is the project budget reasonable for the activity and the size of the organization?	
2. Is the budget consistent with the story told in the proposal?	
3. Is it an actual budget or an allocation of an organization budget?	
4. Is revenue expected to exceed expenses?	
5. Are all revenue sources identified with supporting backup?	
6. Are incremental costs from the project included in the budget? (e.g. extra insurance, higher utility costs for office space or equipment, etc?)	
7. Is there back-up documentation and explanations for all the expenses?	
8. Is the proposal sustainable?	

## Current Year Operating Budget

1. Is the overall budget in line with the financial statements from the previous two years?	
2. Is there money budgeted for fundraising?	
3. Other areas of concerns requiring follow-up?	

4. If necessary, ask for year-to-date financials for current fiscal year, and review for any unusual items or areas of concern.	
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## **Tax Return/990**

1. Is the stated description of the organization the same as the mission statement in the proposal and audited financials?	
2. Unusual answers to questions in Part ? (checklist to required schedules)?	
3. Unfavorable answers to questions in Part V? (IRS Compliance)	
4. Unfavorable answers to questions in Part VI? (Governance, Management and Disclosure)	
5. Schedule D Parts XI and XII – (Reconciliation of Revenue and Expenses to Audited Financial Statements) – presence of material differences?	
6. Look at officers’ salaries – are they reasonable compared to total budget?	
7. Is the financial information the same as in the Financial Statements?	

## **Review of Information available on-line**

1. Review organization’s website. Is the information contained online consistent with what is in their application?	
2. Any items of concern noted?	

If you have any questions or need additional information/clarification before reporting to the Panel, call the organization’s Finance Contact (Section 1 of Application). Identify yourself as the Financial Reviewer on behalf of the panel.