
Board Financial Oversight Checklist

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A practical checklist for nonprofit board members and finance committee members. Use this to ensure you're fulfilling your fiduciary duties at every level.

Monthly Financial Review Checklist

Complete at every board meeting (or monthly if you meet less frequently):

- Reviewed Statement of Financial Position** (balance sheet)
 - Cash balance is adequate (\geq 1 month operating expenses)
 - Unrestricted net assets trend is stable or growing
 - No unexpected liabilities
 - Reviewed Statement of Activities** (income statement)
 - Revenue vs. budget: any category off by more than 10%?
 - Expenses vs. budget: any category off by more than 10%?
 - Year-to-date surplus/deficit is on track with annual plan
 - Reviewed cash position**
 - Current bank balance(s)
 - Restricted cash identified separately
 - Outstanding receivables and expected timing
 - Asked questions about anything unclear**
 - Variance explanations are satisfactory**
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Quarterly Financial Review Checklist

In addition to the monthly items:

- Reviewed cash flow forecast** for next 3-6 months
 - No months where cash drops below minimum threshold
 - Grant/donation timing is realistic
 - Reviewed accounts receivable aging**
 - No receivables past 90 days without explanation
 - Grant invoices submitted on time
 - Reviewed fundraising progress**
 - Year-to-date raised vs. annual goal
 - Pipeline of pending grants/major gifts
 - Reviewed investment performance** (if applicable)
 - Returns vs. benchmark
 - Compliance with investment policy
 - Finance committee report to full board** includes recommendations
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Annual Financial Review Checklist

- Budget reviewed and approved by full board** before fiscal year begins
 - Revenue assumptions documented and reasonable
 - Contingency plans for top revenue risks identified
 - Functional expense allocation matches operations
 - Cash flow projection shows adequate liquidity
 - Budget aligns with strategic plan
- Audit or financial review completed**
 - Audit committee met with auditor without management present
 - Management letter findings reviewed

- Corrective actions for findings assigned and tracked
- Audit report filed with state (if required)
- Form 990 reviewed before filing**
 - Executive compensation accurately reported
 - Governance questions (Part VI) reflect actual practices
 - Functional expense allocation (Part IX) matches internal reporting
 - Board member names and information correct
- Insurance coverage reviewed**
 - D&O insurance current and adequate
 - General liability coverage adequate
 - Property insurance adequate
 - Workers' compensation current
- Conflict of interest disclosures** collected from all board members
- Investment policy reviewed** (if applicable)
- Internal controls reviewed**
 - Segregation of duties adequate
 - Check-signing and expense approval policies current
 - Credit card and purchasing policies current

Red Flag Indicators

If you observe any of these, escalate to the finance committee immediately:

Financial Red Flags

Red Flag	What It Might Mean	What to Do
Unrestricted net assets declining 2+ years	Organization spending more than it earns	Request a sustainability plan from ED
Cash below 1 month of expenses	One delayed payment could mean missed payroll	Request cash flow forecast, discuss line of credit

Budget variances > 25% unexplained	Poor budgeting, unexpected costs, or mismanagement	Request detailed explanation at next meeting
Receivables aging past 90 days	Grants not being invoiced, pledges not collected	Ask finance staff for collection plan
Accounts payable growing	Organization falling behind on bills	Request AP aging report, discuss with ED
Revenue from a single source > 50%	Concentration risk	Discuss diversification strategy
Two consecutive deficit years	Structural financial problem	Engage external financial consultant
Audit findings not addressed	Internal controls or compliance weaknesses persisting	Assign deadlines and accountability

Governance Red Flags

Red Flag	What It Might Mean	What to Do
No finance committee meetings	Financial oversight gap	Reactivate immediately, recruit if needed
Financials not on board agenda	Board not fulfilling fiduciary duty	Add as standing agenda item
One person controls all finances	No segregation of duties — fraud risk	Implement dual controls, require dual signers
ED resists financial questions	Could indicate problems being hidden	Insist on transparency; escalate to board chair
No D&O insurance	Board members personally exposed	Get quotes immediately
990 filed without board review	Board missing governance obligation	Require board review going forward
Related-party transactions undisclosed	Conflict of interest violation	Investigate and require disclosure

Key Questions to Ask at Every Board Meeting

About Revenue

- Are we on track to meet our revenue budget?
- Have any expected grants or major gifts not materialized?
- Are there new revenue opportunities we should know about?

About Expenses

- Are any expense categories significantly over budget? Why?
- Have we made any unbudgeted expenditures this month?
- Are we on track with personnel costs (our largest expense)?

About Cash

- What is our current cash balance?
- How much of that is restricted vs. unrestricted?
- Are there any cash flow concerns in the next 90 days?

About Compliance

- Are we current on all payroll tax deposits?
- Are grant reporting requirements being met on time?
- Are there any pending legal, regulatory, or insurance matters?

About the Big Picture

- Based on current trends, what will our year-end surplus or deficit be?
- Is there anything keeping the finance director or ED up at night?
- What financial decisions will the board need to make in the next quarter?

Finance Committee Meeting Agenda Template

[Organization Name] Finance Committee

Date: _____ | **Time:** _____ | **Location:** _____

Time	Item	Presenter	Action
5 min	Call to order, approve prior minutes	Treasurer	Vote
15 min	Financial statement review	Finance Director	Discussion
15 min	Budget vs. actual — variance discussion	Finance Director	Discussion

10 min	Cash flow update and forecast	Finance Director	Discussion
10 min	Open items from prior meeting	Treasurer	Discussion
15 min	Special topic: [audit prep / policy review / budget draft / etc.]	Varies	As needed
5 min	Items to bring to full board	Treasurer	Decision
5 min	Adjourn	Treasurer	

Standing rule: Financial statements distributed to committee members at least 3 business days before the meeting.

New Board Member Financial Orientation Outline

Cover these topics in the first 30 days of a new board member's service:

Session 1: Fiduciary Duties (30 minutes)

- The three duties: care, loyalty, obedience
- What they mean in practice
- Conflict of interest policy — sign the annual disclosure
- D&O insurance overview

Session 2: Financial Statements 101 (45 minutes)

- Walk through a real Statement of Financial Position
- Walk through a real Statement of Activities
- How to read the budget vs. actual report
- What "restricted" and "unrestricted" mean
- How to find and read the Form 990

Session 3: The Finance Committee (15 minutes)

- How the committee works
- Meeting schedule and expectations
- How to volunteer for the committee
- Who to contact with financial questions between meetings

Materials to provide:

- Most recent audited financial statements
 - Current year budget
 - Most recent budget vs. actual report
 - Most recent Form 990
 - Investment policy (if applicable)
 - Conflict of interest policy
 - This checklist
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This checklist is for informational purposes only and does not constitute legal or financial advice. Consult your attorney or accountant for guidance specific to your organization.

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