FINANCING THE HANDOFF

The Financial Stability Self-Assessment

For nonprofits preparing for a leadership transition

Money Path

Review each area below and check each box that's true for your organization. **The boxes left blank are the areas to focus on right now.**

01 Revenue

- [ ] Revenue is stable and the pipeline isn't drying up
- [ ] Major gifts are tied to the mission, not just the leader
- [ ] Any donor above 30% of revenue is tied to the org, not just the leader

02 Expenses

- [ ] We've done a recent “spring cleaning” on spending
- [ ] Real spending controls are in place, not a free-for-all
- [ ] Every transaction has supporting documentation attached

03 Cash

- [ ] We have 3 to 6 months of expenses on hand today
- [ ] We know how much cash is unrestricted vs. restricted
- [ ] We have reserves set aside for the transition itself

04 Other Assets

- [ ] Receivables and pledges have a high likelihood of being collected
- [ ] Staff health and morale are strong heading into a change
- [ ] Facility and volunteer base are in good shape

05 Liabilities

- [ ] Our total debt is less than 30% of our net assets
- [ ] Payables are current, not stretched past their terms
- [ ] No surprise obligations are about to come due

06 Concentration Risk

- [ ] Key relationships (donors, bankers, staff) belong to the org, not one person
- [ ] Core processes are documented, not living only in the leader's head

07 The Board

- [ ] The board can confidently read our financial statements
- [ ] The board reviews the numbers at least quarterly
- [ ] The board is ready to steer finances through a gap

BONUS CHECK

- [ ] **Revenue per full-time employee is at least $100K.** A quick gauge of whether your staffing level matches your size.

Not sure how your organization measures up, or where to start? That's exactly the conversation I help with.

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