

Financial Sustainability

Are you financially fit? Associations have an obligation to act as responsible stewards in managing their financial resources, as well as complying with legal and financial requirements. Managing financial resources to accomplish the mission, while ensuring clear policies and practices are in place is fundamental to ensuring financial sustainability.

Checklist for Financial Sustainability

- ✓ **Financial resources support activities that are consistent with the mission and strategic direction and priorities.** Allocated financial resources should support the activities and programs that are consistent with the organization's mission and strategic direction and priorities.
- ✓ **The budget is approved by the Board before the fiscal year begins.** All financial resources should be approved by the Board at the start of the fiscal year.
- ✓ **Appropriate staff reviews budget and financial information monthly to make ongoing sound financial decisions.** All financial resources and budget should be reviewed monthly by the appropriate staff and any changes should be brought to the Board for approval.
- ✓ **Internal controls recommended by a CPA are in place and used.** Internal controls are methods or procedures that safeguard assets; ensure financial information is accurate and reliable; ensure compliance with all financial and operational requirements; and generally assist in achieving the organization's objectives. A CPA can help with these procedures.
- ✓ **Routine (at least annually) reports are provided to the Board on financial activities and programmatic impacts.** Annual reports are provided to the Board on all financial activities and programmatic impacts.
- ✓ **Bills and loan payments are able to be paid when due.** Ensure that all loan payments and bills are paid in a timely matter.
- ✓ **A diversified income generation strategy that includes income from non-dues revenue is in place.** Create strategies that include income from non-dues revenue. The ADA provides resource guidelines and ideas for non-dues revenue.
- ✓ **Cash flow projections are prepared and used to inform decision-making.** Using a basic spreadsheet as your tool, cash flow projection gives you a clear look at when money comes in, when it goes out and what money is left at the end of each month after you have paid your expenses and recorded generated income.
- ✓ **An operating reserve to finance growth or cash shortfalls is in place.** Make sure to have an operating reserve in place. Operating reserves are liquid, unrestricted assets that an organization can use to support its operations in the event of an unanticipated loss of revenue or increase in expenses.
- ✓ **An independent financial audit (or annual review) is conducted by an external CPA or appropriate agency on an annual basis.** Arrange for an independent financial audit annually. This audit will provide an examination of the financial records, accounts, business transactions, accounting practices, and internal controls of the dental society by an "independent" auditor/CPA.