

## Financial Oversight

The improper management of finances will destroy a center in a very short time. It is the responsibility of the Board of Directors along with the CIL's Executive Director to oversee the financial management of the center. Financial functions include the following items:

### 1. Preparing center's budget:

This budget should correspond with the center long-range plans. The figures projected in the budget should be realistic. What was used to determine the expenses and income? Are all funding sources included in the determination of the budget?

### 2. Accounting for funds:

The board holds the legal responsibility for the finances of the center. It is the responsibility of the board to be sure that the information recorded is meaningful and accurate. The accounting of funds is only as good as the record keeping. The center may choose to have an accounting firm perform the bookkeeping functions of the center. If a center does not have money to hire an outside accounting firm, it is strongly recommended that the center recruit an individual who has a strong accounting background to perform the bookkeeping duties. It is also recommended that a board member with expertise in the accounting field should serve on the finance committee.

### 3. Analyzing Financial Information:

The executive director and the board should be able to review, read and interpret financial statements.

- Financial analysis: The board will need to compare assets to liabilities to determine the center is solvent, and whether or not corrective action needs to be taken. The board will review the income and expense statement which tells the sources of the money the center brings in and where the money was spent.
- Budget analysis: The ability to understand budget analysis will allow the center to determine whether the center's budget is on target or if changes are needed.
- Cost analysis: This review will tell the center's board where money was spent and what the center received for this money. Remember, as a public trustee of the center, it is important that the board see that public funds are used wisely.

### 4. Compliance with external financial requirements:

- Centers receiving funding from public sources have requirements regarding how that money can be used. It is the responsibility of the board to see that these requirements are met.