

NASW FINANCIAL PRIMER

One of the important roles that a Board of Directors plays in an organization is the fiduciary oversight of the organization. The Board is provided with financial statements at every Board meeting and the results of the annual audit to assist in their review of the Chapter's finances. Regional officers receive reports on regional finances quarterly or upon request for their respective regions.

BALANCE SHEET OR STATEMENT OF FINANCIAL POSITION

This statement provides a summary of the Chapter's assets and liabilities, and a broad picture of the Chapter's overall solvency. Assets include bank accounts (cash), property and equipment, and any prepaid payments (such as deposits for postage, etc). Liabilities include known amounts that the Chapter owes but has not paid yet (taxes, accrued vacation time for staff, etc). Also shown as a liability is that portion of dues received from members that has not been spent yet (members pay dues one year in advance). The key indicator of financial health on a balance sheet is the Fund Balance line - or how solvent (liquid) is the chapter with all assets and liabilities taken into account?

INCOME AND EXPENSE STATEMENT (Statement of Activities)

This provides a "snap shot" of what the Chapter is spending and receiving. This statement provides a budget column as approved by the Board to compare how expenses and revenues are coming along depending on the time period during which the report is prepared. The Board should examine very large variances but also realize that some expenses are either prepaid in advance, or paid in one lump sum (such as the auditor's fee). Regional officers receive income and expense statements quarterly or upon request for their respective regions.

QUESTIONS AND ANSWERS REGARDING CHAPTER FINANCES

1. Are cash balances and reserves adequate? The National NASW recommends at least a 3 month operating cash reserve. The Chapter's monthly operating cost is about \$100,000 and the cash reserve is more than \$800,000. Additionally, National can and has provided financial backup and support for chapters that need it in the form of loans, etc).
2. Is a budget prepared annually? The Chapter budget is prepared annually and revised at mid year. Both the Finance Committee and the Board review and approve the budget.
3. Is an independent annual audit performed? Yes.
4. Are financial statements prepared for every Board meeting? Yes
5. Do the statements provide easy to read information and current and budget information? Yes
6. Does the Chapter have insurance? The Chapter carries property and liability insurance. The Chapter is also covered by National insurance policies.
7. What kind of internal controls are there? Receipts (checks, credit cards) are handled by different staff (receiving and processing). Expenditures are reviewed and approved by two different persons. Monthly financial reports are provided to the Board on a quarterly basis.

REGIONAL ALLOCATION RECOVERY POLICY

Regions are allocated funds annually (\$4 per member). These funds can be shared with local units in the region. Regions and units are encouraged to expend funds for NASW activities, sponsorship of students and members, support other social work organizations or events that promote NASW and help recruit/retain members. The regional allocation may be subject to recovery by the Chapter if the allocation is not expended within the fiscal year.