

Title: What is a Finance Committee?

Date: August 2014

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Context: This document outlines the plan to start a formal monthly Finance Committee at the Board level to review the Asylum's finances more closely on a monthly basis. It was originally emailed to senior staff and the board of directors.

What is a Finance Committee?

A Finance Committee is defined as a sub-committee of the board of directors, chaired by the Treasurer. It also includes the top staff (management) person in charge of finances. These are the only members required by law, and usually all that are included at most organizations. FCs can also include other employees of the organization, major volunteers, or outside persons with needed finance skills. Non-board members are formally invited to join the FC by the Treasurer.

The sole purpose of the FC is for the Board of Directors to gain deeper insight into the org's financials without wasting the entire regular board meeting on it. It is a dialogue between management and the board about the financial activity on a very detailed level. It is not a formal board meeting - no minutes are kept, no votes are taken. It is just a conversation between the board and staff.

I propose the following personnel makeup for the Asylum's Finance Committee:

- * Any interested member of the Board of Directors. If a board member is not officially on the FC, they are still free to join any particular meeting if the topic interests them.

- * The senior staff person in charge of the finances. Generally other staff do not attend the FC, especially in an org this small.

- * Two Asylum members who are active volunteers. I feel that given the unique structure of the Asylum, we should have a couple of members with some financial background participating. I have already spoken with several Asylum members recommended to me by board and staff members. I also propose that Asylum members should commit to participating on the FC a minimum of six months, and a maximum of one year, in order to give other members an opportunity to participate.

Later we can discuss adding an external finance person or two for special-subject advice if needed. But for now, I want to spend a few months getting this operating smoothly before we consider bringing in more people.

How is a Finance Committee meeting run?

The FC is a one-hour meeting, usually by telephone or Skype-type software, held once per month. It is ideally scheduled one week before the monthly board meeting. The draft financials for the most recent month are emailed out (ideally) one week before the FC meeting to give people time for review. A formal agenda is not needed unless people really want one.

An FC meeting is led by the senior staff financial person who basically just goes through the financials, explaining the reasons why the numbers are the way they are. (We had less new memberships than expected this month, but more class sign ups, etc). The staffer also discusses any developing trends they have observed which affect the financial forecasts, grants being pursued, unexpected expenses, etc. The rest of the hour is spent in discussion, focusing on details. At the end of the meeting, the FC can decide if any specific issue should be brought to the attention of the full board meeting.

At the regular board meeting, the senior finance person (or ED can do it) presents a summary of their financial presentation. Any items needing the full board's attention are also discussed. The full board then votes on approving the financials. All the financial notes and reports submitted to the board are added to the official meeting minutes and put on the wiki for the membership to see.

If for some reason there is a problem with the financial report, and the board does not vote to approve, the financials are returned to the staff for corrections. The correct report is then resubmitted the following month for approval.