



10 Warning Signs of Financial Problems

1. Your business or nonprofit organization consistently spends more money than it brings in.
2. You are not paying payroll taxes when they are due.
3. Accounts payable (the bills you owe suppliers and other vendors) are mounting up and many are going unpaid.
4. Your nonprofit organization regularly dips into restricted funds or funds for a special project for today's expenses, coming up short later when the project is ready to go.
5. Half or more of your accounts receivable (the money others owe your business or nonprofit organization) are 120 days old or older.
6. Your nonprofit organization consistently borrows from board members or the executive director to pay bills or make payroll. Your for profit business consistently borrows from the owner(s) to pay bills or make payroll.
7. The executive director (for a nonprofit) or the owner (for a for profit business) and staff regularly hold paychecks until there is enough cash in the bank.
8. You have no idea how your business or organization got into such a financial mess and are not sure where to start to pull out of it.
9. You do not know how much your business or nonprofit organization owes and are not sure how to find out.
10. Lack of money has become the focus and dominant point of conversation at staff and board meetings.

Adapted from: All the Way to the Bank: Smart Nonprofit Money Management (Second Edition), by Susan Kenny Stevens. Published by Larson Allen, Weishair & Co., LLC, 2002