

## **JOB DESCRIPTION FOR THE AFP FINANCE COMMITTEE**

### **Purpose**

The Finance Committee (the Committee) was established by the Association of Fundraising Professionals' board of directors to recommend financial policies, strategies, and budgets that support the mission, values and strategic plan of the organization. Its purpose is to ensure the financial health and integrity of the organization in pursuit of its mission to empower individuals and organizations to practice ethical fundraising through professional education, networking, research, and advocacy.

The Committee is chartered, on behalf of and as directed by the board of directors, to accomplish the following objectives:

- provide oversight for the development and review of the annual budget;
- perform long-term financial planning and ensure that financial objectives align with the organization's strategic plan as set forth by the board of directors, recommending corrective actions to the board as appropriate.
- review, on a regular basis, the organization's internal financial statements and recommend actions to be undertaken by the board as needed.
- monitor AFP's investment portfolio returns and objectives.
- periodically review the Association's risk management policies and practices, specifically AFP's risk management PowerPoint presentation and make appropriate recommendations.

In addition, the Committee works in partnership with the audit committee to provide independent and objective oversight of the organization's financial policies and procedures.

### **Structure and Composition of the Committee**

The organization's Treasurer shall serve as the chair of the Committee. All members appointed to the Committee shall possess the requisite expertise and background in finance, accounting, investment management or executive leadership and be familiar with nonprofit organizations based in the US. The Committee will be comprised of no less than 10 and no more than 15 members who are independent of the organization's management in accordance with its bylaws. The Treasurer of the AFP Foundation for Philanthropy and the Treasurer of AFP Canada serve in an ex-officio role. All committee members, excluding the chair serve a one-year term. Committee members must apply each year to continue on the Committee and it is recommended that committee members should not serve more than 8 consecutive years.

### **Functions and Responsibilities**

#### **A. Annual operating budget**

The Committee is to obtain an understanding of the organization's financial environment. Committee members oversee the preparation of the organization's annual operating budget and present the annual budget to the board of directors for approval. Its members should monitor the budgets in comparison to actual results on a regular basis and question any inconsistencies or unusual variances. Any changes to the budgets during the year are reviewed by the Committee, which then recommends these changes to the board for approval.

#### **B. Long-term financial planning**

The Committee is to oversee the organization's long-term financial planning, including the financial aspects of new programs and services, changes to the organization's operations, capital expenditures, and other financial

needs that fall outside of the annual operating budget. In carrying out this objective, the Committee will monitor and review the financial performance of the organization, as a whole and with respect to its major programs or business lines, against approved budgets, long-term trends and not-for-profit industry benchmarks.

**C. Internal financial statements**

The Committee must review, on a regular basis, the organization's internal financial statements, including a more detailed periodic review of assets. Annually, the Committee will receive a report from the Audit Committee, review the financial statements and communications provided by the independent auditors, and provide guidance to the board of directors as needed to ensure the reliability of financial reporting year-round, recommending changes as appropriate. Committee members must understand the different types of assets held by the organization, as well as any risks associated with those assets, and the financial reporting requirements related to each asset class.

**D. AFP's Investments**

The Committee reviews and understands AFP's investment portfolio. The committee will receive regular updates from the AFP Investment Subcommittee Chair. The Investment Subcommittee chair will provide information regarding the portfolio's total value, return against benchmark, its Investment Policy Statement, and spending policy. The Committee will monitor the performance of the portfolio and provide feedback and guidance for the Investment Subcommittee.

**E. Risk Management**

The Committee reviews with AFP Management its risk mitigation strategies. At most Committee meetings, AFP Management will provide a risk management update. The Committee will learn about AFP's financial, reputational, operational, compliance and emerging risks. The Committee will be allowed time to ask questions and offer best practices for AFP.

## Meetings

The Finance Committee shall meet at least 4 times per year, or when necessary, as convened by the Committee's chair.

**Approved by the Board of Directors originally on June 14, 2024.**