



## Board Finance Training Discussion Guide

### Module 4 – Understanding the Importance of Cash Flow

#### Purpose

The Board Finance Training Discussion Guide is designed as an opportunity for participants to expand on what they learned in the e-learning module, Understanding the Importance of Cash Flow. The discussion guide can assist facilitators in engaging board members in dialogue after they have viewed the module. Keep in mind that sharing takeaways with others is a key method to remember new content and inspire new ideas.

#### Let's get started!

As you begin, be mindful of time and be sure to know everyone's name and title. Facilitators should remind board members that there is always more to learn about nonprofit governance and encourage participants to ask questions at any point. If conducting a virtual training, consider using polls or the chat feature to gather feedback and engage your audience. If questions have been submitted ahead of time, use them as conversation starters or include them in the appropriate topic areas. As you go through the discussion guide, confirm that the questions have been addressed before going to the next question. Lastly, write down any follow-up questions that may be asked.

To kick off discussion, invite members to share a *one-two minute reaction* to the e-learning module.

- What do you think about your role in understanding the importance of cash flow?
- What about this role do you find challenging and may need additional support?

#### Discussion

After initial reactions are shared, acknowledge everyone's input, and highlight topics from the module that participants mentioned. Remind participants that providing financial oversight can be challenging, especially if they are not familiar with their role. Then process what was learned in the module using the following questions to prompt participant feedback:

- **Understanding the Importance of Cash Flow**

Cash is the lifeblood of the health center. The amount of cash flow a health center has gives it the ability to serve and meet the needs of its patients. Cash flow is when cash comes into the health center and when cash is distributed.

- Why it is critical for the health center to project its expected cash flow and monitor the actual results?
- Are you able to see this information in the financial statements? Remember, as a board, this statement should be prepared on a regular basis along with the Balance Sheet and the Income Statement.



- **The Statement of Cash Flows**

The Statement of Cash Flows tell the story of where the health center generates and uses its cash; for example, the cash inflows from serving patients and the cash outflows of paying the day-to-day operating bills including payroll.

How did the module define “sources of cash”?

The Statement of Cash Flow is broken down into 3 distinct sections that show what the health center is doing with its cash, operating activities (paying the bills), investing activities (example, buying equipment), and financing activities (borrowing and paying down debt).

**Operating activities** are what the health center does with its cash, such as paying bills, or collecting accounts receivable.

- Give an example of an operating activity (patient accounts receivable, amounts due from payors, salaries, utilities, etc.)
- Discuss how negative cash flow in operating activities may be a concern.

**Investing activities** most often means a health center’s investment in property and equipment. Also, amounts put into reserve for future expenses are included in the investment activities section of the cash flow statement.

- Why is it important to put cash into a reserve account?
- What are some of the expenses that your health center saves cash in reserve to pay for later?

**Financing Activities** means borrowing money and paying it back.

- When the health center borrows, it means that a debt payment will have to be made. Discuss how the timing of this new debt payment could impact the cash flow of the health center.

- **Review of Cash Statement**

- As a group, review a recent cash flow statement at your next board meeting. What questions does the group have on the descriptions and amounts on the lines of the statement?



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## Act

As a whole group, use this time to invite participants to share what they learned from the conversation – new insights, “aha” moments, more questions to consider. This is an opportune moment for members to share their takeaways and possibly connect with other participants.

- What exactly are you looking for in the Statement of Cash Flows?
- Any takeaways from this discussion or module?



## Resources

These financial oversight responsibilities are integrated within the [Health Center Program Compliance Manual](#) and the [Health Center Program Site Visit Protocol](#).

Access the Health Center Program Compliance Manual here:

- <https://bphc.hrsa.gov/sites/default/files/bphc/programrequirements/pdf/hc-compliance-manual.pdf>

Access the Health Center Program Compliance Manual in Spanish here:

- <https://bphc.hrsa.gov/sites/default/files/bphc/programrequirements/pdf/health-center-manual-spanish.pdf>

Access the Health Center Program Site Visit Protocol here:

- <https://bphc.hrsa.gov/sites/default/files/bphc/programrequirements/pdf/site-visit-protocol.pdf>