

NonProfit Financial Managers

A Resource for the areas of Finance, IT, Human Resources, and Office/Facilities Management

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For information, go to npfm.org, or contact Mitzi Fennel at 617-547-1063 x235 or Jessica Zander at 617-850-1752.

Mark Your Calendars

All of our meetings take place on the **last Tuesday** of each month. No pre-registration required. Upcoming dates:

◆ **April 28: Leading Indicators for Non-Profits**

◆ **May 26: To Be Determined**

NPFM Membership Information

The annual membership fee of \$100 covers monthly mailings and other operating expenses. The membership period is from September to August. A part-year membership for \$60 is offered for those joining after January 1st, which covers membership through August. Full-time students are welcome to join at any time without paying a fee.

In addition to attendance at monthly meetings, members receive a monthly newsletter and access to the NPFM e-mail forum. Lunch is provided for all attendees at meetings. There is a \$12 meeting fee for non-members, and since membership is by organization, there is no limit of individuals from any one organization who may attend the meetings.

R.S.V.P's for the meetings are not required.

For renewals or new membership fees, please make your check out to:

NonProfit Financial Managers
C/O Child Care Resource Center
130 Bishop Allen Drive
Cambridge, MA 02139

Contact Mitzi Fennel at 617-547-1063, x235 for more information.

The Next Meeting

Topic: Leading Indicators for NonProfits

Date: Tuesday, April 28

**Location: United South End Settlements
566 Columbus Ave., Boston**

Time: 12:00 PM – 1:30 PM

Kevin Hepner, President and CEO of United South End Settlements, will give a presentation on how to use "leading indicators" in nonprofit financial management. Kevin is a CPA with extensive experience managing both for profit and nonprofit organizations as well as teaching financial management and consulting. Nonprofit managers are trying to make sense of their rolls in managing through these difficult financial times. What do I need to be doing now? How do I figure out what will come at me next? The investment industry has for decades been using "leading indicators" as a way to predict what's coming in the future for financial markets with enough time to react. Many nonprofits have not given a lot of thought to developing their own unique set of "leading indicators" as a way of forecasting future changes that will affect their operating plans. This talk will explore how to use operational analysis to identify your organizations unique set of leading indicators, what data collection is needed to track these indicators, and how to use this data to make decisions.

Recap of March Meeting

Stephanie Fournier, co-founder and principal at Brennan and Fournier, gave a presentation on how to handle stock gifts and investments. Brennan and Fournier is a firm specializing in nonprofit finance and accounting. Stephanie has 17 years of experience in the field.

First you have to set up a brokerage account to receive these gifts. You should also develop a written policy for accepting, valuing, acknowledging, and accounting for gifts of stock. When a donor wants to make a stock gift, you need to provide the donor with brokerage account details and wiring instructions. When acknowledging the gift, the organization need only acknowledge the stock donated and the number of shares – not the actual value. The next question is whether should you sell the stock or hang onto it. You can either let it remain in your brokerage account or sell it right away. Stephanie recommends that you sell the stocks immediately so as to not subject the organization to the ups and downs of market volatility. You book the stock at the actual value at the time it was transferred into your account and you need to get a statement from the broker stating that value. You may not get the actual value until you receive the brokerage statement at the end of the month, so you can either wait to book it or use the mean value and adjust it later.

If the value of the stock is different than the amount that is due on a pledge, then you have to consult with your development department as to whether to contact the donor about this or just write off the difference (if it is less). If the shortfall is immaterial, just write it off. If is material, you may want to let the donor know. Materiality depends on the size of the gift and the relationship with the donor. The fees associated with the sale should be booked as fees, as opposed to getting deducted from the stock value. This is distinct from the amount that the donor is “credited” for the gift, if it is a pledge payment.

An endowment gift is a permanently restricted gift that a donor gives to the organization. The principal can never be spent. You always need to maintain the historic value of the gift as the fund’s balance. The income from the investment of that gift can be spent, including interest, dividends, and unrealized/realized gains. An organization can adopt a spending rule for its endowment, such as 5% of the average balance from 12 trailing quarters. Even with a spending policy, you cannot invade the corpus of the endowment. When the value of the endowment is underwater (less than the original value of the gift), you can only spend the interest and dividends. When soliciting gifts, try to let the donor know that you want the gift to be restricted as

little as possible – i.e. unrestricted or for general operating purposes.

Job Openings...

The NPFM group has a section on their website for job postings. Check out our website at www.npfm.org for a complete list of jobs. Contact David Richardson at dr44@verizon.net with questions or postings.

NPFM E-mail Forum

One of the benefits of membership in NPFM is a subscription to our e-mail listserv. We encourage members to post questions, announcements and new developments in finance and administration. All new members who provide e-mail addresses are automatically subscribed. To post messages send to npfm@topica.com

NPFM Steering Committee

The Steering Committee consists of several members who are responsible for the meeting topics, speakers, and other details surrounding the group. If you are interested in joining the steering committee, or in submitting ideas for future sessions, please contact any of the existing members, by e-mail or in person at a meeting.