

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:

♦ **June 30: Changes in the Role of the CFO during Hard Economic Times**

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: Changes in the Role of the CFO during Hard Economic Times

Date: Tuesday, June 30

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

Time: 12:00 PM – 1:30 PM

Changes in the role of the CFO during hard economic times

You may still have a job, but the economic maelstrom has changed it in ways you hadn't anticipated. People invite you to meetings, but they get nervous if you set up a meeting and invite them. You need to figure out how to "manage up" to support the Executive Director to make the hard decisions. You need to balance competing interests – including your own - when staff cuts are on the table. As in the rest of your life, tried and true assumptions no longer work.

David Orlinoff, principal of the Concord Financial Organization, will lead a participatory discussion about how to manage your role in this new environment. Since 1987, David has consulted with middle-sized non-profit organizations and filled in as interim CFO as organizations struggled to cope with internal and external challenges. David will be accompanied by Amy Scannell, an HR consultant with Insight Performance, who will address some of the same issues from an HR perspective.

Recap of May Meeting

Where's the Dirty Laundry? How Auditors Assess Financial Exposure

The steering committee has been wrestling with ways to talk about the issues that may keep you up at night. How do you know what you are missing? What are your organization's greatest liabilities?

Auditors are charged with assessing the level of risk and conduct the audit to examine these areas of risk. Jack Finning, from Alexander, Aronson, and Finning, walked us through the process the auditors go through in order to audit your organization.

1. What are the current financial and operational risks faced by the nonprofit industry? Current risks triggered by the recession include non-collectible pledges from individuals, corporations, and foundations. Many nonprofits are experiencing cuts in their government contracts. Fundraising events have been less successful since the stock market drop. Taken together, these risks could add up to a "going concern" designation for your organization.

2. What segment of the nonprofit industry does your Agency occupy? Healthcare, arts, and human service organizations have differing arrays of risks.

3. Are there different specific financial and operational risks for your segment of the nonprofit industry? Arts organizations may experience weak ticket sales while human service organizations are experiencing greater demand at a time of reduced resources.

4. Does your Agency receive over \$500,000 in Federal funding? This level of funding triggers an A-133 audit, with the heightened scrutiny that entails.

5. Does your Agency receive over \$100,000 of state funding? This level of funding triggers the requirement to file a Uniform Financial Report (UFR) with the Commonwealth of Massachusetts.

6. Is this a "first time" audit of your Agency for your current auditor? Although it is good practice to go out to bid periodically, new auditors may consider your organization a higher risk. They are likely to test more transactions and delve more deeply into your policies and procedures in order to feel comfortable enough to issue an opinion on your financial statements.

7. If a "repeat" auditor – what areas had adjustments or management letter comments in the prior year? Review and address the prior year issues to avoid a repeat citation in the current audit.

8. Were there significant changes in systems, procedures, or people from the prior year? Changes in software or personnel can expose the organization to new risks.

9. Where is there a lack of segregation of duties without off-setting controls? If finance staff have been laid off, controls need to be re-examined.

10. Which asset, liability, net asset revenue, and expense accounts have

a) significant balances?

b) many transactions?

c) restrictions?

d) higher risk of fraud or theft?

The auditors are trained to look for clues to fraud in the environment. They will look for "red flags" in unusual behavior or even the cars in the parking lot. For example, a part-time book-keeper with a Mercedes sports car would warrant additional investigation.

Risks to your donors' private information extends beyond the organization to the vendors you use to handle the information, such as your credit card processor. You are well-advised to ask your vendors for a SAS 70, a service audit of information controls.

Auditors are reluctant to reveal their assessment of materiality for the audit to clients to avoid specific preparation for that number. However, Jack agreed to share the general principles for the calculation of materiality for a particular audit to anyone who emails him. (This information will be shared through the list serve.)

When questioned about his firm's liability for financial risks, Jack professed to sleep well every night. We would do well to do our best all day and follow his example at night.

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.