

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:

◆ **March 31: Stock Gifts and Investments**

◆ **April 28: Leading Indicators**

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: Stock Gifts and Investments

Date: Tuesday, March 31st

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

Time: 12:00 PM – 1:30 PM

Stock Gifts and Investments

With all the volatility in the market, we need to know how to handle the stock gifts we receive. How do we value the stock? How does the development department handle the acknowledgement? What happens in a volatile market, as we have experienced recently? A donor may have intended to pay off a pledge; what happens if the stock loses significant value before it is sold? What should you know before you solicit endowment donations? What happens if permanently restricted funds lose value? How about bequests? When should you turn down a stock donation, if ever? What fees are reasonable? How do you find a broker who will offer good service and readable statements? Stefanie Fournier, co-founder and principal at Brennan and Fournier, a firm specializing in non profit finance and accounting, with 17 years in the field, will discuss these issues and questions from attendees.

Recap of February Meeting

William Pinakiewicz, Director of the New England Program of the NonProfit Finance Fund (NFF), gave a presentation on steps nonprofits can take to survive a deep recession. NFF serves both nonprofits and their funders, offering an integrated package of financial and advisory services, including facilities and working capital [loans](#) and lines of credit; asset-building programs; intensive [workshops](#); [Nonprofit Business Analyses](#), and other consultations to help non-

profit management understand the impact on their finances of management and program decisions. A newly launched entity, NFF Capital Partners, helps nonprofits attract equity-like growth capital. Bill is responsible for managing NFF's financial services, advisory services and new business development activities throughout the six-state New England region. Bill's professional experience includes over 35 years in management and finance in both the nonprofit and for-profit sectors.

An organization must be in balance between its mission; its capacity (people, processes); and its capital (the money that makes it happen). Either the organization achieves that balance on its own or has it done to it. During a recession, you either have to work harder or the mission gets crunched. More nonprofits will run at a deficit. Nonprofits tend to go into a recession early and come out of it late. The "tail" on a nonprofit recession is a lot longer than that for a for profit business. Generally the "tail" is 5 years for a nonprofit. However, this recession is systemic across the globe and there is a severe credit crunch, so businesses cannot borrow their way out of the recession. We are now into month two of year two of the current recession. Because this recession is so deep, the recovery tail for nonprofits may be 10 years long. Businesses have to make the recession part of their day to day management for the foreseeable future.

The most immediate need is to have an adequate supply of cash on hand or readily available in order to fund operations and any deficits. You will either have to dip into your reserves or fundraise for it. The most important things to focus on are: profitability and savings (we are not-for-profit, not nonprofit); the health of your balance sheet; and liquidity overall. The concept of cash runs throughout all of these items. A good amount of cash to have on hand is enough to cover three months worth of expenses.

As a Board member of various organizations, Bill is a big believer in visibility and having relevant data readily available. Since "cash is king," you as the CFO should do a monthly cash flow statement 12 to 18 months out. How do you achieve visibility? You need to know how you did last year; you need to know your budget; and you need to know your funders. The three areas to concentrate on are: cash flow statement; a program profitability analysis; and then

do some scenario planning. You may need to revisit your business model – does it still make sense? Business is what produces revenue and generates expenses, but it may not be the same as your programs. Funders are not necessarily interested in preserving a particular nonprofit, but are looking to fund services that successfully meet needs. There is not enough funding out there to put out all of the fires in the nonprofit sector. Funders are looking to fund those organizations which have been successful in the past and look like they will survive the recession. Foundations usually work on a three year funding cycle, so the bad part of the cycle will start hitting in 2010. The NonProfit Finance fund can provide "gap" loans to nonprofits when traditional lenders will not. Also the NFF is lobbying funders to provide more unrestricted, flexible funding to nonprofits.

During a recession, it is especially important to provide accurate, timely, and easily understandable fiscal information to management, Boards, and funders. Boards are particularly interested in Cash Flow statements: cash in and cash out. They also want to see a condensed Profit and Loss statement and Balance Sheet. These can be presented in a "dashboard" format. The Board and Executive Director may have ambitious plans, but those plans may have to be put on hold. For the time being, the name of the game is survival.

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.