

Nonprofit Financial Managers

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

Volume Seventeen, Number Nine

June 2010

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 29: Restricted Grants: How to track and account for them**
- **July and August: No meetings. Next meeting September 28.**

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 1, 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: Restricted Grants: How to track and account for them

Date: June 29, 2010

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

Time: 12:00 PM – 1:30 PM

How Restricted Is It?

As funding streams have constricted, funders have tried to direct their funds to smaller and smaller targets. Financial managers have tried to keep up, funneling grants into temporarily restricted net assets and releasing them according to rules that are not always clear. The grant process, from goal setting and budget development through reporting and audit, presents challenges that can be met in a variety of ways. One size does not fit all in grants management; Anne Murphy of AFM Associates will help us think about the factors that determine the financial management approach that will work for our organizations.

Anne Murphy has been a member of the Boston Nonprofit Financial Managers for years and she has over 25 years experience in nonprofit management as a lender, CFO, as consultant with TDC, and as an independent consultant. She currently offers financial management consultation through her own business, AFM Associates.

Recap of May Meeting

Dashboard Reporting for Boards and Staff

Arshad Merchant, a Director at Wellspring Consulting, LLC, presented on Dashboard Reporting for Boards and Staff. Wellspring Consulting offers strategy management consulting to nonprofits and philanthropic organizations. Arshad has a background in finance and engineering. He has worked both in the private for-profit and nonprofit sectors and has 14 years of consulting experience. Arshad has worked for Wellspring since 2004.

What kind of information should your organization be providing to your board and senior managers? This goes beyond a standard balance sheet or income statement and will vary, depending on the type of operation that each organization has. Arshad started the discussion by asking the audience: What sort of dashboard reporting works well for you and What is the hardest challenge in implementing a meaningful dashboard? There are two measurement frameworks: performance measurement and outcome measurement. Performance measurement focuses on the number of outputs and how efficiently the agency produces those outputs. Outcome measurement focuses on the effectiveness of the Agency's programs. There are three levels of reporting. Dashboard reporting addresses multiple dimensions of the organization, not just finances, are mostly for internal purposes, and can be produced at various level of detail. Report Cards are usually a summary of performance such as an Annual Report, is mainly a reporting tool – not a management tool, and is sometimes used for external audiences. The Scorecard or Balanced Scorecard is much more complicated and involves an integrated approach which measures performance across all levels of an organization. Scorecards are typically for larger organizations.

The Dashboard Report measures those things that are strategically important for the organization. "What gets measured gets done." Dashboards can be broken into several different measurement categories, such as: Mission (is the organization achieving its desired impact/outcomes?); Programs and activities (usually countable or surveyable outputs); Organizational Health (are non-financial resources adequate?), and Financial Health. For effective dashboard reporting, you first have to get your Executive Director on board. Then you need to get key administrative (especially finance) and managerial staff and the Board to buy in. There can be different levels of detail and frequency of reporting for the Board and for management staff. If the measures that you are reporting on are not dictated by your major funders (like United Way), then you can come up with your own measures which are most useful

to your organization. You may have to come up with a "rubric" system to measure qualitative results (i.e., assign numbers from 1 to 5, indicating the degree of outcome or accomplishment). In developing your dashboard, you must first set your target for what you are measuring; then you measure the results, and, finally, you report on the results via the dashboard. It is similar to comparing actual financial results to budget and to the prior year actuals. You can then determine why or why not the organization has met its goals. You may have to re-evaluate the targets you set (similar to a budget revision).

The key to effective dashboard reporting is to keep it understandable and relatively simple for a variety of audiences and merge both efficiency measures (outputs, finances) and effectiveness measures (impact/mission). There should always be a financial aspect to dashboards but program effectiveness is also very important. You need to look at and measure both together. Dashboard Reporting is a way to show how effective the agency is in doing what it said it would do in accomplishing its mission. The key is to find a metric that you can measure, that makes sense to everyone, and which reports on the impact – the effectiveness of your programs.

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.