

# Nonprofit Financial Managers

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

Volume Nineteen, Number Eight

May 2012

For information, go to [npfm.org](http://npfm.org), or contact Mitzi Fennel at 617-547-1063 x235 or Jessica Zander at 617-956-0215

## **Mark Your Calendars**

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

- **June 26: 403(b) Compliance**
- **No meetings over the summer. Save the date: September 25**

## **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 \$20 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.

## **RSVPs 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: Cost Allocations: What Allocations Method is Best?**

**Date: May 29, 2012**

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

**Time: 12:00 PM – 1:30 PM**

Our presenters, Joel Aronson, CPA and John Buckley, CPA with Alexander Aronson and Finning (AAF) will discuss the various methods and purposes of cost allocations. It may be appropriate to use more than one allocation method. Understanding the various users of the financial statements and the story you want your financial statements to tell will help in deciding what allocation method is best. For internal financial statements it is important to understand what is being allocated to determine the full cost of a program. This is important when deciding what programs to keep and what programs to cut. While, for external use, you want to allocate costs to reduce the overhead costs. They will also look at cost effective ways to allocate costs in the general ledger.

Joel Aronson is nationally known for his work with non-profits for the past 37 years. He has taught many aspects of non-profit financial management and budgeting. John Buckley works extensively within the non-profit sector and with closely held business. He joined AAF over 18 years ago.

## **Recap of April Meeting**

Charles Lippman, a Director from the audit firm of CBIZ Tofias, reviewed the latest changes in accounting and auditing standards including risk management, lease accounting, and revenue recognition. The session provided the group with a good sense of what our auditors will be looking for in our 2012 audit.

Mr. Lippman first discussed some changes that need to be considered for the current audit year. The first issue involves financing receivables. You will need to disclose your accounting policies for placing receivables in a nonaccrual status, recording payments received on nonaccrual receivables, resuming interest accrual, and determining past due or delinquency status. These new regulations will affect the way universities account for funds loaned to students and funds advanced by the University via the Perkins Loan Program. These rules were adopted following the economic crisis in 2008. In 2012, they apply only to organizations with significant loans receivable that have not already adopted this standard.

The next major category of regulations involves changes to the presentation of gross gains and losses for Level 3 investments, which tend to be the more alternative and risky investments. The effect of this change is the requirement of enhanced disclosures in your financial statements. Charles then discussed the requirement of enhanced disclosures for the employer's participation in multi-employer pension plans. These new disclosures will allow financial statement users to better assess the risk that an organization faces by participating in a multi-employer plan. Other new rules require that an organization must consider its risk appetite at the same time it decides which goal or operational tactics to pursue. SAS 119 mandates a change to the wording of audit opinions related to the schedule of expenditures of Federal Awards. This mainly applies to agencies which must undergo an A-133 audit (recipient of a certain level of Federal funds).

The major direction of these changes is to require more disclosure on the part of the organization that is being audited. For most nonprofits, there are no significant changes that will affect their FY 12 audits. He did suggest that your auditor should be proactive in discussing any changes in rules and standards with you throughout the year, not just at audit time. There should be an ongoing dialog between the client and auditor throughout the year. Finally, when a non-profit selects an audit firm, they

should evaluate the degree to which the audit firm is knowledgeable about and dedicated to the nonprofit sector.

### ***Job Openings...***

The NPFM group has a section on their website for job postings. Check out our website at [www.npfm.org](http://www.npfm.org) for a complete list of jobs. Contact David Richardson at [dr44@verizon.net](mailto: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](mailto:npfm@topica.com). If your membership is current and you do not have access to the listserve, please contact Karen Kelley Gill, at [kgill@cedac.org](mailto:kgill@cedac.org).

### ***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.