

NonProfit Financial Managers

Volume Twelve, Number Three

For more information, contact Mitzi Fennel at 617-547-9861, x235 or Doug Kline at 617-868-5050, x202

Mark your calendars now...

All of our meetings take place on the last Tuesday of each month. Upcoming dates are:

January 25, 2005

Banking Fraud in Nonprofits

February 22, 2005

Creating Budgets for Funders

March 29, 2005

What Auditors Are Looking For

Job Openings...

The NonProfit Financial Managers group has a section on their website for job postings. Check out our new website at www.npfm.org and you'll find the complete list of jobs. Each month we'll highlight one job opening in this newsletter. Contact David Richardson at 617-558-8112 or drichardson@templemanuel.com

Grants Management Assistant

The Medical Foundation, 95 Berkeley Street, Suite 201, Boston MA 02116, mail or e-mail Sally E. McNagny, MD, MPH at smcnagny@tmfnet.org

Cancellations/Snow Days

Meeting cancellations due to snow or other emergencies will be posted on the NPFM listserv at npfm@topica.com. You can also call United South End Settlements on the day of the meeting at 617-536-8610.

The Next Meeting

Topic: Banking Fraud in Nonprofits
Date: Tuesday, January 25, 2005
Location: United South End Settlements
566 Columbus Ave., Boston
Time: 12:00 PM – 1:30 PM

Nancy E. Kelly, CPA, MST, who has extensive experience in forensic accounting for nonprofits, will be presenting on fraud and abuse in not-for-profit organizations.

While all of the technological advances in banking make it easier to do business, it opens new doors to fraud and abuse. ATM's, credit cards, wire transfers, online transactions, digital copiers and wireless communications provide all the tools for up-to-date criminals.

Learn how to protect the assets of your organization and combat the diversion of funds and assets. The focus of this meeting will be to address the electronic and banking roles in fraud. The handouts will include:

Sample Policy on Suspected Misconduct

List of Useful Web Sites Relating to Controlling Fraud and Abuse

Same Audit Committee Charter

New NPFM Website

We are very happy to announce the launch of our new website at www.npfm.org. You can find out everything you need to know about us from a calendar of our monthly meetings to how to join. The web site also has job postings, information on our members and steering committee, and an archive of newsletters.

Recap of November Meeting

John Yozell, along with two of his associates, Amy Johnson and Susan Lodgemore, gave a presentation and answered questions about employer sponsored benefit plans, such as section 125 pre-tax benefits, domestic partner coverage, medical plan cost containment strategies, compliance issues, and other benefit related issues. Yozell Associates has been in business for 50 years and works with both non-profit and for-profit companies, large and small. Both types of companies are interested in the same issues: affordability, inflation of costs, limited resources, communication with employees, and legal and compliance issues. They are compensated as a percentage of the premium that is paid to the actual health insurance provider.

Communication by the employer to the employee about their benefit package is vital. Benefits are really a hidden paycheck for the employee. When Yozell Associates takes on a client, they like to co-manage benefits with the client. They offer Internet sites for benefits orientation for employees, can offer the client agency a web site to communicate with their employees, and provide links to vendor web sites. Providing employees with the most current benefit information and producing annual benefit statements for them will assist in conveying the actual value of a benefit package to the employee.

The benefits broker can also look for ways to help their clients control medical plan cost increases. There are a wide variety of plan options, including co-pays and up-front deductible plans that can be tailored to meet your company's needs. Some employers will reimburse the up-front deductible cost to the employee for medical care, either completely or partially. If the employee has to pay some of the up-front deductible, they may shop around for the best deal.

Flexible Spending Accounts are another option that the employer can set up to allow employees to pay for non-covered medical care. The employer sets up the plan and the employee

contributes to it on a pre-tax basis. There would be an administrator for the plan to whom the employee would submit receipts for reimbursement from their account. One drawback for the employee of these FSAs is that if they do not use what is in the account on an annual basis, they forfeit what remains. There is a risk to the employer also, because on Day 1 that the account is set up, the employer has to make the entire amount available to the employee. If the employee leaves employment before putting enough into the account to cover an incurred and reimbursed expense, the employer will have to try to recover it from the now ex-employee. There is a recent change – the employee can now submit receipts for over-the counter medication. Another potential change is that the employee will be able to rollover up to \$500 of unused funds from one plan year into the next.

All of these plans must pass a discrimination test, i.e. they cannot benefit higher paying employees only. You need a plan document, summary document, discrimination testing, and have to pay the plan administrator to take care of all of this. A company will have to weigh the benefit and tax savings for their employees against the cost to the employer. Cafeteria 125 plans can include health care, flex spending accounts, and Dependent Care Assistance Program (DECAP). The DECAP program has limited exposure for the employer, because the employee can only be reimbursed up to the amount that they have already put into the account. Domestic partner coverage cannot be done pretax, because section 125 plans are federal plans and the IRS does not yet allow it.

NPFM Membership Information

The annual membership fee of \$100 covers monthly mailing and other operating expenses and covers the period from September to August of each year. A part-year membership for \$60 is offered for those joining after January 1st, and covers membership through August. Students are welcome to join at any time at a rate of \$25.

In addition to attendance at monthly meetings, members receive a monthly newsletter and participation in the NPFM e-mail forum. Lunch is provided for all attendees at meetings. There is a \$12 meeting fee for non-members.

Contact Mitzi Fennel at 617-547-9861, x235
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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. Discussions on these topics can be a valuable resource for NPFM members. All new members who provide e-mail addresses are automatically subscribed. To post messages send to npfm@topica.com

Steering Committee

The Steering Committee is responsible for the direction of the group and organizing the monthly meetings. The meetings are fun and informative. We welcome new members. The Steering Committee meets for lunch on the first Tuesday of each month at the office of The Medical Foundation. If you would like to join, please call Nancy Eng at (617) 451-0049 x703 or e-mail neng@tmfnet.org.