

NonProfit Financial Managers

Volume Twelve, Number Eight

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:

◆ **June 28, 2005**

Standards for Excellence

◆ **July and August**

No Meetings! Enjoy your summer!

◆ **September 27, 2005**

Meetings Resume

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

NonProfit Financial Managers
C/o Child Care Resource Center
130 Bishop Allen Drive
Cambridge, MA 02139

The Next Meeting

Topic: Standards for Excellence

Date: Tuesday, June 28, 2005

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

Time: 12:00 PM – 1:30 PM

Using the "Standards for Excellence" as a Tool for the CFO in Understanding and Implementing Best Practices in Nonprofit Organizations

Presenters: Chris O'Keefe and Don Buccholtz, United Way of Massachusetts Bay

The Standards for Excellence Institute has created the *Standards for Excellence: An Ethics and Accountability Code for the Nonprofit Sector* to serve as a model for nonprofit organizations to implement in their operations and governance. The Standards for Excellence are intended to describe how the most well managed and responsibly governed organizations should, and do operate. They provide benchmarks to determine how well an organization is fulfilling its obligations to those who benefit from its programs, to contributors, and to the public.

The specific management and governance areas covered by the Standards include: Mission & Program, Governing Body, Conflict of Interest, Human Resources, Financial & Legal, Openness, Fundraising, Public Affairs & Public

Policy. As Nonprofit CFO's, many of these topic areas are those for which we are responsible.

Understanding what has been defined as best practices is becoming increasingly important in today's environment where there is more scrutiny of and more accountability required of non-profits. Those of you who are United Way of Mass. Bay affiliates may have noticed the Standards were used as the basis for the management and governance section of the most recent allocations request package.

So if you are inspired to implement best practices within your organization or whether you are simply motivated more by wanting to know what funders will be looking for, come to the last meeting of the NPFM year to learn more.

Recap of May Meeting

John Tarantino, Vice-President Risk Management Services, and Marianne Lyons, Commercial Account Manager, from Brewer and Lord, LLC gave a presentation on risk assessment and risk management, of which having adequate insurance is just one technique, although an important one. Brewer and Lord is a large regional insurance brokerage owned by Citizen's Bank. The management of risk exposure starts with identifying your agency's different exposures. There are various techniques that can be employed to effectively deal with these exposures, such as loss prevention, self insuring through a reserve fund, or purchasing outside insurance. The next step is to evaluate the feasibility of the techniques available, select the technique most suited to and most practical to your agency, implement the chosen techniques, and then monitor and improve those techniques. A good solid loss prevention program (safety, best practices) is ultimately the best techniques for managing risk. Purchasing adequate outside insurance coverage is also a common and effective way to manage risk.

How much insurance is enough? Property insurance is the easiest to evaluate. You need to be insured for replacement cost plus an add-on to cover compliance with ordinance and laws which

have been enacted since your building was originally constructed (ADA, fire protection, etc.) The best practice is to have a periodic building/property appraisal, based on replacement cost, taking into consideration the prevailing wage and cost of materials. As far as personal property is concerned, you need to have an up-to date fixed inventory program. Business interruption insurance is also important, in case your building or property is destroyed and you lose income because the agency cannot carry on its ordinary business (such as daycare, etc.)

There are other risk management/ insurance considerations. Your agency should definitely have a written disaster plan in place. You should also arrange for off-site storage of your computer system software and records, such as taking a back-up disk home once a week at least. Also, you need to get a certificate of insurance from vendors who perform services for your agency, such as snow-plowing, landscaping, etc., to make sure that they have adequate insurance for their line of business. Other forms of required insurance are liability insurance to cover negligence on your agency's part and auto insurance (both for your agency's own vehicles and also to cover employees who drive their own vehicle on agency business). Professional liability coverage protects against negligence by your professional employees; directors and officers coverage protects your Board of Directors, and umbrella coverage sits on top of all these policies to cover any excess liability beyond what the individual policies cover. For many agencies, automobile liability is the number one exposure/liability for companies, so it is imperative that you be adequately covered for that.

Job Openings...

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