

# NonProfit Financial Managers

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

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For more information, contact Mitzi Fennel at 617-547-9861 x235 or Jessica Zander at 617-939-5039.

## ***Mark Your Calendars***

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

- ◆ **October 31:** *Merchant Services options*
- ◆ **November 28:** *Key issues in HR*
- ◆ **December 26:** *No Meeting*

## ***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<sup>st</sup>, 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 617-547-9861, x235 for more information.

## ***The Next Meeting***

**Topic: Merchant Services for Nonprofits**

**Date: Tuesday, October 31, 2006**

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

**Time: 12:00 PM – 1:30 PM**

### **Merchant Services for Nonprofits**

All nonprofits want to take donations online. There are websites to link to that will accept credit cards and send you the donation minus a fee. What if you want to take the donations online yourselves? How much do you have to know? Who takes a bite along the way and how can you keep the fees down? What's the difference between Amex, Master Card, VISA, and the other cards out there? What if you want to sell tickets to an event online? Have you been taking credit card donations so long you are not keeping up with the changes in the marketplace? Are you paying too much for the service? How do you reconcile the donations to actual receipts in your bank account?

Feza Oktay of Dovetail Associates will be presenting to the group on Tuesday, October 31<sup>st</sup>. He will break it down for us so it won't be too scary, even on Halloween.

## ***Recap of September Meeting***

**Topic: How Sound is Your Organization.**

**Presenter: Catherine Gill, from the Nonprofit Finance Fund.**

Most of us CFO-types can parse our balance sheets and hone in on the important numbers and the stories they tell us. But numbers don't speak to everyone. Catherine Gill from the

Nonprofit Fund gave us some tools to use to explain the numbers and tell the stories to the other stakeholders in our nonprofits.

Catherine started with the three basic solutions to all budget problems that are pursued by most non-profit executives:

- Growing
- Buying real estate
- Building an endowment

Next, Catherine proceeded to explain the inherent problems contained within each solution. Growth can be good, but with a bigger program budget comes a greater demand for unfunded infrastructure. Owning real estate can bring stability, but the costs of ownership and the attention to facilities can detract from the commitment to the mission. Income from an endowment brings independence and an annual income, but the fundraising campaign to raise an endowment often cannibalizes other fundraising efforts, which is not a desired outcome.

Nonprofits typically do not generate enough income to fully fund the mission from mission-related activities so we all need to run a “subsidy business”. That business can be grant-writing, events, direct mail, rental, or earned income. Each of these activities requires an upfront and ongoing investment to subsidize the mission-related activities. The challenge for the nonprofit management team is to assess the core strengths of the organization and the costs of each subsidy method and make the choices that will sustain their nonprofit for the long term.

As a good storyteller, Catherine did not just state these conclusions baldly, but led her audience to draw their own conclusions from a series of graphs that illustrated each of her points. She didn't just say building investments often result in cash flow difficulties, but used a case study to show how as building investments grew, cash has shrunk to a point where bills weren't being paid for months. The Nonprofit Finance Fund has rescued many a nonprofit when the bank is ready to call the loan

and an unsecured loan and recovery plan is needed to get the organization back on track.

The experience of the Nonprofit Finance Fund in working with these needy nonprofits has led to one very simple conclusion: nonprofits need to pay enough attention to the subsidy business to generate an excess of 2-5% each year to keep the balance sheet healthy. Easier said than done? Yes, but the first step is to make sure all the stakeholders understand this goal and work together to make it happen.

Operating breakeven is only the beginning for a healthy nonprofit. The extra few points of surplus are necessary to pay current principal on debt, pay for fixed asset expenditures, to fund depreciation, and to generate a few months' worth of savings. The Nonprofit Finance Fund has put together a Powerpoint slideshow to convince its clients that there is no other way forward to solve their financial problems. We would all be wise to find equally graphic ways to put this point across in our own organizations.

#### ***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.

#### ***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)

#### ***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.