

# NonProfit Financial Managers

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

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For information, go to [npfm.org](http://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:

- ◆ **September 23: Advocating for Non Profits**
- ◆ **October 28: Privacy Issues**
- ◆ **December 2: To Be Determined**

## **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 617-547-1063, x235 for more information.

## **The Next Meeting**

**Topic: Advocating for Non Profits**

**Date: Tuesday, September 23**

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

**Time: 12:00 PM – 1:30 PM**

David Magnani, the Executive Director of the Massachusetts Nonprofit Network, a relatively new advocacy organization, will present on this topic. Areas that he will touch on include the following: what is his organization's mission; what are its major programs and initiatives; how does the Mass. Nonprofit Network relate to the role of Nonprofit Financial Manager; what nonprofit industry trends should we be aware of; what can be done to reduce the administrative burden on nonprofits by governmental agencies; and how can our group and theirs work together?

## **Recap of June Meeting**

Shirin Philips, a partner for Foley and Hoag, LLC, an international law firm, and Carline Durocher, an associate at Foley & Hoag, gave a presentation on governance for nonprofit organizations and related topics. Shirin specializes in nonprofit issues and Carline is in the Business Department.

We are currently operating in a changed environment resulting from well-publicized scandals in the nonprofit industry. Conflict of interest issues are at the heart of the matter. Major revisions to Form 990 and increased regulations are intended to address these conflict issues. The goal of the nonprofit organization is to accomplish its mission. The goal of regulators is to ensure that the tax-exempt funding is well-spent. The two major considerations for the CFO in the area of governance are: 1) duty of care - what

would a prudent person do in your situation; and 2) duty of loyalty – requires that officers and directors act as a fiduciary in the best interests of the organization and according to a duty of obedience to the mission of the same. This duty entails an obligation to avoid conflicts or even the appearance of conflicts which affect the interests of the agency.

In order to qualify for a tax-exempt status, a company must have been organized as and continue to operate as a charitable organization. Various entities monitor the tax exempt organization's status and activities 1) The IRS oversees the tax exempt process in order to ensure that the tax exempt organization uses its resources for its mission and not for the private benefit of its directors, officers, and/or employees (Reporting document – Form 990) 2) The State Attorney General requires reporting via the Form PC. 3) The press, donors, and other tax exempt organizations also monitor an agency's activities.

The heart of conflict of interest is “who is getting the money? And is it in the best interest of the organization and its mission?” A potential conflict of interest may occur when a person in authority (Board member, officer, donor, etc.) may financially benefit from a corporate decision. The following are key elements of a conflict of interest policy. 1) It needs to put key persons on notice. 2) Defines conflicts. 3) Specifies a process. 4) Promotes disclosure. 5) There are 2 parts – the policy itself and a questionnaire that needs to be filled out annually. Covered persons include: any director, principal officer or member of a committee; employees having responsibilities similar to a director or principal; any substantial donor to the organization; any person in a position to exercise substantial influence over organization affairs; family members of covered persons; or any corporation, partnership, trust or estate that a covered person owns or has rights to. The IRS, State Attorney General, etc are primarily interested that directors, officers, and other covered person are independent and are operating in the best interests of the organization. The 990 and Form PC are the primary reporting documents and that is why the Board needs to review them before they are filed.

### ***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)

### ***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.