

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, 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:

- **October 26: Managing in a Changed and Changing Economic Environment**

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 \$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: The Nonprofit CFO's Role in Organizational Planning and Decision Making

Date: September 28, 2010

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

Time: 12:00 PM – 1:30 PM

What role do you play within your organization when it comes to strategic planning and other organizational decision making? Are you just the "numbers" person or do you play a broader role? What other areas of consideration should you bring to the table (HR, IT issues)? How do you balance the need to advocate for fiscal prudence with other organizational/programmatic goals? How do you communicate with others in the process (non-finance types) in a way they can understand? What CFO-type skills do you bring to the table, such as the ability to organize, track, and analyze data. And, how can you use these skills to move the organization's planning forward? We will explore these questions and others as we look at what roles the CFO plays in various organizations and what role you could play in yours. (Panel Discussion)

Recap of June Meeting

RESTRICTED GRANTS: HOW TO TRACK AND ACCOUNT FOR THEM

From the perspective of the CFO as well as General Management

Restricted grants carry with them a fiduciary responsibility to ensure that resources are allocated appropriately. It is critical that organizations establish logical and effective processes to manage re-

stricted grants. Processes for managing grants and decisions around how the funds are spent should be clearly documented and be backed by sound logic to ensure compliance at audit time. Good grants management cannot be done in isolation. It requires a team effort on behalf of the finance department, program officers, development staff and senior management. Accurate and thorough reporting not only satisfies the auditing and compliance needs but it also helps the organization to move initiatives forward and make strategic decisions to ensure the sustainability and success of programs.

Designing a system or process for grants management doesn't have to be complex. Consider factors such as the size of your staff and the amount of programs and grants that you manage to create something that fits your organizations needs. Maximize your chart of accounts structure whenever possible. For example, set certain revenue and expense accounts to close to a specified net asset account. Or use account and program codes to segregate and group restricted funds and activity. When considering the processing of accounting entries, decide how often you will want to update your balance sheet and release net assets from restrictions. Determine what works best for your organization and staff size then execute it with accuracy and integrity to avoid getting mired in correcting entries. Take reporting needs into consideration when setting up your system. Think about the various audiences – auditors, funders, internal management, Board – and the different reports that they will require. However, despite the strongest automated financial system, you will likely still need to do some reporting outside of the accounting system in EXCEL.

In particular, understanding your auditor's areas of interest in advance will help you to establish a good system. Do you have a long track record with them already? Do you know what they look for regarding your restricted funds? Do they have a level of detail that would require you to justify every transaction charged against a grant? Think of your auditor as a resource; if you are unsure about how to account for something, they can help to confirm your assumptions or give advice on best practices. Better to do it right the first time than find out during an audit that you weren't correct.

When should the finance staff get involved in grants process? The earlier the better! The finance staff/CFO should ideally be a part of the organizational goal setting, adding valuable insight to the proposal preparation process and helping to develop the budget. The CFO has ultimate responsibility for the management of restricted funds and therefore should always understand the award letter terms and proposal that it is based upon. This in-

formation will ensure that the finance area is tracking according to the needs of the grants, is able to monitor deviations from budgets that may require explanations.

Be sure to understand who is responsible for different tasks regarding restricted funds. From proposal generation to final reporting, it should be clear who holds the responsibility and accountability for the successful completion of each step in the grants process. While the CFO cannot be responsible for every stage, be sure to gather and retain all of the major documents and funder communications (e.g., proposals, budgets, commitment and award letters, progress and final reports). To ensure everyone is working from the same playlist, consider creating a system or point of access where everyone in the process can view, but not change, this information.

Always remember – document, document, document! When in doubt, get it in writing! If there are changes to the scope of an original award, get approval from the funder in writing. If the award letter is too vague, get written clarity from the funder or have the Executive Director sign off of the way that funds are to be spent. If you are planning to spend a multiyear award in only one fiscal year, let the funder know and get something form of written approval. The key here is to ensure that there us a written audit trail that confirms agreements built around the use of restricted funds. This will ensure transparency for everyone – you, the funder, the auditor, and the program officer.

Job Openings...

The NPFM group has a section on their website for job postings. Check out our website at www.npfm.org for a complete list of jobs. Contact David Richardson at 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

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.