

Nonprofit Financial Managers

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

Volume Eighteen, Number Four

JAN 2011

For information, go to npfm.org, or contact Mitzi Fennel at 617-547-1063 x235 or Jessica Zander at 617-956-0215

Mark Your Calendars

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

- **January 25:** Cloud Computing
- **February 22:** Internal Controls – when enough is enough
- **March 29:** Top 5 Ways to strengthen HR
- **April 26:** Risk Management

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.

RSVPs 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: Cloud Computing

Date: January 25, 2011

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

Time: 12:00 PM – 1:30 PM

Cloud Computing – What Is It and Is It The Right Choice for Nonprofits?

You probably have heard of “cloud” computing but may only have a vague idea that it means storing data and applications on servers on the internet rather than in your office. Those who are well informed may still not feel confident in deciding whether to invest in this relatively new scheme. Is it safe? Is it reliable? Is it expensive? Is it slow? What are the best cloud services? What are the worst? Dan Scharfman, Vice-President of Information Solutions for Baird Associates, will walk us through what cloud computer can do, when it’s appropriate for nonprofits, how the costs stack up against in-house networks, and answer our questions.

Recap of November Meeting

The ABCs of Health Benefit Accounts

Edan Barshan, founder and President of Universal Benefit Plans, located in Boston, filled in at the last minute to do a presentation on the “ABCs” of Health Benefit Accounts. Edan and his company have been providing employee benefit brokerage and consultancy services for the past 14 years.

Edan started off by answering the question: what are consumer spending accounts? There are different types of consumer/employee spending accounts. There is the FSA, HRA, HSA, and MSA.

FSA (Flexible Spending Account) are special accounts authorized under section 125 of the IRS Code that allow employees to set aside money out of their paychecks on a pre-tax basis to pay for out-of-pocket healthcare expenses. Other FSA plans can be set up for dependent care expenses (for example, daycare) and for certain parking and transportation expenses. The employee has to enroll prior to the beginning of the year and estimate how much they will use for dependent and/or health expenses. This amount is deducted, pre-tax, from their pay. If there is money left at the end of the year, the employee loses it.

HRA (Health Reimbursement Arrangement) is an instrument where the employer reimburses an employee for certain medical expenses not paid by their health insurance plan – most commonly used with high deductible health insurance plans. The HSA (Health Savings Account) is a tax-free account with money deposited by individuals, employers, or both, to spend on routine medical costs. HSA accounts are owned by the participants and contributions to it are tax free. The balances roll over year to year.

The MSA (Medical Savings account) is a trust or custodial account established to pay medical expense in conjunction with a high deductible health insurance plan. To be eligible for an MSA an individual must be either employed by a small employer with a high deductible health plan, or be a self-employed person covered by a high deductible health plan.

According to Edan, health insurance plans are currently in transition. The legacy plans which have been in place for the past 40 to 50 years are becoming cost prohibitive. These plans are all-inclusive and mostly just require the employee pay a portion of the premium and to pay a co-pay at the time of a visit. As healthcare costs soar, employers are faced with the following choices: 1) increase the portion that the employee pays for health insurance; 2) keep increasing the co-pays; or 3) switch to what Edan termed “consumer driven models” – which typically consist of a deductible plan. According to Edan, these consumer driven models continue to protect employees from high risks and lower the cost of premiums – while increasing deductibles. The employer can

assist employees with basic healthcare costs for routine medical maintenance expenses by setting up consumer savings accounts - HRAs, FSAs or HSAs. The benefit to the employer is a lower premium and tax savings. If the employer sets up an HRA to reimburse the employee for a portion of the deductible cost, the employee will also benefit from lower premiums. Also, an FSA will benefit the employee because contributions to the account are tax-free, resulting in lower out of pocket expenses for such items as prescriptions, dental work, eye-wear, etc. According to Edan, consumer driven health plans (such as high deductible plans) prompt employees to make value based decisions about their healthcare and can lead to long term cost containment in the health care system.

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.