

# 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 617-956-0215

## Mark Your Calendars

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

- **June 26: 403(b) Compliance**
- **No meetings over the summer. Save the date: September 25**

## 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 \$20 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: 403b's: Considerations for Creating, Maintaining, and Staying in Compliance**

**Date: June 26, 2012**

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

**Time: 12:00 PM – 1:30 PM**

### **"403b's: Considerations for Creating, Maintaining, and Staying in Compliance"**

Many of us have 403b plans but are challenged when it comes to administering them. Others have shied away from setting up even employee only funded plans because of liability concerns. This presentation will cover issues for those who:

- Have a plan but are concerned they may not be in compliance with the regulatory changes and whose plan documents are not up to date;
- Have an employee only funded plan who want to make sure they don't trigger ERISA and related reporting requirements;
- Don't have a plan but may want to set one up.

Our presenter will be Lauren Leidner, the Director of Non-Profit Retirement Plans at Sapers and Wallack, Inc., whose firm serves as consultants in conjunction with plan vendors such as TIAA-Cref, Fidelity, and Putnam Investments. Lauren will highlight the employer's fiduciary responsibilities and will speak about what is new in the world of 403b's.

## Recap of May Meeting

Joel Aronson, CPA and John Buckley, CPA, with Alexander Aronson and Finning (AAF) led a discussion about the various methods and purposes of cost allocations. It may be appropriate to use more than one allocation method. Joel Aronson is

nationally known for his work with non-profits for the past 37 years. He has taught many aspects of non-profit financial management and budgeting. John Buckley works extensively within the non-profit sector and with closely held business. He joined AAF over 18 years ago. Understanding the various users of the financial statements and the story you want your financial statements to tell will help in deciding what allocation method is best. For internal financial statements it is important to understand what is being allocated to determine the full cost of a program. This is important when deciding what programs to keep and what programs to cut. While, for external use, you want to allocate costs to reduce the overhead costs. Joel and John presented cost effective ways to allocate costs in the general ledger.

There are many reasons for allocating costs, both external and internal. An accurate and logical system of allocating costs is important when reporting financial statements and financial reports to external stakeholders and audiences. Some of those reasons are: 1) Accountability to funders; 2) Regulations (A-122); 3) Required for completing the Mass. UFR; 4) Other outside organizations (such as Guide star, Charity Navigator, etc.) want to know how you allocate costs and what they are; 5) necessary for bonus plans; and 5) required for completing the Form 990. The major internal reason for allocating certain costs in a fair and reasonable way is so that management can get a real understanding of what it costs to run the programs. The challenge is that the system drives you to make the programs look good and meet certain targets, but it can muddy the information about what it actually costs to run the real business - not just direct program expenses.

There are 2 major categories of expenses for non-profit organizations: direct program expenses and shared costs such as: general and administrative; facilities; fundraising; and public relations and marketing. Agencies should bill "overhead" to the programs if the funding sources will pay for it, but it can skew the results. Direct program costs are generally variable costs which will go away if the program is eliminated. Shared costs are generally fixed costs, which do not go away if the programs are eliminated, reduced, or changed. Shared costs should be allocated to the programs by category, G&A, Facilities, and Public Relations. Fundraising is not generally allocated. It is important to know what G&A, Facility, Public Relations and

Marketing, Fundraising, and Direct Program expenses are separately, and then allocate the shared costs to the programs to know what it really costs to operate the business and its programs.

#### **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). If your membership is current and you do not have access to the listserv, please contact Karen Kelley Gill, at [kgill@cedac.org](mailto:kgill@cedac.org).

#### **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.