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Vol. 6 November 2010

Nonprofits Count!

A monthly update on the latest nonprofit news and FMA events.

Dear Stan,

Nonprofit organizations play a unique role in our society. For this reason we shouldn't be surprised that there are unique and rigorous demands placed on them. Often, one dimensional unrealistic expectations are placed on nonprofits by *watchdog groups* who do not take into account the complex realities of their operations.

For this issue of *Nonprofits Count!*, our Director Andrea Mills, CPA, comments on the importance of public reporting as it relates to handling watchdogs. As Andrea astutely observes, *transparency can be a double edged sword.*

For nonprofits that are ill-prepared, they can often find themselves having to justify good decisions that are misperceived. Those that are prepared, however, can use public reporting as an effective component in marketing, message building and fund development.

FMA works diligently to ensure our clients can meet these demands without compromising their core mission. I hope you find Andrea's article and the rest of this issue of ***Nonprofits Count!*** helpful. Please don't hesitate to write me with your thoughts on the topic or on how else the FMA team can support you.

Sincerely,

Hilda H. Polanco, CPA
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Featured in this Edition of Nonprofits Count!

That thing called
Transparency

Upcoming FMA Institute Events

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Feature Article

That Thing Called *Transparency*

By Andrea Mills

We all know that one of the tradeoffs to being a nonprofit is the constant need for *transparency*. With the acceptance of tax free status, the federal government requires us to make our financial information available to the public through websites (e.g. Guidestar, Charity Navigator, and others) or in person, upon request.

With transparency comes the forced acceptance of public scrutiny from prospective donors, peers, stakeholders, and the occasional print or television reporter. The last thing any nonprofit wants is to see its profile raised in a highly public venue for all the wrong reasons.

Handling public scrutiny is all about prevention. So how do we protect our organization's public image through the financial lens?

First, make sure that all members of your organization understand the purpose of the numbers. It is important that all parties can understand and speak about how the organization is represented.

A recent example with one of our clients occurred when a website downgraded them from 4 stars to 3 stars because their fundraising percentage increased. Did the staff for the watchdog group take the time to delve deeper to figure out why? NO! They simply plugged numbers into a spreadsheet and, lo and behold, the spreadsheet said it is time to downgrade. What actually happened was that this organization was doing the right thing. They hired a full-time Development Director during a challenging time when putting additional funds to development was absolutely needed. The downgrade by the watchdog hurt – but not having a Development Director would have hurt more.

Second, understand that your numbers do not reflect your effectiveness.

As more and more nonprofit professionals work towards having the capacity to link costs to efficacy in winning the battle against hunger, poverty, infections and everything else that requires nonprofits to function in the world, the cost allocations, as reflected through functional expenses, do not reflect that today. If administrative costs increase, this does not tell us whether we were able to feed more poor people, eradicate disease or provide affordable housing. What needs to be tracked is whether costs on a yearly basis provide the same services as before. We should ask ourselves: *Is the need for our services increasing, and how does that affect our infrastructure needs for additional people or resources? Likewise, are we actually making strides to fulfill our mission?*

Lastly, understand that the requirements for transparency allow for marketing opportunities.

At times organizations can suffer from being too modest about their accomplishments. Why not toot your own horn and tell the public all of the wonderful things that your organization is doing? There are several places to do this. The Form 990 asks us to specify our largest program accomplishments on page 2, so use that forum as a way to emphasize your biggest victories. Similarly, in note 1 for the footnotes of the audited financial statements, we are asked to describe our organizations. This is also an opportunity for us to state program accomplishments for the year in a strong way that shows what it is we do for the world.

For nonprofits, transparency is the cornerstone of integrity. But, although it takes some thought and effort, it should not be seen as an undue burden. Through careful understanding, preparation and planning, transparency can become your organization's greatest marketing tool.

For more information on how your organization may better use transparency tools, contact Andrea Mills at AMills@fmaonline.net. To download a pdf copy of this article [please click here](#).

FMA Institute Upcoming Courses

Is your organization a member yet? Get complimentary access to the nonprofit financial management courses with [FMA Institute membership](#) using your organization member code. You may also take the courses individually without membership.

Nonprofit Financial Management Courses

Getting to Know Nonprofit Reporting Requirements

Online Course Dec 7

The Board's Financial Leadership

Online Course Dec 14

Financial Planning: Financial Management through the Strategic Lens

****NYC In-person Course Dec 9 (registration ends Dec. 3!)* ** *

CPAmerica Member Technical Courses

To take this courses you must be a CPAmerica FMA Institute Member.

Classifying and Reporting

Online Course Dec 15

CNAP

Certified Nonprofit Accounting Professional

Online Course Series Starts Feb 16

FMA Institute members get a 15% discount off of the CNAP program when they use the special CNAP code provided to them.



Visit www.fmainstitute.net for more information.

FMA Institute Member Spotlight

Every e-alert we spotlight one of the FMA Institute Members. If you'd like to be featured as the next spotlight, please contact us at fmainstitute@fmaonline.net



Girl Scouts Western Oklahoma Inc.

Located in 39 Oklahoma counties in the central, southwest and northwest region of the state, Girls Scouts of Western Oklahoma builds girls of courage, confidence and character who make the world a better place. Through leadership-building programs, GSWestOK offers girls pathways to explore their interests -- including STEM (science, technology, engineering and math), healthy lifestyles and activities like our High Adventure Team and summer camps, community service projects through our Bronze, Silver and Gold Award programs, environmental stewardships and more. Currently, GSWestOK has more than 3,500 volunteers donating approximately 420,000 hours of service to girls. Since forming locally in 1935, more than 375,000 girls have benefited from Girl Scouts. For more information on Girl Scouts of Western Oklahoma, please visit www.gswestok.org or call 800-698-0022.

FMA.Jobs

The www.fma.jobs site was established to help connect FMA's clients to job seekers who are committed to excellence in nonprofit financial management and is exclusively for job openings *in the fiscal office* with a starting salary of \$50,000 or more. We invite you to visit the site and invite you to post openings (free of charge for FMA clients, FMA Institute Members, and Friends of FMA).

Click [here to read more about the current open positions](#) that include:

Chief Financial Officer

Director of Finance (2 openings)

Assistant Controller

Accountant

Accountant II – *NEW!*

Membership Analyst – *NEW!*

Program Analyst – *NEW!*

Senior Accountant – *NEW!*

Click here to [read more about posting your open jobs](#). Posting instructions are listed below. Please note jobs openings must be in the fiscal office with a starting salary of \$50,000 or more.

1. Go to www.fma.jobs
2. Click on the "Employers" tab on the left menu
3. Click on "Submit Job"
4. Use the login: **fmajobs** and password: **client**
5. Click on the "Submit Job" tab on the left menu
6. Enter Job Description, Qualifications, and How to Apply information, as well as Contact Information of the person to notify when the post expires, or in case we have questions.

Text space is limited. Please double check the text in the confirmation email that you receive. If you have any questions regarding posting or the site please email us at jobs@fmaonline.net

Citi Nonprofit Day Event Recap

In Chicago on October 28th, FMAs Managing Director, Hilda H. Polanco, CPA, addressed the Citi Nonprofit Day conference entitled ***Securing your organization's future: It's more than Money.***

The event was presented by Citi Illinois in partnership with Donors Forum and the Alliance for Nonprofit Management.

Hilda shared with the Chicago area leaders some FMA *lessons learned* related to how nonprofits are adapting to the "new normal."

Hilda presented the six key management principles the FMA team sees being applied by nonprofits as they work hard to survive the economic storms while the demand for their services increases. Here's the 'bulleted' version.

- **Performance measurement guides organizational practices** – data is managed strategically and dashboards are used to track key performance indicators
- **Annual budgets are set from the lens of the organization's balance sheet.**
- **Re-evaluating funding relationships** – seek to cover full cost of delivering programs.
- **Create an environment of Team Decision Making** – all senior management, across the agency (beyond the ED and CFO!) engage in number analysis and take greater responsibility for the strategic direction of the organization
- **Ongoing assessment of business processes** – maximizing IT and automating toward maximum efficiency, including adapting a 're-engineering' lens to current activities finding new ways of operating that improves client services and reduces costs
- **Goal setting** – more deeply understanding the strategic nature of time, and focusing actions in more strategic areas

To view Hilda's presentation, please click [here](#). You may also visit our website www.fmaonline.net for more information.



Double Bottom Line

Articles and news from FMA and the sector

New York City Grants Fund Class on Dec. 6, 2010

The Returnable Grant Fund allows in City of New York to issue short-term, interest-free cash flow loans to nonprofits who do business with the City. In April 2009 Mayor Bloomberg announced the expansion of the Returnable Grant Fund. This expansion increased both the eligibility and the dollar amount that is available for lending. In this class both vendors and City employees will learn about the expanded eligibility, requirements for receiving a loan and how to fill out the form.

Date: December, 6th 2010

Time: 9 am to 12 pm

Location: 2 Washington 21st Floor Manhattan NY

To register for the class please fill out the application attached and fax it to the CBO Unit at 212-312-0769. If there are any questions on the application please contact Bryan Epps at 212.676.9748 or Bepps1@cityhall.nyc.gov.

Below are the links to the application and a FAQ's about the loan program.

FAQ: http://www.nyc.gov/html/nonprofit/downloads/pdf/Returnable%20Grant_Fund_FAQ.pdf

Application: <http://www.nyc.gov/html/mocs/downloads/Loan%20Application.pdf>

How to Hire a Great Accountant for Your Nonprofit

By Steve Zimmerman

September 22, 2010

[Blue Avocado](#)

You may spend more time recruiting good applicants for your finance team than you may spend for program staff; after all, accounting skills are often more marketable across sectors than program skills.

Read more: <http://www.blueavocado.org/content/how-hire-great-accountant-your-nonprofit>

A New Way to Invest In Nonprofits

By Betsy Brill

November 4, 2010

[Forbes](#)

In this challenging economic environment, nonprofits are scrambling to raise the funds necessary to continue

providing quality services and programs in the face of increased demand. Even during the best of times, the pressure, and cost, of constant fundraising can divert precious resources that might otherwise be used in direct pursuit of organizations' social-change agendas.

Read more: <http://www.forbes.com/2010/11/04/nonprofit-finance-fund-intelligent-investing-equity.html?boxes=financechannelplanning>

Setting Prices for Nonprofit Services

By Norah McVeigh

October 29, 2010

[The Chronicle of Philanthropy](#)

When nonprofit groups set prices for their services, they are often encouraged to follow models set by businesses. But is this the best approach for all organizations?

Read more: <http://philanthropy.com/blogs/money-and-mission/setting-prices-for-nonprofit-services/27586>

Business of Nonprofits: Draw a road map for managing nonprofit assets

October 28, 2010

[Puget Sound Business Journal](#)

Nonprofit boards and finance committees that invest assets on behalf of their organizations have been extremely challenged over the past few years to find the correct equilibrium between portfolio risk and necessary returns.

Read more: [BUSINESS OF NONPROFITS: Draw a road map for managing nonprofit assets | Puget Sound Business Journal](#)

Nonprofits Rush to Solicit Donations via Text, but the System Is Flawed

By Stephanie Strom

October 31, 2010

[The New York Times](#)

Texted donations currently are limited to \$5 and \$10 increments and capped by mobile phone companies at five a month from a single phone. Some nonprofits worry that they will cannibalize gifts that might come in larger amounts through more traditional channels like direct mail and online.

Read more: <http://www.nytimes.com/2010/11/01/business/01text.html>

www.fmaonline.net - www.fmainstitute.net - www.fma.jobs

If you have any comments or suggestions regarding this e-alert please send them to fmainstitute@fmaonline.net. If you are having any problems accessing the links, please email us and we'll send you the information.