

**Transcript of  
The Finance Project  
My Favorite Mistakes: Lessons from a Non-Profit Business Manager  
November 20, 2008**

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## **Participants**

Roxana Torrico, Practice Group Director  
Robert LaVallee, Senior Program Associate

## **Presentation**

### **Operator**

Good afternoon, everyone and welcome to The Finance Project's My Favorite Mistakes: Lessons from a Non-Profit Business Manager. Throughout this presentation, all participants will be on a listen-only mode. A question and answer session will begin near the end of the presentation. All participants may submit their questions at any time during the webinar by using the question box in the top right hand corner of your screen. As a reminder, this conference is being recorded.

I would now like to turn the conference over to your host, Ms. Roxana Torrico, Practice Group Director with The Finance Project. Thank you, Ms. Torrico, you may begin.

### **Roxana Torrico – The Finance Project – Practice Group Director**

Thank you. Welcome to today's event, My Favorite Mistakes: Lessons from a Non-Profit Business Manager. My name is Roxana Torrico and I'm a Practice Group Director with The Finance Project.

For those of you who may not be familiar with The Finance Project, we are a non-profit organization based in Washington, DC that provides research, consulting, training, and technical assistance for private and public sector leaders nationwide.

This event is a part of a series of webinars organized through our Youth Programs Resource Center which offers research, tools, and publications focused on financing and sustaining youth programs. Today's discussion will focus on what leaders of youth-serving organizations need to know to ensure sound financial management practices and the long term success of their program. This event is intended to assist executive directors, directors of finance and administration, and program managers to bridge the gap between the operations and finances of their organizations.

Today, our speaker, Bob LaVallee, Senior Program Associate with The Finance Project, will share some real life lessons about his days as a non-profit manager. He will also introduce a new publication, Beyond the Checkbook: A Financial Management Guide for Leaders of Small Youth-Serving Organizations. The link to this publication was made available to participants as part of the background materials



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for this event. In addition to the transcript and the recording from this and past events, you can visit our website to browse the Youth Programs and Policies Clearinghouse, which we are continually expanding by identifying and adding new relevant resources from our partners in the field. You can find this website on the marquee across your screen.

We have prepared a PowerPoint presentation for you to follow along with today. And the goals for this session are to provide participants with an overview of some common mistakes made by non-profit managers along with some tools and solutions for these types of mistakes and some highlights from the Beyond the Checkbook guide, and lastly, an opportunity to ask questions. We encourage you to submit questions at any time by clicking on the upper right hand corner of your screen. You can type in your question which will then be entered into a queue and answered throughout the web conference should time permit. We also hope that everybody have the opportunity to review the background materials for this web conference which will remain on The Finance Project's website. But to get the most out of this webinar, we encourage participants to respond to polls and share resources with your colleagues who could not attend today.

So let's go ahead and get started. I'm going to turn it over to my colleague, Bob LaVallee, a former non-profit manager and one of the authors of The Finance Project's new publication, Beyond the Checkbook. Bob?

**Robert LaVallee – The Finance Project – Senior Program Associate**

Thanks, Roxana. And thank you, everybody, for being on the call. We really appreciate you taking the time today.

We're really proud to be releasing Beyond the Checkbook: A Financial Management Guide for Leaders of Small Youth-Serving Organizations. We created this guide because there are a lot of people running youth-serving non-profits who we know are folks who are extremely skilled at the program side of the organization. They're genius youth workers who know how to create outstanding experiences for young people, but they may be less experienced with the financial side of the house. So this guide aims to help leaders of these small youth-serving organizations develop the tools and knowledge they need to create and then use this sound financial management practices. So the guide identifies key components of financial management systems and you could see the chapters, we really got soup to nuts, all the way from starting a non-profit to budgeting and controls and overhead, and reporting and auditing in Sarbanes-Oxley. But the guide does more than that, it also discusses the important considerations and tradeoffs that organizations have to make in designing systems and it provides a lot of additional resources for those folks trying to pursue specific trends and strategies.

Now, we try to make the guide as practical and accessible as possible. It contains tons of checklists, examples, and templates that really help clarify the key ideas. It makes it easy to put those ideas into practice.

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Now one thing about the guide, we're not trying to make the users of the guide into accountants. We can't do that, you have to go to school for that. But hopefully, the guide would give users the language and the concept, the vocabulary to talk to their accountant and understand how to ask questions and what they should be expecting from their financial management systems. It's got some real solid background. And by the way, if you haven't downloaded the guide, it's 110 pages, so it's got quite a bit of content there.

**Roxana Torrico – The Finance Project – Practice Group Director**

Before we move on, let's take a quick poll to see who has joined us today. If you look at your screen, you'll see some options: What best describe your role with your organization? Are you an executive director or a financial manager, a program staff, or other? If you could please click on vote on which best describes your position. Yes.

**Robert LaVallee – The Finance Project – Senior Program Associate**

We'll give folks a couple of seconds to vote here. It is an election year and all. Okay, we'll go ahead and publish that. Let's see how people responded. Alright. We've got a great mix of folks on the line which is... I'm really glad to see that and I'm really glad to see that we have some financial managers on the line because you guys are my people, you men and women.

Being a non-profit financial manager is a really tough job. One of the issues that they have is that while the program folks are dreaming up exciting new ways to serve young folks, the financial manager often ends up being the person who has to say, "Hey, we just don't have the resources right now." And it's not fun to be the person who has to say no. Also in the smaller non-profit setting (inaudible), there's usually just one finance person. That means that they don't have anybody in the organization to look for for professional development or mentoring or just bouncing ideas off. That could be really hard and that's another reason why we created this guide. I'm hoping that some of what you hear today may help the job get easier as well.

So, I've worked in a number of small non-profits in a variety of roles. And actually, let me take a moment... actually, when I use the term, financial manager, I understand that's a very broad term in small non-profits. Typically, the folks here are wearing a lot of hats and you may be the executive director and also the finance person or you may be the lead program person and also the finance manager. So don't get hung up on the term. Now, there are a lot of folks for whom finance managers are appropriate with people themselves.

So anyway, I've worked in a lot of small non-profits in a variety of roles. Today, I'll be talking mostly about my experience as a business manager of a brand new charter high school. I've made an enormous number of mistakes over the year but I'm going to focus today just on... I have to limit myself somehow to just four common ones. And that's setting up your accounting system incorrectly, failing to plan for cash flow, having the wrong fiscal controls, and then bad financial reporting. And just so you know that this is not all about negatives. I am going to talk the things... I'll talk about things that you can do to avoid these mistakes.

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So let's jump in to my first mistake, accounting systems. Now, anyone who's worked in a startup can understand how exciting and crazy it can be. In the teachers at my school, they described it as 'you fly the plane while you're building it.' And I guess it's a pretty half metaphor. So as a business manager of the school, I needed systems in a hurry so I really just jumped right in. Specifically, I created... the first thing you do is create a chart of accounts. And now, a chart of accounts is a detailed list of how the school organizes its financial information. Typically, it's dozens of items organized into six major areas, assets, liabilities, fund balances, revenues, expenses, and then overall functions of the organization. Well, I set up my chart of accounts in a hurry without really considering how long we need to use it. So I never considered what reports that you have file. I didn't think about a little more detail. I didn't think about what kind of decisions and assessments we'd want to be making throughout the year. So when the time came to do all these things, I found myself endlessly reorganizing the financial data to generate these reports or help support these decisions. So my view is as a financial manager, you're spending time hoping... creating analysis rather than generating reports.

So let's talk about how to avoid the mistake that I made. Well, you really want to consider your needs up front and in terms of decisions, you probably need to assess your spending versus budget over the course of the year, that's what I think was the kind of decision you need to make. You make decisions about program planning for the following year. In terms of what reports you need to file, you need to consider who your funders are and what they're going to be asking you for at the end of the year. If you're a Federal grant, that's a whole new level of reporting. So you have to find out. You need to know ahead of time if you'd be prepared to respond to all that. And then finally, what level of detail is needed. And that's really informed by the answers to the questions above. Not too much, not too little.

A little more about setting up your accounting systems. Now, once your accounting system is set up, your chart of accounts is... changing it is very complicated and could make it difficult if not impossible to make comparisons from month to month, so you got to know that the system you build is the system that you're going to live with. So it's important to get help early and often. It's like voting in Chicago, do it early and often. So ideally, you have a relationship with an accountant already. Maybe he is even your... he works for your auditing company. But as you set up your structures, check it and run them by your accountant and have them give you feedback about what's going to work for you and for him when he is doing your audit. But also, I hopefully, your Board among other roles has people on board who have financial expertise who can help you and give you advice. It's also ideal if your Board has a finance committee or an audit committee that you can work with throughout the year so you're not out there alone on this things.

So in Chapter 4 of the guide, Structuring the Accounting Systems, we have a great sample chart of accounts that you can take and tailor to fit your organization. That's one example of the many templates and forms that we have in the guide.

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Let's go on to my next mistake, cash flow. And you could probably see where this one is going but it is a real problem for some organizations. When we had a charter school, created our budget, we thought we were being really responsible because revenues matched expenses, tied up very nicely with a little left over for contingencies. Problem is we didn't really think about the application. In our State, schools receive the bulk of their funding quarterly. That is in four equal payments, once every three months. But the way the school operates, expenses are bunched up in the beginning of the school year. So things like (inaudible), textbooks, supplies, the bills for those all hit in August and September. So that first time around, we had to do some real scrambling to make it through to our next quarterly payment while keeping the teacher's paid and keeping the lights on. So that was a really challengy time. So what we learned, what I have learned the hard way was that it's not just what you're going to spend but when you're going to spend it. So, funders have cycles but programs have seasons. So when you're running a summer program or a program over the course of the school year or your program has a big event like a festival or something during the year, your expenses have peaks and valleys and you need to match that to your funding cycles and your expected cash that you'll have on hand so you can find out where the gaps are going to be. But that's just the first step. Once you've identified places where you're going to be cash flow negative, as they say, you have to make plans to address that crunch. So here are a couple of possible solutions although there are others. One is arranging a line of credit with your bank. So if you can demonstrate that you have revenue pending or you've been a reliable customer, this shouldn't be an issue to set one up. We had a very helpful bank, it was our bank that we kept all our accounts and there are times that we had a large amount of money on hand with them and they were very community minded so they were very, very good to help us out. But another thing you could do is making arrangements with your key vendors to schedule your payments to fit your cash flow. So for example, if you have an understanding landlord and rent maybe a significant part of your expenses, they may be okay with paying the rent on a staggered schedule that fits your cash flow set up. So it's just a couple of ideas. In Chapter 5, creating and using budgets, we have a sample cash flow budget which can be really helpful.

It looks like Roxana has got a pop quiz for us.

**Roxana Torrico – The Finance Project – Practice Group Director**

I'm sure you can't remember the last time you took a pop quiz but let's take a few seconds to answer the following question. Which of the following activities are illegal? Firing an employee who reports illegal activity in your organization? Destroying documents that are related to a criminal investigation? Putting your Cousin Ralph on the payroll even though he doesn't actually work at your organization? Or all of the above? If you could take a few seconds and click vote on the correct answer.

**Robert LaVallee – The Finance Project – Senior Program Associate**

We will take a few moments and go ahead and publish, Phil. Oh, this is a very smart crowd. Your Cousin Ralph does not belong in the payroll. Cousin Ralph obviously is a red herring but the first two activities are significant because they were both made illegal by Sarbanes-Oxley Act which came about in 2002. This act was a response to

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the corporate scandals that Enron and WorldCom and the act itself contain many more rules for for-profits than for non-profits. But the two that apply to nonprofit are the Whistleblower Protection and the Document Destruction. Now, Whistleblower Protection means that an organization can't take any action against an employee who reports an illegal activity or something that seems illegal and then Document Destruction means that you can't do just that, destroying documents that might be used against you. So for both of these, you want to have organization policies that spell out the details. For whistleblowers, you want a policy that explains to the staff and management how to report illegal activities and how those reports will be handled. And for the documents, you want a policy that spells out how long to retain your documents and in the process for destroying them after that retention period is over. So check the (inaudible) guide explains the act in more detail. It provides resources that could help you create these policies for your organization. Thanks for the pop quiz, folks.

Alright, let's talk about fiscal controls, another big area. For folks who don't know, fiscal controls are those policies and procedures that ensure that your organization's funds are being used appropriately and efficiently and honestly. They can range from policies for opening the mail and depositing checks to confirming the payroll. Now, my mistake in this case wasn't actually my own or at least the first one. Many moons ago, when I was just starting out in youth work, I won't say how long ago, I was working on a residential program for court-acquainted youth, and we had gone on a field trip one summer day and it had gone terribly. The kids had been crazy, it was brutally hot, there had been a fight on the bus, just everything had gone wrong that could go wrong. And at the end of the day, we got back, I was exhausted, but before I left, I had to check in at the office to turn in my receipts and the unspent money from my petty cash disbursement. As it turns out, I was something like \$0.37 off on my funds. And the woman behind the desk was really nasty about it. And I swore to myself then that if I was ever on the other side of the desk, I'd respect that program person coming in and really try to figure things from their shoes. And that was the case where the fiscal controls were too tight but the opposite happens too and sometimes more often. While I was at the charter school, electronic banking was just starting so you could do online transactions and we definitely did not have the right procedures in place the track our online transactions. So as a result, sometimes when there was a reconciliation at the end of the month, there were transactions that were unaccounted for, we have deposits and withdrawals that I had to go track down and figure out what had happened. We never had a (inaudible) thief. These were all just honest mistakes, but the system there was just too loose.

So what are the solutions around these things, setting your fiscal controls? Balance is a really important thing here. You have to remember that your finance systems exist to serve the program, not the other way around. And yet your duty to keep track of things and have an honest shop but there has to be a sense of proportion. So big dollar value should have big controls. For example, you can have a policy where all checks over \$1,000 must be signed by two people and the small value transactions can be looser as appropriate. So, when your staff person needs \$20 for pizza for the after school program, how many hoops do we have to jump through. Remember that time spent on elaborate request processes uses time away from serving youths. So

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you want a find the right balance and the good way to do that is to involve program staff in the creation of these fiscal control policies. They'll give you good feedback.

So Chapter 6, Applying Financial Management Controls, is a very big chapter. It's got a ton of great checklists and sample forms for controls and areas like making disbursements and collecting revenue and handling payroll, and much more. So it's a great place to check out.

And now I'm seeing that we have some questions in the queue, so I'm going to take a moment to answer one now and just a reminder to folks, if you have questions, too, just click on that questions button in the upper right hand corner.

So let's see, looks like a member of our audience is asking if the guide also discusses the new revised IRS Form 990. And the answer is yes. For those who don't know, the IRS has revised the Form 990, which is the required reporting form for most non-profits. These changes take effect in the 2008 tax year, which we're in right now. And there are a lot of new requirements for disclosure and interestingly much more narrative is required as well. So, without taking too much time now, the guide goes into a fair amount of detail on the changes and offers good advice on how to prepare the form. So that's in Chapter 10 as well. So thanks for the question.

Alright, let's go on to my final mistake, about financial reporting. The financial reporting is a critical function of your financial management system. Now, at its best, financial information is a tool for decision making. On the other hand, as you see in my case, bad reporting can be a real impediment for decision making. We are in the process of creating... the situation I'm talking about at the school; we're in the process of creating our budget for the next year, which you actually know can generate a lot of tension and anxiety. And so we're having a ... it was a small school, so we had a lot of teachers involved with it. We encourage teachers to be involved in management. So we were having this big meeting to talk about our budget and I prepared a report showing our actual expenditures in the prior year, so we can give the faculty a sense where we were and where we're going. So I bring my report in and immediately, one of the math teachers finds a big bad math error. And as a result, that completely derailed the meeting. So instead of having a meaningful discussion about budget priorities and the realities and decision making, the people were looking for more errors. They were just wondering if that data, those numbers were correct at all. So it's just made for a big waste of time and, of course, I was totally mortified and professionally embarrassed, too. So that's a case of bad reporting being a real impediment to decision making.

So, learn from my mistakes. In this case, it's absolutely essential... if you've been working with a document for a long period of time, your ability to evaluate it really declines. So, it's essential that you get that second set of eyes and I strongly suggest using a printing calculator so you can compare the tape to the columns of numbers. Another great idea is to use a standardized report review checklist. This is a form you have that points the reviewer to specific numbers to help them ensure that they're absolutely right and that this reviewer can completely vouch for the validity of the report.

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In Chapter 8 of the guide, we provide a sample template of the review checklist that you can tailor that suit your needs. The chapter also goes into a lot more detail about the types of reports that a finance office should be generating and also how to use them effectively and efficiently. There's a lot of good information in there.

That's just a few of the lessons that I've learned the hard way. You heard about setting up accounting systems, managing cash flow, create fiscal controls, and financial reporting. The guide speaks to these issues and offers a lot more great advice. So, how are we doing for time, Roxana?

**Roxana Torrico – The Finance Project – Practice Group Director**

We actually have a plenty of time for questions.

**Robert LaVallee – The Finance Project – Senior Program Associate**

That's great.

**Roxana Torrico – The Finance Project – Practice Group Director**

So we want to encourage folks again to submit your questions about Bob's presentation, Bob's experiences, or any specific questions regarding the guide. So I guess we can take a few minutes to see if there are any new questions.

**Robert LaVallee – The Finance Project – Senior Program Associate**

Oh, here's a question. One of our listeners is asking how to estimate expenses when coming around to budgeting.

Well, if you're young organization, you should know that budgeting definitely becomes easier over time and your prior year's budget is a great tool for creating this year's budget, that's not a surprise. But it's really important to also think about your cash flow as I talked about and think about the local conditions. If you're experiencing a certain kind of inflation in certain kinds of areas, utilities are big example, I mean the price of oil is always going up or if you're expecting, or you may talk to your major vendors, for example, as I mentioned before, rent maybe a big part of your expenses. So talk to your landlord ahead of time to find out if they're planning a rent increase. Another big area is your health insurance company, too. So talking to your major expense items and finding out if their people are planning any big changes for the coming year and that will help you plan ahead. Thanks for the question though.

Other questions?

**Roxana Torrico – The Finance Project – Practice Group Director**

If you could wait one more second, we're pulling up another question.

**Robert LaVallee – The Finance Project – Senior Program Associate**

Oh, here's a question. The listener wants to know if they should use a payroll service and I just want to say, I can't say this strongly enough, the payroll services are absolutely essential and they're a really, really great idea. They are so inexpensive now, and the big thing is that they have the time and the professionalism and the skill

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base to be absolutely sure about every new change in the taxes or deductions or anything that's going on and takes a big load off your plate for not much money. So I strongly recommend that you use a payroll service.

**Roxana Torrico – The Finance Project – Practice Group Director**

We have another question.

**Robert LaVallee – The Finance Project – Senior Program Associate**

Alright. Here's a question from Kim Smith. Hi, Kim. Asking, do you have any advice for tracking grant spending in QuickBooks?

You have a situation like a lot of people do where there's a single grant covering multiple programs but, vice versa, you have single programs that are funded by several grants and it does get really tricky really fast. Well, this does all start with your chart of accounts, getting that exactly right from the get-go. And also, there's some great resources out there for setting up their books... setting up your books with QuickBooks. I'll mention trying to find a book I found, no financial relationship with this company, but I love this... The Sleeter Group has created a manual for setting up QuickBooks for nonprofits, that's Sleeter Group and I think they've done a really great job, so that's one good resource.

**Roxana Torrico – The Finance Project – Practice Group Director**

We have received more questions.

**Robert LaVallee – The Finance Project – Senior Program Associate**

A really good question from Emery Cruz. Does the CPA have to certify or prepare tax reports?

Emery, you don't have to... depending on the organization. First of all, legally, you do not have to have a CPA to prepare your tax reports. You do want to have a CPA company or CPA to conduct your independent audit. So that's separate from filing your Form 990. Depending on the size of your organization and the complexity of your finances, you may be able to do it yourself. And of course, an ideal situation is to ask an accountant to sit on your Board so that he can do it for you. However, you do not want an accountant, your auditor to be on your Board. You want them to be absolutely independent. Hope that helps.

Oh, here's a great question. Keva White (ph). Is owning your building better than renting? And this is going to sound like a huge cop-out but it's a big, it depends. It depends on your cash flow. It depends on where you are in the life cycle of your organization, what kind of reserves you have. It could be great source of stability to have your own space, but you have to be ready for that stability. So I apologize for being vague but there're a lot of other factors to think about. And there are great resources out there. If you want to followup with me, there are great resources out there that can give you advice about own versus rent. And I can come back around with you. My contact information is at the end of the presentation so do get in touch.

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Alright. And another question. Our organization combines the role of the accounts payable person and the accounts receivable person under one person, what kind of control do you recommend to ensure that this is sound?

Great question. This is one of the issues that non-profits states a lot because they can't afford to have separate people doing accounts payable and accounts receivable and just a quick... for the non-accountants in the room, accounts payable are your bills and accounts receivable is your revenue, money coming in. And you could see whether it could be some conflict of interest potentially if you want to erase something. There are a number of different controls. You can start on the disbursement side, expenditures, making sure that the person who is writing the checks is who actually sets up the check and prints it out with the name of the vendor and the amount but doesn't actually sign it, to separately from the person who signs it. And in fact, the person who signs the check should not have access to blank checks. That's one example of a control, but I can go down a long list. Check out the chapter on controls in the guide, there's a lot of good checklist to making sure that your controls are in place safely. Great question though. Thanks very much.

One has asked to repeat the name of the resource for setting up QuickBooks for non-profits. I mean it's The Sleeter Group and the name of the author is Christine Manors, CPA. The other thing I like about this book is it actually comes with a... you can go to their website and download examples to help you set up your QuickBooks.

**Roxana Torrico – The Finance Project – Practice Group Director**

Can you give the title one more time?

**Robert LaVallee – The Finance Project – Senior Program Associate**

It's called QuickBooks 2008 for Not-for-Profit Organizations. And actually it raises an older issue. They do one for every version of QuickBooks. As you know, QuickBooks changes every few years. So make sure you have the manual that matches the version of QuickBooks you're working with right now.

**Roxana Torrico – The Finance Project – Practice Group Director**

That's good. Thanks.

**Robert LaVallee – The Finance Project – Senior Program Associate**

Alright. Other questions, comments? Do people have mistakes that they'd like to share? Instead of it just being me talking about my shame?

Alright. Here's a question from Jerry Burtran (ph). We are an organization who receives federal funding and then passes the funding through to other organizations. As we manage these civil awards, do you have any recommendations for determining materiality thresholds on issues of unallowable costs?

By materiality thresholds, I think Jerry is referring to... are there certain things that you can just write off? A certain amount below which it doesn't matter if you check in the cost specifically? And it may be like \$50 or \$15 or \$10. And Jerry, that's a question to discuss with your Federal Project Officer. If you're getting Federal funding, there's

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probably a person in Washington or your regional office who can answer that question for you and you can get really specific because that sort of information will vary from agency to agency but it's a great question. And also I see that the logic behind the question, there's certain... again, this is about balance. You want to get to a place where you're not spending hours and hours tracking down \$4.25. Or you're finding out what's allowable and what's not allowable would probably save you a lot of work in the long run.

So great question, Jerry. Thanks very much.

Here's a great comment from Kim Smith. Having perfect or even good fiscal control (inaudible) small staff. And I love this because of the idea of... having worked in so many small non-profits where the budget was less than \$1 million and there's no accounts payable person, just one finance person if we're lucky. You have to be realistic about what you can accomplish. So you want to go after the big stuff and I think you have the checklist in the book, within the guide, guides you towards that. You want to go after the big stuff and not sweat the small stuff. And again, here's a point where an accountant who's got a lot of experience with non-profit management can help you set up systems that will work for your scale of organizations. There's also a great chart in the book and now I've got to scramble to find it but it talks about assigning roles and just give me a moment to track this down. Assigning roles... I believe it's in the control section. Having written the book, you think I know exactly where it is, right? 6.1.

**Roxana Torrico – The Finance Project – Practice Group Director**

This gives us a great opportunity for folks to submit some additional questions or comments while Bob scrambles to find the chart.

**Robert LaVallee – The Finance Project – Senior Program Associate**

It is in Chapter 6, about financial management controls. It is a wonderful chart about financial management and staffing and you have all these different tasks really if you're in financial management but it breaks out by column, who should do what depending on the size of your organization. So all the way from a volunteer group to a small organization, a mid-sized organization, or a larger organization. So that's a good guide for setting up fiscal controls that would work for you.

**Roxana Torrico – The Finance Project – Practice Group Director**

(inaudible) some questions.

**Robert LaVallee – The Finance Project – Senior Program Associate**

We've got a comment here on someone's asking... Katie is asking me in the future is it possible to post the questions. It depends on what the web interface that we're using, which is in this case Vcall, allows us to do. This time I believe it was structured so that they couldn't post but I don't see why it would be an issue...

**Roxana Torrico – The Finance Project – Practice Group Director**

I think that's something that we could probably consider for future webinars and a good comment to consider.

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**Robert LaVallee – The Finance Project – Senior Program Associate**

Yes, thank you very much. Of course, that takes away our ability to edit that until somebody posts something insane and then that would be a problem but....

Alright. Do we have other questions?

**Roxana Torrico – The Finance Project – Practice Group Director**

It looks like we have one that's coming in, which I'll read because you can't there. What is the basic cost associated with starting a small non-profit and do you have any resources or recommendations on how to acquire supports for these efforts?

**Robert LaVallee – The Finance Project – Senior Program Associate**

Excellent. That's an excellent question. And we'll divide it into two pieces. One is the basic budgeting piece and we actually have a great document in The Finance Project library, definitely I can't off the top of my head but if you search in our publication database that basically it's a structure of a first time budget for a youth-serving organization. Search one of those. If you could e-mail me after this and remind me and I'll come back around and provide you a PDF of that document. It's very short and simple but complete template of a first time budget that will really simplify things.

**Roxana Torrico – The Finance Project – Practice Group Director**

I just...

**Robert LaVallee – The Finance Project – Senior Program Associate**

As far as... go ahead, Roxana.

**Roxana Torrico – The Finance Project – Practice Group Director**

I just want to say that also might be a good opportunity to encourage folks to visit our website because we have tons of resources and publications on financing and sustaining youth programs that might be of interest to many of you.

**Robert LaVallee – The Finance Project – Senior Program Associate**

The second piece is how do you get the money. And there's a ton of resources out there. A great place to start is a foundation center for tracking possible donors and we do a lot of work around strategic financing. Again, check our publications to help you. Actually, we have a recent publication that I'm bringing up right now. Where is that? On financing and sustaining out-of-school type programs in rural communities that may be applicable to you depending on where you're situated. Again, on our website searchable database of our publications, there's a lot of great resources. Again, if you don't find what you're looking for, do get in touch and we'll track you right to it.

**Roxana Torrico – The Finance Project – Practice Group Director**

Okay. We already did that.

**Robert LaVallee – The Finance Project – Senior Program Associate**

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Okay. Here's another question. I'm the person who runs payroll and also the HR point person and that you feel lack of knowledge or two.

I'll tell you what; I actually know your pain as I exactly had been there. Especially the Human Resources thing is really demanding. Just benefits management alone could suck up all of your time and doing it... and then you get into the normal conflicts of the workplace and how to manage that. There are resources out there that help you out and this guide is a good place to start and the thing about the guide, too, that I like is at the end of every chapter, there's additional resources to follow up on so if you don't find what you need at the bottom of the chapter, follow up with me and I'll get you exactly what you need.

**Roxana Torrico – The Finance Project – Practice Group Director**

Bob, you're going to be busy because a lot of people are following up with you.

**Robert LaVallee – The Finance Project – Senior Program Associate**

I know, be careful what you ask for. But the thing that I would say, too, is everyone feels overmatched at the beginning of this process but you're probably doing a better job than you think you are so, hang in there.

And for the website address, our website is [www.financeproject.org](http://www.financeproject.org).

**Roxana Torrico – The Finance Project – Practice Group Director**

And if you hang on a few minutes, we'll be sharing the more specific web addresses.

I see. We will try to play the marquee in a second.

**Robert LaVallee – The Finance Project – Senior Program Associate**

Oh, alright. They're going to do the marquee. This is a multimedia extravaganza.

**Roxana Torrico – The Finance Project – Practice Group Director**

It's a three-man project.

**Robert LaVallee – The Finance Project – Senior Program Associate**

So, here's another question. Another person who's new to the finance of non-profits and wants to find a good financial adviser. Well, this is a place where I would turn to your executive director and your Board to get some financial expertise on your Board. It's really important to have somebody you can turn to who's going to answer the phone who can tell you how to get the basics done. The other key is do you have support agencies in your community like sometimes the United Way provides these kind of supports or non-profit associations or statewide networks who exists to build capacity of non-profits. That's a good place to start, too. Then there's the good old web, too. So, again, if you want to e-mail me and tell me more about specifically where you are, I can possible identify resources.

Hey, there goes the marquee of our website. That's great.

Nice comments. You guys are extremely helpful. So keep up the great work.

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Thanks very much. Appreciate it.

Alright. Another long question. We received a program grant and we have partners who are helping us implement the grant that are not part of our organization. Aha, so you're doing a collaboration which is a great thing to do and a growing trend in the field. So how do you develop procurement systems for that sort of non-traditional set up? And the issue is the grant apparently does not allow the lead agency to assign the partners of official sub-grantees.

So if I'm understanding your question correctly, the issue is that your partners need to spend money and you're trying to create a process where it's not too unwieldy for them to spend the money without constantly going through you. That could be a really difficult one. A great way to start is talk to the finance officers of each of the organizations and understand what their processes are currently and then between the four of you, create a streamline process and write up a memorandum of understanding. I want to stress the importance of having this in writing. Write a memorandum of understanding that will help you... that will set these policies and procedures and hopefully streamline the process. And without a little more detail, it's hard to be more specific but at the beginning, talk to the finance folks.

Alright. How are we doing?

**Roxana Torrico – The Finance Project – Practice Group Director**

We're doing good on time.

**Robert LaVallee – The Finance Project – Senior Program Associate**

We're doing good on time. We've got a few more minutes. It looks like the question flow is slowing down. Phil, is that right?

**Roxana Torrico – The Finance Project – Practice Group Director**

Yes.

**Phil Smith**

Yes. We don't have any new questions.

**Roxana Torrico – The Finance Project – Practice Group Director**

Okay.

**Robert LaVallee – The Finance Project – Senior Program Associate**

Why don't we bring it home? What do you say?

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**Transcript:  
The Finance Project  
My Favorite Mistakes:  
Lessons from a Non-Profit Business Manager  
November 20, 2008**

**Roxana Torrico – The Finance Project – Practice Group Director**

Okay. Sounds good. Well, I think that was a really great presentation, Bob. You've shared some great resources and materials and I'm sure you're going to get a flurry of e-mails once we finish up here. I want to encourage everybody to download "Beyond the Checkbook" and share it with your colleagues who were not able to join us today. If there are any additional questions, again, we encourage you to e-mail Bob directly at rlavallee and you'll see his e-mail on the last slide. We also encourage you to visit our website for more information on the Youth Programs Resource Center and in just a few days, you're going to find a transcript or link to the webinar and the resources used in today's event. We would like to thank Phil Smith, who is essential in coordinating this webinar...

**Robert LaVallee – The Finance Project – Senior Program Associate**

Thanks, Phil.

**Roxana Torrico – The Finance Project – Practice Group Director**

...as well as the Underage Tobacco Prevention, Philip Morris USA, and Altria Company for enabling us to host this webinar. And lastly, please help us in doing our job better by filling out the evaluation form that will be sent out to you shortly. It can also be found on the webpage and thank you to everyone and have a great day.

**Robert LaVallee – The Finance Project – Senior Program Associate**

Thanks very much folks.

**Operator**

Ladies and gentlemen, this does conclude today's teleconference. Thank you for your participation. You may disconnect your lines at this time.

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