

VIS[®] CONNECTIONS

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We are happy to provide you our publication for nonprofit risk managers, as part of our service to you. If you need to change the email address to which this is sent, please [contact us](#). Be sure to include your name, organization and address. You also are welcome to call us at 800.222.8920 for assistance. For risk management guidance between the quarterly issues of *VIS Connections*, we invite you to follow our blog at www.volunteerinsure.org.

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Collaboration – two successes and a failure

Nonprofit organizations often choose to collaborate with other organizations for mutual benefit. Program coordination, mergers, event sponsorships, joint purchasing agreements, office-sharing, information-sharing and other arrangements often serve to strengthen each of the collaborating partners. However, sometimes there are risks involved, which must be recognized and addressed for the collaboration to succeed.

Here are some examples of collaborations that succeeded, and one that did not...

In Oregon, multiple causes come together for volunteer recruitment

[Ride Connection](#) is a nonprofit organization based in Portland, OR that provides transportation options for people over 60 and people with disabilities in Clackamas, Multnomah, and Washington counties. Ride Connection partners with a number of local agencies to address

mobility needs. Two of those partnerships illustrate how Ride Connection has used cause-based volunteer recruitment to expand its scope of services.

Veterans helping veterans -- When Ride Connection received federal funding to provide rides for local veterans, it recruited volunteer drivers who were veterans themselves. "Asking a veteran to help a fellow veteran with something they need is an uncomplicated task," says Lydia Corran, outreach and development specialist with Ride Connection. "Empathy and compassion are incredible motivators."

Ride Connection developed an advertising campaign with the theme, "Volunteer to drive a veteran," using local newspapers, radio stations, and movie theaters. The advertisements showed a volunteer driver in action, and the message "As a volunteer driver you are a lifeline, as well as a confidant, champion and friend." A thank-you message from a veteran who has received rides through the program also was included, along with the veteran's picture. The three-week campaign, with a budget of \$15,000, attracted enough volunteers to get the new program under way.

Leslie Garth, a Ride Connection transportation manager who coordinates the veterans-helping-veterans initiative in East Multnomah County, also landed speaking engagements with veterans groups, and distributed information on the program through the county office on aging and disabilities.

Interviewing prospective drivers, she takes time to develop rapport. "I like to develop a good relationship at the beginning," Leslie says. She tells the would-be drivers they can make their own schedule. While some like to drive every day and others less frequently, she has found that the veterans back each other up if one driver needs to miss an assignment, or can't make both halves of a round trip. "They don't believe in leaving anyone stranded."

Ride Connection obtains a criminal background check and a Motor Vehicle Record on all prospective drivers.

Expanding transportation options for cancer patients -- Prior to launching the veterans-helping-veterans transportation program, Ride Connection collaborated with the American Cancer Society's Great West Division to provide volunteer drivers for the Cancer Society's [Road To Recovery](#) program. Road To Recovery has its own volunteer program, but those drivers – most of whom have had cancer or had loved ones with cancer -- may transport patients only between home and the treatment facility.

"Chances are if a person is in need of a ride to treatment, they also are in need of a ride to other locations around the city," says Lily Westlund, the Great West Division's program manager for mission delivery. So Road To Recovery engages Ride Connection drivers for the trips patients need that are not related to their treatment – shopping, visitation, hair appointments and many other purposes that enrich the patient's quality of life. Usually, those rides are on days when treatment is not scheduled.

Under the memo of understanding between the two organizations, Ride Connection provides scheduling and supervision of the drivers it provides for the Road To Recovery program. The memo is reviewed annually, to determine if any changes in roles and responsibilities are needed.

Lily points out that the success of the collaboration lies in the fact that both organizations benefit. Ride Connection is helping Portland-area residents it might not otherwise reach. Road To Recovery benefits by providing a more complete transportation solution for patients, and by having Ride Connection handle the training, scheduling and supervision of the volunteer drivers who are assigned to Road To Recovery.

The collaboration “eliminates duplication of services, provides ease of access to transportation, and increases quality control of each ride given, through the additional Ride Connection training,” she says.

Lydia Corran of Ride Connection observes, “We’ve learned through these cause-based recruitment campaigns that we have more success in the recruitment of volunteers when we can put a real human face and story to the people they will be helping.”

Pet preserver

In Columbia, SC, [Senior Resources](#) and [Pawmetto Lifeline](#) have something in common: programs to feed pets in low-income homes. Senior Resources established its Pet Pals program as an added feature of its Meals On Wheels program. Volunteers had noticed Meals On Wheels trays left on the floor, indicating that humans and pets were sharing. Now, qualified Meals On Wheels clients can have a monthly delivery of dry or canned food for their pets, in addition to their own meals. Pawmetto Lifeline, an animal rescue organization, has its Pet Soup food program, available to pet owners who receive public assistance and can prove that their pets are spayed or neutered.

For one week in July, the two organizations collaborated on a pet food donation drive they dubbed FoodRaiser. With publicity that included effective use of social media, the two organizations created plenty of buzz for the event, and received more donations of pet food than either could have managed on its own. Senior Resources also supplied Pawmetto Lifeline, which was the drop-off location, with brochures about the Meals On Wheels program. Debora Lloyd, development director at Senior Resources, says a number of people who are regulars at Pawmetto do not drive and had been accustomed to taking cabs in order to get their pet food. They learned that they and their pets were eligible for Meals On Wheels and Pet Pals – helping Senior Resources benefit more people in the Columbia area, and helping Pawmetto fulfill its mission of reducing the number of homeless and euthanized pets.

“This was part of creating a community of nonprofits that aren’t stepping all over each other,” Debora says. Donors and volunteers of her organization, who had received an email blast about the FoodRaiser project, “thought it was a great idea, especially because we were working together with Pawmetto Lifeline.” The two organizations expect to collaborate again.

A triple bogey for the PGA

Sometimes collaborations fail, or fall short of expectations, for predictable reasons. Partners exercise little control over each other’s operations, so agreement on who’s responsible for what is crucial. When collaborations involve breaking new ground, inexperience and lack of preparation can cause mistakes. Sometimes partnerships involve more effort or resources than expected. Sometimes the motivations of one or more partners change.

At a recent Professional Golfers Association tournament, volunteers had been recruited and trained by the charitable foundation that was a beneficiary of the event. These volunteers included hundreds of marshals whose job is to keep spectators in designated areas, and prevent any distractions that could interfere with play. During the tournament a PGA Tour official, without going through the chain of command (or even introducing himself), decided to give marshals instructions that deviated from their training. In doing so, he 1) created confusion, 2) caused the marshals to be distracted from their duties, and 3) alienated this group of volunteers – a triple bogey of risk exposures.

Better coordination between the charitable foundation and the PGA Tour, with a clear understanding of roles and responsibilities, could have made the collaboration more successful.

Resources

Nonprofits Insurance Alliance of California and Alliance of Nonprofits for Insurance, Risk Retention Group, have published an excellent guide, *Managing Collaboration Risks: Partnering With Confidence and Success*. The 18-page guide provides checklists and key questions to ask before, during, and after a collaborative venture, to identify potential problems and help the partners address those areas of concern. It also covers special situations such as collaboration with organization insiders and with for-profit organizations; describes the key components a memorandum of understanding should have; and summarizes insurance considerations.

If you would like a copy of *Managing Collaboration Risks* by return email, please email VIS Executive Director [William Henry](#) or call him at 800.222.8920. There is no charge.

Who's at the door?

Of course you welcome volunteers. But you're also aware that some volunteers might present a risk to your organization; for example, the risk of stealing financial assets or confidential information, or physically harming vulnerable clients, other volunteers, or staff...putting your operations and reputation at risk. What do you do about it? What *should* you do?

Unfortunately, too many nonprofit organizations do nothing. A recent survey of 1,600 organizations by VolunteerMatch revealed that 28% "seldom or never" conduct background screens on volunteer applicants. Of those that do, two-thirds conduct the screen only once. Of the 1,600 respondents, nearly half have no formal procedures for screening volunteer applicants.

Any organization on the wrong side of those numbers can be a haven for a volunteer who would try to exploit the organization and those it serves. The organization also might be inviting a liability claim, depending on the damage done and what could have been done to prevent it. But how can the risk be managed? What does "background screening" mean? How's it done? What are the do's and don'ts?

The right screen for the job

"Background screening." "Background check." What do those terms really mean? They might mean getting information on someone's criminal history, credit history, references from previous employers or volunteer managers, motor vehicle records, possible inclusion in a sex-offender registry...or a combination of these. The nonprofit organization needs to determine what kind of screening is appropriate for each volunteer position (staff positions, too), then apply those criteria to each person applying for or filling those positions.

Some information might be vital for some positions, but superfluous for others. For example, a criminal history check would be appropriate for anyone with access to sensitive client information or to bank records, but might not be required for someone performing administrative tasks under close supervision, without access to such information. If you anticipate promoting a volunteer or employee to a more responsible position, consider whether a criminal history or credit check might be in order first. Would the person have keys to the warehouse? Would he or she be driving for the organization, or going into clients' homes? Even if the volunteer or employee has a stellar record in his or her current position, what risk exposures might come with the promotion?

Tailor your screening process to answer these questions:

- Does the person being considered for this position represent an unacceptable risk to clients, staff, other volunteers, or members of the community? If so, the

organization would be creating a liability risk exposure for itself by engaging the person.

- Does the position itself pose an unacceptable risk to the person being considered, because of the skill required, hazards involved, physical limitations of the person, etc.?

Keep in mind that the Fair Credit Reporting Act and other federal laws, and their state counterparts, limit the information employers may legitimately obtain on applicants and employees. And the Federal Trade Commission has determined that, under the Fair Credit Reporting Act, volunteers or volunteer applicants have the same rights as employees or employee applicants. A number of state laws restrict employers' use of someone's credit history or arrest records, for employment decisions.

The basic legal standard for background checks is "reasonableness under the circumstances," and you do not want a judge or jury deciding whether the information you gathered was "reasonable" for a particular position. This is why it usually makes sense to engage a professional firm to fulfill your background check requirements. A good firm will be able to match the depth of its screening to the requirements of the job, while complying with the ever-shifting legal requirements. (See **Resources**, below.)

Make sure the screen captures the right information

Suppose you are conducting a criminal background screen. If a provider tells you it uses the "FBI fingerprint" database to search for criminal activity by your applicant, that might sound good, but it really isn't. The FBI Integrated Automated Fingerprint Identification System is only as good as the information that has been uploaded from local law enforcement agencies – whose processes and timeframes range from very good and timely to poor and late.

Because there is no nationwide, up-to-date criminal database, you are much better served by a search that includes name (including maiden names and aliases), date of birth and Social Security number, cross-referenced with criminal records at the courthouse of every county where the applicant is known to have lived. Some providers also are able to access arrest records of sheriff's departments, which can be used to find more criminal records. If the volunteer would be working with vulnerable clients, the Justice Department Sex Offender Search also should be included.

Expense

Yes, budgets are tight. (That's one reason we appreciate the fact that you consider our Volunteers Insurance Service program a wise use of your resources!) Over the past few years, though, automation has helped reduce the time and expense required for proper background screening by professional providers. Also, you might find that your volunteers are willing to pay all or part of the cost of a background screen. One provider, Verified Volunteers, has found that about 40 percent of volunteers, when given the option to help pay for their screens, have

chosen to do so – typically covering 91% of the cost. One factor might be that Verified Volunteers credentials are portable and updated monthly...convenient for people who volunteer at more than one organization.

Standards and accountability

However you apply background screening to the volunteer or staff positions in your organization, do not consider it a panacea. You might have a volunteer or employee who has never been arrested or even investigated for anything, and has a perfect credit score, but still would be capable of an act that harms the organization or those you serve. That is why you should have written standards for each position, and formal procedures for how volunteers and staff carry out their work, and enforce those standards and procedures. Hold them accountable. Make sure supervisors understand that just because volunteers are unpaid, that doesn't mean they can't be disciplined, or even terminated, if they fail to follow your procedures.

Sometimes in a close-knit organization, people can be reluctant to criticize others. But that reluctance creates a risk that can hurt you – as the now-defunct Second Mile Foundation in State College, PA learned the hard way. As long as you put the organization and its mission first, you will be able to adhere to the standards and procedures you have established.

If you catch someone in criminal activity, prosecute. The impulse might be to keep the incident quiet, in the mistaken belief that it would result in negative publicity. On the contrary, your supporters will applaud the fact that you took decisive action to terminate a threat to the organization...and to other organizations where the culprit might have tried to volunteer later.

Resources

Verified Volunteers – www.verifiedvolunteers.com – Background screening services (NOTE: CIMA Volunteers Insurance customers are entitled to a discount of 20%. Provide your client code. If you do not have your code, contact Vicki Brooks or Joan Wankmiller at 800.222.8920.)

Podcast of July 22, 2015 Webinar by Verified Volunteers and Volunteers Insurance Service, on background screening and volunteer management best practices -- [Risk Management for Your Volunteer Program: Get a Plan.](#)

“Preventing acts of dishonesty” – A checklist, from Volunteers Insurance Service. Email or call [William Henry](#), 800.222.8920, for a free copy.

New for VIS members -- Save on payroll processing, other HR tasks

Volunteers Insurance Service is pleased to offer our members a new opportunity to save time and reduce the cost associated with a wide array of employment-related tasks, through our new relationship with Payroll Data Processing (PDP).

If you already engage a provider for payroll processing, tax and benefits administration, unemployment claims, attendance recordkeeping, etc., PDP promises to save you, because you participate in our VIS program, *at least 25% of your current cost for those services.*

We decided to engage PDP for three reasons:

- We constantly look for opportunities to add value to our relationship with you, and saving you time and money is a great way to do that.
- PDP offers services we know our members need. You might not need everything shown on the list that follows, but it's likely there is something PDP can offer that will free up someone's time in your organization, perhaps guide you through a thorny regulatory requirement, and perhaps provide a convenience for your employees you aren't able to offer presently.
- Although there are many providers out there, we are comfortable with PDP because it works ONLY with independent agents and brokers. PDP understands the world of insurance and employee benefits. They work with us as a partner, never interfering with the relationship that already exists between you and VIS.

Here are some of the services PDP can provide, in a package that's customized for your needs. See how many of these appeal to you:

- **Payroll processing** – Including automated tax filing, direct deposit options, administration of Flexible Spending Accounts and Health Savings Accounts, and more.
- **Option for employee access to pay vouchers and pay history, online, 24/7**
- **Pay-as-you-go workers' compensation premiums** – Premiums are remitted with payroll, based on that actual payroll, reducing the burden of year-end audits that otherwise might result in unexpected additional premiums. There is no deposit required, and there are more than 12 insurance companies from which to choose.
- **Human resources and benefits administration/compliance** – Everything from processing of new hires to maintenance of time/attendance records, preparation of employee handbooks, and a hotline and library for quick answers to your legal questions on topics such as hiring, termination, discrimination, wage and hour requirements, time off, and workplace investigations.
- **1099 payments and filings** for your independent contractors.

- **Affordable Care Act compliance** – For anyone with 50 or more full time equivalent (FTE) positions, the Affordable Care Act requires that the new form 1095-C and 1095-B be filed *no later than January 31, 2016*. The new form is like a W-2, for health insurance, and it is very detailed. PDP’s “TraxConnect” program show you how to navigate the law’s requirements so your reporting forms will have all the necessary information.

All these services are customizable, based on your needs, and administered in a secure, cloud-based environment.

If you are interested in a proposal from PDP, please let us know.

Please contact [William Henry](#) by email, or by phone at 800.222.8920. He will put you in touch with PDP -- and give them an overview of your organization first, so PDP already will have some essential information when you contact them, saving you time in that first conversation.

VIS members also are entitled to discounts from top providers of publications and training materials, background screening, volunteer activity scheduling and tracking, capacity building, development, and promotional products. Visit our [VIS Member Discount](#) page for more information.

When it rains...

If your organization were faced with unanticipated and significant expenditures or loss of revenues, do you have enough available and unrestricted reserves to keep going? It might not seem like a priority to have a “rainy day fund” if an organization struggles with day-to-day expenses; nevertheless, such a fund should be part of your program to manage risks that include economic downturns, natural disasters, acts of terrorism, or other crises.

Kate Barr, executive director of the [Nonprofits Assistance Fund](#), suggests that the first step should be to determine what a rainy-day fund would be used for, if you had one. She suggests three “buckets”:

- **Repair and replacement of fixed assets** – “Things break and need to be upgraded, from computer networks to furniture, roofs and heating systems. Building funds, or repair and replacement reserves, are a tool for accumulating cash for non-routine maintenance or replacement of fixed assets. Some of these expenditures can be prepared for by developing a systems replacement plan, while others are unexpected. Cash is needed in either case.”

- **Unexpected external problems** -- “Protect and stabilize the nonprofit in case of unexpected, often external, problems. This is the classic ‘rainy day fund’ or operating reserve. Scenarios would include the sudden loss of a previously reliable funding source, unexpected delays in the timing of grants or revenue, or an unusual decrease in special-event or other earned revenue.”
- **Invest for the future** – “Prepare for and respond to long-term changes in organizational strategy or in the community or market. Opportunity reserves allow a nonprofit to invest in program redesign or to pilot an expansion, seed-fund an innovation, test out new marketing or development ideas, or bring on staff capacity that will pay off in the future. More than anything, having internal reserves for opportunities makes a nonprofit an investor in its future.”

How much does an organization need in these three reserve buckets? Kate says, “I resist the standard rules-of-thumb metrics because I recognize the vast differences among nonprofits. Clarifying the different purposes of reserves makes the idea of a single ‘best practice’ questionable anyway. If a nonprofit has reserves that equal 90 days of their operating budget, when and how would they use it? Organizations have different obligations and commitments. There is a spectrum of risks. Some organizations are more likely to take on a big new opportunity than others.

“I believe fuzzy thinking about reserves is one of the barriers to building reserves. If we’re not clear about why a nonprofit needs reserves, or how reserves will benefit the community, then why bother? The first step in developing useful nonprofit reserves is to clear the fuzzy thinking and ask ‘why,’ ‘when’ and ‘what if’ questions. What buckets does your organization need, why do you need them, and how would reserves maintain, protect, stabilize, and prepare the organizations to achieve mission in the community?”

Resources

The [Nonprofits Assistance Fund](#) has a variety of resources that can help you establish criteria for your own rainy-day fund.

The [National Center For Charitable Statistics](#) offers a free, 76-page [“Operating Reserves Policy Toolkit”](#) designed to help nonprofits establish operating reserves or, if they already have them, determine if the level of reserves is right for them.

Personal risk management – rain or shine, carry an umbrella

You always fasten your seatbelt, even though the chance of an accident is low. You always lock your house, even though a burglary is not likely. If you have children, you probably worry about them even when there's no particular reason, and most likely they will grow into responsible adults. So why not attend to a risk -- however small -- that you could lose your home, your investments, and your future earnings? The personal umbrella insurance policy allows you to do that. When you consider the protection afforded and relatively low cost, the umbrella provides one of the best values of any insurance product. If you don't have one already, we encourage you to ask the insurance agent or broker who provides your homeowner and auto insurance about it.

As the name suggests, the umbrella is "above" the liability limits of your homeowner and auto policy (and certain other policies, such as rental property and additional residence policies, if you have them). If the limits of your underlying policies are exhausted by claim payments, the umbrella provides additional protection. Typically, an additional \$1 million of liability protection costs around \$250 a year. Additional millions are available at roughly \$200 per million, up to \$10 million in most cases. You might be able to cover the cost of an umbrella by increasing the deductibles on your underlying policies.

Most umbrella policies also provide your legal defense, in addition to the policy limits.

According to Jury Verdict Research of Horsham, PA, more than 14% of jury awards are for \$1 million or more. If you are unfortunate enough to be faced with such a settlement or award, you are responsible for any amount above your limits of insurance. So, why might you need those additional limits of liability the umbrella provides? Do any of these circumstances apply to you?

- You have teenage drivers.
- You or any of your family might be (or just alleged to be) at fault in a traffic accident, accident in your home, or other incident in which others are injured.
- You have a vacation home that your teenagers (and their friends) use -- with or without your knowledge -- when you are not there.
- There are personal watercraft, all-terrain vehicles or other recreational vehicles at that vacation home.
- You have a rental property.
- You rent a vacation home that the owner insures, and it is severely damaged through your negligence.
- You have playground equipment in your yard and let your children's friends use it.
- You have a dog that might come in contact with someone other than your family.
- You say or write anything that someone might consider defamatory.
- You sign a contract to rent a facility, rent a vehicle, have remodeling work done, or engage in hundreds of other transactions, and knowingly or unknowingly agree to

accept liability for events that are beyond your control, or damages that exceed your resources.

- You or anyone in your family is sued, and there is a judgment or settlement exceeding the limits of your homeowner or auto policy.

The examples above are some of the risks that can be covered by a personal umbrella. Policies vary widely and there are numerous exclusions, so it is important to choose an umbrella that does not have exclusions affecting your significant risk exposures. (It also is important to make sure the underlying homeowner, auto or other policies also do not exclude those exposures.) Your agent or broker can guide you.

Tell your CPA...new group for accountants serving nonprofits

In April of 2015 the [American Institute of CPAs](#) (AICPA) launched a new membership section for practitioners who serve nonprofit organizations.

“The [Not-for-Profit Section](#) will provide information and tools such as:

- Webcasts
- Timely communications covering breaking news through e-Alerts
- Peer-to-peer learning opportunities
- Members-only discounts
- Access to the members-only resource library, which contains:
 - Sample financial statements & note disclosures
 - Board governance resources & policy examples
 - Streamlined tools (i.e. account workpapers, internal controls checklists, reference charts)

AICPA also recently launched a [Not-for-Profit Certificate Program](#). Designed to benefit CPA’s who perform not-for-profit financial reporting, tax and audit engagements. The program consists of 24 courses that total 40 hours of continuing professional education credits.

VIS® Commitment

Volunteers Insurance Service is committed to providing its members a complete resource for the nonprofit organization’s risk management needs. Our services include:

- Publishing **VIS® Connections** as one of our information resources for members;

- Maintaining for members' use a library of information relating to management of risks in the nonprofit organization;
- Researching available and appropriate insurance relating to volunteer activities;
- Designing and administering insurance programs, and compiling underwriting information;
- Providing consultation on risk management issues at no additional charge to our members, via a toll-free line (800.222.8920 or 800.468.4200);
- Assisting members, on request, with matters relating to insurance.

Insurance and administrative services are provided to VIS® and its members by The CIMA Companies, Inc. and/or one of its affiliated companies.

VIS®'s Articles of Incorporation, Financial Information, and a list of the members of VIS®'s Board of Directors are available to VIS® Members upon request.

CIMA licensing information

The following licensing information is being provided in order to comply with state governmental regulations:

Volunteers Insurance Service Association, Inc. is a risk purchasing group formed and operating pursuant to the Liability Risk Retention Act of 1986 (15 USC 3901 et seq.)

Notice to Texas clients: The insurer for the purchasing group may not be subject to all the insurance laws and regulations of your state. The insurance insolvency guaranty fund may not be available to the purchasing group.

Notice to California clients: License #0B01377 and #0A06046, CIMA Companies Insurance Services

Notice to Minnesota clients: License #009285 and #07544084, The CIMA Companies, Inc.

CIMA, one of its subsidiary companies and/or an authorized individual is licensed in all jurisdictions. Please contact CIMA at 800.468.4200 if you would like information about our licenses.