

ARE YOU READY FOR TOMORROW?



**A Self Assessment Exercise for Our
Organizations**

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I'm one of YOU!

Organizational Concepts & Objectives



Your Self Assessment Worksheet

ORGANIZATION NAME:	
<u>SUBJECT AREA</u>	<u>ACTION ITEMS</u>
A. MISSION (STORYTELLING)	
B. GOVERNANCE	
C. SUSTAINABILITY	
D. FISCAL RESPONSIBILITY	
G. STRATEGIC/SUCCESSION PLANNING	
H. RISK MANAGEMENT	

COMMUNICATIONS and MEASUREMENT

OVERRIDING CONCEPTS THAT APPLY THROUGHOUT

- ***Six Challenges Facing The Non Profit Sector***
(University of Notre Dame Mendoza College of Business Online Article)
 - **Top priority of the past....acquiring new donors**
 - **Now eclipsed by the need to**
 - Engage the community,**
 - Promote general brand awareness, and**
 - Retain current donors**

- ***FINANCES (DOLLARS) V. OUTCOMES***
What should we emphasize???????????????????

Outcome Measurement/Metrics

- **KPI's for All**

- **For Our Boards** - they may be expecting more sophisticated reporting
- **For Our Donors & Potential Donors** – looking for clear, understandable financial information

Financial

- **Year-on-Year Growth** – revenue &/or budget
- **Operating Surplus/Deficit** – available liquid assets to cover expenses for 3 months???.....6 months???
- **Liquid Unrestricted Net Assets (LUNA)** – emphasis in the new accounting standards
- **Program Efficiency** – program v. total expenses – how efficient are we fulfilling our mission. Spending on program v. administration

Outcome Measurement/Metrics

- **Fundraising**
 - **Donor & Donation Growth** – increase in donation revenue & number of donors period over period
 - **Donor Retention Rate** – who’s given more than once?
 - **Fundraising ROI – ESSENTIAL** – dollars coming in PER dollars spent on fundraising – helps to evaluate the effectiveness of fundraising efforts
- **Performance/Outcome Measurement** - “most important”?
 - **more difficult to measure, i.e. outcomes may be long term and/or qualitative**
 - **IMPACT/SUSTAINABILITY**

Mission (Storytelling)

- **Clearly Defined AND Communicated**
- **Using Form 990**
 - **Page 1, Part I, #1 – briefly describe mission & significant activities**
 - **Page 2, Part III, #1 AND 4a (Program Service Accomplishments – three OR MORE!**
- **Are Our Storytellers (i.e. Board Members) Equipped w/ Right Tools to Drive the Mission & Vision – the “Elevator Pitch”**
- **How Do We Measure Success:**
 - **IMPACT (Outcome & Performance Measurement)**
 - **Using Impact to Brand the Causes We Pursue**

GOVERNANCE

Best Practices (IRS Form 990 provides a great framework for many of these) – Page 6, Part VI

- **Section A – Governing Body & Management**
- **Section B – Policies**

Principles for Good Governance and Ethical Practice (The Independent Sector)

CONSIDER:

- **Board Commitment Form**
 - **Defines clearly the non-financial AND financial expectations**
 - **Spells out roles & responsibilities**
- **Organized Meeting Agendas & Meetings - Meeting Minutes???**

GOVERNANCE (continued)

ALSO CONSIDER.....

- **Adoption of Formal Board Policies**
 - **Conflicts of Interest**
 - **Whistleblower Policies (Uh oh!!)**
 - **Document Retention**
- **Consider Advisory Boards**
- **Software for Governance**
 - Boardable (www.boardable.com)**
 - Centralize management of Board meetings (meetings calendar, minutes, Board documents, discussion threads,**
 - A dashboard for all board activities**

Program Sustainability/Fundraising

Has anyone found it easier to raise funds for our organizations in the past year?

- **Discriminating Donors**
- **Tangible Results**
- **Attracting new “Investors” – Considering New Revenue Streams**
- **Promoting Donor Advised Funds; Using IRA RMD’s**
- **Restricted Government Funding**
 - **Grantmakers are being more restricted in how grant moneys can be spentmeaning less money for administrative expenses**

Is your accounting system & fund tracking capabilities effectively controlling & reporting on the restricted funding you are receiving?

*** Collaborative alliances and partnerships**

Fiscal Responsibility

- **New Accounting Standards Effective for Your 2018 Financial Statements – ASU 2016-14 (& codified in the FASB’s ASC 958) clearly attempts to communicate the organization’s liquidity and financial ability to operate:**
 - **Net asset** classifications reduced to 2 (still have responsibilities to temporary v. permanent restrictions.....)
 - **Transparency and liquidity** – detailed disclosure re: meeting cash requirements for the next year
 - **Statements of Expenses** (by their natural expense category) including detailed disclosure of the allocation methods utilized to allocate non-direct expenses (i.e. overhead costs)
- **NOT JUST A COMPLIANCE EXERCISE**
- **AN OPPORTUNITY TO LOOK AT EVERY DOLLAR OUR ORGNAIZATIONS ARE SPENDING – HOW MUCH OF THAT “SPEND” ACTUALLY CONTRIBUTES TO OUR MISSION – IS THAT THE BEST “SPEND” OF OUR INVESTORS (DONORS & SUPPORTERS) DOLLARS – TIE INTO TO FORM 990 – IF YOU ARE FILING ONE, THEN YOU’VE ACTUALLY BEEN COMMUNICATING THESE “ALLOCATIONS” EVERY TIME YOU FILE THE 990**
- **THE FORM 990 WILL REFLECT THESE NEW STANDARDS IN 2019 FORMS**

Fiscal Responsibility (continued)

- **Regular, Timely and Complete Internal Financial Reporting to the Board – Does the Board understand the financials??**
- **Review and Approval of an Annual Budget**
- **Understand Your Form 990**
- **Audited??? Maintain an Open Line of Communication with Your Auditor (GAAS)**
- **Maintain your LEGAL DUTY OF CARE**

Resources

- *How To Read Nonprofit Financials Statements* by Andrew Lang
- **Financial Risk Management – A Guide for Non-Profit Executives – available from The Nonprofit Risk Management Center at www.nonprofitrisk.org**

Risk Management

- **Directors & Officers Liability Insurance**
- **Is Your Website ADA Compliant?**

CYBER SECURITY

- **BE PREPARED FOR CYBERSECURITY RISK (ASAE)**
Data security and emerging technologies will present ongoing challenges for organizations , but leaders can act now to prepare staff and members for future threats....2.5 BILLION records were compromised in publicly disclosed data breaches around the globe in 2017, an 88% increase from 2016
- **Fact #1 – 60% of all Cyber Attacks occur vs. small-to-medium sized companies**
- **Fact #2 – The more email traffic the more exposure**

Risk Management

CYBER SECURITY (CONTINUED)

IMPACT AREAS:

- **Websites shut down, software applications locked down, lost ability to deliver mission**
- **Negative Press...endangering third party non-public records (i.e. medical records, phone numbers , credit card information, social security #'s)**
- **Significant costs – i.e. computer ransoms...6 & 7 figures possible.**
- **Potential lawsuits from clients, customers, vendors, suppliers.....**

WHAT TO DO?

- **Cyber Insurance**
 - **Backups Offsite and Redundant.**
 - **Cellphones w/ Passwords**
 - **P/C's with Data Encryption & Multiple Log-ins**
 - **Segregated Servers on the Cloud**
- AND**
- **A Homeowner's Policy w/ a Cyber Endorsement**

Strategic Planning

A “SAMPLE” PLAN (Exponent Philanthropy)

- **AMPLIFY AND INCREASE OUR IMPACT**
- **BUILD A BROADER AND DEEPER COMMUNITY THROUGH SHARING AND COLLABORATION**
- **MAXIMIZE OUR RELEVANCE AND ACCESSIBILITY TO A VARIETY OF INVESTORS/FUNDERS**
- **ADVANCE DIVERSITY, EQUITY AND INCLUSION , CULTVATING A CULTURE, BOTH WITHIN OUR ORGANIZATIONS, AS WELL AS WITHIN THE COMMUNITIES WE SERVE**

WHAT ABOUT THE NEXT GENERATION?? Do you have a plan to transition ownership of the mission forward??



Celebrating Nonprofits

WORLD VISION (The CHOSEN Video)

- https://www.worldvision.org/chosen?campaign=400036869&ds_rl=1274668&gclid=Cj0KCQjw3JXtBRC8ARIsAEBHg4k-zQ7bgA0XLhXzVbt0fYQSt6w9y2PX7x2cyphP8EYn4Lb-cr0IDnkaAjsEEALw_wcB&gclsrc=aw.ds
- NONPROFIT ASSOCIATION OF THE MIDLANDS
- <https://www.youtube.com/watch?v=J9yUKxeEHeA&feature=youtu.be>

Resources

- **Form 990 & Instructions** www.irs.gov/
- **The Chronicle of Philanthropy** <http://www.philanthropy.com/>
- **The Data Playbook** <https://www.schusterman.org/playbooks/data/>
- **Donorbox Non Profit Blog** <http://donorbox.org/>
- **Principles for Good Governance and Ethical Practice**
<https://independentsector.org/resource/principles/>
- **The Non Profit Marketing Guide**
<https://www.nonprofitmarketingguide.com/resources/>
- **National Council of Nonprofits** <http://www.councilofnonprofits.org/>
- **Six Challenges Facing The Non Profit Sector/University of Notre Dame Mendoza College of Business**
<https://www.notredameonline.com/resources/non-profit-leadership>