



Board
Governance:
The Path to
Nonprofit
Success

WELCOME



Nonprofits will need to focus on systemic change and advocating for policy change. Adapting to work with government and the public sector will be the key to sustainability.

Nonprofit boards are being challenged in new ways, and board governance is more important today than ever. In this year's whitepaper, Green Hasson Janks took a closer look at engaging the board and the board's responsibilities around governance, including strategy and risk, advocacy and fundraising.

Fundraising performance at the board level is frequently noted as an area needing improvement. However, a high-achieving board has a much broader role in a nonprofit's success. Avoiding complacency, focusing on mission and striving for innovation are key strategies for successful boards.

To supplement our annual survey, we also explored board governance with subject matter experts from nonprofit boards, nonprofit staff and service providers.

We hope you will find this whitepaper informative and thought provoking — it is part of our efforts to provide value to the nonprofit community.

Thank you,

DONELLA WILSON

Partner and Nonprofit Practice Leader
Green Hasson Janks

Donella Wilson, CPA, leads the Firm's Nonprofit Practice. She has more than 20 years of public accounting experience providing audit, accounting and special project services and works exclusively in the nonprofit sector.

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OVERVIEW

This whitepaper looks at board governance and how nonprofit boards are raising the stakes in the areas of strategy and risk, fundraising and engagement. The work of boards has become more complex since the country's economic woes 10 years ago, but the changes have arguably made nonprofits stronger and more resourceful over that period.

There were some surprising results in this year's survey. For example, **less than 25 percent of respondents said their boards were actively involved in fundraising and can articulate the case for support.** Respondents also reported that just **42 percent of board members fully understand their organization's programs. Only 58 percent of board chairs set clear expectations for new board members.** Clearly, there is room to grow in the area of board governance.

From a national perspective, over the last few years, there has been an increased need to focus on the immediate mission and impact a nonprofit can have. Another big question is how to change the system — how can boards and their organizations work more collaboratively with the government in areas like public/private partnerships?



Finally, many nonprofit boards are becoming more diverse and making conscious efforts to reflect those they serve. In this year's survey, just **19 percent of respondents listed board diversity as a top priority** and just **19 percent reported that their board members represented a spectrum of constituents, bringing diversity of thought.**

There is more to be done. In its research paper *Diversity, Inclusion, and Equity*, BoardSource defines an aspirational goal for diversity:

“We believe that all social sector organizations can better achieve their missions by drawing on the skills, talents, and perspectives of a broader and more diverse range of leaders, and that the diversity of viewpoints that comes from different life experiences and cultural backgrounds strengthens board deliberations and decision-making.”

¹<https://boardsource.org/research-critical-issues/diversity-equity-inclusion/>



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EXTERNAL SUBJECT MATTER EXPERTS



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“
A good board
development program
sets high standards for
selection, orientation,
education and evaluation,
and defines when it is
time to move on.
”

SATPAL NAGPAL
Partner, Green Hasson Janks

HIGHLIGHTS FROM OUR SURVEY OF NONPROFIT INDUSTRY EXECUTIVES

To accompany the subject matter experts' views, Green Hasson Janks conducted a survey of nonprofit organizations.

TOP 4 RESPONDENT ROLES



01 Executive Director



02 Board

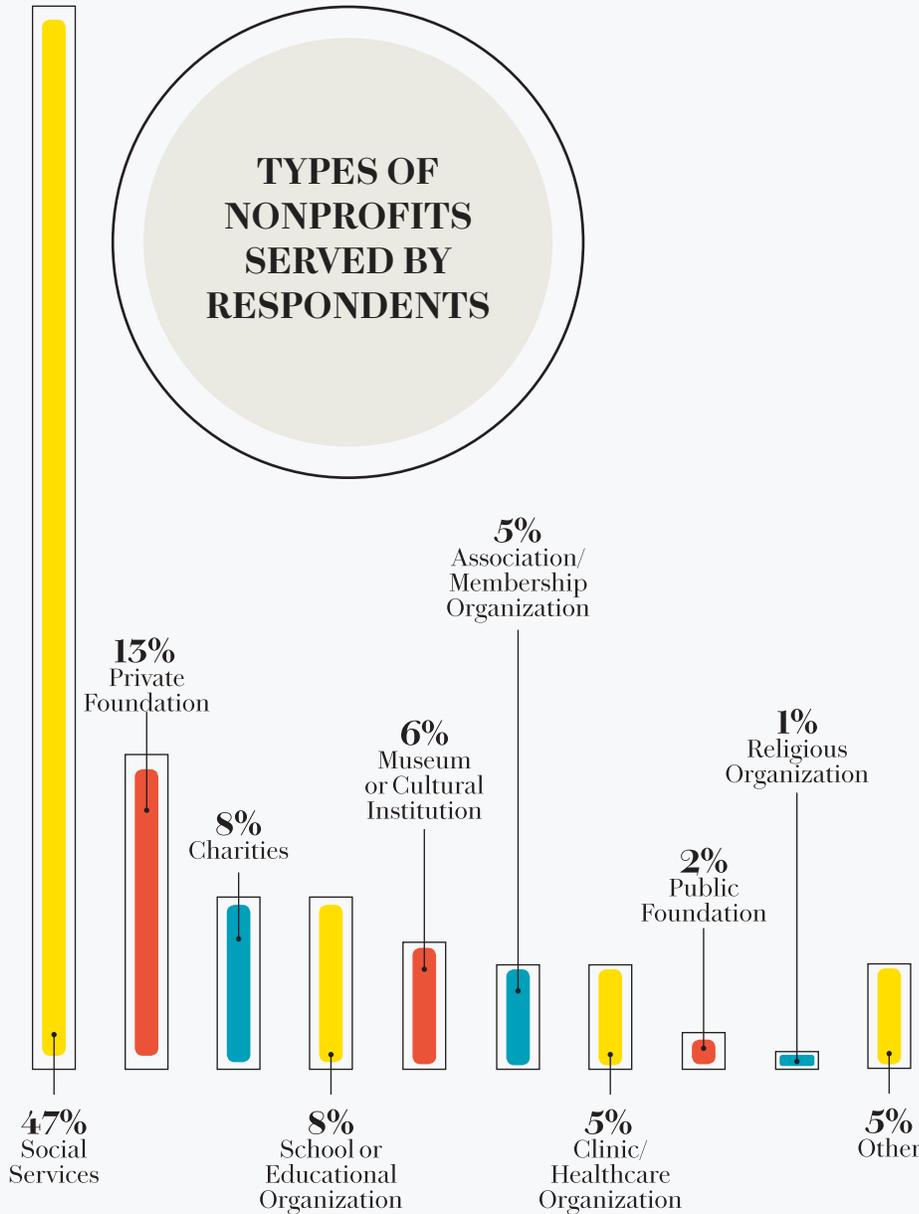


03 Finance



04 Development

TYPES OF NONPROFITS SERVED BY RESPONDENTS



72% OF RESPONDENTS REPRESENTED ORGANIZATIONS WITH ANNUAL REVENUES OF LESS THAN \$25 MILLION

BOARD CHAIR CLEARLY ESTABLISHES BOARD RESPONSIBILITIES



58%

YES, EXPECTATIONS ARE CLEARLY STATED WHEN BOARD MEMBERS JOIN



34%

SOMEWHAT, THE ORGANIZATION NEEDS HELP IN CARRYING OUT THIS PROCESS



8%

NO, THE CURRENT ONBOARDING PROCESS DOES NOT COVER THIS

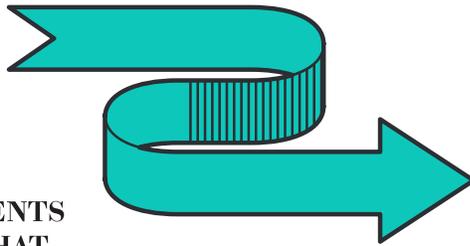
JUST **42%** OF BOARD MEMBERS FULLY UNDERSTAND THE ORGANIZATION'S PROGRAMS

TOP 5 MOST ESSENTIAL BOARD CHAIR LEADERSHIP QUALITIES

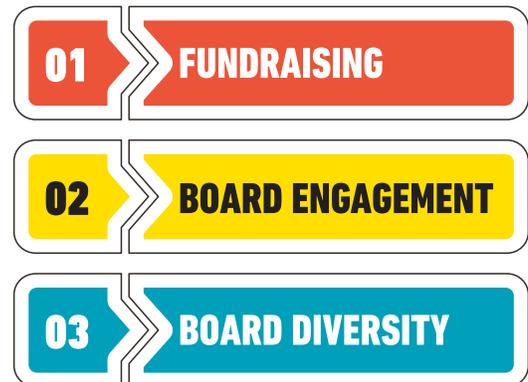


ONLY **25%**

OF RESPONDENTS REPORTED THAT THE MAJORITY OF THEIR BOARDS ARE ACTIVELY ENGAGED IN FUNDRAISING



TOP 3 AREAS OF BOARD FOCUS:

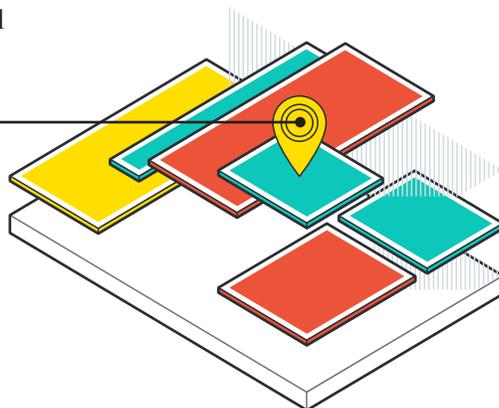


58%

OF BOARD CHAIRS SET CLEAR EXPECTATIONS FOR NEW BOARD MEMBERS

70%

of nonprofit CEOs personally cultivate and steward higher level prospects and donors



60%

of board member expectation agreements clearly describe fundraising and personal giving expectations



**BOARD
FUNDRAISING
RESPONSIBILITIES**

**BOARD
ENGAGEMENT**

**RISK AND
STRATEGIC
PLANNING**

OVERVIEW

RISK AND STRATEGIC PLANNING

Strong board governance includes understanding the risks across the organization. Common risks include:

- **Legal:** Compliance with laws and regulations
- **Operational:** Day-to-day activities and functions
- **Financial:** Prudent financial policies, budgeting, managing expansion, fraud, misuse of assets, investment monitoring
- **Investment:** Market risk, valuation, fraud
- **Reputational:** Conflicts of interest, board compensation, outside director affiliations, lack of diversity
- **Human Resources:** Employment claims, HIPAA, succession
- **Technology:** System intrusion, privacy loss, data protection failures, unauthorized system access
- **Fundraising/Grants:** Improper materials, high administrative expenses, misuse of funds
- **Regulatory:** Limitation on activities, new taxes, new penalties, government investigations or audits

To manage risk, nonprofits should be considering taking a proactive approach to their strategic planning processes. A good first step to understanding organizational risk is to conduct a strategic risk assessment. This will help them develop a plan that helps them understand their risks and the impact of those risks on their missions and their communities.

A good strategic plan casts a wide net and includes tactics that might be outside the board's comfort zone. This year's subject matter experts advise to include such tactics as alternative funding sources, increasing the nonprofit's visibility via marketing, conducting outreach to leaders in the community and partnering with other nonprofits to reduce costs and increase impacts.

"Strategic plans should include taking some risks," **Green Hasson Janks Principal Mark Kawauchi** adds. "Because being too conservative may keep nonprofits from accomplishing their missions."

THE CHANGING RISK ENVIRONMENT

Nonprofits are constantly struggling with the idea of risk from a regulation standpoint. The new administration has shown a clear preference for easing regulations. They have also shown that they do not support issues like the environment and conservation, which influences funding. Suddenly some nonprofits are scrambling for funds and are looking for better fundraising strategies.

"This comes in an era where technology is the name of the game — how do organizations keep up?" adds **Green Hasson Janks Partner Satpal Nagpal**.

Jenifer Holland, Associate Vice President, Consulting and Learning Practice at BoardSource, sees that nonprofit leaders are engaging more fully in strategic planning processes that acknowledge change.

"We certainly have recognized — as many have been saying for some time — that the volume has increased on change, and the jarring financial events of 2008 made that even more prominent," Holland says. "The result has been that nonprofit leaders are engaging more fully in flexible strategic planning processes that acknowledge change and unpredictability. In a dynamic operating environment it is incumbent on boards to provide that strategic direction and be adaptive."

The People Concern's John Maceri feels that they are becoming a sector where compliance is more important and more challenging.

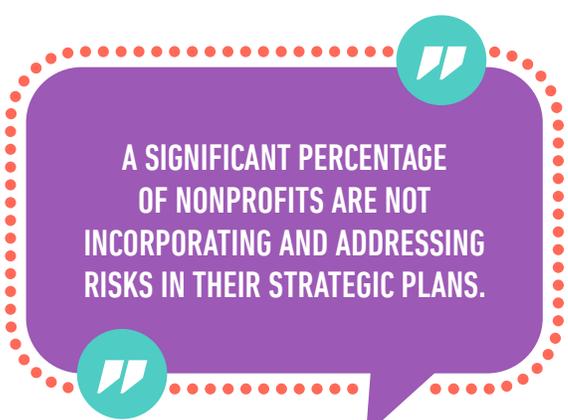
"Managing requirements from government funders and managing public funds has become more difficult and challenging and requires more skill," Maceri elaborates.

Mark Kawauchi, Principal at Green Hasson Janks, recently went to a seminar on enterprise risk management for nonprofits. Nonprofit CEOs in attendance were asked how well they understand the risks in their organizations, and only 12 percent said they fully understood their risks and had built them into their strategic plans.

"That means a significant percentage of nonprofits are not incorporating and addressing risks in their strategic plans," Kawauchi explains.

Kawauchi suggests conducting a comprehensive enterprise risk management assessment that incorporates both the organization's operations and mission.

"An essential part of that assessment should be to understand the needs of the organization and its community," he warns.



A SIGNIFICANT PERCENTAGE
OF NONPROFITS ARE NOT
INCORPORATING AND ADDRESSING
RISKS IN THEIR STRATEGIC PLANS.

MARK KAWAUCHI

Principal, Green Hasson Janks

ADDRESSING RISK IN STRATEGIC PLANS

By necessity, many nonprofits are focused on putting out fires and do not think they have the time for strategic planning. More and more, however, they are beginning to understand the impacts of risk and their ability to achieve their mission in the long-term. They are starting to be more nimble and change direction to address these risks and make changes.

After their merger, The People Concern is now in the process of starting a strategic planning process. **Executive Director John Maceri** says they are asking themselves questions like: How can we have the greatest collective impact? What tactics will we use? How much time do we devote to advocacy and policy and how much time do we devote to services?

“This type of soul-searching is essential in the strategic planning process,” Maceri says.

Strategic plans often end up on the shelf, despite the best intentions. That is a huge mistake, according to **Green Hasson Janks Partner Satpal Nagpal**.

“Monitoring your strategic plan on a regular basis is just as important as developing it in the first place,” Nagpal explains. “Does the plan have measurable outcomes and are they meeting the goals in the plan?”

IMPLEMENTING NEW STRATEGIES AND MANAGING CHANGE

Once a nonprofit has developed a strategic plan, implementing it is the next step. With limited resources and competing priorities, finding the time and impetus for new strategies can be difficult. It is an imperative, however.

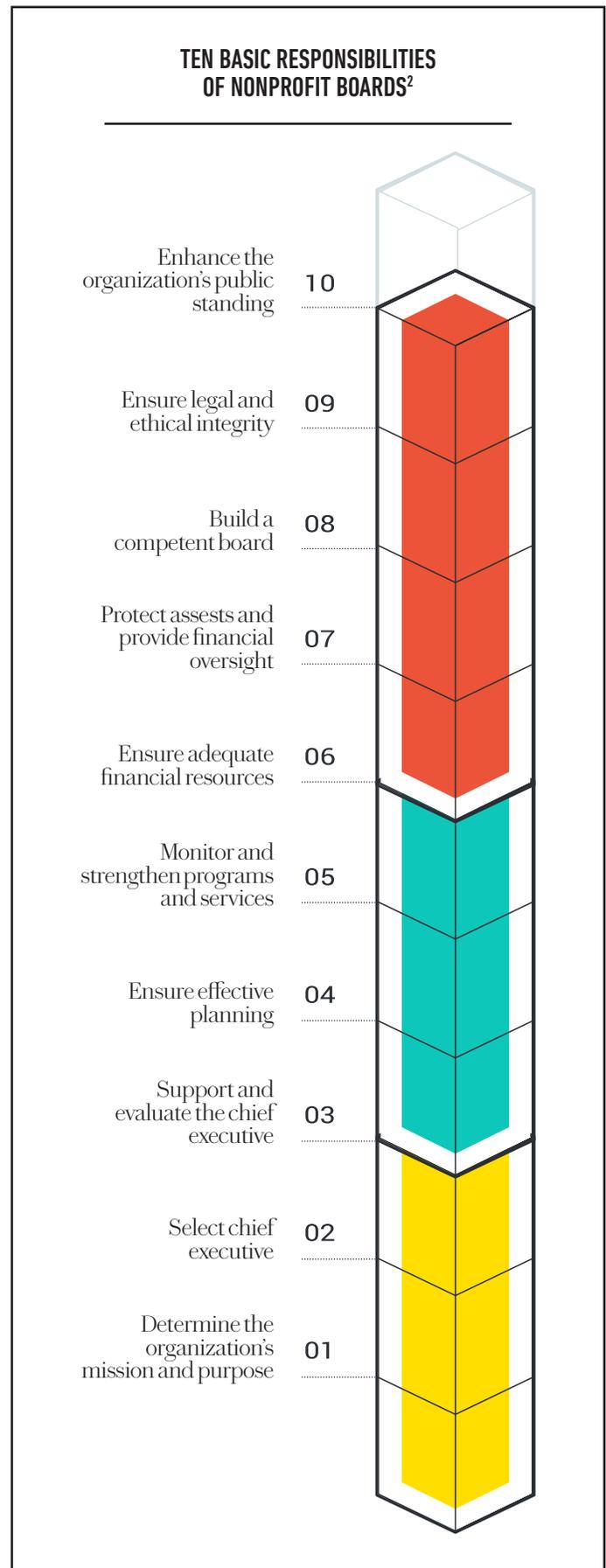
“To manage change, strategic discussions should be a part of every board meeting, not just rolled out at yearly retreats,” **BoardSource’s Jenifer Holland** advises.

Green Hasson Janks Partner Donella Wilson agrees.

“Nonprofits will need to respond to change, because adaptability will allow them to sustain their impact,” Wilson explains. “If a nonprofit is not looking ahead and anticipating change, they will fail. Unfortunately, change is never easy.”

Boards need to be able to understand the changing operating environment they are in to be both adaptive and resilient. One important ingredient is to provide detailed information tools to the board. It does not work anymore to just get a report from the CEO and rubber stamp it.

“CEOs and Board Chairs are wise to build relationships that are strong, intentional and thoughtful so that together they can frame the issues and help the board understand its responsibilities for owning the final results stemming from the strategic planning process,” Holland adds. “The board



²Ingram, Richard T., Ten Basic Responsibilities of Nonprofit Boards, 2nd edition (Washington, D.C., BoardSource, 2009.)

may understand its oversight role, but board members also need to fully understand any new strategic initiatives or changes to programs.”

Change can be difficult, so operational changes should come through the entire top management with buy-in from the board. To make that happen, everyone needs to understand what the change is and how it will impact them.

CASE STUDY

Charting a New Path Forward: Insights and Reflections from BoardSource’s Strategic Planning Efforts³

When it came to lengthy, comprehensive and time-consuming strategic planning, BoardSource’s board and staff had “been there and done that.” We had invested time, resources, and energy in planning processes that — while helpful and informative — did not necessarily deliver what we needed most: a guiding framework for ongoing decision-making, planning and prioritization in a dynamic and unpredictable environment.

That is why, when the board and staff decided it was time to do some deep thinking about our future leadership and priorities as an organization, we knew that we needed to be deliberate about how to make sure that our planning process accomplished just that.

As a learning organization committed to reflecting on our own practices and being open and honest about what we do well and where we have faced challenges, our board and senior leadership took some time to reflect on the planning process and to document what we consider to be the key strengths and learnings from our planning process:

- » **BE CLEAR ON WHY IT IS (OR IS NOT) THE RIGHT TIME TO PLAN.**
Given the number of things that had changed in our internal and external operating environment, we needed to come together as a board and staff leadership team to do some thinking and prioritizing.
- » **BUILD A STRONG TASK FORCE TO LEAD THE PLANNING PROCESS.**
The task force’s primary role was to outline a series of inputs and conversations to ensure that the full board and staff were a part of the planning process, and to interpret and translate those insights and discussions to reflect the best thinking back to the full board. We decided that the “right size” for the task force was a total of nine people — five board members, the CEO, two senior team members, and one program manager who helped manage the strategic planning process.
- » **BE CREATIVE ABOUT GATHERING INPUT.**
The task force mapped out a planning framework

that organized us around one major full board planning retreat. For us, this meant soliciting a number of inputs in advance of the board planning retreat, including interviews with members of key audiences, a full-staff retreat, and a survey that invited board members and senior staff to reflect on value-based priorities and perspectives.

- » **TREAT THE BOARD’S TIME TOGETHER AS SACRED, AND PREPARE FOR IT CAREFULLY**
We placed a lot of emphasis on background materials and preparation, and put together a briefing package for each board and senior team member that included synthesis of all of the stakeholder feedback, as well as background reading, a summary of recent progress and learning in the context of our most recent strategic plan, and articles and key concepts important to the way we had decided to approach our strategic thinking.
- » **BE FLEXIBLE — DO NOT BE AFRAID TO ADJUST YOUR PLANS.**
At the start of our planning, we had mapped out a fairly specific timeline, but after the board retreat, we saw the need to adjust our plans. We added a small group planning session with the chair of the task force, the chair of the board, the CEO, and the three staff members on the task force. That willingness to take a bit more time was important in terms of making sure that the board and staff were fully comfortable with the framework and excited to share it with the world.
- » **STRATEGIC PLANNING WILL REFLECT THE CULTURE OF THE BOARD — GOOD OR BAD.**
The board and staff were proud of not just the outcome of the planning, but what the planning process itself had revealed to us about ourselves and our culture as an organization and as a board. The success of the planning process — and the positive and productive approach that the entire board and staff brought to it — was both a product of and a testament to the board’s composition and culture.

³ Reprinted from the BoardSource report *Charting a New Path*.

The People Concern is one of Los Angeles County's largest social services agencies. The organization was formed in 2016 in a merger of OPCC and Lamp Community. With more than 50 years of work in the community, The People Concern is a leading provider of — and advocate for — evidence-based solutions to the multifaceted challenges inherent in homelessness and domestic violence.



THE PEOPLE CONCERN

“The board was critical in merging the two organizations and forming The People Concern,” explains the organization’s **Executive Director John Maceri**. “It was clear the landscape was shifting — the County Department of Health Services was stepping up its Housing for Health Initiative and Measure H, the county tax to help homelessness, was going on the ballot. The wind was at our collective backs — it was not going to be business as usual.”

Each organization had been talking separately about its own direction — OPCC was a Santa Monica-based organization but had been working at a county level in several areas. Lamp Community was a downtown skid row organization that had expanded outside of the downtown core.

“We needed to think about how we were going to be a countywide organization and how we were going to be structured in a way that made the whole have bigger impact than the two parts that created it,” Maceri adds. “The risks were great, but so was the reward.”

OPCC had a stable group of senior leadership, with board members experienced in finance, programs and development, plus it had a well-developed private fundraising operation.

Lamp Community brought strong infrastructure in human resources, client money management and arts programs. The boards anticipated the merger and its

effects on staffing and programs and left key positions open that could be filled by experienced professionals who would have responsibilities across the new organization. They also assessed who had plans to retire or move on as merger discussions often get torpedoed because of staffing issues.

From a legal and financial perspective, all assets and liabilities of the merged entities like loans, contract obligations, outstanding debts, employee issues/workers comp, etc. were combined. Measure H dollars needed to be carefully considered, especially how they flowed through the organization’s many subcontractor relationships.

“The truth is that The People Concern and our board is building the plane while flying it across an entire service delivery system — we are essentially the fiduciary for these funds that come to us and then go out to subcontractors,” Maceri says. “We audit the contracts to make sure they are compliant, which adds to the board’s governance responsibilities. Managing is now a bigger job, and it all adds to organizational risk.”

“
**THE RISKS
WERE GREAT,
BUT SO WAS
THE REWARD.**

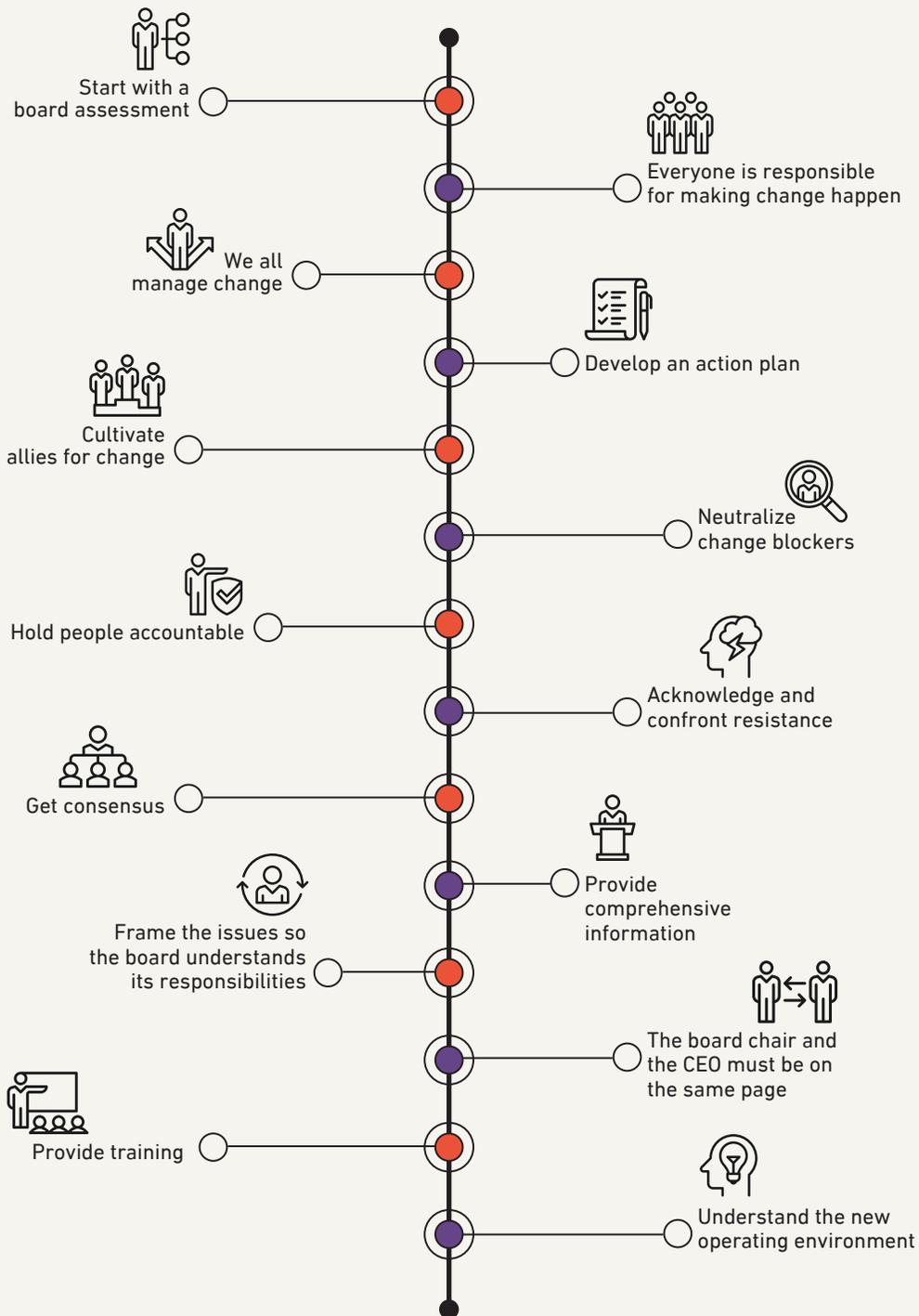
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JOHN MACERI

Executive Director, The People Concern

CHANGE MANAGEMENT BEST PRACTICES

Best practices that nonprofits should consider:





BOARD FUNDRAISING RESPONSIBILITIES

BOARD
ENGAGEMENT

RISK AND
STRATEGIC PLANNING

OVERVIEW

BOARD FUNDRAISING RESPONSIBILITIES

Fundraising is the hardest and most important issue for boards, but without it, most nonprofits would cease to exist. However, just **25 percent of this year's survey respondents said the majority of their boards were actively involved in fundraising.**

In addition, the BoardSource *2017 Leading with Intent*⁴ report put fundraising performance as the top area boards should address to improve their own performance, according to 67 percent of nonprofit executives and 64 percent of board chairs responding.

A board's give or get policy is a never-ending topic of debate, but the subject matter experts agree that there should be a defined policy, and it should be enforced. Board members need to fully understand what is expected of them when they join a board as well. For example, **Jacqueline Meek, Chief Development Officer for Children's Bureau of Southern California**, reports that her organization expects \$15,000 per year per board member, of which \$2,500 must be a personal gift; this is in addition to other rights and responsibilities which are clearly communicated with board candidates prior to joining the board.

"If you expect board members to be successful front line fundraisers, their asks must be authentic," Meek explains. "That credibility comes from their own demonstration of support as a donor."

Donella Wilson, Partner and Nonprofit Practice Leader at Green Hasson Janks, notes that her board is given a menu of choices to meet the personal gift requirement. That menu includes options beyond a simple cash donation, such as hosting a fundraising dinner at home or a staff recognition event.

"A board's give-get must include a personal gift, demonstrating 'skin in the game,'" Wilson adds. "This must be enforced and all board members need to be held accountable, or it could impact morale on the board."

SETTING CLEAR BOARD FUNDRAISING EXPECTATIONS

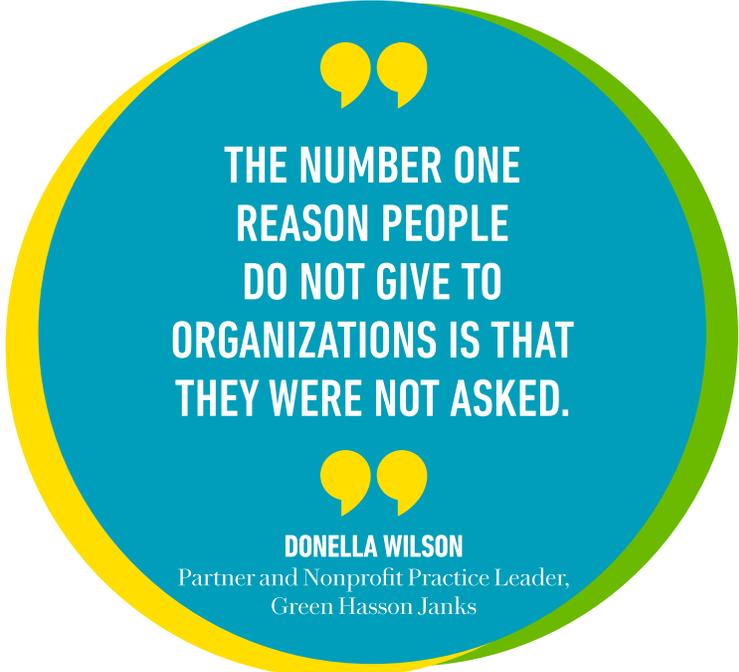
There is no doubt that fundraising is outside of the comfort zone for most board members and just **60 percent of survey respondents felt that fundraising responsibilities and personal giving requirements were clearly described.**

The BoardSource *Leading with Intent* survey also found that when fundraising expectations are not clearly articulated

during recruitment, only 12 percent of executives said that their boards are actively engaged in fundraising efforts.

So what can be done to ensure the success of this essential board responsibility? Here are seven strategies from **Nonprofit Practice Leader Donella Wilson:**

1. **Establish expectations** for fundraising during board recruitment: be clear what the give/get is, include them in the board member agreement and enforce them.
2. **Prep the board to have donor conversations.** Do board members understand the value that their organization brings to the community? Can they articulate the impact their organization makes, and why a donor should support the work?
3. **Say thank you.** Engaging in an activity to personally call and thank donors is an opportunity for board members to both cultivate donors and learn about why donors give. These activities also give new board members confidence.
4. **Foster a fundraising culture.** Encourage the board chair to foster a culture of fundraising by placing fundraising on the board meeting agenda as a priority, publicly acknowledging board members involved in the fundraising process and following up with members to ensure their annual giving requirements are met.
5. **Understand the mission.** Review the organization's mission to ensure that it is clear, concise and compelling. This will make the case for giving much easier for board members to articulate.



THE NUMBER ONE
REASON PEOPLE
DO NOT GIVE TO
ORGANIZATIONS IS THAT
THEY WERE NOT ASKED.

DONELLA WILSON

Partner and Nonprofit Practice Leader,
Green Hasson Janks

⁴BoardSource, *Leading with Intent*: 2017 National Index of Nonprofit Board Practices (Washington, D.C.: BoardSource, 2017).



6. **Identify the right opportunities.** Ensure the development director is identifying appropriate cultivation and stewardship opportunities for board member participation. Brainstorm how new donors could be introduced to the organization. Review the current donor recognition practices and discuss how donor appreciation could be improved.
7. **Ask.** Remember that fundraising is about building and maintaining relationships and that the number one reason people do not give to organizations is that they were not asked. The board network can be very powerful if it is engaged, and it is crucial that it is engaged, not only for fundraising, but for raising community awareness and attracting volunteers.

DEVELOPING A PLAN

Executive Service Corps Consultant Roberta Suber emphasizes that developing a clear, comprehensive annual fundraising plan is essential for success and an important part of every strategic planning process. The plan should include accountability and means to measure success.

“Board members want to know on a regular basis whether the fundraising goals are being met,” Suber explains.

For board review, plans should include a dashboard that can be quickly absorbed at meetings. The plan should be broken down into fundraising sectors. The plan should also be reviewed on an annual basis and should remain in synch with the long-term strategic plan. It also should include reliable staff support so the board members know what they need to do.

Green Hasson Janks Manager Yulia Murzaeva says that nonprofits need to be strong marketers in the fundraising process.

“It is like marketing 101 — for any organization to be successful with fundraising, they need a clear goal and mission, and they need to know their target audience,” Murzaeva says. “What do their donors care about? Sit down and define the goal — strategy flows from there. But without a clear message, the funding requests can get too generic and will not bring in a lot of funds.”

NEW BOARD MEMBERS

Nonprofit board members join for many reasons, but it makes sense to recruit board members that already have a substantial fundraising network. This does not imply that board recruits must be rich — they should be passionate about the mission as well and willing to work hard. New board members need to understand the organization, its mission, its programs and the value it brings to its community.

GETTING BOARD MEMBERS ENGAGED

Best practice includes getting a board member’s specific fundraising commitment from the start and building it into the annual plan. Because there can be some fuzziness on the parameters of the give or get, plans and commitments should be very specific. Board members will appreciate less ambiguity.

Billie Greer, Former President of the Southern California Leadership Council, advises that board members need some skin in the game because it demonstrates their commitment.

“Often the ‘get’ comes from a board member’s employer. However, funders are increasingly looking to see if board members are giving as individuals. That is real skin in the game,” Greer explains. “It is the responsibility of the board member to bring in their commitment, which should be at least \$10,000 for a mid-sized service organization. This could come via sponsorship of an event, a direct gift. Those not honoring their commitment should be counseled by the Chair of the Board and, if unable to do so, could be asked to move to an Advisory Committee role.”

A very useful technique to build board engagement is getting members closer to the organization’s constituents. The Downtown Women’s Center board invites a woman that has been served by the Center to speak at the beginning of each meeting. It gives board members a chance to hear their stories and what it has meant to that woman to be off the street and receiving the services she deserves.

IDENTIFYING AND CULTIVATING DONORS

The board plays a major role in bringing in donors, but the **executive director is also personally involved in cultivating and stewarding higher-level donors at survey respondents’ organizations, according to 70 percent of respondents.**

Billie Greer, Former President of the Southern California Leadership Council, observes that nonprofits often use hunches when identifying potential donors. Prospect lists are composed, based on guesses, followed by usually futile efforts to get meetings with these targets.

“That doesn’t work,” Greer says. “Instead, it is important to identify the types of donors most likely to give to the organization, based on current donor trends. Determinates could include age, interests, giving patterns, the evidence of support of other nonprofits with similar missions or any number of other factors. The giver profile that emerges helps board members focus on potential major donors within those identified interest groups. There also needs to be agreement on the definition a ‘major giver’ — \$5,000, \$10,000 or more — with priority assigned to cultivating those prospects who can meet that threshold.”

Jacqueline Meek, Chief Development Officer for Children’s Bureau of Southern California, advises anyone who serves on her organization’s board to have their ambassador hats on at all times.

“Whenever there is an opportunity to speak about any type of donation, be ready,” Meek says. “For example, fundraising events are not in and of themselves the destination; they are gateways into your organization.”

Meek emphasizes that board members should follow up with their guests post-event and continue the conversation started at the event. At board orientations, Meek shares that “friend-raising” is the first step to fundraising.

“Financial donations tend to follow a positive engagement experience,” Meek explains. “Rarely do they precede one.”

Another tactic that Meek’s organization has successfully used is establishing a young professionals networking group populated with young executives just entering the workforce, typically people 21-35 years old who are looking to find a way to give back to their communities.

“This young demographic has been sensitized to their broader community; they are motivated by the importance of community and their place in it beyond their job,” Meek expands. “For some, the professional networking is certainly a draw, but others understand early on the importance of philanthropy. It is not enough just to be good within the community at your job; you need to do good within the community in which you live. It takes them beyond themselves and broadening perspectives, and they take this skill into their jobs and into the community. The result? They become more well-rounded professionals; they become donors and some will be future board members.”

Greer adds that it is important to reach out, but targeting someone with no relationship to the organization or its members may be a hopeless task.

“Board members should identify prospects they know as well as friends and associates who can help open the door to major givers,” Greer explains. “The prospect needs to be someone that the board member can reach. Never be more than two steps removed, or you will have a more difficult time.”



IT IS LIKE MARKETING 101 — FOR ANY ORGANIZATION TO BE SUCCESSFUL WITH FUNDRAISING, THEY NEED A CLEAR GOAL AND MISSION AND THEY NEED TO KNOW THEIR TARGET AUDIENCE.



YULIA MURZAEVA
Manager, Green Hasson Janks

An inmate performs for an audience that includes Tim Robbins, artistic director of The Actors' Gang in Los Angeles, at the California Rehabilitation Center in Norco in 2014. | Photo: Peter Merts.



The next strategy is to move existing donors up to a higher level of giving. Again personal outreach, sustained over time, is key. Priority should be assigned to those who have been consistent givers and have made multiple gifts over the years. “At The Actors’ Gang, we invite givers over a certain level to performances and small group receptions with Tim Robbins, our Artistic Director,” Greer notes.

Although statistics are important in demonstrating the progress and success of an organization, Greer emphasizes the power of storytelling, when cultivating donor relationships.

“Maya Angelou once said, ‘I have learned that people will forget what you said, people will forget what you did, but people will never forget how you made them feel,’” Greer explains.

Greer points to The Actors’ Gang that conducts a program for prison inmates which has cut recidivism by more than 50 percent. But that is not the story — the story is about an inmate named Gio who was consumed by anger at himself and others. He was only 19 years old when he was convicted of domestic violence and burglary and sentenced to five years in prison.

In an interview for BBC News⁵, Gio said, “I had never been exposed to such transformative tools. There is a small community of people who have allowed me to feel normal again, and Tim Robbins is one of them. I felt normal in an environment that was not normal for a 22-year-old.”

He went on to say, “The Actor’s Gang programme was the first opportunity I had to allow my past to empower me, rather than define me, and made me into a better man rather than a bitter man.”

Gio is now enrolled in a college course in Los Angeles and is about to open his own restaurant.

Story telling is one of several tools that can be used as donor relationships are developed.

“In the end it comes down to recognizing that donor cultivation is about building and maintaining individual relationships,” Wilson adds.

GROWING A DONOR’S SUPPORT

Once a donor comes on board, organizations and their boards next need to get them engaged and keep them engaged. As previously mentioned, exposing donors to the mission and the people served by the organization is key. Hearing stories is a part of that. Another important tactic is to get them involved in events. This can be done by involving them in the strategic planning process by conducting stakeholder interviews with them and asking for their feedback.

The amount of effort should be tied to the level of the donor — bigger donors get more personal attention, but an organization really needs to understand who its donors are by segmenting its donor base. Some small donors may give over a long period. Those donations add up, plus they may

⁵Bissell, Kate. Actor’s Gang: How Tim Robbins has cut reoffending rates (BBC News, March 14, 2016).

eventually give a large donation. An organization can assign various parameters to narrow it down. Do they come to events? Do they respond to outreach?

“Meet your donors where they want to be met,” explains **Jacqueline Meek, Chief Development Officer for Children’s Bureau of Southern California**. “With a small development staff, it can be difficult to give personal attention to every donor, but you can still reach out through eblasts and social media channels, and segmenting is a simple way to make the outreach seem more personal to a targeted population. There is no substitute, however, for a well written thank you letter or holiday cards. Everything counts.”

Billie Greer, Former President of the Southern California Leadership Council, suggests continuing contact with donors.

“Annually, major donors should receive an invitation to sit down with the executive director or the development director and a board member to gauge the progress of the organization and to hear about any new, creative efforts and programs that are being planned,” Greer says. “These meetings could also offer the donor opportunities to further engage beyond providing funding support. Such opportunities might include lending his/her name, as signatory to an opinion-editorial that is issue-related, becoming involved with other advocacy efforts or anything else you can visualize that would fit the donor’s interests.”

Green Hasson Janks Nonprofit Partner Donella Wilson recommends getting new board members to call and thank a donor.

“It is affirming to hear why others give to a cause you personally believe in, and it is also an easy way to develop a board member’s fundraising muscle and confidence,” Wilson explains. “I always enjoy the donor ‘thankathons’ at the Downtown Women’s Center. I leave feeling energized and inspired, part of a larger movement.”

THE ROLE OF DEVELOPMENT STAFF

Board members only have a finite amount of time, so staff is important. In many cases, the board member reaches out to their contacts and then turns it over to the staff. The development staff and the executive director also have the responsibility to provide data that board members can use in their donation requests, and they also have the responsibility to monitor fundraising progress for each board member.

The staff should do the ongoing stewardship of donors and also develop plans for cultivating some of the large donors.

They should be leveraging the board to go out and make those connections.

“We look to our development director to help identify appropriate cultivation and stewardship opportunities, and to make sure board members are leveraging their connections,” **Green Hasson Janks’ Donella Wilson** adds.

Executive Service Corps Consultant Jim Esterle makes an interesting point about nonprofit staff at the organizations he serves.

“I am seeing more people that are undergoing a career change getting into nonprofit executive director and staff roles these days,” Esterle says. “It used to be just social services people. This evolution helps nonprofits to adopt more business-like practices in their operations. That is a good thing.”

Jacqueline Meek, Chief Development Officer for the Children’s Bureau of Southern California, offers her own perspective as a staff member.

“You cannot simply assume a donor will stick with you year after year and many foundations will require you to skip a year or more between grants,” Meek says. “Be prepared to recreate a sizeable portion of your funding every year and diversify your donor base. You need to provide stability in funding so you can address both the mission and business needs of your organization and answer questions such as: How or when do you staff up to meet program or operational needs? How do you or can you redeploy people when a grant sunsets? Do you have prudent operational practices? Is your licensing up to date? Are you complying with requirements of oversight agencies?”

Meek also sees real value in getting the board involved with fundraising, backed up by the staff.



ANNUALLY, MAJOR DONORS SHOULD RECEIVE AN INVITATION TO SIT DOWN WITH THE EXECUTIVE DIRECTOR OR THE DEVELOPMENT DIRECTOR AND A BOARD MEMBER TO GAUGE THE PROGRESS OF THE ORGANIZATION AND TO HEAR ABOUT ANY NEW, CREATIVE EFFORTS AND PROGRAMS THAT ARE BEING PLANNED.



BILLIE GREER
Former President,
Southern California Leadership Council

“Board members tend to speak the language of business, while development staff speak in a more aspirational and mission/vision voice; together they communicate a value statement that is compelling to an investor and inspirational to a donor,” Meek explains. “A donor is really just an investor that is looking to create impact.”

CREATING A FUNDRAISING CULTURE

Constantly reinventing the wheel takes too many resources and just does not work. Everyone in the organization should be contributing to a culture of philanthropy — employees share their talents and put in sweat equity.

“Talk about the organization’s needs as well as its success not only to those outside your organization but to all employees,” suggests **Jacqueline Meek, Chief Development Officer for Children’s Bureau of Southern California**. “Employees are natural ambassadors for your organization. A true culture of philanthropy is created when employees understand how the quality of care or service provided to clients, volunteers, donors or the community at large, is directly linked to the ability to attract philanthropic support. The best development teams cannot overcome poor service delivery.”

Communication is important.

“Communicate fundraising successes throughout the organization and highlight employees who contribute to those successes,” Meek adds. “The facility maintenance team who took extra care to make sure your space was clean and tidy, to the receptionist who greets guests with a smile and knowledgeable direction, to the program staff who presented program details to a potential donor are all part of a successful development effort. A culture of philanthropy is maintained through ongoing and conscience effort, so keep communicating to all employees throughout the year.”

Consultant Roberta Suber adds that at Executive Service Corps, all volunteer consultants are invited to support the organization financially through fundraising appeals.

“We have a high percentage of volunteers who donate beyond what they give of their time,” Suber explains. “In addition, Executive Service Corps keeps track of the hours we volunteers put in, and the monetary value of those hours is included in the audited financials and annual report. It demonstrates that we are all supporting the mission.”

Suber also feels that the organization needs to recognize and appreciate what people can give.

“While there is usually much focus on ‘major donors,’ smaller donations should be recognized in a meaningful way, like in a letter or a personal note,” Suber says. “At Executive Service Corps, every donor gets a handwritten letter and everyone on the staff signs it. You cannot say thank you enough. And new grants, new sponsors and large donations should be celebrated at board meetings.”

Green Hasson Janks Manager Yulia Murzaeva suggests helping the staff and board realize they are all advocates for fundraising.

“They should not feel they have to give money. Instead, if you frame it as being an advocate for the organization, then fundraising is easier,” Murzaeva expands. “If you feel like an advocate, then you will be successful. Just talk about the organization. This really works for younger people who may have less funds to contribute, but are really passionate about the mission — they can talk to others and get them on board without the pressure to ask for funds.”

Donella Wilson, Partner and Nonprofit Practice Leader at Green Hasson Janks, shares her experience of a new board member who had no previous experience in fundraising.

“She asked her company to sponsor a table at our gala,” Wilson explains. “When she told them who the honoree was, they got excited, and sponsored an entire table. She secured a fabulous auction item as well. She felt empowered and we celebrated what she had accomplished at a board meeting. She then went on to secure a grant from her company and raised her hand to participate in Executive Service Corps’ Developing Development Program. She is a role model for the other board members now.”

Executive Service Corps Consultant Jim Esterle constantly reminds board members to share stories.

“You have to give the board the tools to fundraise, and stories are critical,” Esterle explains. “They are ambassadors and already have a case for serving the organization. They need to know the population the organization serves and be able to tell something about a client and how we helped them. That personalizes it. A fundraising culture is about being informed and knowing the right thing to say in the right place to the right person.”



**A DONOR IS
REALLY JUST AN
INVESTOR THAT
IS LOOKING TO
CREATE IMPACT.**

JACQUELINE MEEK

Chief Development Officer,
Children's Bureau of Southern California



A Look at Donor Management Software for Nonprofits

Green Hasson Janks Manager Amy Eybsen recently sat down with **Lauren Petersen, Foundation and Donor Relations Manager at OneOC**, a nonprofit in Orange County, California.

AMY: I have heard feedback from clients regarding certain fundraising management software solutions that work well and some that do not, so I thought we could discuss your thoughts on this important topic. First, tell me about OneOC and your role there?

LAUREN: OneOC is a 60-year-old nonprofit that started its life as the Volunteer Center of Orange County. Over time, it evolved into a management service organization that provides information, skills, and resources to Orange County nonprofits through our Organizational Development, Volunteer Infrastructure, Back-office Business Support and Community Engagement services. My role as the Foundation and Donor Relations Manager is versatile, and includes working with our foundations and other supporters to identify new funding opportunities and partnerships.

AMY: For our readers, can you define what donor management software is and how it can help nonprofits achieve their mission?

LAUREN: Good donor management software can take a nonprofit from infancy to maturity. It will help grow and manage relationships with funders and helps a nonprofit operate more efficiently.

AMY: What are some examples of efficiencies that nonprofits can expect after implementation?

LAUREN: Good donor management software can automate repetitive tasks and can provide cross-department transparency and responsibility. It simplifies the cultivation process by automating emails, reminders or any sort of touchpoints. It also provides customized reports that are specific to the fundraising world. Almost any software will have to be customized if it does not come pre-loaded.

AMY: Are you using donor management software at OneOC?

LAUREN: We have a highly customized version of Salesforce.

AMY: That is one of many good options in the market. How did OneOC go about choosing the right product?

LAUREN: OneOC started by looking at all their platforms and software, and it turned out we were using eight different platforms! We realized we needed to be on one system that allowed departments to talk to each other and share information. We had a large IT task force that produced a 40-page analysis.

AMY: Why did you choose Salesforce specifically?

LAUREN: We chose it because it is customizable, and we had complex needs. That might not be true of other organizations, so it is important to first start with a solid plan. For example, I like DonorPerfect for smaller organizations. It is an



online product. Also, Salesforce offers discounts to smaller nonprofits.

AMY: That is what worked for OneOC, but nonprofits have varying needs. How would another nonprofit go about choosing the right software?

LAUREN: Do your due diligence. You need to analyze where you are today and where you are going. Start by analyzing needs like staffing, growth and innovation. You also might want to bring in outside eyes, which could be a consultant or volunteer. Develop a plan and include what functionalities you need and what you do not need. We participated in a number of software demos.

AMY: How does customer service play into the decision-making process?

LAUREN: Ask about the customer service support options — some have unlimited availability, some have limits like one call a month and others might make you pay on a per-use basis. This point is often overlooked, but it is really important.

AMY: It sounds like they should also include the ability to adapt to changing needs over time. Besides that, what are the things nonprofits should keep in mind when deciding whether or not to implement donor management software?

LAUREN: Budget is what it comes down to for most, but that should not be the first thing on your list. I would say most important is whether it can integrate with your other systems that you use all the time. Is there an app on your phone? That would make it much more convenient.

AMY: Also, can it make the organization more effective and efficient? Can it share information between departments?

LAUREN: Yes, definitely. Every organization needs to weigh what that means to them.

AMY: So what do most nonprofits forget when choosing donor management software?

LAUREN: It takes time to implement, even before you go live. You need to clean your data up, for example. If it is not clean, you may need to spend months backtracking information. It also takes maintenance, and you need to budget for that. We have a full-time person at OneOC, but smaller organizations may have someone part-time or they might have an outside consultant.

AMY: What positive outcomes have you seen resulting from OneOC and other nonprofits implementing donor management software?

LAUREN: Our staff is more focused and better utilizes their time. Also, it has created more organizational continuity and accountability, with everyone being able to see the same information in one place. Everyone can help each other stay on track.

AMY: Thanks, Lauren. I learned a lot, and I hope our readers did too!

BOARD ENGAGEMENT

BOARD
FUNDRAISING

RISK AND
STRATEGIC PLANNING

OVERVIEW

BOARD ENGAGEMENT

Many people have served on boards where some (or all) of the board members did not fully participate. Just **20 percent of survey respondents said their board's focus on engagement was their top priority.** Lack of board engagement could be because they have been there a long time and feel they have done their duty, it could be a mismatch between skills and needs or it could be that the board member just wanted to list it on their resume. But it could also be that the board member does not understand what is expected, or worse, that she or he has not been asked to step up.

By playing to a board member's strengths, organizations can not only increase engagement but also tap into a hidden resource. As an accountant, **Green Hasson Janks Senior Manager Lizbeth Nevarez** normally sits on the finance committee of the organizations where she is a board member.

"I see that the board often does not understand the funding," Nevarez explains. "So I help them see how it works, based on the staff's reports. This really is an area the board needs to understand, so I try to take as much time as I can to explain the nuances."

Donella Wilson, Partner and Nonprofit Practice Leader at Green Hasson Janks, describes the tone set at the Downtown Women's Center.

"Boards need to be engaged to act," Wilson says. "Boards want to make a difference, and so while committee report-outs are helpful, they need to be tied to action. It is also important to engage non-board members on committees. Not only do you get a fresh perspective, but you create a pipeline for future board service."

EDUCATING THE BOARD

Whether a board member is new or whether he or she has been around a while, the individual needs to fully understand the organization's programs and mission. Since programs are ever changing, there should be regular checkpoints where the entire board gets the information they need to be effective in the various parts of their jobs. This could be time set aside at regular board meetings or it could be time carved out of a retreat agenda.

No matter where they get the information, Executive Service Corps of Southern California advises nonprofits to set aside a dedicated time for the staff to come in and educate the board.

"Some board members understand the overall mission but may not know the intricacies or breadth of smaller programs," explains **Jim Esterle, Consultant at Executive Service Corps**

of Southern California. "This is particularly true when agencies have government contracts."

Green Hasson Janks Senior Manager Lizbeth Nevarez has seen that at HillSides, a nonprofit she sits on the board of, they bring in program directors to talk about their programs and the outcomes.

"Program directors are in the field, working closely with the clients and seeing outcomes on a daily basis," Nevarez notes. "They have excellent stories that the board can then take and use for fundraising and advocacy."

Similarly, Executive Service Corps of Southern California brings in a story or an update on what organizations they are working with. They even provide opportunities for board members to visit specific organizations and hear directly from the executive directors.

"It is great to see the work the organization is doing and how it is impacting others," Nevarez explains.

Green Hasson Janks Manager Yulia Murzaeva has found that board members usually have a good overall understanding of the organization's mission, but it helps if the development department leaders and the executive director come out and explain it as well.

"I find most executive directors are really passionate and inspirational about their organizations," Murzaeva expands. "It is critical to talk to the Board about the organization's challenges, because the Board can be helpful in turning those challenges into opportunities."

The subject matter experts all agree on the importance of having the organization's clients come and speak to the board about how they have benefited from a program. Executive Service Corps Consultant Roberta Suber calls these "mission moments."

"Mission moments are not only very moving, they also remind everyone why they are supporting the organization," Suber says.

Esterle adds that boards often lack sufficient structure and roles are not clearly defined.

"Board members need to know what's expected of them and the roles they must play," Esterle explains. "Nonprofits need a strong committee structure. It is important to get board members involved in the parts of the organizations

that really matter — like fundraising, board development and financials.”

ADVOCACY FOR BOARDS

Nonprofits can take the driver’s seat through advocacy in effecting broad systemic change. Boards first need to embrace the role of ambassador and advocate for the organization.

Jim Esterle of Executive Service Corps advises board members to keep up to date on the nonprofit world and how it is changing.

“Board members should be reading new ideas on funding, leadership, and a whole host of other issues. This sector has changed dramatically in recent years, and boards should take advantage of the resources that are available,” Esterle says. “The most effective boards are the best educated boards.”

Green Hasson Janks Senior Manager Lizbeth Nevarez also advises boards to consider adding an advocacy committee to get board members more involved.

“Without a focus on advocacy, it can fall down on the priority list,” Nevarez mentions. “But advocacy is all about the future of the organization, and it is an area a nonprofit should invest in.”

Two years ago, BoardSource’s *Leading with Intent* found that only 33 percent of boards were working in concert with staff leadership to educate policymakers on behalf of the organization. Today, 52 percent of boards are actively participating in this work.

Leading with Intent states that despite this progress in focused advocacy work, both executives and chairs agree: Boards still need to get better at their broad leadership as ambassadors for their missions through engagement in advocacy. When asked what the three most important areas for the board to address to strengthen its performance, “outreach efforts and acting as ambassadors for the organization” is second only to fundraising as the most



often selected response, with 43 percent of executives and 42 percent of board chairs including it among their top three choices.

THE STAFF’S ROLE IN WORKING WITH THE BOARD

Executive Service Corps Consultant

Roberta Suber notes that the size of the organization normally

dictates how the staff interacts with the board. In new organizations with very

few staff, the board members may even provide services later assigned to staff. In a mature organization, board committees may have a staff member assigned to them. Some organizations might have no staff participation in board meetings, while others may have staff make the committee reports. Having board committee chairs make the reports is generally considered a best practice, however.

“We recommend that key senior staff attend board meetings so they can back up the committee chair’s report, although they might not attend the entire meeting,” Suber says.

The executive director may be the face of the organization, but the staff is very important in the nonprofit’s success.

“For a nonprofit to be successful, the board and the staff need to be on the same page,” notes **Green Hasson Janks’ Yulia Murzaeva**. “Staff needs to collaborate with the board.”

In most cases, the executive director should determine how the staff interacts with board members and what their role might be at board meetings. **Executive Service Corps’ Jim Esterle** also notes that the board should find ways to get to know the staff and understand their responsibilities.

“The Board should initiate activities where they can interact with staff and clients, beyond just attending board meetings,” Esterle explains. “Holiday parties, site tours and client visits add important insights into their understanding of the organization.”

Murzaeva has another thoughtful idea.

“Board members can also volunteer at the organization, work with staff and meet the people who really make the organization successful,” Murzaeva says. “That demonstrates their commitment to the staff.”

As a staff person, Jackie Meek, Chief Development Officer for the Children’s Bureau of Southern California, has the responsibility of staying close to the board.

“I do pretty much everything the board needs me to do, including being the liaison to the governance committee, providing fundraising support, board recruiting, board retention, creating board meeting content, communicating with the board, helping committee chairs prepare content for presentations and much more,” Meek explains. “I have a staff of 10 people who help with all of those things.”

ONBOARDING NEW BOARD MEMBERS

Successful board members start with successful onboarding, but just 12 percent of this year’s survey respondents said they have mandatory new board member training.

“Onboarding for new board members is extremely important and many organizations do not do a good job,” notes Executive Service Corps Consultant Jim Esterle.

In fact, Green Hasson Janks’ survey found that only 42 percent of respondents felt their board fully comprehended the organization’s services. In addition, 34 percent of respondents said that board chair only somewhat clearly established board responsibilities for new members, while setting clear expectations for board service was listed as the second most important for a board chair — it is clear there is still a disconnect.

If a board member understands the organization’s mission and programs plus all that is expected of him or her as a board member upfront, then they are set up to be successful.



WITHOUT A FOCUS ON ADVOCACY, IT CAN FALL DOWN ON THE PRIORITY LIST. BUT ADVOCACY IS ALL ABOUT THE FUTURE OF THE ORGANIZATION, AND IT IS AN AREA A NONPROFIT SHOULD INVEST IN.



LIZBETH NEVAREZ
Senior Manager, Green Hasson Janks

The BoardSource *Leading with Intent* survey concluded that boards in their governance capacity need to collectively understand the mission and programs. The survey also found:

- Both executives and chairs gave their boards just a B grade when it comes to understanding their roles and responsibilities.
- 28 percent of the CEOs who say their boards understand their programs were able to understand strategy
- 46 percent that rated their organizations with the most knowledge of their programs were best at understanding that strategy

Green Hasson Janks Manager Yulia Murzaeva had a difficult beginning on a board where she once served. She believes that nonprofits should prepare board packets that include things like staff names and an org chart, office locations, acronym definitions and anything that might be useful to anyone new to the organization.

“As a new board member and finance committee member, I was excited to share my opinions, but when I got there, I did not know what was going on,” Murzaeva remembers. “There were lots of acronyms and decisions that had already been made. It took a few meetings for me to be able to share my experience. I needed a buddy to sit down and discuss the organization and its mission and why decisions have been made (or not made).”

Green Hasson Janks Manager Lizbeth Nevarez feels that often new members have probably been recruited for a specific expertise they bring, so before they come into a board meeting, the organization’s leadership and some current board members should sit down and give their perspective.

“Some new members may not want to rock the boat if it seems like it is already all decided,” Nevarez explains. “But you want that fresh perspective so new members should be encouraged to speak up.”

Green Hasson Janks Partner Satpal Nagpal adds that most nonprofits fight for boards that have talented, smart people, but those people have other jobs.

“This is a volunteer role, after all,” Nagpal says. “So there is a finite amount of time they have for the organization. A good board development program sets high standards for selection, orientation, education and evaluation, and defines when it is time to move on.”

Executive Service Corps Consultant Roberta Suber emphasizes that an important responsibility the board has is

to thoroughly vet candidates for board membership so they can add new people who will contribute something different and who fully understand what is expected.

“Serving on a board is not just a social thing,” Suber explains. “The new board member needs to really care about the mission and bring needed experience to support the organization.”

BOARD ROTATION AND TERM LIMITS

Board turnover is a hard topic for most nonprofits, and few do it well. The case for having term limits or board rotation is that fresh perspectives should always be added as an organization grows and evolves. Unfortunately, just **30 percent of this year’s survey respondents said they had a formal succession plan for board members at their organizations.**

“Boards tend to evolve, and boards should reflect where the agency is at this point in time,” notes **Executive Service Corps Consultant Jim Esterle**. “For example, boards need to be more entrepreneurial in the beginning, but a mature organization needs more oversight.”

Billie Greer, Former President of the Southern California Leadership Council, also believes that boards should never be static.

“Whether or not there are term limits on a board, five to six years is plenty of time before moving out and making room for new blood,” adds Greer.

Green Hasson Janks Manager Yulia Murzaeva feels there needs to be clearly defined term limits.

“Good people will get reelected and others will fall off,” **Murzaeva** expands. “Without a three-year term, it is important to rotate members — the organization needs to continue to serve its evolving constituency.”

Jenifer Holland, Associate Vice President of Consulting and Learning Practice at BoardSource, has some good advice for those nonprofits that resist setting limits.

“Term limits do not have to be seen as a break-up or divorce or as punitive,” Holland explains. “Term limits can be a helpful way to reframe the issue around board members’ engagement with the organization — they provide a structural opportunity for a built-in ‘graceful exit.’ That way it leaves space for the human interaction to not be so fraught.”

Board rotation and/or board term limits may be effective ways to reduce organizational risk, but **Green Hasson Janks Principal Mark Kawauchi** adds that it is a complicated issue.

“It is nice to get a fresh set of eyes on the board and bring ideas from other boards they sit on, but you still need the board composition to remain,” **Kawauchi** explains. “For example, you still need your legal or accounting experts, plus you need fundraisers and storytellers. There is no need for major changes if you have a solid strategic plan, one that is being reviewed at least yearly — if it is working and is addressing the changing needs of the community, there may not be the need for disruption. The answer is a well-balanced board that does not lose steam and is able to incorporate fresh ideas.”

Esterle gives an honest assessment, saying that it is his experience that often boards do not honor or enforce term limits.

“Boards do not want to go through the labor-intensive recruitment process,” **Esterle** says. “They tend to linger in their comfort zones rather than confront members when it is time for them to move on. A possible solution is to have a place for them to go where they can continue to contribute to the organization. That could look like a sabbatical program where they can leave for two years and come back, moving them to an advisory board, or simply give them an option to leave. Of course, this gets particularly complicated if they are founding members or major donors.”



Questions Board Members Should Ask about the Financial Performance⁶

01

Where are we compared with our budget?

02

Are we running a profit or loss?

03

Are our key sources of income rising or falling?

04

Do financial reports include cash flow projections?

05

Is our cash flow projected to be adequate?

06

Are our key expenses, especially salaries and benefits, meeting funding projections?

07

Do we have a diversity of funding sources? Is it a healthy mix of public and private support?

08

Do we have sufficient reserves? Are they wisely invested?

09

Is our financial plan consistent with our strategic plan?

10

Are we fulfilling all of our fiduciary obligations?

11

Are we filing all required reporting documents on a timely basis?

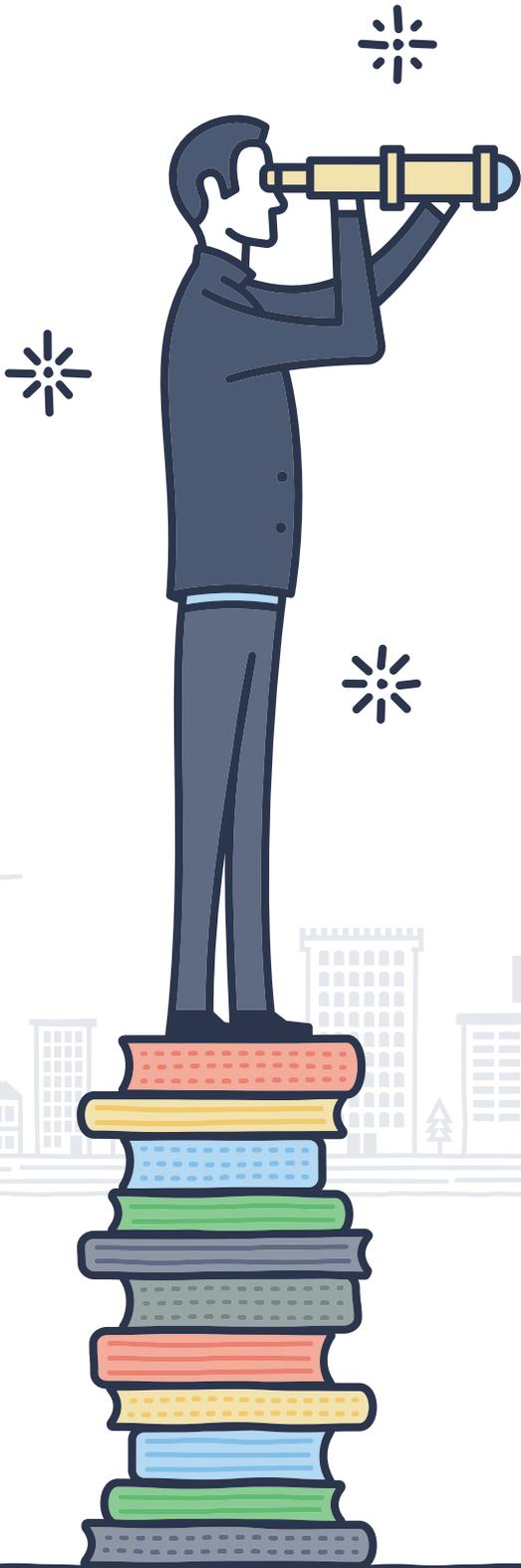
⁶BoardSource, Financial and Fundraising Issues – FAQs



There is no need for major changes if you have a solid strategic plan, one that is being reviewed at least yearly. The answer is a well-balanced plan that does not lose steam and is able to incorporate fresh ideas.



MARK KAWAUCHI
Principal, Green Hasson Janks



MOVING FORWARD

Since 2008, nonprofits have been reinventing themselves and scrambling to replace lost donors and lost government funding. Although the situation is still dynamic, smart organizations are taking the time to shore up the foundation by looking at board governance, making sure they have sound operating policies and procedures.

Board members have an opportunity to step up to a new level of understanding of their nonprofit's mission and services. One direct way this can be manifested is by being able to tell a compelling story about the organization and its clients. The rewards of storytelling play out in fundraising, advocacy and board recruitment. Recall the story of how Gio's life was changed by the work of the Actor's Gang — a board member could tell a great story with lots of metrics about success, but just one story can move mountains.

Our survey respondents showed us this year that there is room to grow in the area of board governance. Just **42 percent of board members of the organizations surveyed fully comprehend their program services.** Only **63 percent have a formal succession plan for board members or have one in development.** Just **16 percent have a formal onboarding process (or are currently developing one) for board members.**

Some of this has to do with the size and age of the nonprofit, but Green Hasson Janks hopes the ideas and perspectives shared in this paper stimulate thought and discussion within boards and serve as a useful source of information and a catalyst for growth.

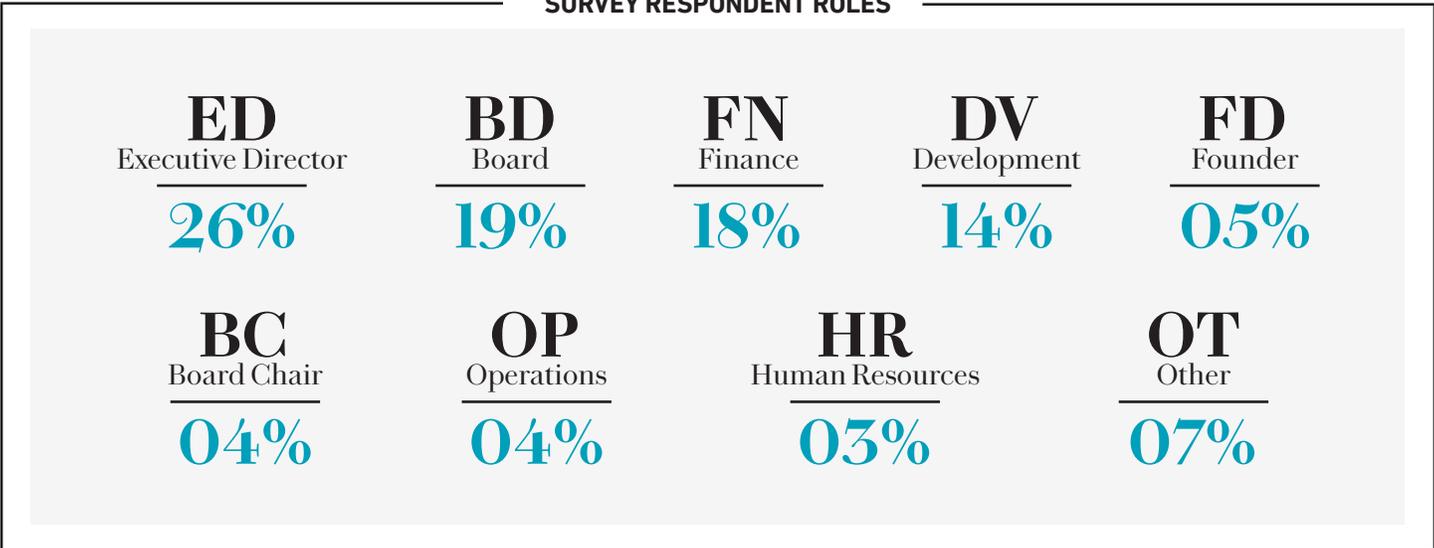
The nonprofit world is moving swiftly, and boards need to keep pace to grow and to ensure their own survival.

APPENDIX A:

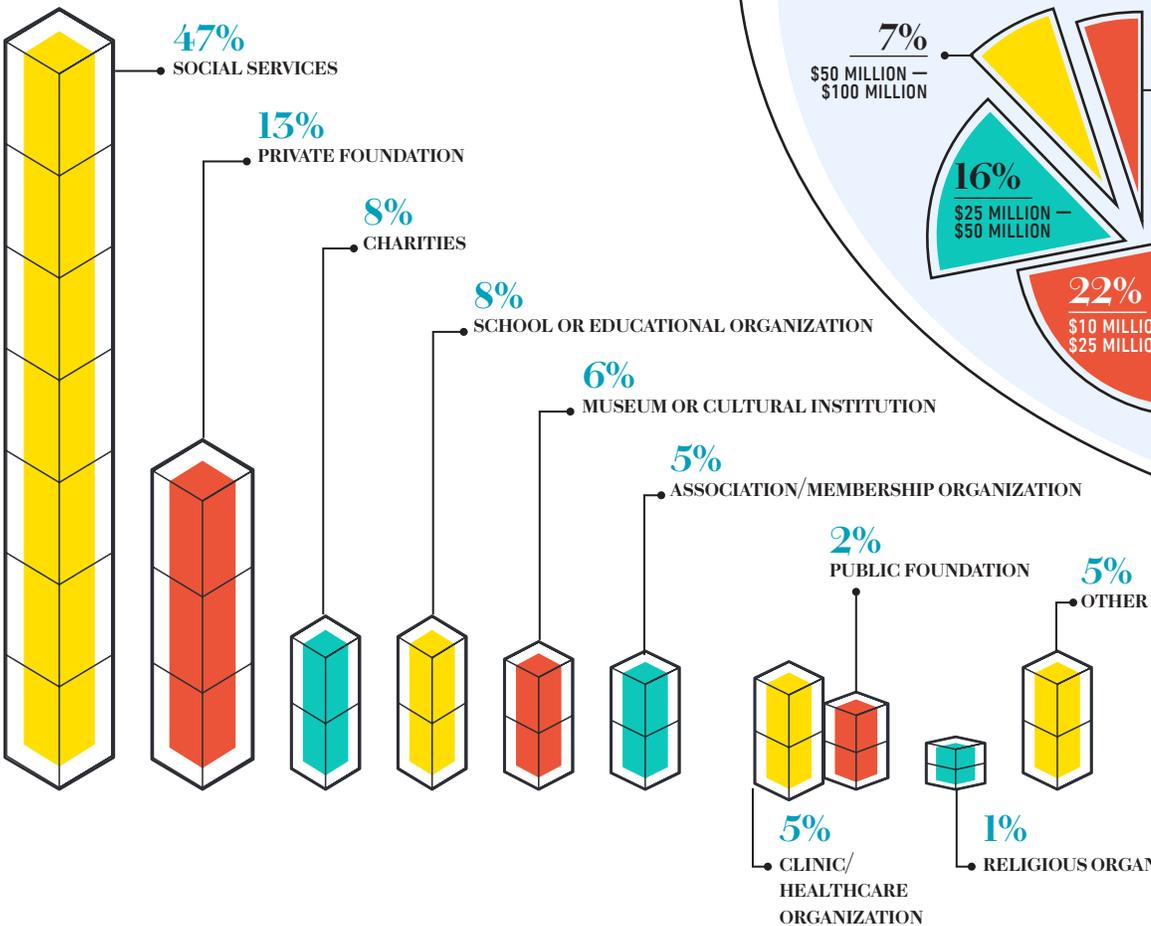
KEY TAKEAWAYS FROM THE NONPROFIT SURVEY

ABOUT THE SURVEY RESPONDENTS

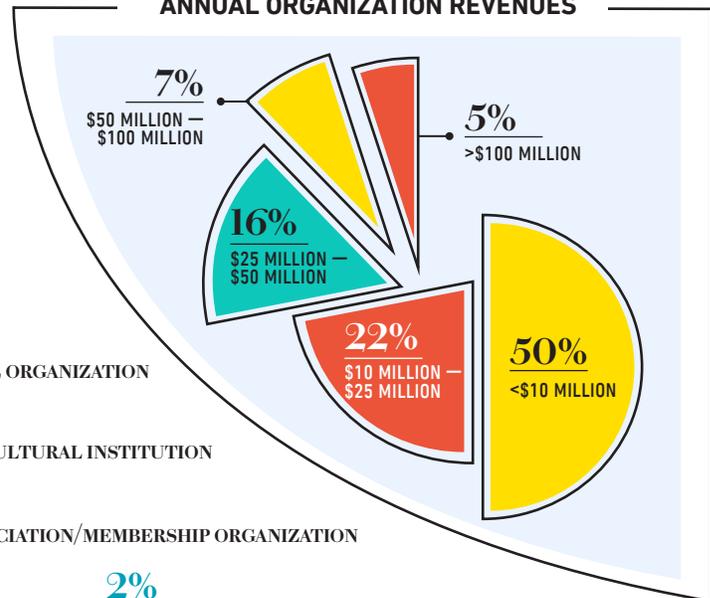
SURVEY RESPONDENT ROLES



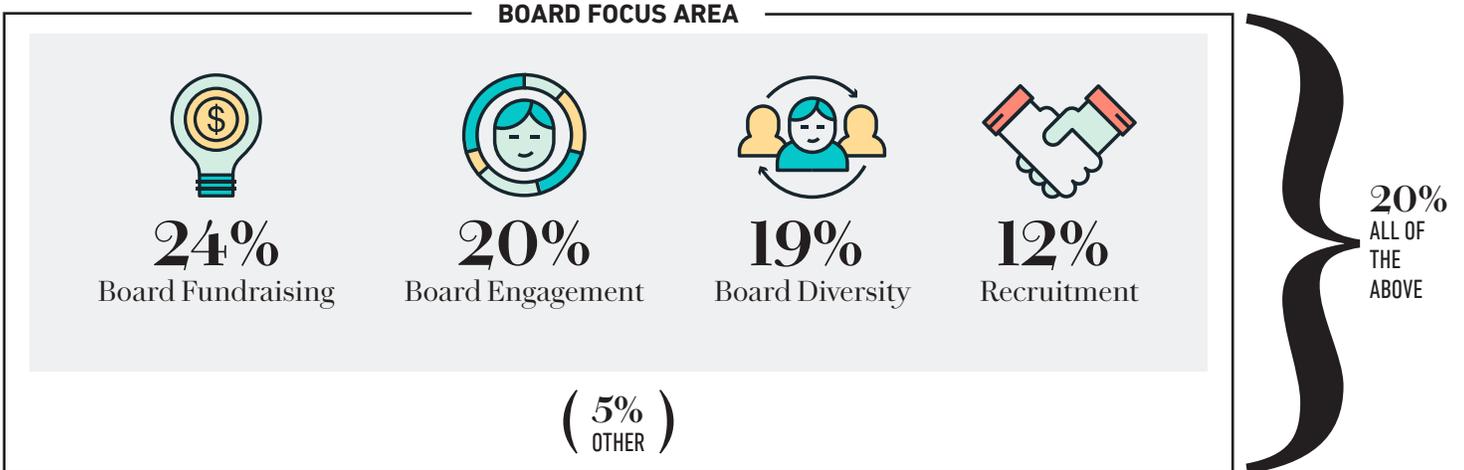
NONPROFIT CATEGORY



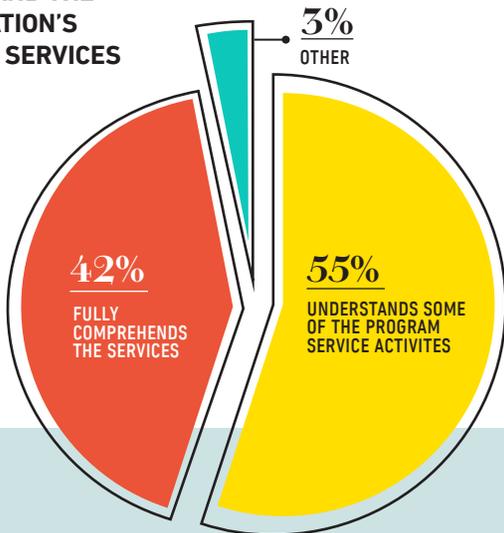
ANNUAL ORGANIZATION REVENUES



SURVEY RESPONSES ABOUT BOARD GOVERNANCE



BOARD MEMBERS UNDERSTAND THE ORGANIZATION'S PROGRAM SERVICES



FUNDRAISING RESPONSIBILITIES AND PERSONAL GIVING ARE CLEARLY DESCRIBED IN THE BOARD MEMBER EXPECTATION AGREEMENT



BOARD CHAIR CLEARLY ESTABLISHES BOARD RESPONSIBILITIES



YES, EXPECTATIONS ARE CLEARLY STATED WHEN BOARD MEMBERS JOIN

ESSENTIAL BOARD CHAIR LEADERSHIP QUALITIES (NUMBER #1 RANKINGS)



SOMEWHAT, THE ORGANIZATION NEEDS HELP IN CARRYING OUT THIS PROCESS



NO, THE CURRENT ONBOARDING PROCESS DOES NOT COVER THIS

KEY TAKEAWAYS FROM THE NONPROFIT SURVEY

SURVEY RESPONSES ABOUT BOARD GOVERNANCE



29%

Individual board members receive a periodic statement detailing attendance at board and committee meetings and the give/get status



16%

A dashboard is included in each board meeting packet that tracks attendance at board meetings and displays board giving against set targets



16%

Our board completes an annual board satisfaction survey and implementation of the action items from the survey are tracked by an appropriate board committee (e.g. the governance committee)



9%

A measure of board engagement (e.g. average no. of activities per board member per quarter) is included in the dashboard

(14%)
NONE

(16%)
OTHER

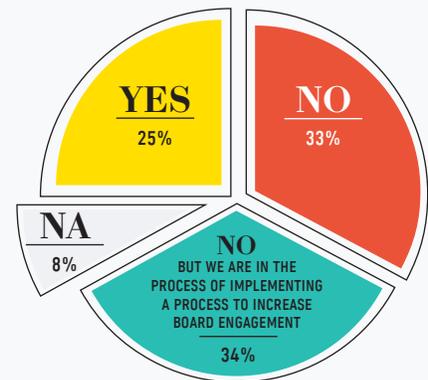
BOARD ENGAGEMENT TOOLS



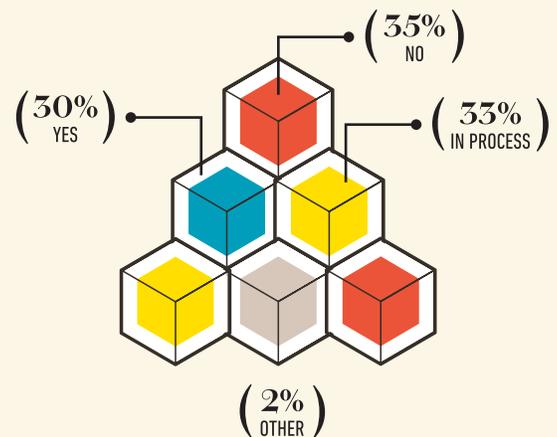
THE ORGANIZATION'S CEO PERSONALLY CULTIVATES AND STEWARDS HIGHER LEVEL PROSPECTS AND DONORS



THE MAJORITY OF THE BOARD IS ACTIVELY ENGAGED IN FUNDRAISING

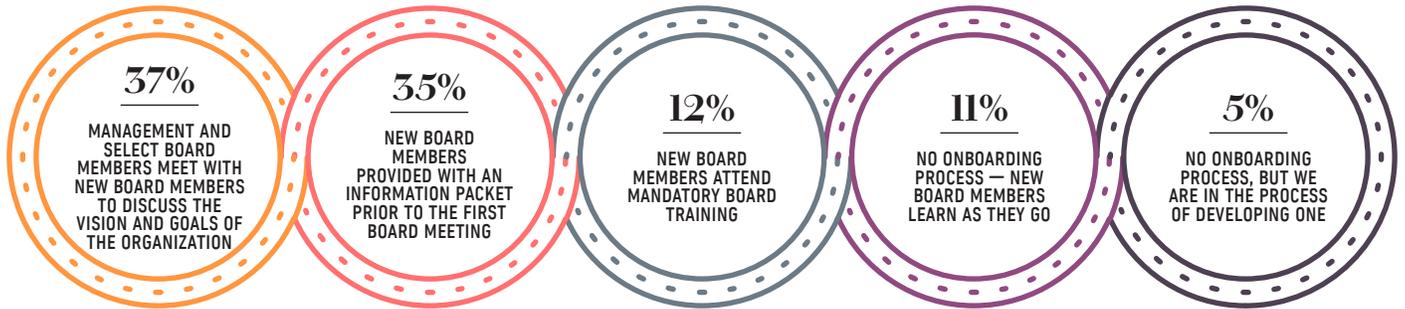


FORMAL SUCCESSION PLAN FOR BOARD MEMBERS





BOARD ONBOARDING PROCESSES



BOARD CULTURE-BUILDING STRATEGIES



(1%) (2%)
NONE OTHER

MEET THE REPORT'S PRINCIPAL AUTHORS**DONELLA WILSON****PARTNER AND NONPROFIT PRACTICE LEADER, GREEN HASSON JANKS**

Donella Wilson, CPA, leads the Firm's Nonprofit Practice. She has more than 20 years of public accounting experience providing audit, accounting and special project services and works exclusively in the nonprofit sector.

Donella is a member of the California Society of CPAs and the American Institute of Certified Public Accountants. She is a frequent guest lecturer and conference speaker on nonprofit financial management and governance issues, and served on the planning committee for the California Society of CPAs' Annual Not-for-Profit Organizations Conference for seven years and co-chaired the conference in 2016 and 2017.

Committed to ending homelessness for women, Donella is immediate past president and Board member of the Board of Directors of the Downtown Women's Center and a member of Southern California Grantmakers. In 2017, Donella was also the recipient of a "Women to Watch" Award, as well as the Trailblazer Award for her charitable activities, from the California Society of CPAs and honored as a Southern California Leadership Network (SCLN) "30-in-30," a yearlong celebration honoring 30 outstanding SCLN alumni throughout 2017. She was also recognized as a 2017 "Most Influential Women in Accounting" by the *Los Angeles Business Journal*. In 2018, she was recognized as the "Small/Midsize Company Executive of the Year" at the *Los Angeles Business Journal's* Women's Council.

**MARK KAWAUCHI****PRINCIPAL, GREEN HASSON JANKS**

Mark Kawauchi, CPA, is a principal within the Firm's Nonprofit Audit Practice. Mark has more than 25 years of public accounting experience and is dedicated to the Firm's nonprofit clients with a specialty in healthcare. In addition to performing audits and reviews, Mark enjoys being a business advisor to his clients and providing them with personalized service to help them meet their goals.

Prior to joining the Firm in 2017, Mark worked at a Big Four firm for nearly 19 years. While at the prior firm, Mark served clients in both the nonprofit and healthcare industries. Clients served include smaller nonprofit organizations to larger SEC healthcare clients. He also served as an instructor for many of his prior firm's technical training sessions that included topics such as Uniform Grant Guidance - Single Audits, the nonprofit industry and the healthcare industry. Prior to working at a Big Four firm, Mark worked for another regional CPA firm that specializes in the nonprofit industry.

He is also a member of the Los Angeles Area Chamber of Commerce Health Care Committee, the Healthcare Financial Management Association, the California Society of Certified Public Accountants, the American Institute of Certified Public Accountants and Southern California Grantmakers.

**SATPAL NAGPAL****PARTNER, GREEN HASSON JANKS**

Satpal Nagpal, CPA, has more than 15 years of public accounting experience providing audit, accounting and general business consulting services. He is an integral part of the Firm's Nonprofit Practice.

Satpal has experience in advising in the area of mergers and acquisitions, providing financial due diligence consulting such as quality of earnings, working capital analysis, and EBITDA analysis.

Satpal is passionate about the education sector and serves on the board of Synergy Academies. He also serves as a treasurer on the board of directors of International Education Research Foundation. Satpal has lectured at the Hebrew Union College and at the Riordan Volunteer Leadership Development Program on a nonprofit financial management course and has participated at the round table conference for guiding USC Masters of Accounting and Taxation students in making career decisions.



LIZBETH NEVAREZ

SENIOR MANAGER, GREEN HASSON JANKS

Lizbeth Nevarez, CPA, has 10 years of public accounting experience providing tax and consulting services and leads the Firm's Nonprofit Tax Practice.

Lizbeth is a frequent speaker at the Firm's nonprofit workshops. She has completed the Riordan Leadership Institute's Board service program through the Los Angeles Junior Chamber of Commerce. The program's mission is to develop and cultivate business professionals for lifelong service in the nonprofit community. She has also taught courses on Form 900 basics and Private Foundations through Cal CPA.

Lizbeth currently serves on the Board of Hillside, a nonprofit organization dedicated to providing family services, foster care, mental health services, and a variety of other family preservation programs. She is also on the Board of Executive Service Corps of Southern California, a leading nonprofit provider of high quality, affordable coaching and consulting to other nonprofits in Southern California delivered by executive-level volunteers.



YULIA MURZAEVA

MANAGER, GREEN HASSON JANKS

Yulia Murzaeva, CPA, CIA, has more than six years of public accounting experience providing audit, accounting and internal controls consulting services to clients. She is a manager within the Green Hasson Janks Nonprofit Assurance and Advisory Practice. As part of her focus on nonprofit organizations, Yulia obtained a Not-for-Profit Certificate II from the American Institute of Certified Public Accountants. She also leads our Firm's technical update training for Single Audits performed under the Uniform Guidance and Yellow Book.

Additionally, Yulia is a member of the American Institute of Certified Public Accountants, the California and North Dakota Societies of Certified Public Accountants, the Institute of Internal Auditors and Southern California Grantmakers.

Prior to joining Green Hasson Janks in 2017, she worked at a North Dakota CPA firm in its audit and assurance practice and managed services to clients in nonprofit, construction, manufacturing, trucking and employee benefit plan industries.



AMY EYBSEN

MANAGER, GREEN HASSON JANKS

Amy Eybsen, CPA, has more than eight years of public accounting experience and is a manager within the Green Hasson Janks Assurance and Advisory Practice. Amy provides accounting, auditing and transaction services to a wide variety of companies and organizations that span multiple industries within the greater Los Angeles area, with a specialty focus on nonprofits and private foundations. Her expertise also includes transaction due diligence.

Amy is a member of the American Institute of Certified Public Accountants, the California Society of CPAs and of Southern California Grantmakers.

Prior to joining Green Hasson Janks in 2015, she worked at a Big Four firm in its Audit Practice and managed audits involving international business combinations and purchase accounting.

EXTERNAL SUBJECT MATTER EXPERTS**JIM ESTERLE****CONSULTANT, EXECUTIVE SERVICE CORPS OF SOUTHERN CALIFORNIA**

As a volunteer consultant for Executive Service Corps of Southern California since 2006, Jim Esterle specializes in change management, human resources management during mergers and acquisitions, recruitment, compensation and benefits, strategic planning and employee relations.

During his tenure as Vice President of International Human Resources for a multinational corporation, Jim supervised all HR functional areas while simultaneously directing organizational development, training, corporate safety and security. He also spent over 22 years in the Los Angeles Unified School District, beginning as a teacher and counselor and ultimately advancing to be a school principal, regional administrator and district-wide director of special education.

He currently serves on the Board of Directors of ONEgeneration, Grandparents as Parents, Encino Neighborhood Council and the Los Angeles Cactus and Succulent Society, having assisted in board development and organizational assessment for all three organizations.

**BILLIE GREER****FORMER PRESIDENT, SOUTHERN CALIFORNIA LEADERSHIP COUNCIL**

Billie Greer formerly served as President of the Southern California Leadership Council, a nonprofit, non-partisan organization founded by four former California Governors and Southern California business and community leaders to address and resolve public policy issues critical to the region's economic vitality. With 30 years of experience in the public affairs arena as an advocate and community leader, Billie served as Director of Governor Arnold Schwarzenegger's Los Angeles regional office and a member of his senior staff.

Active in the community, Billie has served as a gubernatorial appointee to the California Science Center & Exposition Park Board since 2010. She is a trustee of the Lowe Institute of Political Economy at Claremont-McKenna College and serves on the Board of Directors of the Television Academy Foundation and The Actors' Gang. Billie has been honored by numerous organizations including the Downtown Women's Center, which celebrated Billie as its Community hero.

**JENIFER GAGER HOLLAND****ASSOCIATE VICE PRESIDENT, CONSULTING AND LEARNING PRACTICE, BOARDSOURCE**

Jenifer Holland directs BoardSource's consulting practice and helps lead the organization's research-to-practice and sector leadership initiatives. In addition to supporting BoardSource's governance knowledge creation and management, she is active in career development for social sector professionals as a mentor and peer.

Jenifer joined BoardSource in 2012. Prior to that, she was program manager at The Finance Project. Jenifer also helped found and served as executive director for the Alliance for Community Enhancement, a youth mentoring organization in New York City. She holds a master's degree in public administration from Columbia University and a bachelor's degree in geography from the University of Washington.

**JOHN MACERI****EXECUTIVE DIRECTOR, THE PEOPLE CONCERN**

John Maceri is the Executive Director of The People Concern, formed in 2016 in a merger of two trusted social service organizations, OPCC and Lamp Community, and is one of the largest agencies of its kind in Los Angeles County. With more than 55 years of work in the community, The People Concern is a leading provider of, and advocate for, evidence based solutions to the multi-faceted challenges inherent in homelessness and domestic violence. The agency has an annual operating budget of \$42 million, employs a staff of 450, has an active volunteer corps of 700 and serves over 5,000 individuals and families a year.

As a long-time community volunteer, John served on the board of the Business Alliance of Los Angeles. He is a Past Chair of the Westside Shelter and Hunger Coalition, and served as a member of the Board of the Santa Monica Chamber of Commerce. He is also a former member of the governing board of the Children Affected by AIDS Foundation, a national funder of agencies providing services to children and their families infected and affected by HIV & AIDS.



JACQUELINE MEEK

CHIEF DEVELOPMENT OFFICER, CHILDREN'S BUREAU OF SOUTHERN CALIFORNIA

Jackie Meek joined Children's Bureau as the Director of Individual Giving in July 2011 and became the Chief Development Officer in August 2012. She is responsible for the organization's private fundraising efforts and overseeing all aspects of the agency's marketing and public relations activities. Jacqueline has spent more than a decade raising money for nonprofit educational institutions and serving on their boards. Her background is in accounting and finance and she has diverse management experience across domestic and international operations, with particular emphasis in the financial services industry. She has held senior management positions at Airport Group International, Union Bank of California and Deloitte & Touche.



LAUREN PETERSEN

FOUNDATION AND DONOR RELATIONS MANAGER, ONEOC

Lauren Petersen is responsible for developing stewardship, cultivation and recognition strategies that build relationships between charitable foundations and OneOC. Prior to joining the OneOC team, Lauren gained broad-ranging experience in frontline fundraising, event coordination, volunteer coordination, direct mail marketing, donor relations and grant writing with both national and community-based nonprofits. She also currently serves as Vice President of the Grant Professionals Association of Orange County.



ROBERTA SUBER

CONSULTANT, EXECUTIVE SERVICE CORPS OF SOUTHERN CALIFORNIA

Roberta Suber has over 35 years of experience in gerontology, healthcare and social work, and nonprofit management. She has been a volunteer consultant with Executive Service Corps of Southern California since 1999. As President of ElderMed America, a subsidiary of the former UniHealth hospital system, Roberta managed a national consultation and training company, helping over 100 healthcare organizations implement cost-effective and award-winning senior services and marketing strategies. Roberta was a Senior Vice President at UniHealth's HMO, CareAmerica Health Plans, and its later owner, Blue Shield.

As an Executive Service Corps of Southern California volunteer consultant, Roberta has specialized in helping nonprofit organizations develop meaningful strategic planning, executive management, and board governance practices, and provides leadership and training in board development and governance issues for new volunteers. She has been active on several nonprofit community boards and advisory committees.

A special thanks to our subject matter experts and all who participated in our survey. We would also like to give special thanks to BoardSource and Executive Service Corps of Southern California for letting us use their research and training materials.

Nonprofits that work together make us all stronger!



At Green Hasson Janks, we are passionate about helping our clients and our people #BeMore by focusing on building thriving businesses and creating a better future. The firm works as a business advocate for its clients — providing personalized service and building long-term relationships to help position our clients for the future. Recipient of the Los Angeles Chamber of Commerce’s 2018 Employee Champion For Life Work Harmony Award and named a “Best Places to Work” by the *Los Angeles Business Journal* eight times since 2008, the firm has 12 partners and approximately 150 staff members that serve over 3,000 clients. The firm is a member of the American Institute of Certified Public Accountants (AICPA), the AICPA Governmental Audit Quality Center (GAQC), the Public Company Accounting Oversight Board (PCAOB), the California Society of CPAs, the California Association of Nonprofits (CalNonprofits) and Southern California Grantmakers.

Green Hasson Janks is also an independent member of HLB International, a worldwide organization of professional accounting firms and business advisors represented in over 100 countries. This affiliation provides access to the subject matter experts of other member firms in most major cities around the world. Green Hasson Janks is the exclusive member firm of HLBI in Los Angeles County.

VISION

At Green Hasson Janks, we foster a flexible, entrepreneurial environment so our people achieve their personal and professional goals.

Our success is driven by retaining the best, diverse talent. We invest in our people and technology to deepen firm expertise and fuel sustainable growth. We partner with our clients locally and globally to deliver innovative solutions.

WE TRANSFORM VISION INTO REALITY BY SERVING:

- Organizations that improve our world
- Food and beverage companies that nourish us
- Media companies that capture our imagination
- Businesses that enhance our health and wellness

**ABOUT THE GREEN HASSON JANKS
NONPROFIT AND PRIVATE FOUNDATION PRACTICE**

Green Hasson Janks has the privilege of providing audit, accounting, tax and consulting services to more than 100 nonprofit clients. For over 30 years, the firm has worked with both private foundations and public charities, and its employees are well versed on current nonprofit benchmarking and governance issues. A number of its staff members also serve on boards of nonprofit organizations, which give them insight to the operational and financial challenges unique to the industry.

Currently, Green Hasson Janks serves over 40 private foundation clients, including 10 of the top 25 private foundations in Southern California. The firm prides itself on its ability to understand its clients’ strategic vision and work toward common goals while maintaining the proper level of independence.