

Board of Directors Institute

RESOURCE MATERIALS



SATURDAY, OCTOBER 7

2023

ORGANIZED BY THE Chester County Community Foundation

HOSTED BY THE Chester County Intermediate Unit

PRESENTATIONS COURTESY OF Chester County Consultants' Collaborative & Volunteer Panelists

MISSION

The Community Foundation connects people who care with causes that matter, so their philanthropy makes a difference

Now & Forever.



WHAT IS A COMMUNITY FOUNDATION

We build a substantial amount of community assets over time from the contributions of people of significant wealth and modest means.

The earnings from these invested assets are granted to charities to meet community needs now and into the future.

ABOUT US

Since 1994, the Community Foundation has partnered with donors who believe that positive change occurs through effective charitable giving.

Today, the Community Foundation holds in trust 425+ charitable legacy funds created by individuals, families, businesses, and nonprofits.

Together, these funds represent ordinary people who have made extraordinary commitments to our community, for now and forever.



BOARD OF DIRECTORS INSTITUTE AGENDA

Sat., 10.07.23

Chester County Intermediate Unit, 455 Boot Road, Downingtown PA 19335

8:30 Check-In/Nametags 4th Floor Lobby Coffee, Meet/Greet, Info Tables Room 400/401



9:00-10 Opening Plenary Panel

Opening Plenary: Welcome/In Boards We Trust	Winnie Moran Sebastian Esq. Karen Simmons	Room 400/401 v
SOS: Share Our Secrets to Recruiting & Retaining Younger, More Diverse Board Leaders (HO#1)	Emily Temple Abels Esq. Keith Burress Mayra Castillo Erik Gudmundson Timmy Nelson	Room 400/401 v KAS Mod

10:15-11:15 Workshop Sessions

Hi Impact Boards: Overall Board Responsibilities (HO#2)	Robbe Healey ACFRE	Rm 302 v
Organizational Life Cycles & Evolving Roles of the Board & Executive Director (HO#3)	Connie Carter CFRE Lou Beccaria Ph.D.	Rm 303 v
Developing a Comprehensive Fundraising Plan (HO#4)	Corrine Sylvia	Rm 304 v
Avoiding Legal Pitfalls (HO#5)	Emily Temple Abels Esq. Jacqueline Motyl Esq.	Rm 305 v

11:30-12:30

Major Gifts: Cultivate, Cultivate, Ask (HO#6)	Jason Arbacheski CAP® Lou Teti Esq. CAP®	Rm 302 v
Internal Controls, Audits & IRS 990s: What Every Board Member Needs to Know (HO#7)	Cindy Ray CPA Louise Schorn Smith CPA Kathy Wileczek CPA	Rm 303 v
15 Most Common Errors of Nonprofits (HO#8)	Jacqueline Motyl Esq.	Rm 304 v
Nonprofit Strategic Planning (HO#9)	Connie Carter CFRE Corrine Sylvia	Rm 305 v

12:30-12:45 Break - Select Your Boxed Lunch from Feeding Frenzy Catering @ Rm. 300

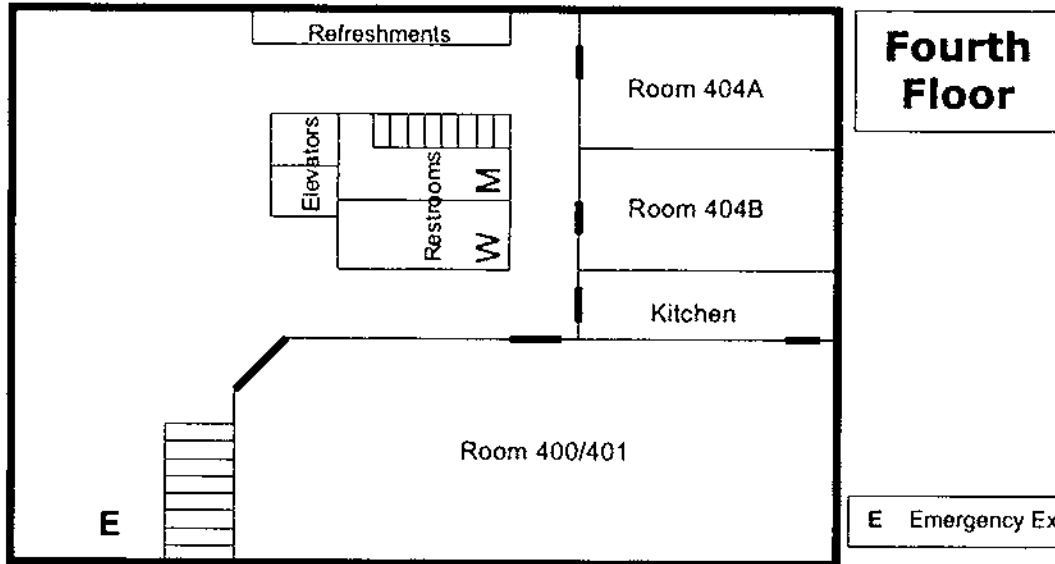
1-2 Working Lunch Sessions

The Board's REAL Role in Fundraising (HO#10)	Krystine Sipple CFRE	Rm 302 v
Executive Transitions: The Board's Role in Searching For, Hiring & Supporting a New Executive Director (HO#11)	Keith Burress Kris Keller	Rm 303 v
Look at Our IRS990 With Me...What Should I Pay Attention to as a Board Member? (HO#12)	Rob Necarsulmer Cindy Ray CPA Kathy Wileczek CPA	Rm 304 SS 990s from Guidestar online
YMCA Board Members Only – group debriefing Advisory & Governing Board Members	YMCA Board	Rm 305 v Timmy Nelson facilitate
Ask a Trainer/Consultant: When you pick up your lunch, feel free to pick the brain of one of today's trainers/panelists, with your particular burning issue, question or idea. No agenda.	Trainers, Panelists & Consultants from today	Rm 300 & at lobby hi-top tables

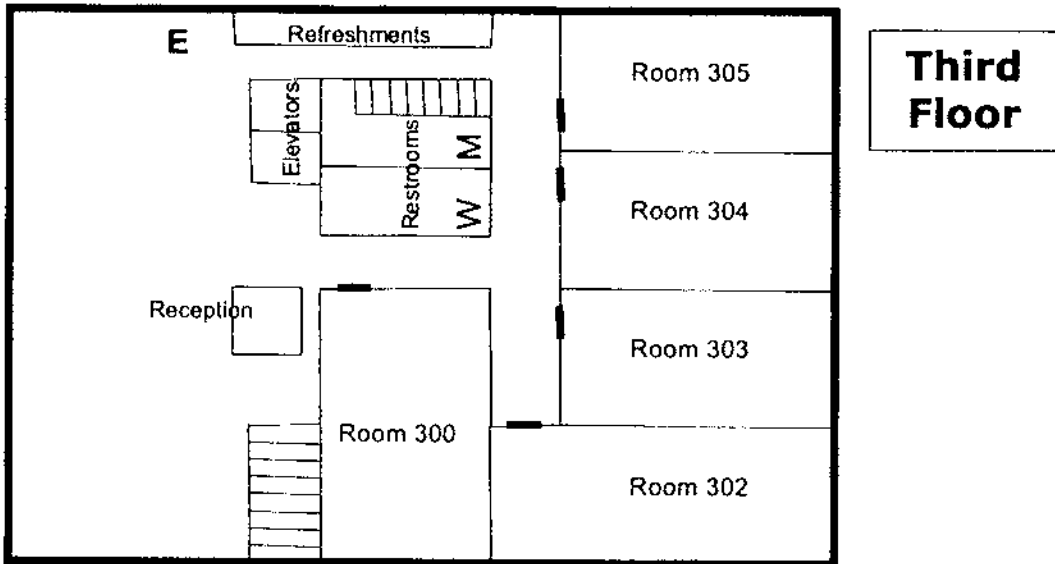
2:00 Conclusion of Today's Board Institute

Hope to see you at our Zoom Board Workshops & Roundtables.
Every other Monday at noon. Free. Register at www.chescocf.org

Chester County Intermediate Unit Floor Map



E Emergency Exits



BOARD MEMBERS – ZOOM IN AT NOON FREE BOARD ROUNDTABLES & TRAININGS EVERY MONTH

[HTTPS://CHESCOF.ORG/GETONBOARD-MONTHLY-TRAININGS/](https://chescof.org/getonboard-monthly-trainings/)

NONPROFIT BOARD MEMBER ROUNDTABLES



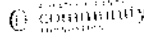
What's up in your nonprofit committee & Board service?
Insights, issues & problem solving

Schedule of dates
11:00 AM - 12:00 PM
12:00 PM - 1:00 PM
1:00 PM - 2:00 PM



GETONBOARD CHESCO
Team • Connect • Support

Register online
[ChesCoCF.org/GetOnBoard-Monthly-Trainings](https://chescof.org/getonboard-monthly-trainings)

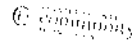
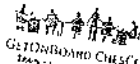


NONPROFIT BOARD MEMBER TRAININGS



High-impact nonprofits depend on executive and Board members who understand their roles and have best to bring their skills to the table.
Zoom in at noon for free nonprofit leadership and governance training.

Schedule of dates
11:00 AM - 12:00 PM
12:00 PM - 1:00 PM
1:00 PM - 2:00 PM



Register online
[ChesCoCF.org/GetOnBoard-Monthly-Trainings](https://chescof.org/getonboard-monthly-trainings)

29TH ANNUAL MEETING

[CHESCOF.ORG/EVENTS/ANN-MTG](https://chescof.org/events/ann-mtg)

OPENING DOORS TO LEGACY PHIL ANTHROPY

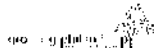
Chairman, Executive Director, Board President
Bryan W. Lippert, Esq., President

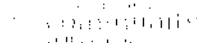
INSPIRING PHIL ANTHROPY

Board President

HON. DR. CLIFFORD E. DEBAPTISTE VISIONARY AWARD

Chairman





CCCFC HELPS YOUR NONPROFIT GROW ITS ENDOWMENT FUND

Why a nonprofit endowment?

 Ongoing, dependable annual payout

 Key to sustainability

 Demonstrate donor/community belief in overall mission, impact & stewardship

 Planned giving always happens. Large nonprofits historically benefit. Mid-sized nonprofits should, too.

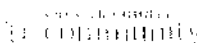
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TRAINING

**COACH/
CONSULT**



CCCFC HELPS YOUR NONPROFIT GROW ITS ENDOWMENT FUND

#7 PLANNED GIFT ADMINISTRATION

- Request language
- IRA reposition and fund administration
- Charitable Gift Annuities prospectus and calculations of interest that include, interest expert, credit a leg, payouts
- Charitable Remainder Trusts or Charitable Lead Trusts are entities and fund administration
- Life insurance gift processing
- Real estate gift processing

#6 HELP IMPLEMENT

- Planned Giving case statement & materials review & feedback
- Customized board training on planned giving
- Prospect research rating
- Professional advisor outreach
- Speakers: planned giving/legacy motivation, values, options, opportunities
- Cultivation planning
- 1:1 meeting practice
- Meeting follow up
- Planned gift stewardship

#5 CAPACITY BUILDING GRANTS

CCCFC Fund for Chester County grants to eligible nonprofits to support planned giving and endowment development. www.chescocf.org

#1 EVALUATE & PLAN

Assess organizational readiness for planned giving & endowment building. Create CCCFC NGO Endowment Fund when ready.

Planned giving framework: endowment building & plans: giving goals, process, broader awareness, timelines

Annual check-in meeting with Board & senior staff

#2 PUBLICITY

- CCCFC annual report listing
- CCCFC web site listing, with associated Endowment Fund page & donation link
- Brochure: initial draft + 100 color copies
- Social media promoting planned gifts

#3 TRAINING

- Attracting Endowed & Planned Gifts workshops
- Peer Learning Circles for nonprofit staff & board members - zoom & in person
- Pro Legacy Advisor Network panels
- Board of Directors Institute - event, guest network & learn, annually each autumn
- Online resources...best of all is at www.chescocf.org/Resources
- Delaware Valley training...Planned Giving Day, Partnership for Planned Giving, Usable Demands Center, AFP at www.chescocf.org/Resources

#4 COACHING/CONSULTING

1:1 coaching by community foundation staff

Chester County Consultants Collaborative & other consultants... www.chescocf.org/Resources#page

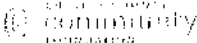
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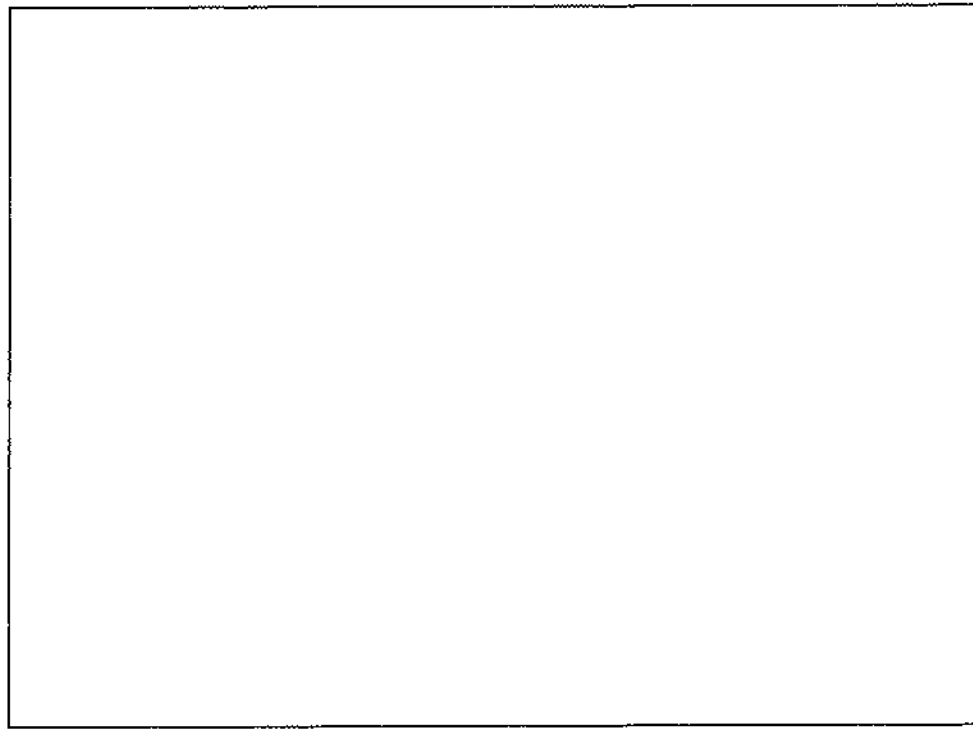
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CCC HELPS YOUR NONPROFIT MANAGE ITS ENDOWMENT FUND

<ul style="list-style-type: none">• Gift processing, posting• Gift deposits• Grant & program disbursements• Investment manager fee posting• Fund reconciliation / rectification transfers• Pledge reminders• Fund accounting report generation	<ul style="list-style-type: none">• Investment policy formulation• Investment manager: select, monitor, watchlist, transition as merited• Asset & sub-asset allocation• Long-term & short-term policy ranges• Pooled invested assets w/separate accounting• Investment return postings• Tracking, benchmarking, best practices
ACCOUNTING 	INVESTMENT 

- Contribution receipts for IRS compliance
 - Annual audit
 - Annual IRS990 filing

COMPLIANCE 



2023
 COMMUNITY
 LEADERS

Share Our Secrets:

Recruiting & Developing Younger, More Diverse Board Leaders



Emily Temple Abels Esq.

Attorney at Law
 Lammere Scarlett
 Board Member
 -Chester County
 Community Foundation
 Friends Committee on National
 Legislation
 -Haverford College
 -Westtown School



Keith Burress

Project One Director
 Family Services ChesCo
 -Board Past President,
 Onion Communities
 -Board Member,
 Community Coalition



Mayra Castillo

Supervisor, CCJH
 Migrant Education
 Program
 Board Member:
 -Kennett Area Attainable
 Housing Council
 -Health & Welfare
 Foundation of SchesCo
 Casa Guanajuato



Erik Gudmundson

Chief Revenue Officer,
 Pepasis Technologies
 Board Member:
 Chester County
 Community Foundation
 -SCC Chamber of
 Commerce
 CCEDC Innovative
 Technology Action
 Group
 -Tech Forum of DE
 -ChesCo Workforce
 Development Board

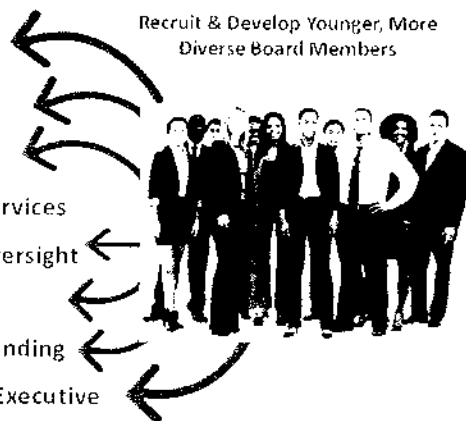


Timmy Nelson

Outreach Advisor
 Chester County
 Community Foundation
 Board Service:
 -United Way ChesCo
 -Tyrks Head/ChesCo
 Hospital/Penn Medicine
 -Patient Advisory
 Council (OBRM)
 Gift of Life Donor
 Program
 West Chester Food
 Cupboard

BOARD DUTIES

1. Ensure Legal & Ethical Integrity
2. Build a Competent Board
3. Determine Mission & Purpose
 Ensure Effective Planning
 Monitor & Strengthen Programs & Services
4. Protect Assets & Provide Financial Oversight
5. Ensure Adequate Financial Resources
6. Enhance the Organization's Public Standing
7. Select, Support & Evaluate the Chief Executive



TODAY'S FOCUS

3. Where & how do we find & develop younger, diverse relationships?

2. What works well & what doesn't

- in cultivating & recruiting?
- in orienting & retaining?
- in transitioning to leadership positions

1. Self-Reflection & Self-Examination:
Are board members really ready for more diversity of all types throughout the entire nonprofit organization:


- programs & services
- communications, marketing, fundraising
- vendors
- partners
- volunteers, committees, board, staff


❖ What practices & processes at our nonprofit are impediments to diversity?

❖ What can be done to improve this?

❖ What are some examples of where this is working well?

Recruit & Develop Younger, More Diverse Board Members

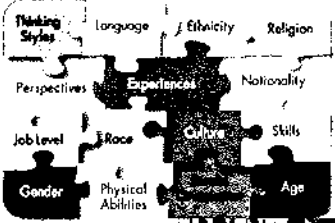




TARGET BOARD NEEDS

DEMOGRAPHICS & EXPERTISE

AREA	HAVE	NEED
PASSION + COMMITMENT to CAUSE		
High, Medium, Low, None		
EXPERTISE		
Board: Serves on other boards		
Accounting, Finance, Investment		
Customer Service		
Human Resources		
Legal, Risk Management		
Fundraising, Marketing, Sales		
Strategic Planning: Strategic Thinking		
RESOURCE CONNECTIONS		
Introductions/Ambassador to potential partners & donors		
Open doors to funding sources		
Community outreach		



AREA

GEOGRAPHY
N, S, E, W, Central

AGE
20s, 30s, 40s, 50s, 60s, 70s, 80s

SEX M, F

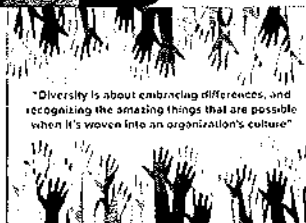
SEXUAL ORIENTATION

GENDER IDENTITY


RELIGION

DISABILITY

RACE/ETHNICITY

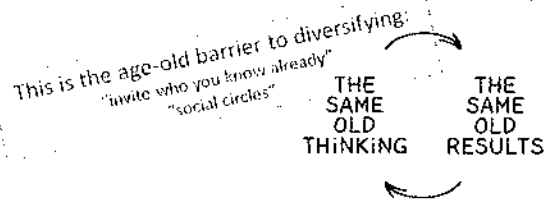


"Diversity is about embracing differences, and recognizing the amazing things that are possible when it's woven into an organization's culture"



IDENTIFY BOARD PROSPECTS

- Leverage existing organizational networks
 - Volunteers, donors, constituents, event attendees
 - Referrals from board members, partners



- Build new networks. Start. Give it time to develop.

Looking ahead,
it isn't about WHO you know,
it's about who you NEED to know



RECRUIT BY DESIGN, NOT BY ACCIDENT

- Recruit affirmatively by identifying diverse people whose specific skills, abilities, qualifications & experiences meet your nonprofit's needs
- Recruit a **critical mass** of diverse people
 - Be wary of tokenism
 - Rule of 3
- Respect **non-traditional backgrounds** & experiences
- **Seek out diverse networks** & intentionally follow up for guidance & assistance—new experiences, new connections, new perspectives, new knowledge of others, new referrals
 - Attend community events which include & honor diverse people
 - Personally patronize restaurants & businesses owned by diverse people



RECRUIT

TAKE TIME TO BUILD AUTHENTIC, NEW RELATIONSHIPS

- Initial interactions & tone
 - Visits, events, programs
 - Welcoming & inclusive (*Are We Really???*)
- Deepen interactions
 - Committees / Task Force service **first**
 - Then decide whether Board service is appropriate
 - Commitment to mission
 - Place nonprofit's needs ahead of own
 - Hold confidences & private info
 - Respect group process & organizational protocols
 - Serve as strong ambassador



RETAIN DIVERSE LEADERS


*Retention is grounded in good group
process*

- Satisfying authentic relationships
- Mutual benefit & exchange
- Effective leadership
- Substantive work
- Celebrate accomplishments



RECRUITING DIVERSE LEADERS IN CHESCO...A START

LISTING & LINKS AT [HTTPS://CHESCOF.ORG/SOCIAL-JUSTICE/](https://chescof.org/social-justice/)

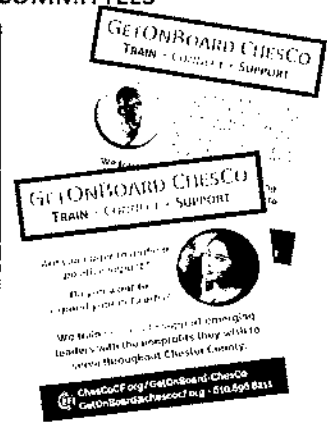
<p>REFERRALS/INTRODUCTIONS from diverse people who already serve on other nonprofit boards, committees & who volunteer</p>	<p>FAST-TRACKED MIDDLE MANAGERS in larger businesses & corporations</p>	<p>ORGS REPRESENTING DIVERSE GROUPS NAACP - West Chester, Phoenixville, Coatesville Black Light Project, Phoenixville Black Women of Chester County in Action Casa Guajayata, Kennett Diversity in Action, Phoenixville LGBT Equity Alliance of ChesCo, Phoenixville</p>
<p>COLLEGES & UNIVERSITIES ALUMNI, FACULTY & STAFF Cheyney University Delaware County Community College Lincoln University Penn State https://www.psu.edu/ West Chester University esp. WCU Black Alumni Association http://www.wcu.edu/blackalumni/</p>	<p>EXECUTIVE LEADERSHIP TRAINING PROGRAMS Leadership ChesCo - UW + WCU + CCCB @ 8 trainings over 8 mos, 20 alumni/yr <i>"The Boarded Up Door" - 100+ trainings over 10 yrs</i> DiverseForce on Boards Univ of PA + William Penn Filtr/Leifest/Kinght board training & matching program for emerging & senior leaders of color. 6 wks training, 100+ alumni/yr http://boardchessco.org/</p>	<p>RELIGIOUS COMMUNITY GATHERINGS St Paul's Baptist Church, West Chester Bethel AME, West Chester Bethel AME, Kennett Square Grimes AME, Phoenixville Kushier Israel, West Chester St Agnes Latin mass, West Chester Tabernacle Baptist Church, Coatesville</p>
<p>PROFESSIONAL, TRADE OR FRATERNAL ASSOCIATIONS Latino Lunch Club - monthly meet up West Chester & Virtual</p>	<p>CHAMBER OF COMMERCE GATHERINGS</p> 	<p>SERVICE CLUBS Rotary Clubs Lions Clubs Sewans Clubs</p> <p>www.cedarbooks.com</p>

NEW PROGRAM TO RECRUIT & SUPPORT EMERGING DIVERSE COMMUNITY LEADERS IN CHESCO...START W/COMMITTEES

GETONBOARD CHESCO TRAIN • CONNECT • SUPPORT



We train, connect, and support emerging leaders with the nonprofits they wish to serve throughout Chester County.
[ChesCoCF.org/GetOnBoard-ChesCo](https://chescof.org/GetOnBoard-ChesCo) • 610.696.8211

GETONBOARD CHESCO
TRAIN • CONNECT • SUPPORT

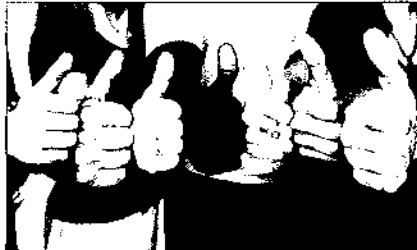
Are you a diverse emerging leader in your field?
Do you want to expand your leadership?
We train, connect, and support emerging leaders with the nonprofits they wish to serve throughout Chester County.

[ChesCoCF.org/GetOnBoard-ChesCo](https://chescof.org/GetOnBoard-ChesCo)
[GetOnBoardChesCo.org](https://chescof.org/GetOnBoard-ChesCo) • 610.696.8211

<https://chescof.org/getonboard-chesco/>

**NEXT STEPS:
SET YOUR BOARD RECRUITMENT & DEVELOPMENT GOALS**

We know how to do this.



It takes *awareness*.
It takes *planning*.
It takes *commitment*.
It takes *time*.



HIGH IMPACT BOARDS



Robbe A. Healey, MBA, NHA, ACFRE, FAFP
Aurora Philanthropic Consulting
<https://www.auroraphilanthropic.com/>
610.996.4650

WHAT'S NEW?

- **Increased complexity in governance**
 - more scrutiny and regulations
- **Busier board members with busier lives**
- **Different constituent expectations & engagement desires**
 - demanding voice, expecting impact
- **Charitable giving landscape is shifting dramatically**
 - giving more decentralized
 - new generations of donors take the helm, with evolving donor interests, engagement/giving patterns & approaches
 - increased technology, social media, crowdfunding
 - increased in donor advised fund gifts
 - increase in planned giving focus

In these shifting times, board members must be *transformational superheros* to enable nonprofits to thrive in this changing landscape



SO, WHY DO YOU SERVE ON NONPROFIT BOARDS?

- ❖ Because you are committed to the mission
- ❖ Because you are committed to the community
- ❖ Because your participation is consistent with your own personal core values
- ❖ Other reasons?

**"COMMITMENT IS WHAT
TRANSFORMS A
PROMISE INTO A REALITY."
- Abraham Lincoln**

BOARD RESPONSIBILITIES

1. Ensure Legal & Ethical Integrity
2. Build a Competent Board
3. Determine Mission, Vision & Purpose
Ensure Effective Planning
Monitor Program & Service Quality
4. Protect Assets, Manage Resources
Wisely & Ensure Fiscal Oversight
5. Ensure Adequate Resources
6. Enhance the Nonprofit's Public Standing
7. Hire, Support, Monitor & Evaluate
the Chief Executive



#1-Ensure Legal & Ethical Integrity

Business Judgment Rule:

Courts typically apply the Business Judgment Rule when rendering judgments, developed over the years as Courts have deliberated to what extent the corporate fiduciary is liable for honest errors in judgment that lead to loss to the corporation:

“Directors are required to perform their duties in good faith in a manner in which they reasonably believe to be in the best interests of the corporation, and with such care, including reasonable inquiry, skill & diligence as a person of ordinary prudence would use under similar circumstances.”



#1-Ensure Legal & Ethical Integrity



Good Faith = Duty of Care = Duty of Loyalty = Duty of Obedience

Duty of Care

- Responsibility for making informed judgments lies with the board member:
 - Board members need to secure facts & ask questions to get clarity of the issues
 - The board should seek independent professional advice when decisions are complex or in new territory
- Per the Office of Inspector General, board members are responsible for two facets of legal compliance with regard to duty of care:
 - to ensure that accurate information & reporting systems exist
 - to ensure that reporting systems are adequate to flag board members in a timely manner when the organization is threatened by legal concerns



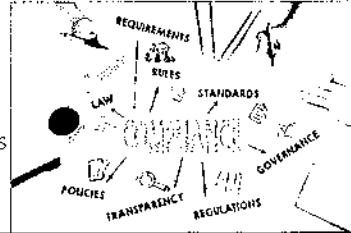
1-Ensure Legal & Ethical Integrity

★ **Good Faith = Duty of Care + Duty of Loyalty + Duty of Obedience**
Duty of Loyalty

- Board members must cast aside any personal & professional interests placing the interests of the nonprofit ahead of their own
- Although Board members technically CAN engage in financial transactions with the organization as long as the conflict is disclosed and approved by the other directors, this is perceived by many to be disloyal self-dealing and should be refrained from
- Loyalty means respecting the confidentiality of the organization's affairs by not disclosing them to outside individuals in a way that leads to loss of opportunity for the organization

Duty of Obedience

- Board members must assure compliance with all federal, state, & local laws & regulations
- Board members must be faithful to the nonprofit's vision & mission



BOARD & STAFF RESPONSIBILITY SHARING SHIFTS AS ORG MATURES

PROGRAM A

PROGRAM B

PROGRAM C

Strategic Planning

INFO TECH

STAFF

BOARD GOVERNANCE

FINANCE

FUNDRAISING

MARKETING

COMMUNITY OUTREACH

Management

Governance

BOARD ROLES: EMPHASIS SHIFTS IN EACH ORG LIFE CYCLE PHASE + EACH FUNCTIONAL AREA

Fundraising: help plan and orchestrate resource development initiatives

Management Volunteer: serve as advisor to management and/or perform managerial tasks

Direct Service Volunteer: 'rank and file' volunteer, providing services to consumer



GOVERNANCE/NOMINATING COMMITTEE: General oversight for the effective performance of the Board.

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.
- 9.
- 10.

Nominating

1. Analyze current Board profile. Identify areas of strength and weakness, considering technical skills and personal talents needed to complement Board diversity
2. Maintain continuous list of potential board members
3. Assist with potential board member information gathering, cultivation & event attendance
4. Assist in targeting appropriate committee service for potential board members, so that Executive Director & Governance Chair can refer to Committee Chairs for initial service
5. Recommend qualified candidates for nomination to the Board

Guiding Principles

**M
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- Vision**
- Values**
- Target Markets**

External Trends
SWOT
Internal
Strengths &
Vulnerabilities
Collaborative
Partners

3-5 Goals

- Goal #1: [Illegible]**
- Goal #2: [Illegible]**
- Goal #3: [Illegible]**
- Goal #4: [Illegible]**
- Goal #5: [Illegible]**

Objectives, Action Steps

- What [Illegible]**
- What [Illegible]**
- What [Illegible]**
- What [Illegible]**
- What [Illegible]**

#4: Protect Assets, Manage Resources Wisely & Ensure Fiscal Oversight

A. Financial Budgeting, Reporting and Monitoring

- board approves annual budget
- monitors financial performance against the budget (at least quarterly); significant variations are explained and substantiated
- Annual external audit conducted by a CPA hired by the board; reports to the board

B. Internal Controls and Financial Policies

- board-approved polices re:
Internal controls - Purchasing practices – Reserves - Investment of nonprofit’s assets

C. Administrative Policies

- board-approved polices re:
crisis & disaster planning – cyber security

D. Risk Management & Insurance

- periodically assess risks the nonprofit may face
- adequate liability insurance
- adequate directors’ & officers’ insurance



What is an IRS 990?


What is the Board’s responsibility for the 990?

What information is contained in the 990?

Where is our nonprofit organization’s 990?

Who uses the 990? For what?



The importance of GuideStar.org 

How does GuideStar by Candid obtain our 990?

Why does GuideStar post our 990 online?

Can anyone see our 990 online at GuideStar?

How can we monitor, correct & improve our nonprofit’s GuideStar data online?



WHAT DO MAJOR DONORS LOOK FOR?

Level 1: Basic Compliance 501 (c) (3) in good standing



Level 2: Performance*

- Constituents served
- Organizational mission, vision, major programs
- Performance track record, evaluation & outcomes
- Relationships, partners & networks
- Governance & executive leadership
- External communications
- Financial health

*Sources:
 Site Visits
 Media/PR/Communications
 Community Input
 Nonprofit Sector Feedback
 Audit – IRS 990 - GuideStar

Individual Donor Asking Costs Less & Generates More



20% of total gifts
 30% of total gifts
 40% of total gifts



40% of total gifts
 50% of total gifts
 60% of total gifts

- Overall broad introduction
- Direct mail, e-mail, social media, events, phone calls
- Labor & resource intensive
- Staff implements solicitation
- Higher costs & modest financial returns

- Highest impact
- Major gifts, campaigns, deferred planned gifts
- Requires less up-front cash
- Volunteers crucial to opening doors & cultivating. Staff usually solicits.
- Lowest costs, highest returns
- Ideal for major donors, market influencers, board recruitment
- Takes time to cultivate authentic, trusting relationships

KEYS TO SUCCESSFUL INDIVIDUAL DONOR FUNDRAISING

1. COMPELLING PURPOSE

- Strong, moving case for support that addresses personal needs & interests
- Specific goals: clear understanding of what the donor is being asked to support
- Solid plan for meeting goals & completing the defined work
- Evidence that the gift will have meaningful impact

2. MEANINGFUL CULTIVATION & RELATIONSHIP DEVELOPMENT

- Strong leadership (board, staff, volunteers)
- Methods to promote engagement & ownership
- Understanding donor's motivations & frames of reference
- Cultivation, solicitation & stewardship by people who have already given, & are asking others to do the same
- Evidence of other support
- Opportunities for recognition, if desired
- Avenues for involvement & meaningful participation



Reputation is everything.

Stakeholders expect boards to be transparent and accountable.

Nonprofits that operate openly & honestly enjoy trusting relationships with stakeholders.

A. Educating & Engaging the Public

- The nonprofit publishes an annual report & makes readily available, in print & electronically:
 - Mission & Strategic Plan
 - Program activities & calendar of events
 - Board members – names, qualifications
 - Key staff – names, contact info, qualifications
 - Audited Financials & IRS990



- Outreach meetings & events are regularly held with targeted stakeholder groups
- An annual communications/promotional plan consistently spreads news of the nonprofit's constituent needs/accomplishments, impacts, and achievements

Boards have the task of identifying, recruiting & hiring the most qualified individual they can find to serve as the chief executive. The board needs to consider the nonprofit's needs, strengths & vulnerabilities in considering the skills and abilities of the chief executive.

- The executive's written job description is reviewed & updated annually
- The board works in partnership with the executive to accomplish the nonprofit's overall goals
- The board annually reviews the executive's compensation, compared to regional market standards; and approves annual compensation
- The board annually reviews the executive's performance, in light of the organizational strategic plan goals, and supports plans for improvement
- Overall, the board and executive have a trusting, honest, open relationship



- Oversee and direct all affairs of the nonprofit per its mission, by-laws and the concepts of fiscal responsibility.
- Long term planning, marketing, financial development planning, board development, and annual budgeting. Day-to-day operation is delegated to the Executive Director/CEO and staff, and their delegated volunteers.
- Understand and promote the organization and its mission to corporations, foundations, governmental organizations and to individuals to broaden its service base as well as its financial base.

Board Member duties:

- Attend quarterly 2-hour Board meetings & actively participate in the governance of the organization.

Members missing 3 consecutive meetings in 1 year can be automatically removed from the board.

Members who need a 3-6 month extended leave of absence, due to personal or professional circumstances, should request one.

- Counsel the Board Chair & Executive Director/CEO as needed
- Support events, contributing time, money & friends
- Annually make an individually significant financial contribution
- Consider including the nonprofit in your estate plans & leave a charitable philanthropic legacy
- Annually evaluate the work of the Board as a whole
- Annually evaluate the work of the Executive Director/CEO
- Actively serve on at least one Board Committee





Committee Chair reports at each Board meeting & Chairs committee work sessions between board meetings

The expected time commitment is 4-8 hours per month:

Quarterly Board meetings @2 hours + quarterly committees @2 hours + prep/follow up
+ attend programs, trainings events & fundraisers

Board terms are 2 years, with a maximum of two consecutive terms. One-third of the Board rotates each year.


 **ORGANIZATIONAL LIFE CYCLES & EVOLVING BOARD ROLES**




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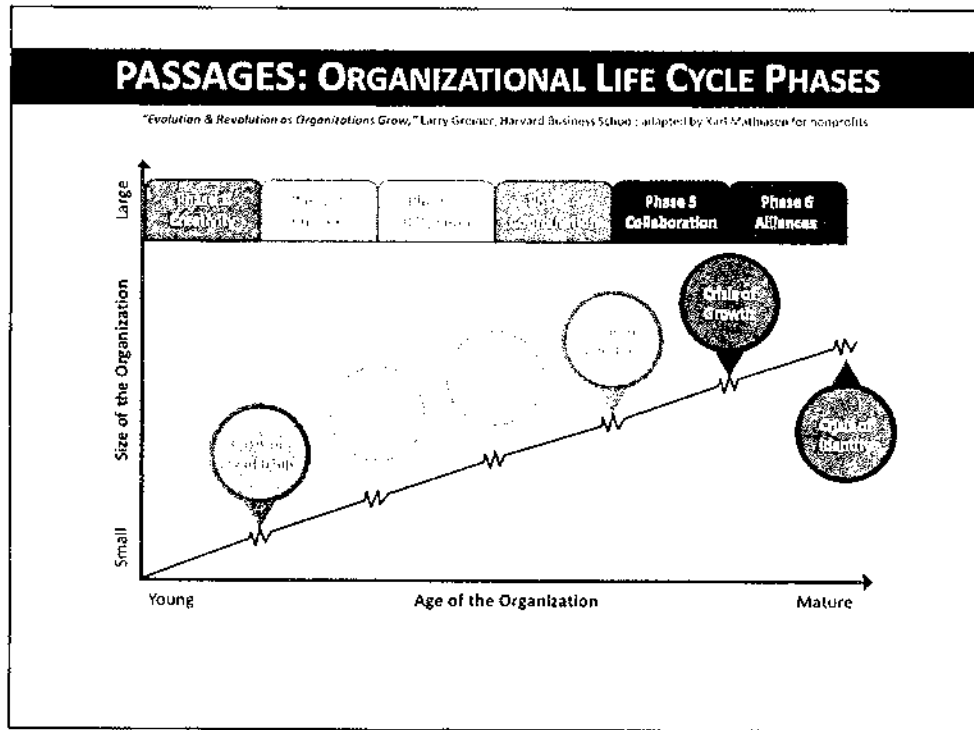


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- 1. **Ensure Legal & Ethical Integrity**
- 2. **Build a Competent Board**
- 3. **Determine Mission, Vision & Purpose**
Ensure Effective Planning
Monitor Program & Service Quality
- 4. **Protect Assets, Manage Resources Wisely & Ensure Fiscal Oversight**
- 5. **Ensure Adequate Resources**
- 6. **Enhance the Nonprofit's Public Standing**
- 7. **Hire, Support, Monitor & Evaluate the Chief Executive**





DETAIL: ORGANIZATIONAL LIFE CYCLE PHASES

	PHASE OF CREATIVITY	PHASE OF DIRECTION	PHASE OF DELEGATION	PHASE OF CONSOLIDATION	PHASE OF COLLABORATION & ALLIANCES
MANAGEMENT FOCUS	One big family working for the cause; everyone pitches in	Operating procedures standardized & documented	Expand into new project areas	Formalized planning provides coherence & consolidation	Focus on team & collaboration
ORG STRUCTURE	Informal	Centralized	Decentralize	Team approach	Task groups
TOP MANAGEMENT STYLE	Individual, entrepreneurial	Directive	Delegate	Monitor	Matrix
REWARDS	Mission, meaning	Mission, meaning	Mission, project bonuses	Mission, merit increases	Mission, merit increases
CONTROL SYSTEM	Tangible results	Standards	Profit center reports	Plan updates, dashboards	Plan updates, dashboards
COMMUNICATION	Frequent, informal	Formal	Decentralized	Frequent, transparent	Frequent, transparent

DETAIL: ORGANIZATIONAL LIFE CYCLE PHASES

PHASE OF CREATIVITY	PHASE OF DIRECTION	PHASE OF DELEGATION	PHASE OF CONSOLIDATION	PHASE OF COLLABORATION & ALLIANCES
<p>IDEAL</p> <p>One big family working for the cause; everyone pitches in</p> <p>MANAGEMENT FOCUS</p> <p>Commitment to cause</p> <p>BOARD ROLE</p> <p>Following or Leading (hands-on) Direct Service Vol Management Vol Governance</p>	<p>Operating procedures standardized & documented</p> <p>LEAD</p> <p>Efficient operations</p> <p>RESOLVE</p> <p>Volunteer governing (hands on) Fundraising Governance Direct Service Vol Management Vol</p>	<p>Expand into new project areas</p> <p>AUTONOMY</p> <p>Market expansion</p> <p>NON-MANAGEMENT VOL</p> <p>Volunteer governing to Institutional Fundraising Governance Management Vol</p>	<p>Formalized planning provides coherence and consolidation</p> <p>COORDINATE</p> <p>Org consolidation</p> <p>INSTITUTIONAL</p> <p>Fundraising Governance</p>	<p>Focus on team & collaboration</p> <p>TEAMWORK</p> <p>Nimble via teams</p> <p>INSTITUTIONAL</p> <p>Fundraising Governance</p>

BOARD ROLES: EMPHASIS SHIFTS IN EACH PHASE

Governance: collective policy formation

Management: help plan and orchestrate resource development initiatives

Management Volunteer: serve as advisor to management and/or perform managerial tasks

Direct Service Volunteer: 'rank and file' volunteer, providing services to consumer

"Evolution & Revolution as Organizations Grow," Larry Greiner, Harvard Business School; adapted by Karl Mathiesen for nonprofits

BOARD & STAFF/GOVERNANCE & MANAGEMENT: SHARED RESPONSIBILITY AREAS, SHIFT AS ORG REQUIRES

BOARD & STAFF RESPONSIBILITY SHARING

BOARD ROLES: EMPHASIS SHIFTS IN EACH ORG LIFE CYCLE PHASE + EACH FUNCTIONAL AREA

Fundraising: help plan and orchestrate resource development initiatives

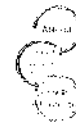
Management Volunteer: serve as advisor to management and/or perform managerial tasks

Direct Service Volunteer: 'rank and file' volunteer, providing services to consumer

- Oversee and direct all affairs of the nonprofit per its mission, by-laws and the concepts of fiscal responsibility.
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- Understand and promote the organization and its mission to corporations, foundations, governmental organizations and to individuals to broaden its service base as well as its financial base.

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- Attend quarterly 2-hour Board meetings & actively participate in the governance of the organization.
Members missing 3 consecutive meetings in 1 year can be automatically removed from the board. Members who need a 3-6 month extended leave of absence, due to personal or professional circumstances, should request one.
- Counsel the Board Chair & Executive Director/CEO as needed
- Support outreach and fundraising events, by contributing time, money & friends
- Annually make an individually significant financial contribution to the organization
- Consider including the nonprofit in your estate plans, thereby making a planned gift & leaving a charitable philanthropic legacy
- Annually evaluate the work of the Board as a whole
- Annually evaluate the work of the Executive Director/CEO
- Actively serve on at least one Board Committee
Committee Chair reports at each Board meeting & Chairs committee work sessions between Board meetings.



The expected time commitment is 4-8 hours per month:
 Quarterly Board meetings @2 hours + quarterly committees @2 hours + prep/follow up
 + attend programs, trainings events & fundraisers

Board terms are 2 years, with a maximum of two consecutive terms. One-third of the Board rotates each year.

Board Responsibilities

Ultimately responsible to approve, monitor and refine overarching organizational policies relating to overall mission, program focus, financial goals, and personnel policies.

Provides perspective of a reasonably prudent person when making due diligence inquiries about the operations of the nonprofit.

Responsible to know the overall mission, history, governance policies, and key programs of the nonprofit.

Understands the boundaries of Board/staff responsibilities.

Available for CEO consultation on organizational matters.

Acts as formal, as well as informal, ambassador for the nonprofit

Hires, supports, and evaluates the CEO annually.

Ensures financial stability by participating in fundraising planning, fundraising activities, and by at least annually making an individual donation

With staff support, reviews, evaluates and refines the work of the nonprofit to ensure that it is meeting its mission

Staff Responsibilities

Carries out work within policy parameters authorized by the Board.

Provides the professional skills needed to manage daily operations.

Responsible to understand and master their own job, within the context of overall mission, history and key programs.

Makes day-to-day operating decisions necessary for the functioning of the nonprofit.

Consults with CEO on organizational matters.

Undertakes outreach duties as outlined in job description.

Hires, supports, and evaluates all direct-report staff annually. Assures such of all staff on an ongoing basis.

Supports the board in its fundraising duties, by helping implement fundraising tasks on a daily basis.

Helps the board make well-informed decisions to evaluate programs, management and fundraising, based on complete, accurate, and timely information.

1. The board just hired the nonprofit's first executive director, and everyone on board is excited and relieved. The workload was getting to be too much, so now a staff member can focus full-time on the nonprofit's needs. The board chair continues to set the agenda and run board meetings. The executive director is invited as a guest, since they are not a board member. The new, first-time executive director accepts this, as the board says they lead the organization and staff manages daily details. Questions? Comments? Observations?

2. The same board described in #1 wants a lot of social media designed and posted; and the new executive director simply can't keep up and doesn't have the time amidst all the other seemingly more important priorities. A board member offers to take it over for the executive director. Good idea or not? What controls/agreements should be put in place?

3. A board wants to hire a fundraising consultant to work for a percentage of the funds raised; and someday have enough money to hire them as a staff member. Good idea or not? Options?

4. A nonprofit is having an issue recruiting enough volunteers to help. Staff is doing all it can to fill in amidst their other work but cannot fill the gap. A Board member offers themselves and their extended family to provide the services, below the typical market cost, but still, for a fee. No board members have EVER been paid for their efforts on behalf of the nonprofit. What is the board's role here?

5. Even though COVID doesn't necessitate it anymore, some Board members want to meet person and some by zoom. The nonprofit's solution is to hold all Committee meetings by zoom; and quarterly full-Board meetings in person, at a country club that has sufficient space and ventilation for social distancing. The country club will not offer meeting space; the board has agreed that the nonprofit should budget for buffet dinners, so that board members can socialize. A board member asks if adult beverages (wine, beer, mixed drinks) are included. Should alcohol be served? (In the pre-board meeting meet/greet, during the board meeting &/or during buffet dinner.) Questions? Comments? Observations?





DEVELOPING A COMPREHENSIVE FUNDRAISING PLAN

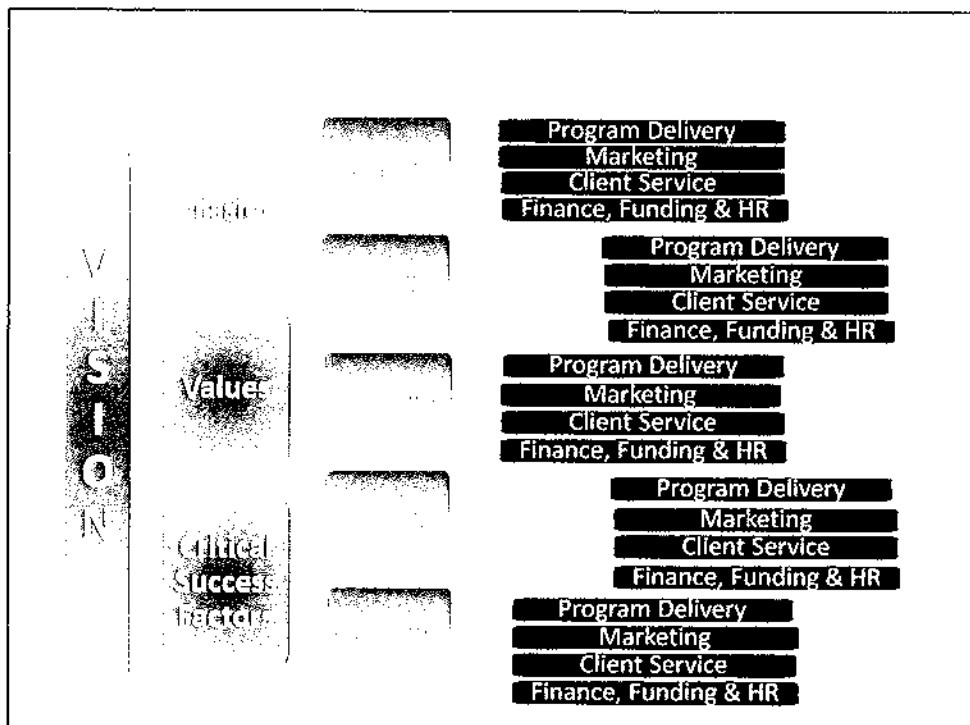


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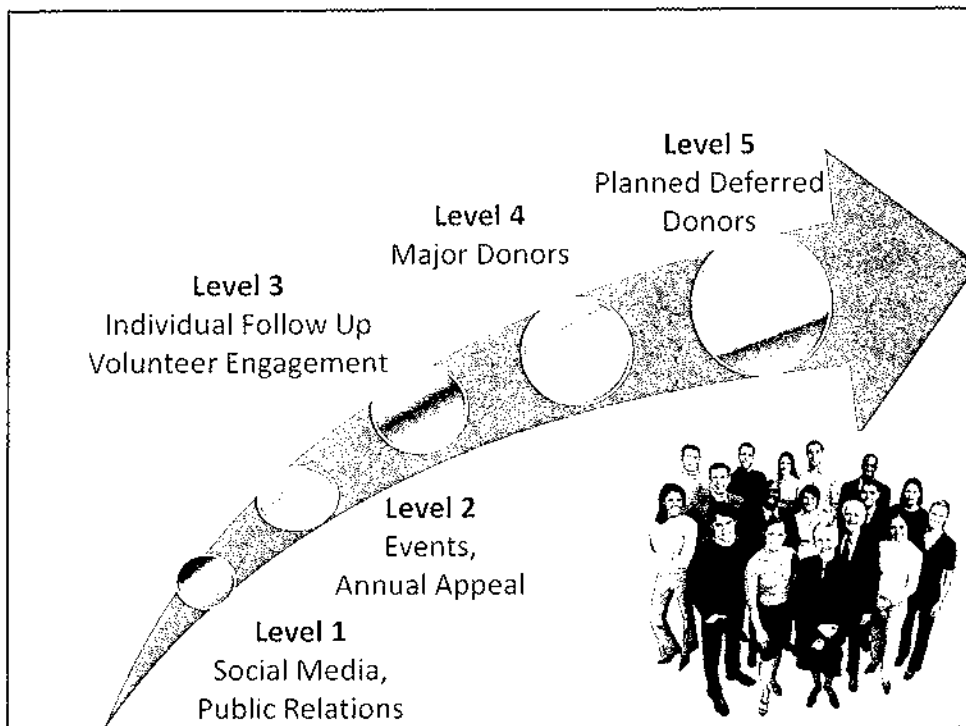
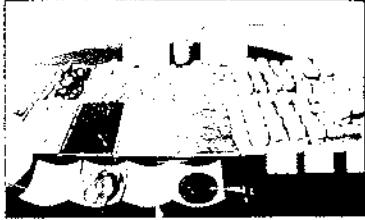
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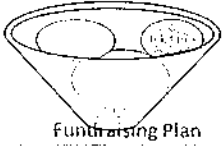


16. Fundraising expertise and community contacts on the board?
17. An active and committed board whose members are willing to fundraise to secure the nonprofit's mission?
18. Annual financial contributions to the organization by 100% of the board members? 100% of senior staff?
19. A strong board committee structure including fundraising committees as necessary for the fundraising plan?
20. Board willingness to budget dollars necessary to fund fundraising?
21. High caliber professional fundraising assistance available as-needed, through a volunteer, consultant, and/or staff?
22. Administrative support for fundraising?
23. Discussion of fundraising progress at every board meeting?
24. A persuasive, written case statement for each project?
25. Commitment to securing a diversified funding base (i.e., grants, corporate, and individual gifts)?
26. The desire to develop an annual fundraising plan, with solicitation strategies, personnel responsible & deadlines.
27. An accurate record of all fundraising projects and results for the past several years?
28. Fundraising record systems that include a donor file on each contributor; with ability to analyze by gift size, approach, campaign, etc.?
29. A system to acknowledge all gifts within 1 week of receipt?
30. A system to recognize donors and their gifts?
31. A process to continuously identify new prospects for individual gifts, foundation grants, corporate sponsors and government funding?
32. A process to regularly research and cultivate individuals, corporations, foundations and government funding sources?



1. **What's the need to be met?**
... clear understanding of what the donor is being asked to support
2. **Why is it important to the world?**
... strong & moving case for support
3. **How is our nonprofit going to meet the need?**
...solid plan for meeting goals
4. **How much will it cost?**
...cost/benefit, amongst other priorities
5. **Who else is involved?**
...evidence of other support ... sense of leadership
6. **What do you need from me, the donor?**
...how do I fit in?
7. **What's in it for me, the donor?**
...avenues for meaningful involvement, participation, recognition/anonymity as desired
8. **How will we know when we've accomplished what we aim to do?**
...sense of impact

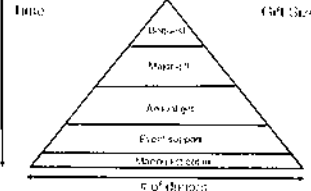


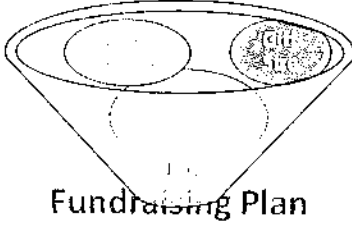


Fundraising Plan

	GIFT SIZE	
<ul style="list-style-type: none"> • Geography • Age • Income/wealth • Psychographics • Closeness to cause • Introducer/door opener • Asker <p>SOURCES</p> <ul style="list-style-type: none"> • Individual gifts • Foundation grants • Corporate sponsors • Government funding 	<ul style="list-style-type: none"> • Large \$\$\$\$ • Medium \$\$\$ • Small \$\$ • Very Small \$ 	<ul style="list-style-type: none"> • Large group • Medium group • Small group • Individual meeting <ul style="list-style-type: none"> • Social media • Event in person • E-mail, text • Mail <i>bulk, personalized, handwritten</i> • Talk by phone <i>1:1, phon-a-thon, paid solicitor</i> • Meet in person

The Donor Pyramid






Fundraising Plan

ACTION OUTLINE

- Tactics
- Due Dates
- Assignments


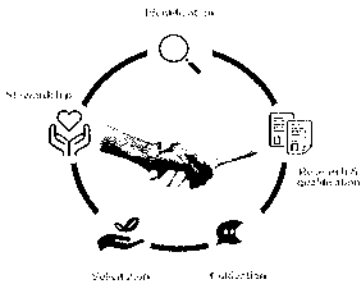
GOALS

- Number of prospects
- Number of donors/participants
- Number of gifts/participants
- Number of dollars




Raising funds is NOT enough.....

Assessment from raising results:	Assessment from relationship results:
Compare actual results to goal\$	Relational, not transactional
What worked?	The ultimate aim is to deepen supportive relationships
What didn't work?	
Revise & update plans	Aim is not just raising money for today's needs. Aim is cultivating supportive partners for the long-term

Costs Less & Generates More

20% of funds
80% of donors
ARMS LENGTH





80% of funds
20% of donors
RELATIONSHIP-BASED


- Overall broad introduction
- Direct mail, social media, events, phone solicitations
- Labor & resource intensive
- Staff implements solicitation
- Higher costs & modest financial returns

- Highest impact
- Major gifts, campaigns, deferred planned gifts
- Requires less up-front cash
- Volunteers crucial to opening doors & cultivating. Staff usually solicits.
- Lowest costs, highest returns
- Ideal for major donors, market influencers, board recruitment
- Takes time to cultivate authentic, trusting relationships

- “I’ll do anything but ask for money.”
- “That’s not what I signed up for.”
- “That’s the staff’s job!”
- “I give my time – that’s the same thing.”
- “Galas, grants & golf! That’s my fundraising.”

“You can’t be a conscientious objector to our campaign — you’ve got to make your calls.”




TAKE THE FEAR OUT OF FUNDRAISING

FUNDRAISING ROLES: AMBASSADOR TO STEWARD CONTINUUM

Major difficulties are made, not born, in the role. For most people, asking other people to part with their money is difficult at best. Practice helps. Passion is key.


- *Developing and sustaining major donors is a circular process that is ongoing & ever-evolving.*
- *The majority of the nonprofit-donor relationship has nothing to do with actually asking for money.*
- *Here are 6 ways that Board Members help develop enthusiastic donors for nonprofits:*

#1-BE A DONOR
 Make your own stretch gift
 Confirm your own commitment & confidently convey worlds of commitment to others.



#2-BE AN AMBASSADOR
 Ambassadors naturally talk about our nonprofit wherever they go. To be a good ambassador:

- Understand and overcome your own roadblocks to talking about our nonprofit.
- Think of past opportunities you have had to talk about our nonprofit.
- Observe good ambassadors in action.
- Identify situations where you can share your personal feelings about our cause.
- Select potential donors to talk with about our nonprofit.
- Practice! Practice! Practice! Talk about our nonprofit...
 - ☐ at home
 - ☐ at work
 - ☐ with close friends
 - ☐ with strangers



TAKE THE FEAR OUT OF FUNDRAISING

FUNDRAISING ROLES: AMBASSADOR TO STEWARD CONTINUUM

#3-BE A SLEUTH



A sleuth is always looking for potential donors to the nonprofit.

ACTIVE sleuths find out, when talking with another person, if they are open to the possibility of learning more about our nonprofit.

QUIET sleuths explore, through third party means, viable prospects for our nonprofit.

To be a good Sleuth:

- Know what kinds of people our nonprofit aims to develop partnerships with.
- Test if someone is given to philanthropy by recounting a personally fulfilling experience with our nonprofit, as a lead in to evoking a parallel feeling from the prospect about a nonprofit of their choice. Establish common ground about the satisfaction of participating as a volunteer.
- Tell the prospect that you would like to put their name on our nonprofit's mailing list. Ask if they would like to come visit our nonprofit at some point.
- Ask people who know our nonprofit to suggest other individuals who might be interested in us.
- Look for leads in the press, social media, and other nonprofits' materials.

61

#4-BE A CULTIVATOR



A cultivator actively participates in structured activities that are part of our nonprofit's organized fundraising process.

Cultivation is pre-planned & carried out explicitly over time, as a precursor to soliciting the prospect.

It is important to plan the process with volunteer & staff leadership.

Cultivators should have:

- a list of ways to involve the prospect (tours, receptions, 1:1 meetings, volunteer opportunities)
- materials (fact sheet, annual report, event fliers)
- a confidential prospect profile
- coaching sessions, including how to communicate about major and planned gifts

#5-BE A SOLICITOR

Solicitors ask a prospect, face-to-face, for a gift. Practice helps.



#6-BE A STEWARD



Stewards make sure that care goes into sustaining and growing partnerships with our nonprofit's donors after receipt of a gift.

This includes: follow up site visits; review of strategic plans & annual reports; formal & informal question/answer sessions.

62

1. COMPELLING PURPOSE

- Strong, moving message that addresses personal needs & interests
- Specific goal & clear understanding of what the donor is being asked to support
- Solid plan for meeting goals & completing the defined work
- Evidence that the gift will have meaningful impact

2. MEANINGFUL CULTIVATION & RELATIONSHIP DEVELOPMENT

- Strong leadership (board, staff, volunteers)
- Methods to promote participation & ownership
- Understanding donor's motivation & frames of reference
- Cultivation, solicitation & stewardship by people who have already given, & are asking others to do the same
- Evidence of other support
- Opportunities for recognition, if desired
- Avenues for involvement & meaningful participation



INTRODUCTION

The purpose of developing an annual giving development plan is to help the staff and board set realistic income goals with respect to the annual budgeting process. The plan also outlines the strategic steps required to reach those goals, as well as board and staff responsibilities in accomplishing the plan. The proposed FY plan identifies targeted financial goals necessary to support the FY operating budget being recommended by the Finance and Executive Committees as of (date). The plan will be reviewed and updated on an as-needed basis in conjunction with revisions to the operating budget.

I. FINANCIAL GOALS

Govt. Federal Grants	200,000	225,000	74%
Govt. County Grants	100,000	75,000	12%
Business Sponsors	75,000	65,000	9%
Foundation Grants	80,000	60,000	10%
Federated Campaigns/UV	25,000	25,000	3%
Individuals Board	25,000	20,000	3%
Individuals	250,000	275,000	36%
Special Events	75,000	65,000	9%
TOTAL CONTRIB INCOME	830,000	760,000	100%

II. STRATEGIC GOALS (non-monetary goals impacting success of plan)

- 100% giving by ABC Board, executive director, and key staff (92% giving was achieved in previous FY)
- 100% participation by board in some fundraising task, including cultivation of donors (88% participation achieved previous FY)
- Full board communication and development to that the board & with prospects, including regular presentations at board meetings by fund development chair.
- Develop plan for ongoing recruitment of fundraising volunteers. Recruit a minimum of 10 non-board volunteers to help in fund development.
- Develop new prospects for personal solicitation campaign and direct mail solicitations, cultivate family foundations
- Strongly utilize cultivation program and board and staff understanding of the purpose and process of cultivation
- Actively involve ABC staff and students in special events and fundraising activities (e.g., an previous FY students helped with several direct mail's, supported production, walk staff board in ten concert, solicited in walk, and received Achievement Award for their increased participation in the last United Way campaign)
- Strengthen coordination between the PR & fund development committees to further support fundraising efforts
- Maintain systems for suggesting and monitoring areas of progress in a variety of fund development.

Monitoring the Fund Development Plan and Process

- The Fund Development Committee will meet 6 times a year to review the progress of the plan and, with fund development staff, will identify problems and solutions. Development staff and committee chair will discuss development issues on a regular basis. Committee chair and development staff will monitor sub-committee chairs, committee chairs will follow up on problems. Development Committee will discuss fund development plan and progress at monthly board meetings. Development staff will provide financial and statistical data with which to help evaluate progress.

III. SOLICITATION STRATEGIES

A. Personal Solicitation Campaign

1. Board Solicitation (Chair: President, Fund Development Chair)

Time Frame: September-December, 20xx

of Prospects: 26

Goal: 100% giving, \$75,000 (Amount raised in previous FY: \$70,000)

Method: Personal solicitation. Request amounts based on donor history (one-time annual giving) in lieu of multiple direct mail solicitations; these individuals will, however, get notice of special events.)

Solicitors: President and Fund Development Chair

2. Individual Solicitation (Chair(s): Name(s), with 12 team solicitors)

Time Frame: September-December, 20xx

of Prospects: 50-75 top individual donors, Advisory Board, committee members

Goal: \$250,000, 60% renewals, 15% gift upgrades

Method: Personal solicitation by board and non-board volunteers (one-time annual giving in lieu of multiple solicitation.)

Solicitors: (names)

3. Fundraising Event: Walk for Literacy (Walk Chair: Name)

Time Frame: October 7, 20xx

of Walkers: 150

Goal: \$ 6,000 gross/\$14,800 net (FY 20xx Walk grossed \$16,100)

Method: Social media, mailing, 2,500 pieces; to recruit walkers, pledgers, donations; news articles and other promotion of publicity, other personal recruitment by board, staff, students.

4. Benefit Concert (Chair(s): Name(s))

Time Frame: March 25, 20xx

Attendance Goal: 350

Goal: \$7,000 gross/\$1,500 net (concert raised \$7,000 in March 20xx)

Method: Social media, mailing, flyers, posters, e-newsletters, and newspaper coverage.

Solicitors: staff, volunteers, other?

B. Direct Mail

Each direct mailing has a different theme to encourage multiple gifts and to reach individuals with varied interests. Direct mail is responsibility of finance director and fundraising assistant

1. Direct Mail

Time Frame: December 20xx

of Prospects: 7,500 (1,000 new)

of Donors: 700

Goal: \$8,000, 60% renewal, 15% gift upgrades, 5% new donors (\$8,000 raised in most recent Holiday Drive)

Method: Mailing with remit enclosure, follow-up articles in newsletter; holiday mailing; possibly signed by individual students from each class. Follow-up mailing to major donors in previous campaign who have not renewed their gift.

2. Direct Mail

Time Frame: April-May, 20xx

of Prospects: 3,000 (1,000 new)

of Donors: 200

Goal: \$8,000, 60% renewal, 15% gift upgrades, 5% new donors (\$6,000 raised in 20xx Friends Drive)

Method: Mailing with remit enclosure; follow-up articles in newsletter; and follow-up letter within one month to non-respondents. Mailing signed by selected board members and students. Follow-up mailing to major donors in previous campaign who have not renewed their gift.

C. Government and Foundation Grants

Time Frame: Ongoing throughout the year

of Reports: 165

of New Prospects: at least 10

Goal: \$365,528: 9 government applications; \$30,000; 15 foundation proposals, \$65,000, United Way Grant

Method: Finance Director & program staff

IV. Cultivation Strategies (Making "Friends")

The purpose of cultivation is:

- 1) To add prospects to our donor base and develop them to become active supporters and regular donors; and
- 2) To increase relationships with current board members, donors, volunteers, and other "Friends of ABC," having a greater understanding of how they can help achieve our mission.

Donor and volunteer recognition are critical to the cultivation process. Cultivation needs to be discussed regularly at board meetings to encourage each board member to become part of the cultivation process.

A. Open Houses

Responsibility of the PR Committee (and/or staff) to be named through that committee.

Time: For one year: December 20xx (Donor Recognition) & April 20xx (Volunteer Recognition)

Goal: Appropriate evenings at ABC, Inc. for donors and volunteers, opportunity to see facilities, meet staff and students; recruitment of potential volunteers; and cultivation of potential donors.

Method: Social media; special mailings with invitations; newsletter articles; personal invitations by board members; board, staff, students, other volunteers

B. Communications

Holiday Card: Holiday greeting card to 100 friends and major donors (this is not a solicitation)

E-Newsletter: 4x per year. Sent to agency e-mail list (1,500+) provides regular updates on agency programs, student writings, activities, and special events. Mailing list includes leaders, donors, volunteers, home-based students, elected officials, other agency executives, and service providers

Annual Report: Annually to conclude with July 1 fiscal year. Mail in September.

This is a major communication tool sent to government and private funding sources, large donors, agency executives, and public officials, and is submitted with most proposals and requests for large donor projects.


C. Other Publicity/Public Relations: A separate public relations plan will be developed by PR Committee to help reinforce cultivation efforts of this Fund Development Plan. A close communication linkage between the Fund Development and PR Committee is needed. PR plans may include such strategies as:


- Radio and TV PSAs - TV coverage of special events - Newspaper and magazine articles - Articles in ABC, Inc. and other agency newsletters - Community Bulletin board announcements to publicize events - Radio and TV interviews - Displays in public buildings - Brochures - Bookmarks - Posters/Signs - Video and/or slide show presentations - Speakers Bureau (board and staff volunteers)

- Publicity/outreach to private and government workplaces to encourage participation in federated campaigns (posters, brochures, etc)


V. Fund Development Calendar FY 20xx

July	Prepare Annual Report Review results of June Recognition Dinner	
Aug	Annual Report mailed with cover letter Plan PR for UN, gov't employee campaign Send letters to UN, gov't and CFC donors (Direct Mail #1) Ad tag/ps campaign/other publicity for Literacy Walk Personal cultivation of board members (Sept.-Nov.) Direct Mail employee campaign at ABC, Inc.	March - Finalize plans for Direct Mail #3 Update progress on ad campaign Review results of Federated Campaigns (GW, ST, CFC) Benefit concert See February
Sept	Personal cultivation of board members (Sept.-Nov.) Direct Mail employee campaign at ABC, Inc.	April Volunteer Recognition Evening Process Direct Mail #3
Oct	Father/son/daughter pledges Personal campaign with large donors (Sept.-Dec.) Direct Mail #2 planned	Review results of benefit concert Update progress on ad campaign Update progress re: Recognition Evening Begin FY 20xx fund development planning process
Nov	Discuss cultivation strategies (On going) Evaluate results of Literacy Walk Prepare holiday mailings/highlights PR Comm. Release press Open House	May - Complete ad campaign Review progress re: Direct Mail #3 Update progress re: Recognition Evening Mailing for Recognition Dinner
Dec	Evaluate progress of campaign, plan 20xx campaign Direct Mail #2 Host Day Open House Advance solicitations for corporate sponsors of year-book	June Recognition Evening Review results of ad campaign and donor ticket sales Update results of Direct Mail #3 Full board to approve FY 20xx Fund Development Plan and operating budget
Jan	Review progress of personal annual campaign Review results of Direct Mail #2 Review progress of ad campaign Review results of personal campaign Plan benefit concert	
Feb	Review progress of ad campaign Continue discussions of cultivation strategies Review plans for Volunteer Recognition Evening Review plans for Student Recognition Evening Review plans for benefit concert	



AVOIDING LEGAL PITFALLS



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1. Ensure Legal & Ethical Integrity
2. Build a Competent Board
3. Determine Mission & Purpose; Ensure Effective Planning; Monitor & Strengthen Programs & Services
4. Protect Assets & Provide Financial Oversight
5. Ensure Adequate Financial Resources
6. Enhance the Organization's Public Standing
7. Select, Support & Evaluate the Chief Executive

BoardSource, Item #1 - 10/20/2023/MS/Stephanie

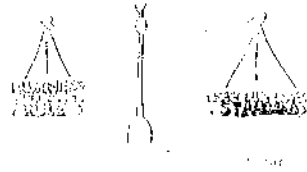
4 - Core legal concepts for all approved boards

Business Judgment Rule:

- good faith
- best interests
- reasonable inquiry, skill & diligence
- ordinary prudence

Duty of Care + Duty of Loyalty + Duty of Obedience

non-management, mis-management & conflict of interest



5 - Cases & Scenarios: What's a Good Board Member to do?



PA Business Corporation Law (1988)

PA BCL = Legal requirements & regulations surrounding corporations in PA, including:

- Registered agent/address in PA
- Legal rights: buy & sell property; give & take loans; start another business; sue & be sued
- Clear name & purpose
- Articles of Incorporation filed with PA Dept of State Business Division
- Have a board of directors, officers, qualifications, voting process, annual meeting
 - Note: PA BCLaw requires 3 positions (Pres, Sec, Treas). 1 person may hold all 3.
 - Legal practice / NOT BEST PRACTICE
- Have bylaws & operate by them

Legal Consequences:

When an individual board member or a full board fails to comply with statutes, they can be held legally liable for criminal or civil monetary penalties that have the potential to bankrupt the organization.

Business Judgment Rule:

Courts typically apply the Business Judgment Rule when rendering judgments, developed over the years as Courts have deliberated to what extent the corporate fiduciary is liable for honest errors in judgment that lead to loss to the corporation:

“Directors are required to perform their duties in good faith, in a manner in which they reasonably believe to be in the best interests of the corporation, and with such care, including reasonable inquiry, skill & diligence, as a person of ordinary prudence would use under similar circumstances.”

Duty of Care

- Responsibility for making informed judgments lies with the board member:
 - Board members need to secure facts & ask questions to get clarity of the issues
 - The board should seek independent professional advice when decisions are complex or in new territory

- Per the Office of Inspector General, board members are responsible for two facets of legal compliance with regard to duty of care:
 - to ensure that accurate information & reporting systems exist
 - to ensure that reporting systems are adequate to flag board members in a timely manner when the organization is threatened by legal concerns

Duty of Loyalty

- Board members must cast aside any personal & professional interests, placing the interests of the nonprofit ahead of their own
- Although Board members technically CAN engage in financial transactions with the organization as long as the conflict is disclosed and approved by the other directors, this is perceived by many to be disloyal self-dealing and should be refrained from
- Loyalty means respecting the confidentiality of the organization's affairs by not disclosing them to outside individuals in a way that leads to loss of opportunity for the organization

Duty of Obedience

- Board members are responsible to assure compliance with all federal, state, & local laws & regulations
- Board members must be faithful to the organization's vision & mission

Director's & Officer's Liability Insurance (D&O)

- D&O insurance typically protects individual board members as well as employees, volunteers & the organization itself in the instance of a civil suit: slip & falls, accidents, employment-related, someone believes the board intentionally took a significant improper action, etc.
- Almost 95% of claims against D&O policies are employment related, including harassment, discrimination, and wrongful termination.
 - Per Nonprofits Insurance Alliance Group, annually 1 in 25 nonprofits has a D&O claim against them, nearly all employment-related.
 - The average D&O claim costs \$35,000 to resolve (a combination of legal defense costs and settlement payments).
 - 10% of claims will cost more than \$100,000 to resolve.
- If an organization has no employees, its risk of claims against board members is low, but so is the premium for such coverage.
 - It still makes sense to buy D&O, if for no other reason than to give board members peace of mind.
- But since each policy is different, sometimes with different features even at the same insurance company, it is important to confirm with your broker that both individuals and the organization are covered, and that coverage for employment practices is included.



- ❑ Make sure taxes are paid & laws are followed:
 - Assure withholding taxes are paid to the IRS
 - Assure employment laws are complied with

- ❑ Avoid non-management, mis-management & conflict of interest:
 - Non-management = absent & non-participating board members
 - Mis-management = the process or practice of managing ineptly, incompetently, or dishonestly. Misbehavior, negligence, violation, carelessness, dereliction, misdeed, transgression, malfeasance, impropriety, immorality, wrongdoing.
 - Conflict of interest/duality of interest = a situation in which a fiduciary who, contrary to the obligation & absolute duty to act for the benefit of the nonprofit, exploits the relationship for personal gain

1. During COVID, the Board began to hold its monthly meetings on zoom. A Board member who had missed more than half of the Board meetings pre-COVID is now missing most all of the Board meetings. The board member makes an extremely large annual donation to the annual fund. What should the Board do?

2. A nonprofit is having an issue recruiting enough volunteers to help, because of lingering COVID concerns amongst its cadre of volunteers. Staff is doing all it can to fill in amidst their other work, but cannot fill the gap. A Board member offers themselves and their extended family to provide the services, below the typical market cost, but still for a fee. What should the Board do?

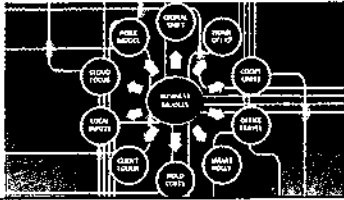
3. You serve on the Board of a large, well-managed 501(c)(3) organization. The Chief Executive Officer has decided to run for Borough Council, a part-time position. Their leadership on Borough Council could provide tremendous benefits to the nonprofit. What concerns does the Board need to address? How much can the Board support the CEO's run for Borough Council?

4. When COVID struck, the Senior Staff & Board of a nonprofit with a \$20M annual operating budget implemented immediate program cuts and closures. It also laid off personnel whose work would be impossible because of social distancing regulations, and cut administrative staffing. These moves cut the annual operating budget in half.

The Board also agreed to tap the nonprofit's \$5M in financial reserves to provide basic services during COVID.

Throughout COVID, nonprofit has partnered strategically and significantly with other nonprofits, to show the community that it is open and able to help.

Now that COVID has become "normalized/manageable," the nonprofit continues to provide basic services to a grateful constituent group, raise modest funds, and hold on for dear life. The reserves are almost fully depleted, and the annual operating budget has been pared to a shadow of its former self. What's the Board to do?



1. Staff uses social media, especially Facebook & GoFundMe, to encourage membership donations. They include photos of their children and the logo on their shirts. A Board member wonders whether this raises any legal issues.


2. The nonprofit received a large grant from a local foundation for a capital project. The funded project closed down due to COVID-related issues and the donated money remains unspent. The nonprofit would like to spend the money on other projects that are still active. Can they? What should the Board do?

3. The Executive Director is thrilled to report to the Board that an anonymous donor is contemplating a \$1,000,000 gift to help with building renovations. The donor's condition is that NO ONE knows who makes the gift. As a 501(c)(3) non-profit public charity, must the Board know the name of the anonymous donor?

4. You serve on the Board of a (501)(c)(3) sports nonprofit that runs youth basketball leagues. The nonprofit rents the gym for parties. The bookkeeper says that party rental fees further the basketball program, maintain the gym & pay staff. A new Board member asks, "Should we do this? Won't it result in Unrelated Business Income Tax?"



5. A Board member purchases a gift and uses it at the nonprofit's event, on their credit card. The next day the Board member returns the item to the nonprofit, telling the Executive Director they want a refund on their credit card charge. The Executive Director calls the Board Chair for help.

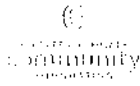
6. A donor makes a \$1,000,000 challenge pledge to the nonprofit's first \$10,000,000 capital campaign, to entice other donors to give. This is a huge fundraising net for this nonprofit. There is a large party event to kick off the campaign & announce the challenge gift. After 2 years of fundraising, the goal has been met & all other donors' gifts have been received. The challenge has begun. The Board chair offers to pay their pledge. The Board has to decide how to pursue this.





1. When COVID first struck, the nonprofit's 100+ person staff quickly adapted. Administrative staff had no contact with the field, and direct service staff could not perform their work on-site. Staff held weekly Zoom coordination calls; monthly committee meetings; and quarterly Board meetings. Currently, some administrative staff have returned to the office; but some would rather continue working remotely. The Executive Director is concerned about the growing divide between direct service staff and administrative staff, along with decreasing productivity, morale, and accountability. The Executive Director would like to bring all staff back onsite safely. Administrative staff point out that remote work empowers those committed to the field, and nonprofits need to do so, or lose experienced employees. What is the Board's role here?

2. The Executive Director admits to the Board Chair that they are finding it difficult to measure and evaluate the quality of staff's work with constituents, as much of it is private, conversational and does not have immediate impact. What concerns does the Board need to address?

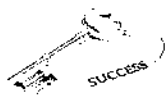




 **MAJOR GIFTS FUNDRAISING:
CULTIVATE CULTIVATE CULTIVATE...ASK**

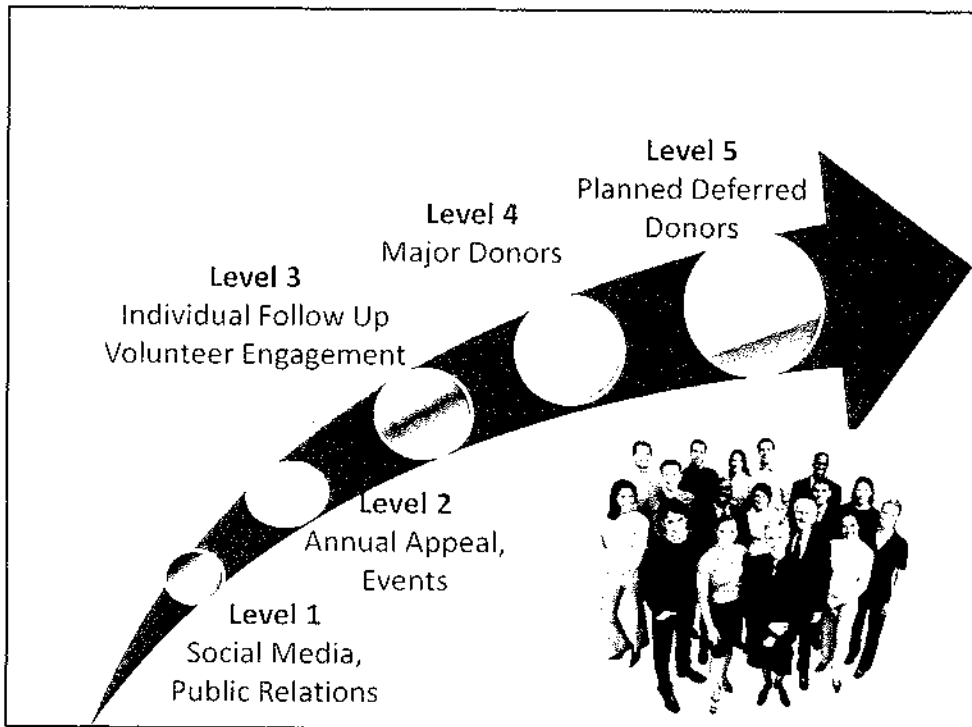
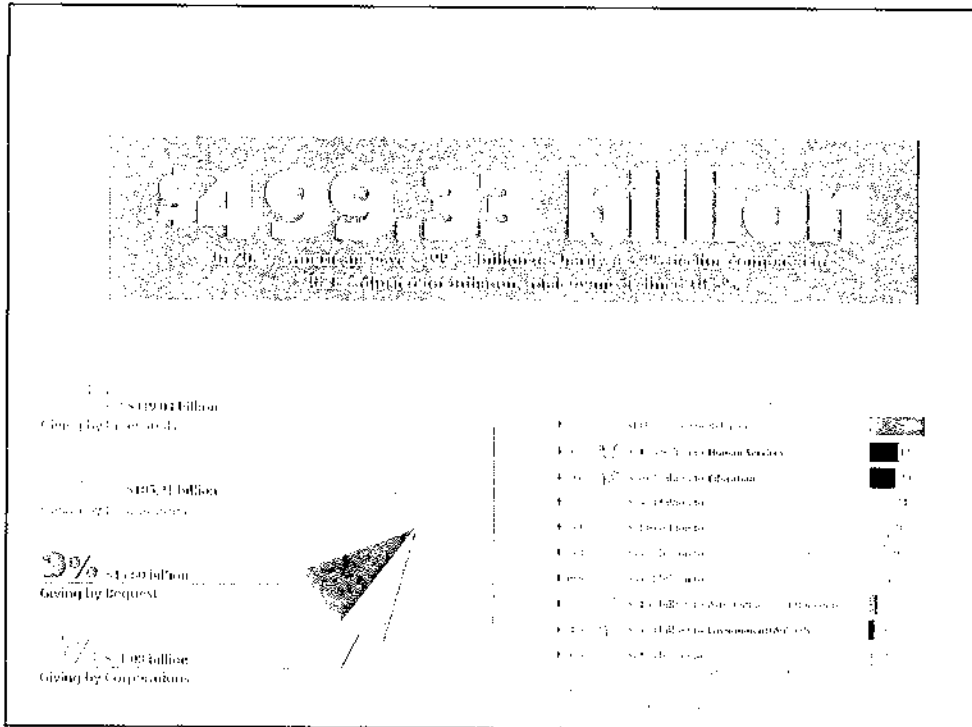

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1. Welcome, Introductions
2. Keys to Developing Major Gifts
3. Board Roles in Raising Major Gifts
Ambassador to Steward Continuum
4. The Major Gift Conversation
Psychology of Giving: Who Gives & Why? 7 Faces Profiles
Relational, not Transactional
Talking Points: Cultivation Meetings & Solicitation/Ask
5. Keys to Success










- To raise higher levels of resources, nonprofits must focus on major gifts
- Major gifts require low-key, long-term care & tending
- Major gifts require face-to-face cultivation & solicitation
- Board members & volunteers are key intermediaries to reach & engage major donors
- Major gifts are raised by peer-level solicitors
- The authenticity of the relationship is crucial: major givers are relational, not transactional



RELATIONSHIP + MISSION + IMPACT

People give to people
+
People give to causes they believe in
+
Most major givers tend to look closely at
organizational leadership & outcomes

Developing and sustaining major donors is difficult, and hard, to do right. For most people, asking other people to part with their money is difficult at best. Practice helps. Passion is key.

- *Developing and sustaining major donors is a circular process that is dependent on generosity.*
- *The majority of the nonprofit-donor relationship has nothing to do with actually asking for money.*
- *Here are 6 ways that Board Members help develop enthusiastic donors for nonprofits:*

#1-BE A DONOR

Make your own donations.

Confirm your own commitment & confidently convey worlds of commitment to others.



#2-BE AN AMBASSADOR

Ambassadors naturally talk about our nonprofit wherever they go. To be a good ambassador:

- Understand and overcome your own roadblocks to talking about our nonprofit.
- Think of past opportunities you have had to talk about our nonprofit.
- Observe good ambassadors in action.
- Identify situations where you can share your personal feelings about our cause.
- Select potential donors to talk with about our nonprofit.
- Practice! Practice! Practice! Talk about our nonprofit...
 - at home
 - at work
 - with close friends
 - with strangers



#3-BE A SLEUTH



A sleuth is always looking for potential donors to the nonprofit.


ACTIVE sleuths find out, when talking with another person, if they are open to the possibility of learning more about our nonprofit.

QUIET sleuths explore, through third party means, viable prospects for our nonprofit.

To be a good Sleuth:

- Know what kinds of people our nonprofit aims to develop personal **ties** with.
- Tell if someone is given to philanthropy by recounting a personally fulfilling experience with our nonprofit, as a lead in to evoking a parallel feeling from the prospect about a nonprofit of their choice. Establish common ground about the satisfaction of participating as a volunteer.
- Tell the prospect that you would like to put their name on our nonprofit's mailing list. Ask if they would like to come visit our nonprofit at some point.
- Ask people who know our nonprofit to suggest other individuals who might be interested in us.
- Look for leads in the press, social media, and other nonprofits' materials.

#4-BE A CULTIVATOR




A cultivator actively participates in structured activities that are part of our nonprofit's organized fundraising process. Cultivation is pre-planned & carried out explicitly over time, as a precursor to soliciting the prospect. It is important to plan the process with volunteer & staff leadership. Cultivators should have:


- a list of ways to involve the prospect (tours, receptions, 1:1 meetings, volunteer opportunities)
- materials (fact sheet, annual report, event fliers)
- a confidential prospect profile
- coaching sessions, including how to communicate about major and planned gifts

#5-BE A SOLICITOR

Solicitors ask a prospect, face-to-face, for a gift. Practice helps.



#6-BE A STEWARD




Stewards make sure that our goods into sustaining and growing partnerships with our nonprofit's donors after receipt of a gift. This includes: follow up site visits; review of strategic plans & annual reports; formal & informal question/answer sessions.


29

Where Do You See Your Own Face? Your Donors' Faces?


Researchers: Russ A. Prince and Karen M. Fife




The Communitarian
Doing Good Makes Sense



The Devout
Doing Good is God's Will




The Investor
Doing Good is Good Business



Where Do You See Your Own Face? Your Donors' Faces?

- The Socialite
Doing Good is Fun
- The Repayer
Doing Good in Return
- The Altruist
Doing Good Feels Right
- The Dynast
Doing Good is a Family Tradition

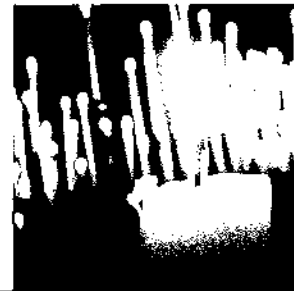
- **Family:** Honoring and appreciating ancestors, setting an example for living family members
- **Faith:** Giving due to spiritual beliefs and/or religious practice
- **Legacy:** Giving to influence the future and to be remembered
- **Experience:** Inspiration comes from an individual's own life
- **Analysis:** Donors objectively identify areas of greatest need and develop a method to accomplish goals



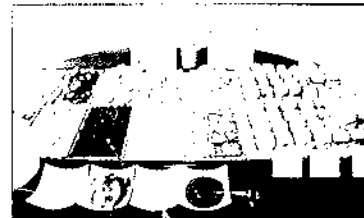
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- Where were you raised? What values did your parents strive to instill in you and your siblings?
- These days, what is most important to you and your family?
- How did you choose your profession/decide your line of business?
- To what do you attribute your success in life? Who inspired you?
- What is most important to you in life?
- What causes do you care about most? Why?
- How do you involve your family/neighbors/friends in causes you care about? How do you pass along your values to others?
- What is the most meaningful gift you have made?
- What do you want your legacy to be?
How do you want to be remembered?
What are your proudest accomplishments?

THE **BIG** QUESTIONS



1. What's the need to be met?
... clear understanding of what the donor is being asked to support
2. Why is it important to the world?
... strong & moving case for support
3. How is our nonprofit going to meet the need?
...solid plan for meeting goals
4. How much will it cost?
...cost/benefit, amongst other priorities
5. Who else is involved?
...evidence of other support ... sense of leadership
6. What do you need from me, the donor?
...how do I fit in?
7. What's in it for me, the donor?
...avenues for meaningful involvement, participation, recognition/anonymity as desired
8. How will we know when we've accomplished what we aim to do?
...sense of impact



Offer donors a buffet of options
They select what's right for them

1. Summarize our nonprofit's mission, vision & key initiatives
2. Ask the prospect what their interests in this area are
3. Provide a personal experience or value that conveys why our nonprofit is of great personal meaning to you
4. Ask the prospect to recount a similar feeling they've had
5. Relate the prospect's interests to our nonprofit's initiatives
6. Summarize 3 recent accomplishments & 3 key assets of our nonprofit
7. Leave with a next step that deepens the relationship between the person and our nonprofit...
"Just one follow-up thing to do..."



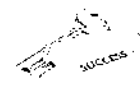
PUT YOURSELF IN YOUR DONOR'S SEAT. WHAT IS BEST FOR THEM?

- **Time:** What makes you believe your donor is ready to be asked for a gift now?
- **Place:** Where will your asking conversation take place? What's best for the donor?
- **People:** What 1 or 2 people make the best team to talk with the donor & ask for a gift?
- **Case:** Lead prospects → their own interests & values. Help them talk about their motivators
Listen. Feed back their ideas. Refocus your ask. Paint a picture to help envision the impact.
What might strengthen your case, your vision & your ask?
- **Concerns:** What concerns might need to be addressed? What are your responses?
- **Ask:** "Would you consider a lead gift to our cause?"
Then be quiet. Let them think & respond.
 - **No/Maybe/Not Yet:** If the donor is not ready to give, ask them to set their conditions for saying yes.
Time? Information? Organizational involvement? Another meeting?
 - **Yes:** If the donor agrees to make a commitment, demonstrate your unabashed joy
 - + provide them with donation instructions
 - pledge note to sign
 - pre-addressed, pre-stamped envelope to mail check
 - online QID for credit card donations
 - stock transfer instructions

Heart logic and mind logic are often two very different things.



It has to feel right and make sense to move forward with ease.
If it doesn't feel right, but it seems to make sense, pause and investigate within.
If it feels right but doesn't make total sense, ask the mind to trust the heart a little more.
The heart's usually the wiser of the two.
— The Zenith

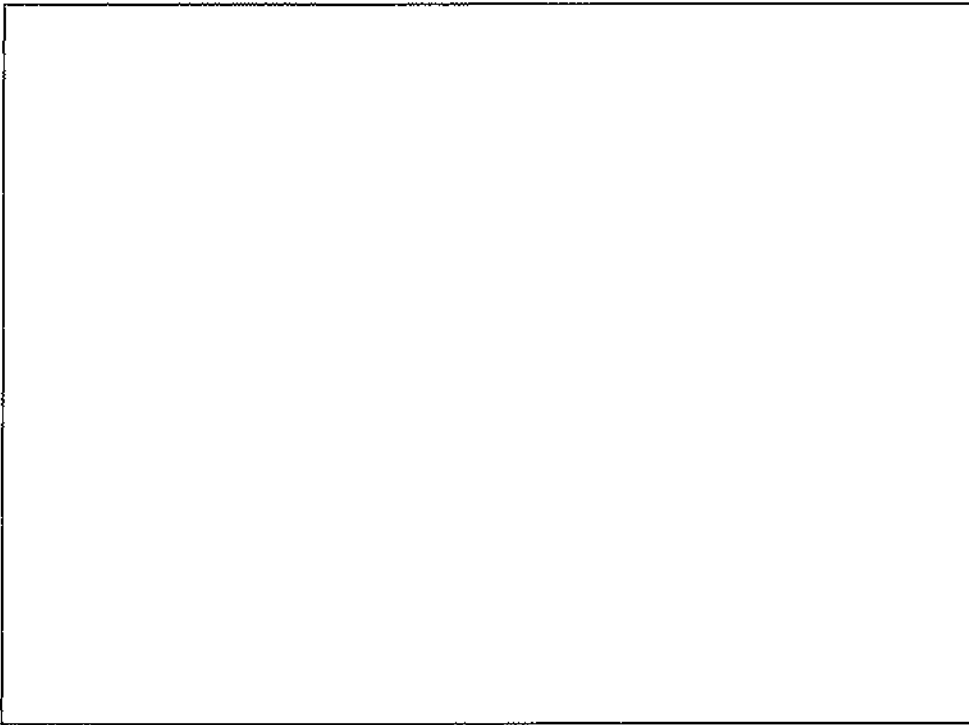



1. COMPELLING PURPOSE

- **Strong, moving case for support** that addresses personal needs & interests
- **Specific goals:** clear understanding of what the donor is being asked to support
- **Solid plan** for meeting goals & completing the defined work
- **Evidence** that the gift will have meaningful impact

2. MEANINGFUL CULTIVATION & RELATIONSHIP

- **Strong leadership** (board, staff, volunteers)
- **Methods to promote engagement & ownership**
- **Understand donor's motivations & frames of reference**
- **Cultivation & solicitation & by people who have already given & are asking others to do the same**
- **Evidence of other support**
- **Opportunities for recognition, if desired**
- **Avenues for involvement & meaningful participation**





INTERNAL CONTROLS, AUDITS & IRS 990s: WHAT EVERY BOARD MEMBER NEEDS TO KNOW



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1. Ensure Legal & Ethical Integrity
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From the 2017-2018 Survey of Nonprofit Organizations

KEY INTERNAL FINANCIAL CONTROLS			
What checks and balances will prevent unauthorized spending and fraud? Evaluate checks and balances by testing whether procedures are followed.			
SPENDING LIMITS	Met	Exception	Notes
Checks > \$xx,000 have double signatures			
EFT/ACH transactions signed by authorized signers			
ACH transfer matches bank routing number and account number. Crosscheck originating documents to ensure accounts and amount debited match partner agency accounts			
SEPARATION OF DUTIES			
Check Signer/EFT initiator cannot be Payee			
PROPER DOCUMENTATION			
Investigate unusual transactions			
Choose five invoices - trace & verify			
Available supporting documents attached			
Invoice/payment reasonable and accurate			
Goods/services have been received			
Approved and initialed/signed by authorized bank signer(s)			
Payment appropriate if no invoice/receipt exists			
Items posted to proper expense account			
Challenge alterations/white-out			
Reconciliation and recordkeeping consistent			
Bank accounts reconciled monthly, irrespective of absence of transactions			
Bank statements signed by officer			
Any checks outstanding > three months			
Voided checks kept on file			
Pre-numbered checks used in sequence and location known			
Account balances reconcile with financial reports			
PHYSICAL PROTECTION OF ASSETS			
Storage of checks and credit card information secure			
TAX FILING/FINANCIAL REPORTING			
Payroll tax filing timely: local, state & federal agencies			



AUDIT CHECKLIST		
Consider: How engaged is the board? How is diligence demonstrated?		
IRS view of "presumption of reasonableness" re: compensation policy		
Minutes for all committees kept on file		
YEARLY ESSENTIAL		
	Met	Needs Work
FEDERAL REQUIREMENTS		
Compliance with IRS requirements to maintain exempt status		
No private inurement		
No political lobbying/campaigning		
Provide disclosure of financial information upon request (IRS 990 & tax exemption letter)		
Provide substantiation for charitable contributions with federal tax disclosure		
File IRS Form 990 by due date: 15 th day of fifth month after close of fiscal year; may file extension		
Expenses properly allocated between management & general, fundraising & program		
Form 990 signed before filing (common filing error)		
Persons employed as contractors meet federal requirements. Form W-9 filed		
1099s issued as required		
Compliance with USA PATRIOT Act of 2001		
Documentation kept on file		
Compliance with payroll withholding tax laws		
Written Policies for: Code of Ethics & Conflict of Interest Disclosures for board and personnel		
Whistleblower Protection for personnel		
PENNSYLVANIA REQUIREMENTS		
Compliance with Pennsylvania's requirements for charitable organizations		
Bureau of Charitable Organizations registration filed yearly by deadline		
On every printed solicitation, written confirmation, receipt and reminder of contribution, the following statement must be conspicuously printed verbatim: "The official registration and financial information of NPO may be obtained from the PA Department of State by calling toll free, within PA, 1 (800) 732-0999. Registration does not imply endorsement."		
Includes the following disclosures at point of solicitation:		
Legal name as registered and location		
Full, fair description of charitable purposes) & source of available written information		


AUDIT CHECKLIST, p.2		Met	Needs Work
OPERATIONS			
☐ Follows accounting practices which conform to accepted standards, including use of accrual basis			
☐ Annual operating budget including income and expenditure developed			
Budget reviewed and approved by board			
Budget adjusted to changes during year			
Income & expenditures compared against budget at regular, frequent intervals			
☐ Suitable insurance coverage to ensure appropriate levels and types in place			
Coverage periodically reviewed			
Employees, board, volunteers handling funds bonded to help assure safeguarding of assets			
☐ Safeguards for computerized data and software			
Credit card account (donors) storage			
Where are backups?			
INCOME/EXPENDITURES			
☐ Funds deposited promptly into organization's bank account			
☐ Regular reconciliations against receivables			
☐ Written policy regarding write-off of receivables			
☐ Monies used for express purpose received			
☐ Expenditures tracked in open and transparent manner			
☐ Monies deposited in bank in secure manner			
AUDITOR			
☐ Board responsible to solicit bids, interview auditors, and hire an auditor			
☐ Annual, independent audit of financial statements by certified public accountant			
☐ Conflict of interest between audit firm and organization: any non-audit services?			
☐ Audit-firm lead partners rotated when deemed necessary			
☐ Auditor meet with board without a member of management present			
☐ Auditor submits management letter with recommendations to improve financial operations			
☐ Board reviews and approves IRS 990, audit, and management letter			
☐ Board & staff institute any necessary changes			

AUDIT CHECKLIST, p.3		Met	Needs Work
YEARLY RECOMMENDED, con't			
OPERATIONS			
☐ All donations acknowledged by written receipt			
☐ Mail opened at earliest opportunity and donation receipt recorded immediately			
☐ Cash payments kept to a minimum or nonexistent			
☐ Record keeping sufficient to show receipt and cost accurately			
☐ Is there a register for all bank accounts?			
☐ Bank accounts in the name of organization and not individuals			
☐ Are credit cards held? What are limits and who is authorized to use them?			
☐ Donations for restricted funds properly recorded and held for intended purpose			
☐ Adequate system of internal control; monitored effectively?			
RECORDS			
☐ Donor records kept as basis for donor acknowledgments for contributions			
☐ If goods or services provided, receipt informs donor of federal tax implication			
BUDGET			
☐ Cash flow forecasts prepared for year and updated at regular, frequent intervals			
☐ Document staff time to allocate management/general, fundraising & program expenses			
POLICY			
☐ Written investment policy			
☐ Written fiscal policy and procedures manual			
Is policy followed?			
Includes never signing blank checks			
Authority levels to place orders over a certain amount			
☐ Written document-retention policy			
Includes electronic files and voicemail			
☐ Established plan identifying actions in event of funding reduction/loss			
☐ Documented internal controls, i.e. handling cash & deposits, approval of spending & disbursements			
☐ Reserve to cover at least three months of operating expenses policy agreement?			

AUDIT CHECKLIST, p.4		YEARLY RECOMMENDED, con't	
FIXED ASSETS		Met	Needs Work
<ul style="list-style-type: none"> ☐ Review of fixed assets schedule and depreciation ☐ Detailed records of property and equipment Includes date acquired, description, cost or FMV at date of acquisition ☐ Physical inventory taken year-end ☐ Has property/equipment been reconciled to insurance coverage? ☐ Are capital needs are reviewed at least annually and priorities established? 			
EMPLOYEES/PERSONNEL		Met	Needs Work
<ul style="list-style-type: none"> ☐ Staff has current contracts, if applicable, and written job description ☐ Staff policies/procedures, including grievance procedure, in place & up-to-date ☐ Personnel files maintained; kept separately from wage records and secured W-4, performance appraisals, Immigration I-9 form ☐ Staff paid by check or funds transfer ☐ Wage/salary increases properly authorized and documented in employee file/folder 			
ADDITIONAL TO STRENGTHEN ORGANIZATIONAL ACTIVITIES			
Training for board and staff on relevant topics; all encouraged to participate Organizations with cash handling, petty cash account, or debt (mortgages or notes) require further audit checks			



1. What is an IRS 990?
2. What is the Board's responsibility for the 990?
3. What information is contained in the 990?
4. What changes can the nonprofit organization make as a result of the information contained in the 990?
5. Where is our nonprofit organization's 990?
6. Who uses the 990? For what?

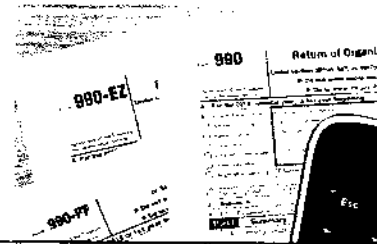
The importance of GuideStar.org  **GUIDESTAR**
by Candid

1. How does GuideStar by Candid obtain our 990?
Why does GuideStar post our 990 online?
Can anyone see our 990 online at GuideStar?
2. How can we monitor, correct & improve our nonprofit's GuideStar data online?
<https://www.GuideStar.org/>





- **Program Service Accomplishments**
 - Defines the mission of the nonprofit organization and its impact
- **Reporting on Key Managers and Compensation**
 - Allows for comparison of similar npos' salary and compensation levels
- **Governance Reporting and Policies**
 - Defines what policies are required, and how they should be documented. Answers the IRS definition of **good governance**
- **Disclosures – 990 Schedules**
 - Sch A – Describes how the npo is **tax exempt** and verifies **public support %** over time
 - Sch B - List of contributors (names blocked out) indicates diverse community support
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 - Other schedules - Grants, non-cash contributions
- **Financial Information**
 - Overall: use historical information to identify trends & plan for future operations
 - Revenue Sources
 - Functional Expenses
 - Balance Sheet



IRS Form 990: Nonprofit Primer

IRS Form 990 is designed to enhance transparency of an exempt organization's mission, financials, and promote compliance with applicable tax law requirements. The 990 helps board members affirm their fiduciary responsibility, and provides donors with information that they can use to highlight certain activities and schedules of importance, intended for those who are not tax experts.

Summary

A snapshot of the nonprofit's mission & governance.

Key financial, compensation & operational information

• Is the board composition of the organization clear?

• Does the current year summary of financial information compare favorably to the prior year?

Part III - Statement of Program Service Accomplishments

Provides the nonprofit an opportunity to increase awareness about itself by fully describing its program services and all related expenditures.

• Does the information explain why the program exists? (Mission focus)

• Are there any barriers to accomplishing its goals?

• Are program services described in sufficient detail to present a comprehensive portrayal of the nonprofit?

Part IV - Checklist of Required Schedules

Asks questions to determine whether particular schedules must be completed. The schedules provide detailed info that enables the IRS to evaluate the likelihood of violations to the rules.

• Are the profit center charges, rules, policies and procedures, more clearly defined? (Yes response to questions 25, 26 or 27)

Part V - Statements Regarding Other IRS Filings and Tax Compliance

A checklist of other IRS compliance that might be required by the nonprofit, but not necessarily related to the Form 990.

• Have paid preparers been properly classified as employees rather than independent contractors, based on payment of penalties?

• If the amount of fees received from a subcontractor, was a receipt from them to enable the donor to calculate their charitable deduction?

• Is the nonprofit potentially subject to any such penalties and interest? (Part 31, 34, 35, 36, 37 or 38 answered "No," for 31 or 34, 36, 37 or 38, answered "Yes.")



Part VI - Governance, Management and Operations

Key governing body & management policies, and whether/how the nonprofit promotes transparency and accountability to its donors.

• If the nonprofit does not have a set of policies indicated by lines 12, 13, 14 and 15b, does the board consider adopting any of these?

• (Line 15a or 15b) answered "No." Should the board consider a change in the procedures for voting compensation to minimize the future risk of challenge by the IRS on excess payments?

• If the nonprofit conducts activities in multiple states, are property registered in those states and complying with filing requirements?

Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Transparency on compensation, to disclose the degree to which salaries and benefits are in line with comparable community standards.

• Does the compensation data listed in Part VII appear judicially reviewed by the organization's activity, their respective titles, and a review of community comparable data? (Part VII - Review Part VI, lines 15a and 15b, especially if there is a "No" response.)

Part VIII - Statement of Revenue

Nonprofit's sources of support, including potentially taxable unrelated business income.

• Does the economic data indicate less than a 5% correlation that the jeopardized by a loss of economy, declining stock market or other external factors? (i.e., should a formula review be conducted to ensure that general asset?)

• How much related non-exempt business income is reported? (Part VIII) (Does not include a nonprofit's exempt status. Is not a risk management factor as compared to total business income?)

Part IX - Statement of Excess Business Expenses

Is an appropriate amount of expenditure being directed to activities that further the nonprofit's exempt purpose?

• Are expenditures and total of Line 9 through 20 an appropriate amount for the nonprofit's revenues?

• Are certain expenses not deductible? (Lines 14, 15a, 17, 18 and 19?)

• Do certain (C) management and general expenses and other (C) (1) fund's expenses total a disproportionate relative to total program services expenses? (Part VIII) (1)?

IRS Form 990: Nonprofit Primer

Part X—Balance Sheet
How financially stable is the nonprofit?


- Is an adequate (or excessive?) proportion of cash (line 1) being kept in noninterest-bearing accounts?
- Are resources being diverted from program service activities to related party loans (lines 5 and 6)?
- Is oversight being exercised over related party loans to ensure adequate collateral, interest, timely repayment, etc.?
- Are notes and assets receivable (line 7) adequately collateralized and monitored for timely repayment?
- Does an increase, if any, in accounts payable or accrued expenses (line 12) during the year suggest potential cash flow problems?

Part XII—Financial Statements and Reporting
Explains the level of involvement by an independent accountant. Explains the reporting required for any audits required for nonprofits that receive federal grants under the Single Audit Act and OMB Circular A-133

- If the nonprofit does not have an independent audit (line 2b), are its financial resources sufficiently large to make an independent audit prudent?
- If audited, do the auditors report to the group(s) responsible for overseeing the financial reporting process (such as an audit or finance committee or a governing board)?

Schedule A—Public Charity Status and Public Support
Indicates a nonprofit's reason for public charity status (i.e., why it is not a private foundation) and to provide the IRS with detailed information about its sources of financial support.

- Does the data (Part III Section C or Part III Sections C and D) indicate that the organization is in danger of being "bumped into" private foundation status, rather than remaining a public charity?



Schedule C—Political Campaign and Lobbying Activities
501(c)(3) nonprofits are prohibited from participating in a political campaign & are subject to limitations on their lobbying activities. They can, however, advocate.

- If exempt under Section 501(c)(3), are policies followed to prevent participation in a political campaign (that could jeopardize tax-exempt status)?
- If the nonprofit is a Section 501(c)(4) entity that is eligible to make the lobbying expenditure election but has not, should it do so to maintain the lobbyist that exempt status will be lost because of excessive lobbying (see Part II-A)?


Schedule F—Compensation Information
The compensation information required in Schedule F is much more detailed than that required in Form 990 Part VII. Review Schedule F to discern evidence of waste, extravagance and financial abuse.


- If any box on line 1a is checked, is the economic benefit warranted or should it be re-examined?
- Does the nonprofit require strict accountability for expense reimbursements to prevent abuse (lines 1b and 2)?
- Is the nonprofit setting compensation based on one or more methods listed by the box descriptions for line 3? (Note: The more boxes, the better.)
- If any of the questions on lines 4 through 8 are answered "Yes," do the indicated transactions suggest that changes should be made in compensation arrangements to avoid windfall payments?

Schedule L—Transactions with Interested Persons
Financial arrangements between the nonprofit and disqualified persons or other interested persons.

- Did the organization consider all direct or indirect transactions or relationships that may require disclosure? (See Part IV questions 25 through 28.)
- Are business transactions with interested persons fully disclosed, including the amount, nature of the transaction, and relationships with the nonprofit, management and board?

Schedule O—Supplemental Information
Is the 990 review process fully described?

- Does the nonprofit describe how public documents (Forms 990, 990-E, if applicable, and 1022) are made available for public inspection (website, office, GuideStar, etc.)? 



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Candid
 GuideStar

Reach millions of funders through your online profile

Claim your free Candid profile and share your story

Update your Candid profile in three easy steps



What people are saying

Candid provides the platform for a transparent and honest exchange of information, creating a powerful knowledge and insight hub to help us make informed decisions.

My organization is a board member of the Platinum Seal, so I know it's a high-quality organization. The Platinum Seal helps us stand out from the rest of the industry.

The Candid profile probably saved 40 hours a week. We've only had to add a few more details of our financial information, including the most important financial information.





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<https://www.GuideStar.org/> info@chescof.org

Financials

Audubon

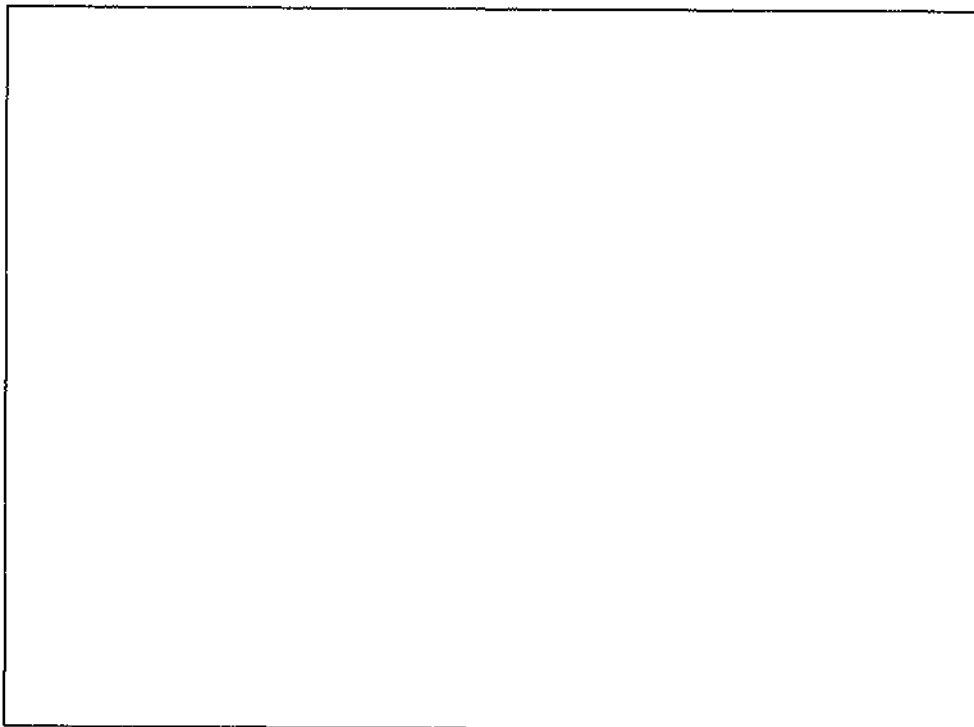
Revenue vs. expenses: 2022 breakdown



Category	Amount	Percentage
Total Revenue	6,260	100%
Programs	1,000	16%
Administrative	5,260	84%

Programs: 1,000 (16%)

Administrative: 5,260 (84%)

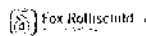




THE 15 MOST COMMON ERRORS MADE BY NONPROFIT ORGANIZATIONS



Jacqueline Motyl, Esq.



pmotyl@foxrothschild.com
610.458.1420

BOARD DUTIES



1. Ensure Legal & Ethical Integrity
2. Build a Competent Board
3. Determine Mission & Purpose; Ensure Effective Planning; Monitor & Strengthen Programs & Services
4. Protect Assets & Provide Financial Oversight
5. Ensure Adequate Financial Resources
6. Enhance the Organization's Public Standing
7. Select, Support & Evaluate the Chief Executive

Revised 1/10, <http://www.nvca.org/Warrior101>

FORMATION



1. **Failing to incorporate your entity as a nonprofit corporation**
2. **Failing to file as the right type of nonprofit corporation**
(member v. non-member)
3. **Failing to file for an exemption**
(private foundation v. public charity)



Fox Rothschild LLP

GOVERNANCE



4. **Failing to differentiate between “Ordinary Decisions”** (approval by board upon majority vote) and **“Fundamental Decisions”** (approval by board upon super-majority vote of all directors in office)
5. **Failing to adopt a signatory and disbursement policy**
6. **Failing to include liability limitation and indemnification provisions in the articles and bylaws**
7. **Failing to ensure proper voting methods are used**



Fox Rothschild LLP

“THE HONORARY BENCH MARKS THAT FROM THEM
ON WE HAD BY THE RULE ALL SECOND”

FUNDRAISING AND RESTRICTED ASSETS



8. Failing to properly register to fundraise (including commercial co-ventures)
9. Failing to issue written acknowledgements to donors
10. Failing to identify donor designated funds, board restricted funds and unrestricted funds
11. Failing to use unrestricted funds for the purposes set forth in the entity's governing documents



TAX REPORTING



12. Failing to file annual Form 990 returns
13. Failing to establish the presumption of reasonableness

The Rebuttable Presumption of Reasonableness procedures consist of three steps:

1. The compensation arrangements are approved in advance by an authorized body of the organization composed entirely of individuals who do not have a conflict of interest with respect to the compensation arrangement;
2. The authorized body obtained and relied upon appropriate comparability data prior to making its determination; and
3. The authorized body adequately documented the basis for its determination concurrently with making that determination.



RISK



- 14. Failing to minimize your liability exposure arising out of your operations, real estate activities, related businesses and unrelated businesses
- 15. Failing to obtain proper insurance (general, directors & officers)



Fox Rothschild



STRATEGIC PLANNING





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csylvia@sylviacarter.com
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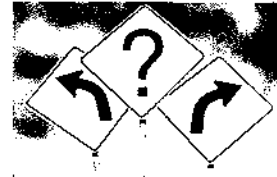
1. Ensure Legal & Ethical Integrity
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WHAT IS STRATEGIC PLANNING?

A strategic plan is a roadmap that helps an organization agree on its focus & aims; a multi-year guide



Envision future initiatives + overall steps to achievement:

- goals, objectives, strategies, action steps
- outcomes
- metrics to measure progress
- timelines
- budgets

A successful strategic planning process

- examines internal and external realities
- focuses priorities
- helps anticipate and proactively respond/adapt to change
- long term (2-10 years)
- relatively general in scope
- focuses on broad, long-lasting issues needing extra attention

WHY DO WE PLAN?

What are some of the reasons nonprofit boards decide to create a Strategic Plan?

- 1-
- 2-
- 3-
- 4-
- 5-



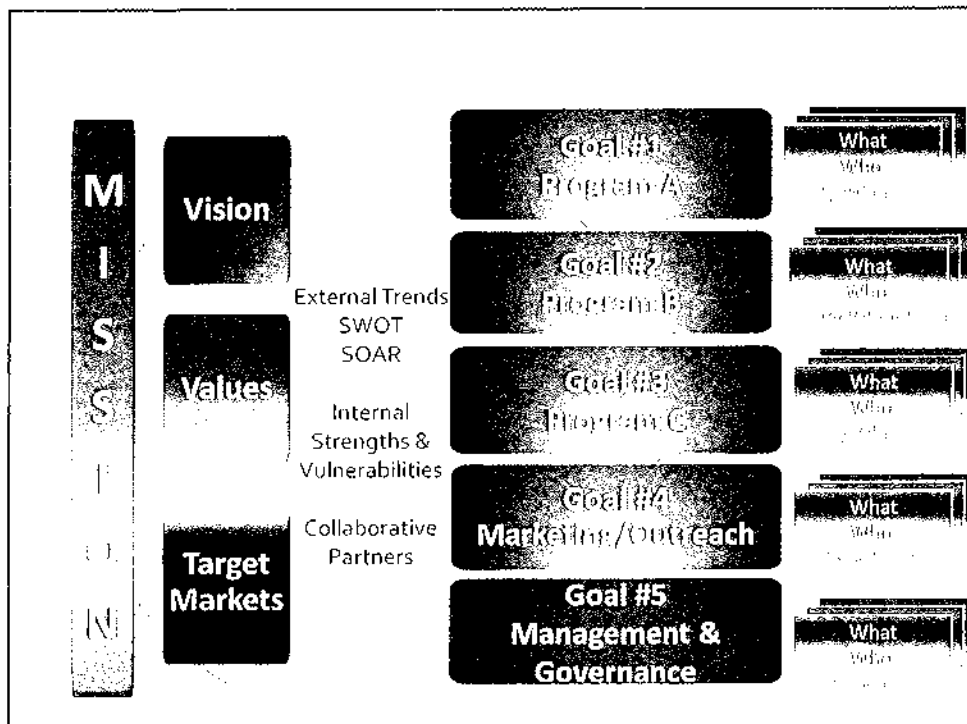
It's not a moral imperative statement
But we'll be glad to share our history

PLANNING PHASES

- Phase 1 – Get Ready
- Phase 2 – Articulate Mission, Vision & Values
- Phase 3 – Assess Our Situation (*where are we now? SWOT/SOAR*)
- Phase 4 – Agree on Priorities (*where do we want to be?*)
- Phase 5 – Write the Strategic Plan (*program, capacity, financing*)
- Phase 6 – Implement the Strategic Plan
- Phase 7 – Monitor, Evaluate & Update the Plan
evergreen document; not written in stone

Planning Tips

- Make it clear & achievable
- Action steps, due dates, who's responsible
- Be realistic with tasks, timelines & assignments
- Remember to revisit & update the plan regularly

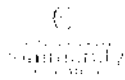


Time	Topic	Discussion Points
10:00	Welcome / Clarify Today's Aims	Overview of agenda, purpose of day and process; introductions in order of joining
10:15	Mission Statement Review	What is the current mission statement? What resonates? What may be open for possible revision?
10:30	Idealized Design: Core Values, Purpose & Target Market	To what ends are we working? What difference do we want to make? What core values are key to how we operate ideally? Ideally, who benefits primarily? secondarily?
11:15	Break	
11:30	External Trends Collaborative Scan	What's going on in the world? How does it impact us? PEST Political – Economic – Social – Technological What organizations do we/should we partner with?
12:15	Break to get lunch provided by NPO	
12:30	Internal Organizational Strengths & Vulnerabilities	Internally, where are we strong? Where are we vulnerable? Programs & Services Administration & Management Marketing & Outreach Board/Committee Governance
1:15	Clarify and Prioritize Overall Organizational Initiatives	Based on what we've discussed today, what do we need to accomplish to feel successful - short term? longer term?
1:45	Next Planning Steps	Long term: Draft today's discussions into brief written plan Short term: FY Budget Review, Discussion, Modifications
2:00	Conclude	

PLANNING TO PLAN: PRACTICAL CONSIDERATIONS

- What is motivating our nonprofit to plan, now/soon?
- How much time will planning research & planning deliberations require, over what time frame?
 - Board, senior staff, program staff
 - constituents
 - external community partners
- What is the value-add of hiring a consultant? At what cost?
- How will we communicate the final plan to the public?
- When can the nonprofit readily commit the time & funds?





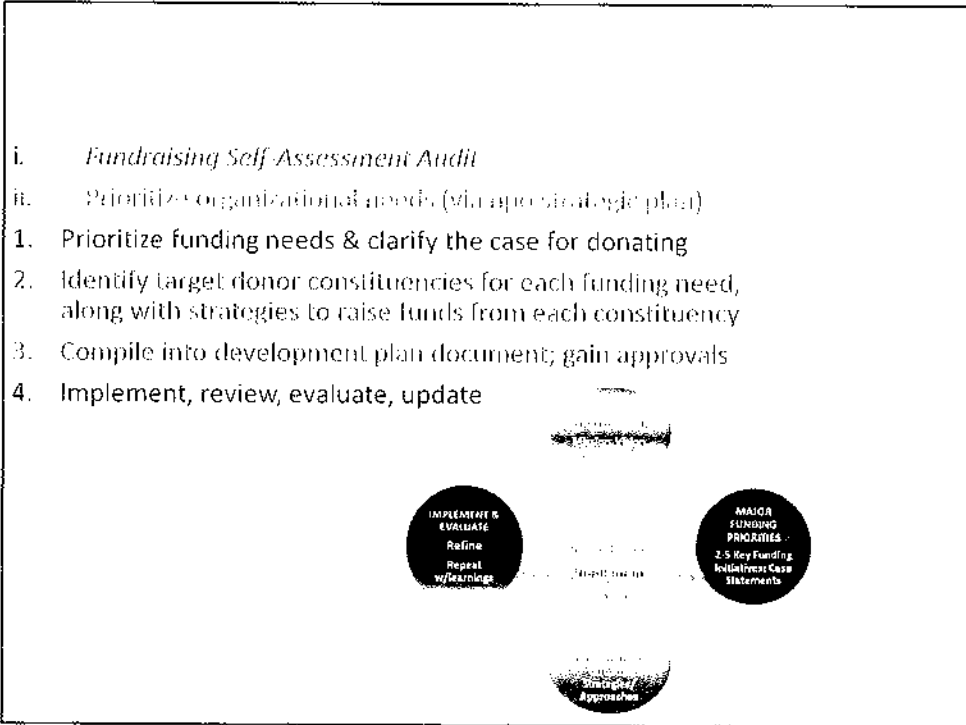
THE BOARD'S REAL ROLE IN FUNDRAISING



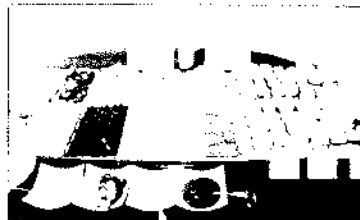
Krystine Sipple, CFRE
RD Strategies, LLC
krys@rdstrategiesllc.com


1. Ensure Legal & Ethical Integrity
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- **What's the need to be met?**
... clear understanding of what the donor is being asked to support
- **Why is it important to the world?**
... strong & moving case for support
- **How is our nonprofit going to meet the need?**
...solid plan for meeting goals
- **How much will it cost?**
...cost/benefit, amongst other priorities
- **Who else is involved?**
...evidence of other support ... sense of leadership
- **What do you need from me, the donor?**
...how do I fit in?
- **What's in it for me, the donor?**
...avenues for meaningful involvement, participation, recognition/anonymity as desired
- **How will we know when we've accomplished what we aim to do?**
...sense of impact

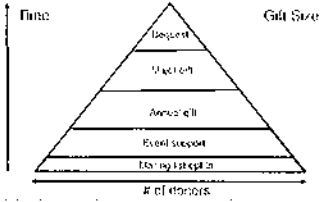


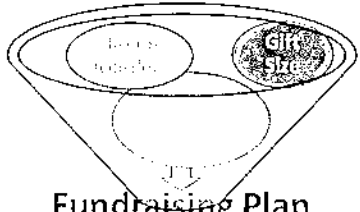


Fundraising Plan

Prospect Selection	Gift Size	Approaches
<ul style="list-style-type: none"> • Geography • Age • Income/wealth • Psychographics • Closeness to cause • Introducer/door opener • Asker <p>SOURCES</p> <ul style="list-style-type: none"> • Individual gifts • Foundation grants • Corporate sponsors • Government funding 	<ul style="list-style-type: none"> • Large \$\$\$\$ • Medium \$\$\$ • Small \$\$ • Very Small \$ 	<ul style="list-style-type: none"> • Large group • Medium group • Small group • Individual meeting <ul style="list-style-type: none"> • Social media • Event in person • E-mail, text • Mail <i>bulk, personalized, handwritten</i> • Talk by phone <i>1:1, phon-a-thon, paid solicitor</i> • Meet in person

The Donor Pyramid






Fundraising Plan

ACTION OUTLINE

- Tactics
- Due Dates
- Assignments


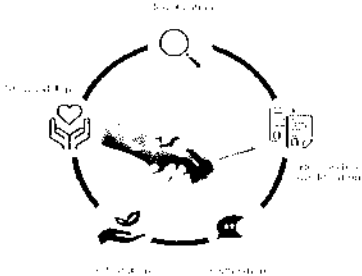
GOALS

- Number of prospects
- Number of donors/participants
- Number of gifts/participants
- Number of dollars




Raising funds is NOT enough.....

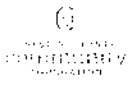
<p>What worked? What didn't work? Revise & update plans</p>	<p>Relational, not transactional</p> <p>The ultimate aim is to deepen supportive relationships</p> <p>Aim is not just raising money for today's needs. Aim is cultivating supportive partners for the long-term</p>
---	---


1. **COMPELLING PURPOSE**
 - Strong, moving cause for support that addresses personal needs & interests
 - Specific goals: clear understanding of what the donor is being asked to support
 - Solid plan for meeting goals & completing the defined work
 - Evidence that the gift will have meaningful impact


2. **MEANINGFUL CULTIVATION & RELATIONSHIP DEVELOPMENT**
 - Strong leadership (board, staff, volunteers)
 - Methods to promote involvement & ownership
 - Understanding donor's motivations & frames of reference
 - Cultivation, solicitation & stewardship by people who have already given, & are asking others to do the same
 - Evidence of ongoing support
 - Opportunities for recognition, if desired
 - Avenues for involvement & meaningful participation






EXECUTIVE TRANSITIONS: THE BOARD'S ROLE IN SEARCHING FOR, HIRING & SUPPORTING A NEW EXECUTIVE DIRECTOR


Keith Burress
Board Past President
Orion Communities


Kris Keller
Outgoing Executive Director
Orion Communities


**ORION
Communities**

<https://orioncommunities.org/>


Timmy Nelson
Panel Discussion Facilitator

BOARD RESPONSIBILITIES

1. Ensure Legal & Ethical Integrity
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3. Determine Mission, Vision & Purpose
Ensure Effective Planning
Monitor Program & Service Quality
4. Protect Assets, Manage Resources
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Source: Success on Planning for CEOs by Annie F. Casey Site
<https://www.aacfi.org/factbook/2014/04/23/successful-egit-04-23-14>

These conditions help ensure a relatively smooth transition to new leadership whenever it might occur.



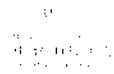
2. The board evaluates the executive director annually on achievement of strategic goals.
4. The executive's direct reports, per annual evaluations, are judged as solidly skilled for their positions.
6. Another staff person or board member shares important external relationships (major donors, funders, community leaders) maintained by the executive director.
8. Financial systems meet industry standards. Financial reports are up to date and provide the data needed by the board and senior managers responsible for the organization's financial strength and viability.
10. Top program staff have documented their key activities in writing and have identified another staff person who can carry their duties in an emergency.

11. How do you plan to handle a sudden absence?

1. Sudden Absence
2. Medical Urgency/Emergency
3. Retirement Within a Few Months
4. Planned Retirement Within a Few Years



SEARCH PROCESS CONSIDERATION
hiring a search firm vs doing on own



OUR NONPROFIT'S IRS 990: WHAT SHOULD I PAY ATTENTION TO AS A BOARD MEMBER?



Rob Necarsulmer
Board Treasurer,
Chester County
Community
Foundation



Cindy Ray, CPA
Chief Financial
Officer,
Visit Philly




Kathy Wileczek, CPA
Umbreit, Wileczek &
Associates



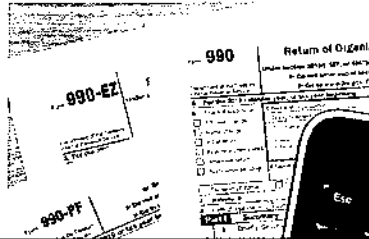
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2. Build a Competent Board
3. Determine Mission & Purpose; Ensure Effective Planning; Monitor & Strengthen Programs & Services
4. Protect Assets & Provide Financial Oversight
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Source: Center for Nonprofit Organizations

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BOARD OF DIRECTORS



OFFICERS

WINIFRED MORAN SEBASTIAN, ESQ.
Lamb McErlane
Chair

ZEBULUN DAVENPORT, ED.D.
West Chester University
Vice Chair

ROB NECARSULMER
Corporate Secretary/Treasurer

DIRECTORS

EMILY TEMPLE ABELS, ESQ.
Larmore Scarlett

VIRGINIA KRICUN
Community Volunteer

DUKE SCHNEIDER, ESQ.
MacElree Harvey

DENISE ANTONELLI, ESQ.
Gawthrop Greenwood

STEPHANIE PAHIDES
KALOGREDIS, ESQ.
Lamb McErlane

DONNA URIAN, CPA, MST
Fischer Cunnane & Associates

LES BEAR

MARK MCCARRON
Wescott Financial Advisory Group

DAVID VERMEIL
Merrill Lynch Wealth Management

ERIK GUDMUNDSON
Pegasus Technologies

ELIZABETH ZWAAN MILNE, ESQ.
Attorney-at-Law

KATHLEEN WILECZEK, CPA
Umbreit, Wileczek & Associates

NICK HOFFMAN, CPA
Sole Practitioner

NATALIE ORTEGA-MORAN, ED.D.
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