

2013 | ANNUAL REPORT

STRONGER BOARDS. BIGGER IMPACT.



**BOARDSOURCE IS DEDICATED
TO ADVANCING THE PUBLIC GOOD
BY BUILDING EXCEPTIONAL
NONPROFIT BOARDS AND
INSPIRING BOARD SERVICE.**



Anne Wallestad
President & CEO



John Griswold
Chair, Board of
Directors

Dear Friends and Supporters,

We are pleased to share with you this report on our work in 2013, which marked BoardSource's 25th year. It was a pivotal year for our organization, and a year of transition in many ways. We, like so many nonprofit organizations, worked to make changes that would better serve our mission and create the flexibility and agility that we needed to adapt and grow within a context of continuous change.

Motivating us throughout 2013 was our steadfast belief in the power and potential of nonprofit boards to transcend challenges and transform organizations in ways that better serve our communities and our world at large. That belief translates into a commitment to serve organizations of all sizes, all missions, and all geographies, and has guided our work to create a new model for program delivery that is accessible to the vast majority of our nation's 1.5 million nonprofit organizations, as well as to the nonprofit organizations that serve our global community.

The results, as you will see through this report, are quite incredible. Not only are we reaching and serving more leaders than ever before, we are doing it more efficiently and in a way that supports our long-term service to the ongoing needs

of nonprofit leaders and the sector as a whole. While there is still much work to be done, we are proud of what we have accomplished and are inspired by the positive momentum that is building.

As we reflect on the successes of last year, it is clear that our work was bolstered by the commitment and generosity of so many, not just in 2013, but throughout the entirety of our first 25 years of service to the nonprofit sector. We are grateful to all who have supported and worked with us over the years and most importantly to the nonprofit leaders who — through their dedication to being the strongest and best board members they can be — demonstrate the kind of courage, commitment, and community-mindedness that makes our world a stronger, more just, and more vibrant place for all of us.

With appreciation,

Anne Wallestad
President & CEO

John Griswold
Chair, Board of Directors

A NEW LEADERSHIP PARTNERSHIP

In 2013, BoardSource's board of directors appointed Anne Wallestad as the organization's fifth president and CEO. The board also elected John Griswold, executive director of the Commonfund Institute, to serve as chair of the board.

Anne took the helm after more than four years as a member of BoardSource's leadership team, having played a pivotal role in designing a new strategy to expand BoardSource's impact and reach.

Together, Anne and John have helped BoardSource navigate through an important year of transition and change. Their shared leadership represents an important new chapter in BoardSource's history and serves as an example of the critical CEO/board chair partnership in action.



*Anne Wallestad,
president and CEO, at
the 2013 BoardSource
Leadership Forum.*



IN 2013...



ORGANIZATIONAL MEMBERSHIPS

133 ORGANIZATIONS
17,875 INDIVIDUALS



CERTIFICATES OF BOARD EDUCATION

189 AWARDED
564 TOTAL



CONSULTING ENGAGEMENTS

188 ENGAGEMENTS
149 ORGANIZATIONS



ASSESSMENTS

498 BOARD SELF-ASSESSMENTS,
ASSESSMENTS OF THE CHIEF
EXECUTIVE, AND DIVERSITY AND
INCLUSION ASSESSMENT

HOTTEST WEBINAR TOPICS



FUNDRAISING



BOARDROOM
COMMUNICATION

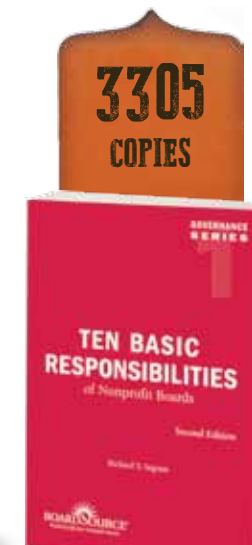
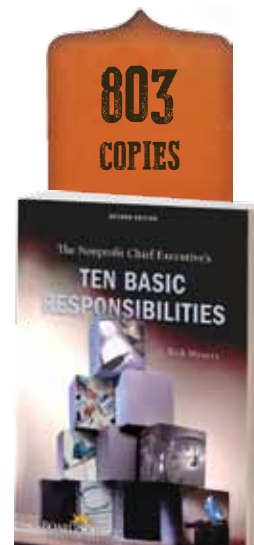


RECRUITMENT



COMMITTEES

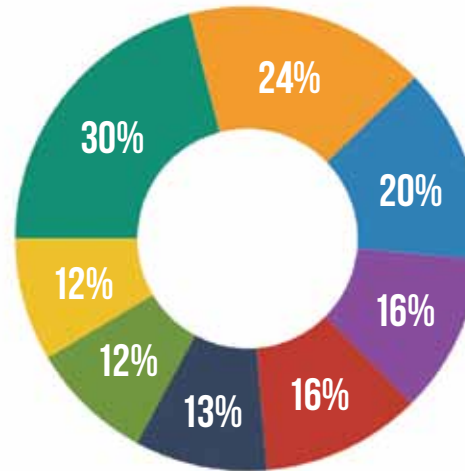
MOST POPULAR BOOKS



CERTIFIED GOVERNANCE TRAINERS

Since the launch of our Certified Governance Trainer Program in September 2012, BoardSource has vetted and trained 86 experienced trainers, and has expanded our network of trainers from a group of 14 trainers in 9 states and 8 communities to 100 trainers in 3 countries, 32 states and 48 communities.

BLF 2013 ATTENDEES



MISSION AREA	PERCENT (%)
Human/social services	30.1
Capacity building	24.2
Youth development	19.6
Health care	16
Education	16
Philanthropy/grantmaking	13.2
Arts and culture	12.3
Community/economic development	12.3

SOCIAL MEDIA OUTREACH



3,490
LIKES



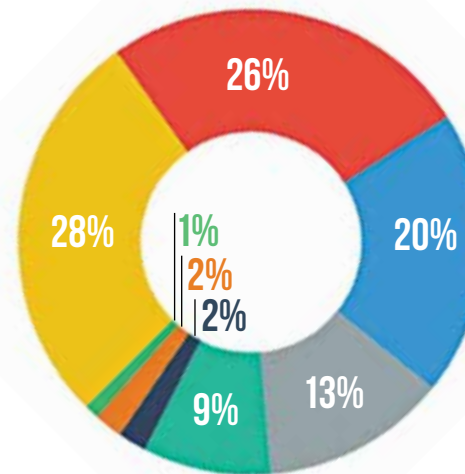
21,603
MEMBERS



13,756
FOLLOWERS



322 BLOG
FOLLOWERS



ROLE	PERCENT (%)
Executive Director or CEO	28
Nonprofit Staff	26
Consultant or Professional Services	20
Board Chair	13
Board Member	9
Board Officer	2
Funder	2
Student	1

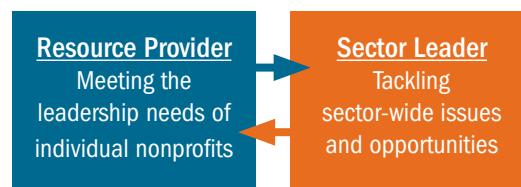
TWENTY-FIVE YEARS OF LEADERSHIP

The nonprofit sector comprises a vibrant and diverse group of organizations with missions and goals that vary as widely as can be imagined. Binding us together is our shared commitment to strengthening our communities and serving the public... and the demands and challenges related to governance! Today, the role of our boards goes far beyond basic oversight. Our nonprofit board leaders — our board members and chief executives — are challenged to provide visionary leadership that drives greater impact and mission sustainability in an environment of rapid and continuous change.

BoardSource was founded in 1988 in response to the critical need for educational resources focused on best nonprofit governance practices. And throughout the past 25 years, we have partnered with nonprofit organizations and leaders around the world to help them establish and strengthen the essential governance practices that ensure proper board oversight and accountability. But — just as important — we have worked to cultivate a culture of board leadership that embraces continuous learning as a means to become not just effective; but exceptional; leaders in addressing the

issues affecting our organizations, the nonprofit sector, and our communities.

Throughout our 25 years, we have played two critical roles:



Today, BoardSource is building on the work of the past 25 years to dramatically expand our impact. The year 2013 was an inflection point for us as we tested and refined a new way of providing scalable support to individual boards and launched new leadership initiatives that are helping to address critical challenges and opportunities within the sector.

A NEW MODEL FOR STRENGTHENING BOARD PERFORMANCE

To address the core challenges affecting society, BoardSource believes we need nonprofit organizations that are unleashing their full potential for transformative change. And that means that we need stronger, more effective boards leading each and every one of our nation's nonprofit organizations.

We believe that exceptional board leadership is cultivated, not created. It requires an ongoing commitment and intentional focus on nonprofit board development and growth. BoardSource's year-round board development program — the crux of which is our organizational membership program — empowers nonprofit leaders to reflect on the meaning of exceptional governance and put into action specific practices that take boards to the next level of performance.

The organizational membership program was designed with the understanding that boards excel when they have the tools and resources to

- identify and understand key challenges and opportunities and provide a framework for setting priorities for board development
- educate board members and staff about ways to grow and change together
- access support from a global network of peers, who are committed to strong and effective board leadership

The program impels organizations to commit to an ongoing cycle of board assessment and education that supports continuous improvement and helps identify and address opportunities for improvement, before they hamper organizational performance.

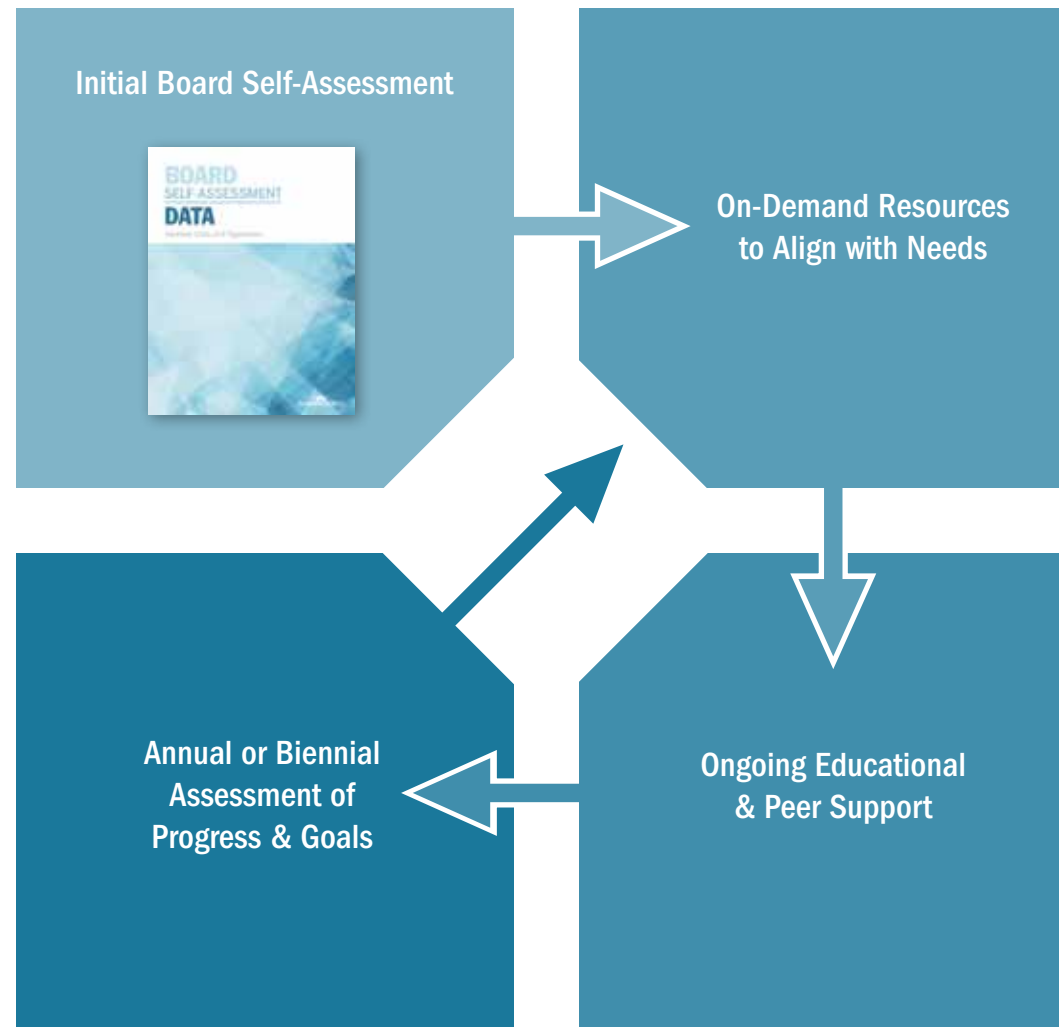
STRENGTHENING BOARD LEADERSHIP ACROSS THE Y-USA NETWORK

Recognizing the critical importance of effective governance to its network, the Y-USA was one of the first organizations to join BoardSource's organizational membership program.

Now in its third year of partnership, this program continues to advance the Y-USA's governance priorities.

BoardSource has become a trusted advisor for the Y-USA's overall governance work with 865 local Ys and developed a new protocol for supporting and improving board governance that is aligned with the Y's Governance Performance Model. This process has enabled Y resource directors to help Y boards across the country move on a trajectory from functional to responsible to exceptional.

THE ORGANIZATIONAL MEMBERSHIP MODEL



Offered as one, comprehensive program, the organizational membership program is helping BoardSource deliver high-impact board development support in a way that is truly affordable for the majority of nonprofits and scalable. This program has become the foundation for more than 150 organizations' board development and — because of its open-access design — is reaching nearly 19,000 board and staff leaders.

A BLF attendee shares with and learns from peers.

PROVIDING IN-DEPTH SUPPORT THAT MEETS LEADERS WHERE THEY ARE

Augmenting the year-round support that organizational membership provides are BoardSource's in-depth training programs. Over the past two years, we have created offerings that are aligned with the specific educational needs of the following:

NEW BOARD LEADERS The Certificate of Nonprofit Board Education provides fundamental board leadership training and serves as a comprehensive orientation program for new board leaders.

BOARD CHAIRS The Leadership Certificate for Nonprofit Board Chairs provides a focused orientation for new board chairs and helps individuals taking on this critical leadership role to effectively guide and structure the work of the board and build a constructive partnership with the CEO.

CHIEF EXECUTIVES The Leadership Certificate for Chief Executives provides in-depth support and guidance for CEOs and is focused on how to build a successful partnership with the board and board chair and appropriately balance board and staff roles.



BoardSource also has shifted the delivery of these programs to make them more accessible to leaders across the country, with new offerings that are delivered via webinar, as well as a greater number of regional trainings offered in partnership with local organizations, enabling BoardSource to reach thousands of nonprofit leaders.

BUILDING LOCAL CAPACITY FOR GOVERNANCE SUPPORT

Historically, BoardSource has found it difficult to meet the consulting needs of the broad nonprofit sector due to the high cost of delivering consulting services from a national headquarters — costs that can be prohibitively high for many organizations.

In response to this challenge, we launched the new Certified Governance Trainer program in fall 2012. The program aims to decentralize BoardSource's consulting and training practice, ensuring that communities across the country have access to affordable, community-based board leadership consultants who are trained and vetted by an established leader in nonprofit board leadership. And now, through this network of affiliated trainers, BoardSource is able to provide nonprofit organizations throughout the country with tailored interventions and support that addresses critical issues of growth and change.

Over the past two years, we have built a community of nearly 100 BoardSource Certified Governance Trainers across the country.

“The Certified Governance Trainer Program is an intentional shift toward building local capacity for governance support. Nonprofit organizations need access to qualified and capable board consulting that they can afford and — as the national leader in nonprofit governance — we have a responsibility to make that happen.”

Anne Wallestad, BoardSource president & CEO



Fall 2013 Certified Governance Trainer program participants.

PARTNERING WITH GRANTMAKERS TO STRENGTHEN BOARD LEADERSHIP

Three years ago, the Virginia G. Piper Charitable Trust, located in Maricopa County, Arizona, and BoardSource launched a community-wide program with an objective to strengthen the governance practices of Piper Trust grantee nonprofit organizations in that county. Virginia G. Piper Charitable Trust's commitment to investing in its community partners was the impetus behind the program, which sought to

- understand and assess the governance needs of nonprofit organizations in Maricopa County
- educate local nonprofit leaders on the roles and responsibilities of nonprofit board leaders and provide tools, skills, and knowledge to board members that will increase leadership capacity and agency effectiveness

- engage leaders from a broad cross-section of agencies in Maricopa County
- provide in-depth governance resources and support to a targeted group of nonprofits
- build on the Virginia G. Piper Charitable Trust's efforts to build organizational capacity and strengthen nonprofit governance
- strengthen local capacity to deliver governance resources within the community

Over the course of the three-year program, BoardSource worked closely with more than 40 Piper Trust grantee organizations to strengthen their governance and board leadership. Participating organizations reported significant and tangible

improvements in their governance practices, as well as the beginning of a community-wide understanding of the importance of board leadership and governance best practices.

BoardSource has been pleased to partner with a number of community-based funders to structure similar programs to serve the local nonprofit community, including

- Eugene & Agnes Meyer Foundation (Washington, DC)
- Charles Stewart Mott Foundation (Flint, MI)
- Community Memorial Foundation (Suburban Chicago, IL)
- Community Foundation of Lorain County (Lorain County, IN)



While board members cycle on and off of various boards, governance work never ceases. Board members can continue to apply the knowledge gained from BoardSource to other boards. This further expands the impact and value of BoardSource's services.



Ellen Solowey, program officer, Virginia G. Piper Charitable Trust

Susan Meier, a BoardSource senior governance consultant at an engagement.



Pillar 3: Constructive

- Are we fearful to challenge the
- The missing conversations we board is talking about, but isn't
- What are our sacred cows?
- What's the toughest question sitting in the boardroom?

“OneJustice is the glue that holds the California legal services community together.”



CELEBRATING THE POSITIVE CHANGE THAT BOARDS MAKE POSSIBLE

Recognizing and promoting excellence in board service is at the heart of BoardSource's mission. That's why we created the Prudential Leadership Awards for Exceptional Nonprofit Boards in 2011 and why, every year since, we have announced the winners at our annual conference, the BoardSource Leadership Forum (BLF). The awards are intended to inspire and support new approaches to strengthening and building organizational impact through board leadership.

The winner of the 2013 Prudential Leadership Award, OneJustice, is a great example of what's possible when board leaders challenge themselves to reach beyond the status quo and innovate.

Following sobering feedback from stakeholders in 2007 that challenged the relevance of its mission and work, OneJustice tackled these issues head-on, launching a campaign to reinvent itself and its work.

Through a board-driven strategic planning process, it worked to clarify the organization's mission, set its vision, and carefully evaluate every project against a double bottom-line: mission impact and contribution to the organization's financial health. Programs were refined to align with the organization's mission; there was a complete organizational rebranding, leading to the renaming of Public Interest Clearinghouse to OneJustice; and the board went through a governance review process to institutionalize best practices and policies.

As a result of the board's work over the past six years, OneJustice is now flourishing. The budget has doubled, the revenue model is stable, the organization is responding to stakeholder requests for geographic presence in Southern California, and the board is engaged and focused on mission, excellence, and continued strategic growth. Just over a year ago, the board solicited feedback

from the same set of stakeholders that questioned the organization's relevance and value in 2007. The response this time? "One Justice is the glue that holds the California legal services community together."



With their Prudential Leadership Award in hand — which included a \$15,000 cash grant supported by Prudential and a BoardSource organizational membership — OneJustice continues to push forward, recently bringing on new talent to support resource development.

OneJustice epitomized the 2013 BLF theme of "*Bold Leadership: Taking Risks, Thinking Big!*" Its story underscores the value of effective governance and how, with capable board and staff leadership willing to take risks and think big, an organization can truly drive change in the community it serves.

Max Ochoa from OneJustice Accepting the Prudential Leadership Award at the 2013 BoardSource Leadership Forum.

TACKLING THE BOARD RECRUITMENT CHALLENGE BY HELPING ORGANIZATIONS RECRUIT MORE STRATEGICALLY

Building a strong board starts with recruiting and engaging a talented group of board leaders who bring diversity of experience, expertise, and networks. Yet many organizations struggle to identify the right leaders. According to the BoardSource Nonprofit Governance Index, almost one-third of chief executives report that they do not have the right board members to effectively govern their organizations, and almost one-half of nonprofit leaders report that it is difficult to recruit new members.

 “I appreciate that I have the opportunity to engage in meaningful volunteer work that not only has a positive impact on the community, but also makes me a better Prudential associate by affording me the opportunity to learn, demonstrate, and hone critical leadership skills — skills that I bring back to work every day.” 

Acknowledging this persistent and pervasive challenge, BoardSource launched the Board Recruitment Center in 2013 to help nonprofit organizations think strategically about board recruitment and access resources designed to help them find the caliber of candidates they need to succeed. Visit www.boardsource.org/recruitment to explore and utilize these resources.

PARTNERING WITH CORPORATIONS TO BRING NEW LEADERS INTO NONPROFIT BOARD SERVICE

One of the exciting ways that BoardSource is helping to bring talented leaders into nonprofit board service is by partnering

with for-profit companies to inspire and prepare their employees to serve on nonprofit boards. These programs address nonprofit needs, support corporate philanthropy and engagement efforts, and create valuable leadership development opportunities for those who serve.

In 2013, BoardSource welcomed opportunities to

- align policies and programming for nonprofit board service programs across Disney’s brands and divisions
- extend fundamental board leadership resources to Google’s broad network of employee leaders
- support a cohort-based program for Prudential that engages diverse, rising leaders within the company

Through our corporate membership program, The Partnership for Effective Board Leadership, companies are able to support employees, board service program managers, and the communities and nonprofit partners served by their larger philanthropic efforts.

LOOKING AHEAD

As we reflect on the successes of 2013, it is clear that BoardSource is on an exciting trajectory of growth and change.

We are focused on expanding our reach and impact with individual organizations and leaders and zeroing in on some of the most pressing opportunities and challenges we see affecting the nonprofit sector.

CALLING ON NONPROFIT ORGANIZATIONS TO BE TRANSPARENT ABOUT ESSENTIAL GOVERNANCE PRACTICES

In an environment where donors, the public, and charity regulators are asking more and more questions about the effectiveness of nonprofit organizations, there is an opportunity for nonprofit organizations to lead the charge in creating transparency around their organizational practices, including the work of the board. Early in 2014, BoardSource worked with GuideStar to launch a new section of the GuideStar Exchange that enables organizations to share information about essential board leadership practices. We look forward to expanding this effort and encouraging broad participation in this opt-in approach to accountability and transparency.

POSITIONING BOARDS TO LEAD FROM THE TOP ON DIVERSITY AND INCLUSIVITY

Despite a widespread acknowledgement of the importance of board diversity, many boards are struggling to achieve board composition that reflects their values in terms of diversity and inclusivity.

This has a negative impact on the board itself, but also impedes organization-wide diversity efforts, which take strong leadership from the top. In 2014, BoardSource looks forward to working with other thought leaders within and outside of the sector to develop strategy to address how boards can become catalysts for positive change within their organizations and bring greater leadership diversity to the sector as a whole.

UNLOCKING THE NONPROFIT SECTOR'S FULL CAPACITY FOR POSITIVE CHANGE BY INSPIRING BOARD MEMBERS TO PLAY A MORE ACTIVE ROLE IN ADVOCATING FOR THEIR ORGANIZATIONS' MISSIONS

BoardSource believes that nonprofit board leaders need to recognize that championing and advocating for the missions of the nonprofits they are serving is one of their key roles. In 2014, BoardSource will launch a campaign focused on changing board culture to embrace ambassadorship and advocacy in collaboration with the National Council of Nonprofits, Alliance for Justice, The Forum of Regional Association of Grantmakers, and the Campion Foundation.

For the latest news on BoardSource's leadership initiatives, visit www.boardsource.org/leadershipinitiatives.

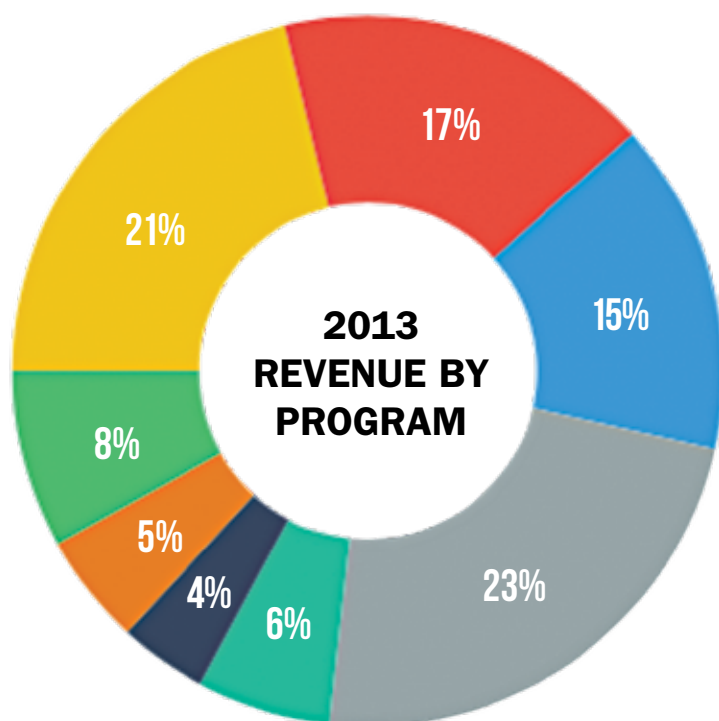
COLLABORATING WITH A SOCIAL MEDIA GIANT

In 2013, LinkedIn and BoardSource worked together to align BoardSource's Board Recruitment Center with LinkedIn's new Volunteer Marketplace, which piloted throughout 2013 and launched publicly in January 2014.

BoardSource worked closely with LinkedIn to provide resources and tools that help individuals and organizations be strategic around board recruitment, as well as to extend special recruiting access to BoardSource members.

Interested in learning more? Visit www.boardsource.org/recruitment.





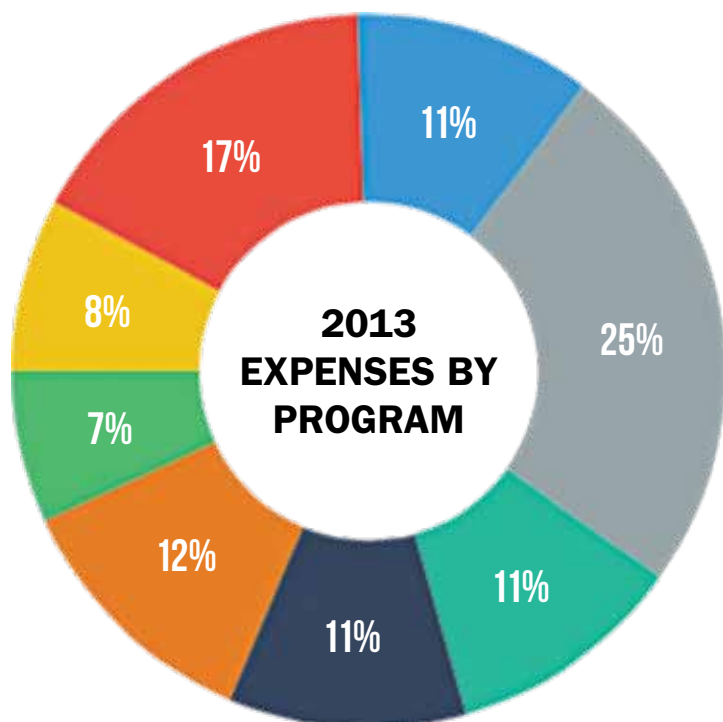
2013 PROGRAM REVENUE

PROGRAM	AMOUNT (\$)
Consulting Services	1,392,689
Contributed	1,288,838
Membership	1,028,859
Publications	916,242
Investment & Other Misc. Income	466,264
Assessment Services	356,161
Annual Conference	300,635
Training	268,812
Total	6,018,500

NET ASSETS AS OF 12/31/2013



TYPE OF ASSET	AMOUNT (\$)
Unrestricted	1,144,862
Temporarily Restricted	444,811
Permanently Restricted	211,401
Total	1,801,074



2013 PROGRAM EXPENSES

PROGRAM	AMOUNT (\$)
Consulting Services	1,434,208
Membership	960,459
Annual Conference	679,094
Assessment Services	624,883
Publications	619,385
Training	612,053
Fundraising	452,921
General & Administrative	432,830
Total	5,815,833

2013 FORM 990 AND AUDITED FINANCIAL STATEMENT

On an annual basis, BoardSource engages an independent accounting firm to conduct a review of the financial transactions and activities of our organization. The product of this review is an audited financial statement, which supplements the information found in BoardSource annual reports. [VIEW THE 2013 AUDITED FINANCIAL STATEMENT >>](#)

As a 501(c)3 organization, BoardSource files a Form 990 each year with the Internal Revenue Service. This return provides detailed financial data, a listing of annual expenses and sources of revenue, and other information about our organization. [VIEW THE 2013 FORM 990 >>](#)

THANK YOU TO OUR SUPPORTERS!

The support of grantmakers nationwide propels BoardSource's mission forward and empowers us to reach more than 90,000 nonprofit leaders annually. BoardSource is grateful to the institutions and individuals whose support enables BoardSource to provide guidance, information resources, and tools to nonprofit organizations of all sizes in communities across the country. We also thank the many donors and volunteers who provide financial and in-kind support in support of BoardSource's mission.

\$100,000 OR MORE

Annenberg Foundation
Campion Foundation
Charles Stewart Mott Foundation
Deerbrook Charitable Trust
The James Irvine Foundation
Prudential Foundation
UPS Foundation

\$50,000-\$99,999

Chevron
David and Lucile Packard Foundation
The Gordon and Betty Moore Foundation
Surdna Foundation
The William and Flora Hewlett Foundation

\$25,000 TO \$49,999

Eugene and Agnes E. Meyer Foundation
Evelyn and Walter Haas, Jr. Fund
Marguerite Casey Foundation
Target
UBS

\$10,000 TO \$24,999

Adobe
American Express
Capital One
Commonfund Institute
Disney
Google
Gulf Coast Community Foundation
Kaiser Permanente
LinkedIn
Russell Investments

\$5,000 TO \$9,999

The Ahmanson Foundation
Caplin & Drysdale
Corning Incorporated
John Deere Foundation
The Laurel Foundation
McGregor Fund
Streamlink Software
Xerox Foundation



BOARD OF DIRECTORS



John Griswold (Chair)
Executive Director
Commonfund Institute



Phillip Henderson (Vice Chair)
President
Surdna Foundation



Dawn McNally (Treasurer)
Vice President, Relationship Management
Global Business & Technology Solutions
Prudential



Kimberly Roberson (Secretary)
Program Officer
Charles Stewart Mott Foundation



Anne Cohn Donnelly
Clinical Professor
Kellogg School of Management
Northwestern University



Philip R. Lochner, Jr.
Director
CLARCOR Inc., CMS Energy Corp.,
and Crane Co.



David B. McGinty
Principal
H14 Development Group



Rick Moyers
Vice President, Programs and Communications
Eugene and Agnes E. Meyer Foundation



Cathy A. Trower, Ph.D.
President,
Trower & Trower, Inc.



Anne Wallestad
President and CEO
BoardSource



Sylvia Mei-ling Yee, Ph.D.
Vice President of Programs
Evelyn and Walter Haas, Jr. Fund

**as of 12/31/13*

*John Griswold,
board chair, at the
2013 BoardSource
Leadership Forum.*



BOARDSOURCE TEAM

Robin Aubry

Office Assistant

Pam Cook

Member Services Coordinator

Andy Davis

Director of Training

Jake Donich-Croll

Assessment Services Account Representative

Maureen Scherrer

*Strategic Development and Partnerships
Senior Manager*

Outi Flynn

Governance Specialist

Gil Gotiangco

Director of IT

Danielle Henry

Communications Manager

Jenifer Gager Holland

Director of Consulting

Luke LaLiberte

*Strategic Development and Partnerships,
Member Services Coordinator*

Jason Lavinder

Senior Graphic Designer and Brand Manager

Anne Atwood Mead

Director of Communications

Chris Millis

Staff Accountant

Brett Moore

*Strategic Development and Partnerships
Associate Manager*

Boosaba Pananon

*Strategic Development and Partnerships
Associate Manager*

Judy Reckelhoff

Program Manager

Kate von Richthofen

*Strategic Development and Partnerships
Senior Manager*

Rosemary Tenuta

Director of Assessment Services

Paul Wilcox

Digital Designer and Webmaster

Justin Wood

Assessment Services Manager/Consulting



**as of 8/14*

EXECUTIVE TEAM

Anne Wallestad

President and Chief Executive Officer

Erin J. Berry

Vice President, Marketing and Communications

Jennifer Deng

Senior Director, Strategic Development and Partnerships

Joan Payne

Senior Director, Finance

Marci Sunderland

Vice President, Human Capital and Operations

Vernetta Walker

Vice President, Programs and Chief Governance Officer

“If we want to make real progress in tackling our biggest social challenges, then we need strong and effective boards leading each and every nonprofit organization.”

Anne Wallestad, president & CEO, BoardSource

