

2014 | ANNUAL
REPORT

**STRONGER BOARDS.
BIGGER IMPACT.**


BOARDSOURCE®

Dear Friends & Supporters,

The 2014 year brought with it tremendous milestones and achievements. We launched a large-scale campaign focused on challenging board members to “Stand for Your Mission”; we forged a partnership with GuideStar to build awareness and transparency around essential board practices; we conducted Leading with Intent, a major study on trends in board leadership composition and practices; and we reached the milestone of serving a network of more than 110,000 nonprofit leaders. There’s no question about it: BoardSource made big things happen in 2014.

Guiding our work over the past year was the understanding that for nonprofit leaders — boards and staff alike — the stakes have never been higher. Nonprofits are grappling with big questions about impact, efficiency, and sustainability. They are facing increased pressure due to shifts in funding streams and increased public scrutiny. And they are seeking new and innovative ways to serve their missions and their constituents better.

As a nonprofit itself, BoardSource has faced these same questions and challenges, and the past two years have been especially important years of change. As this report highlights, we have emerged a stronger, more agile, and more sustainable organization that is better positioned to provide our fellow nonprofit leaders with the support and leadership that they need.

We are proud of what we have accomplished and are emboldened and energized by our forward momentum. We know that our work is not possible without the support, dedication, and wise counsel of our broader community of partners, funders, and colleagues, and we thank you for your continued investment — not just in BoardSource and our work, but in the nonprofit leaders and missions we serve each and every day.

With appreciation,



Anne Wallestad
President & CEO



John Griswold
Chair, Board of Directors



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

A Look Into Our Remarkable 2014

It is only appropriate for BoardSource board members and staff to begin this annual report by thanking our members, partners, and all other supporters of our work and mission. Your support helps us deliver resources and outcomes that help nonprofit board leaders be more effective — whether it's through the work we do with a single board on a board self-assessment or

through one of our larger cohort-based projects. Your continued dedication also enables BoardSource to build important partnerships and undertake leadership initiatives designed to increase the impact of nonprofits and strengthen the nonprofit sector. It's these leadership initiatives that are a large and important focus of our 2014 Annual Report.

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The Stand For Your Mission Campaign

Challenging boards to advocate for their missions



Nonprofits exist in a world of tough challenges, of budget and resource limitations, of differing opinions and conflicting priorities — a world where decisions are made externally that have a profound impact on our ability to advance our missions. And the reality is, we're usually not at the table when those decisions are made, forcing us to pick up the pieces afterward.

Our missions deserve better. They deserve to be at the table. And no one is better situated to represent us, to advocate for our missions, than the more than 20 million board members who lead our nation's nonprofits, who believe in what we do.

It was this recognition that led BoardSource to create the Stand for Your Mission campaign in partnership with the Alliance for Justice, the Campion Foundation, the Forum of Regional Associations of Grantmakers, the John S. and James L. Knight Foundation, and the National Council of Nonprofits. Together, we seek to engage the board leaders of our country's 1.5 million-plus nonprofits more directly in their organizations' advocacy work by firmly establishing advocacy as an expectation for engaged and effective board leadership. Advocacy is a path toward greater impact, and board members need to understand both its importance as a strategy and the incredibly powerful and influential role that they can play.



The Stand for Your Mission campaign launched at the 2014 BoardSource Leadership Forum in October, beginning an important and growing movement that is committed to

- bringing about a sustainable shift in the understanding and expectations around board engagement in advocacy
- moving advocacy from an ancillary to an essential role for all board members
- strengthening our collective ability to advance the public good

And we're making progress. Since the campaign was launched, we have reached more than 150,000 board leaders across the country, engaging them in conversations about why board advocacy matters. The campaign continues to gain momentum, and in 2015, BoardSource unveiled a new version of our core publication, *Ten Basic Responsibilities of Nonprofit Boards*, which includes a more explicit focus on the important responsibility that board members have in serving as ambassadors and advocates for their organizations.

BoardSource is leading this movement for board advocacy, and we want you to be a part of it. Visit standforyourmission.org to learn about how to use board advocacy as a powerful lever for change and to access resources and tools that can be shared within your organization and networks.

Being Proactive and Transparent

Creating transparency around essential board practices in partnership with GuideStar

In an environment where donors, the public, and charity regulators are asking more and more questions about the effectiveness of nonprofit organizations, BoardSource is challenging nonprofits to proactively and transparently share information about the work of their board.

Partnering with GuideStar — the sector’s leader in advancing nonprofit transparency — we developed a new “People & Governance” tab on the GuideStar Exchange that enables organizations to demonstrate their commitment to strong board leadership and provide valuable insights into the way that they are governed. Organizations are invited to share information about five critical board functions:

- Board Orientation & Education: Do board members understand their roles and responsibilities?
- CEO Oversight: Is the board responsibly managing and overseeing the chief executive’s performance?
- Ethics & Transparency: Is the board committed to handling potential conflicts of interests with transparency?
- Board Composition: Is the board modeling diversity and inclusivity in its own leadership?
- Board Performance: Is the board regularly assessing its own performance?

Since the launch of the new People & Governance tab in March 2014, more than 2,000 organizations across the country have updated their GuideStar Exchange profiles to share information about their governance practices with potential donors and the general public. BoardSource is also encouraging organizations to share information about their board and staff diversity via a set of questions created by the D5 Initiative, which also appear in the People & Governance section.

This partnership with GuideStar is an important step forward in helping the public, as well as nonprofits, better understand the connection between essential board practices and organizational accountability and leadership. It also will drive more effective and transparent organizational governance and, ultimately, a stronger nonprofit sector.



Leading With Intent: A National Index of Nonprofit Board Practices

Mapping current board leadership practices and trends

BoardSource has been tracking and analyzing trends in nonprofit board leadership practices and composition for more than 20 years. This enables us to identify key trends and insights into how the nonprofit sector is being governed, and how that is changing over time.

Leading with Intent: A National Index of Nonprofit Board Practices is the most recent in this series of studies. More than 800 nonprofit organizations responded to a survey in the summer of 2014 and shared quantitative and qualitative data about their boards' composition, policies, practices, and performance. Nonprofit leaders gave nonprofit boards a "B minus" grade in overall performance. The *Leading With Intent* report and website explore why that is and — more importantly — what we can do about it.

BoardSource views *Leading with Intent* as a call to action not only to us, but to all who care about the health of the nonprofit sector, and in response is investing more deeply in strategies that align with key findings.

- *Leading with Intent* finds that if a board isn't thoughtfully composed, it is less likely to excel in other areas. But, unfortunately, only one in five chief executives strongly agree that they have the right board members, 58 percent of chief executives say it is difficult to find people to serve on the board, and 25 percent of boards remain exclusively White. In response, BoardSource is expanding its efforts to help nonprofit boards strengthen their recruitment practices and become more diverse and inclusive.
- *Leading with Intent* finds that boards do well at functions related to compliance and oversight, but face challenges with their strategic and external work. In response, BoardSource is challenging boards to embrace the important role that they play as external ambassadors for their missions. See standforyourmission.org.



- Building and strengthening a board takes ongoing, intentional effort. *Leading with Intent* identifies and explores the pain points that many boards are experiencing, and highlights the important role that board self-assessment can play in improving board performance. In response, BoardSource is continuing to challenge boards to be more intentional about their performance and to support ongoing, assessment-based continuous learning through our organizational membership program, which makes year-round board development accessible to organizations of all sizes.

Our goal with the *Leading with Intent* survey, report, and website is to provide a meaningful comparison of current board practices, an inspiring vision of best practices, and productive explanations about what matters and why, so that boards can build on their strengths, achieve higher levels of performance, and make the world a better place. The full report — along with recommended resources, tools, and data — is available at leadingwithintent.org.

GOVERNANCE BY DESIGN

OCTOBER 9 & 10 • WASHINGTON DC

Atlanta Master Chorale

BLF 2014 and Looking Ahead

Challenging nonprofit leaders to be more intentional about their leadership



The BoardSource Leadership Forum (BLF) is the nation's largest convening of nonprofit board members, chief executives, staff, and nonprofit professionals for two days to discuss the newest thinking and best practices in nonprofit governance. Through

plenary sessions, workshops, discussions, debates, presentations, and networking events, our participants learn how to guide their organizations toward greater impact and mission fulfillment.

The 2014 BoardSource Leadership Forum (BLF) brought together more than 800 nonprofit leaders in Washington, DC, in October 2014 under the theme of "Governance By Design."

For two full days, the energy was palpable as the attendees went from plenaries that inspired and motivated them to lead their organizations with intention to 70-plus sessions providing practical guidance on how to do just that.

Atlanta Master Chorale, grand-prize winner of the 2014 Prudential Leadership Awards for Exceptional Nonprofit Boards, strives for mastery in all that it does. Since its inception in 1985, the Chorale has grown from an enthusiastic volunteer choir to a nationally recognized ensemble of auditioned singers known for its artistry — in 2013, the Chorale was recognized as the recipient of the Margaret Hillis Award for Choral Excellence from Chorus America. The ensemble's commitment to excellence starts with the board, which has been navigating the organization's growth and success with foresight and thoughtfulness since the organization became a 501(c)(3) in 2002. Recent accomplishments include hiring the Chorale's first salaried executive director; restructuring the board to replace an executive committee that directed operations with artistic, finance, and nominating/governance committees; overseeing a rebranding and name change; upholding the organization's long-standing commitment to excellent

financial health through strategic financial planning and fundraising; and intentional board building focused on diversity. The Chorale's board also models BoardSource-recommended best practice by assessing its performance annually and rigorously evaluating progress against the organization's strategic plan.

Atlanta Master Chorale epitomized the 2014 BLF theme — Governance By Design — by underscoring the value of being intentional about the art and science of leading a nonprofit today. We were pleased to have the opportunity to join with Prudential in celebrating their tremendous achievements.

In recognition of the critical role that boards play in overseeing their organizations' missions, finances, and strategic directions, BoardSource and Prudential partnered for the 2014 Prudential Leadership Awards for Exceptional Nonprofit Boards. The awards recognize nonprofit boards that exemplify exceptional governance.

It Was An Energizing Two Days!

The attendees — chief executives, board members, nonprofit staff, and consultants — displayed a desire to learn as well as an eagerness to share their own board successes and challenges.

Here is what a few of them had to say about the conference.

To learn about the BoardSource Leadership Forum, visit boardsourceleadershipforum.org.



“I felt like there was something for everyone, good opportunity to get questions answered, and a good place to find out what a board can really do!”

“Two days can move a board forward at least a year in knowledge.”

“Strong, thought-provoking speakers. Breakouts provided content I could immediately bring back to work.”

“I learned new skills and so did my board members. This will allow us to do more for our mission.”



“It is the best adult learning experience I’ve had — really great content with trainers who are prepared, professional, content experts, and good teachers.”

Reaching and serving nonprofit leaders

In 2014, BoardSource's community of leaders and members surpassed

100,000

18,000

organizational
members

8,000

individual
members

74,000

community
leaders

200

organizations

Introduced in September 2014, the **BoardSource SmartBrief** delivers timely, relevant nonprofit sector news to more than

27,000 subscribers daily to keep them up-to-date on the latest news and trends affecting the nonprofit sector.

**STAND
FOR YOUR
MISSION**

More than

150,000

are learning about advocacy.

Meeting the needs of our community:


"BoardSource is a fantastic resource on all kinds of topics. I highly recommend it to everyone who is a board member or who works at a nonprofit."

"Wonderful source of information and very efficient way to stay abreast of best practices in this field."

"I appreciate the depth of resources and training available. I've found relevant information for all stages of board development and for every level of board member."

"You have really great resources — I have used [BoardSource] since I first took my job as executive director of a museum — 25 years ago!"

We asked our network to share information about how they grew as a board in 2014...



Moving the organization forward from a “startup” phase to a “sustainability and growth” phase, including retooling of financial systems, expanded fundraising and development activities, deeper programmatic foci, in concert with a growing staff and an executive director who is increasingly comfortable in her leadership role.

Aligning all of our various programs to continue to build our platform for the future.

We have implemented term limits.

We developed a set of strategic priorities to strengthen and diversify our industry and to conduct research and outreach to new sectors. We now organize our committee work and board meetings around those strategic priorities.

Solidifying our board recruitment and education processes.

Recruitment of several new active, talented board members and development of a new mission statement.

The most significant accomplishment is avoiding the temptation to micromanage the CEO. The board focuses on policy and governance, not micromanagement.

Making bold decisions regarding the viability of core programs.
Strong and focused advocacy team during 2014 legislative session
built solid platform for next bonding cycle.

Community involvement and networking to build our brand and enhance fundraising effectiveness.



Strengthening Governance Capacity

A community-based approach to supporting nonprofit executive directors

Nonprofit executive directors often don't take the time to invest in their relationship with their boards. Programs need attention; staff members need support; funds need to be raised. There are always other pressing matters to address. But what happens when executive directors not only invest in themselves, but have the support, encouragement, and leadership from their board to make it happen? The answer is: great things! That's what BoardSource learned when, in partnership with the Eugene & Agnes E. Meyer Foundation in Washington, DC, we created a community-based, cohort approach to engaging nonprofit executive directors and their boards in ongoing board development and growth.

The program

- strengthened the partnership between executive directors and board chairs
- provided board leadership supports to smaller, community-based nonprofits that might otherwise not be able to invest in their own board leadership capacity
- created a replicable and scalable model for transformative board development

"As a result of the Strengthening Board Governance Program, I have had a major shift in the way that I think about my board. I have developed a deeper appreciation for their commitment and the work that they do as volunteers. I had begun to get into a negative mindset about what I wish they would do and completely ignored their strengths and commitment despite their limited time. Making that shift in thinking has enabled me to think more about what resources I can provide that will enable our board to grow and develop into a high-performance board."



BoardSource designed a methodology to meet these goals as well as where each organization was in its own lifecycle and development. The program began with each board participating in BoardSource's Board Self-Assessment, which empowers board members to step back and assess the board's performance in supporting the mission of their organization. After presenting the results and increasing each executive director's understanding of their board's strengths and areas for improvement, BoardSource implemented group coaching sessions for the executive directors. These participant-driven sessions enabled the executive directors to share and learn from one another, receive support and guidance from BoardSource's director of consulting, Jenifer Holland, and walk away from each session with tips and tools to move the needle forward on their engagement with the board.

The impact of the program was clear. Not only did the executive directors report deeper board knowledge and understanding of their role, but they indicated that there were tangible improvements to the board's leadership in driving organizational effectiveness, as well as greater organizational effectiveness overall.

BoardSource knows that creating sustainable change takes time. But, as this program demonstrated, an investment in building the partnership between board and executive leadership can have a huge impact. With focused effort, big change is possible.

2014 Program Revenue

| Program | Amount (\$) | Amount (%) |
|---------------------------------|------------------|------------|
| Consulting Services | 1,316,008 | 23 |
| Contributed Support | 1,225,226 | 21 |
| Membership | 986,433 | 17 |
| Publications | 926,211 | 16 |
| Assessment Services | 450,115 | 8 |
| BoardSource Leadership Forum | 336,117 | 6 |
| Investment & Other Misc. Income | 330,474 | 6 |
| Training Programs | 244,298 | 4 |
| Total | 5,814,882 | 100 |

2014 Program Expenses

| Program | Amount (\$) | Amount (%) |
|-------------------------------|------------------|------------|
| Consulting Services | 1,283,690 | 23 |
| BoardSource Leadership Forum | 835,359 | 15 |
| Membership | 818,672 | 14 |
| Sector Leadership Initiatives | 582,290 | 10 |
| General & Administrative | 527,308 | 9 |
| Publications | 480,764 | 8 |
| Training Programs | 401,490 | 7 |
| Fundraising | 391,069 | 7 |
| Assessment Services | 364,792 | 6 |
| Total | 5,685,434 | 100 |

Net Assets*

| Type | Amount (\$) |
|------------------------|------------------|
| Unrestricted | 1,203,292 |
| Temporarily Restricted | 515,829 |
| Permanently Restricted | 211,400 |
| Total | 1,930,521 |

* As of 12/31/14.



Thank You to Our Supporters!

The support of grantmakers nationwide propels BoardSource's mission forward and empowers us to reach more than 110,000 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

Campion Foundation
Charles Stewart Mott Foundation
Deerbrook Charitable Trust
The James Irvine Foundation
John S. and James L. Knight Foundation
Prudential Foundation
UPS Foundation

\$50,000-\$99,999

Eugene and Agnes E. Meyer Foundation
The Gordon and Betty Moore Foundation
The William and Flora Hewlett Foundation

\$25,000 TO \$49,999

Alcoa Foundation
Annie E. Casey Foundation
Evelyn and Walter Haas, Jr. Fund
Surdna Foundation

\$10,000 TO \$24,999

BP America
Capital One
Commonfund Institute
Corporate Executive Board
Disney
Edyth Bush Charitable Foundation
Fidelity Investments
Google
Gulf Coast Community Foundation
Kaiser Permanente
Kilpatrick, Townsend & Stockton
LinkedIn
MetLife
New York Community Trust
Russell Investments
Scan Foundation
Target
UBS

\$5,000 TO \$9,999

Caplin & Drysdale
Corning Incorporated Foundation
Friedman LLP
Harvard Business School
Heidrick & Struggles
John Deere Foundation
Laurel Foundation
McGregor Fund
Raffa
UN Foundation
Xerox Foundation

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Sylvia Mei-ling Yee, Ph.D.
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* As of 10/15



THE BOARDSOURCE TEAM

Erin Berry

Vice President of Marketing
& Communications

Pam Cook

Member Services Coordinator

Andy Davis

Director of Training

Zach Davis

Strategic Development
& Partnerships Manager

Jake Donich-Croll

Governance Programs Coordinator

Joy Folkedal

Governance Program Senior
Project Manager

Gil Gotiangco

Director of IT

Natalie Hanlon

Office Assistant

Lynsey Hayes

Assessment Services
Account Representative

Danielle Henry

Communications Manager

Jenifer Gager Holland

Director of Consulting

Lawrence Korchnak

Vice President of Strategic Development
& Partnerships

Luke LaLiberte

Strategic Development
& Partnerships Coordinator

Jason Lavinder

Senior Graphic Designer
& Brand Manager

Anne Atwood Mead

Director of Communications

Chris Millis

Staff Accountant

Hafsa Miskin

Governance Program Assistant

Boosaba Pananon

Strategic Development &
Partnerships Associate Manager

Joan Payne

Senior Director of Finance

Christina Pickeral

Member Services Representative

Judy Reckelhoff

Senior Program Manager

Jamii Roberson

Database Specialist

Marci Sunderland

Vice President of Human Capital
& Operations

Chris Thompson

Director of Research and Evaluation

Anne Wallestad

President & CEO

Vernetta Walker

Vice President of Programs & Chief
Governance Officer

JJ Walter

Strategic Development &
Partnerships Manager

Justin Wood

Governance Program Manager

Kate von Richthofen

Strategic Development &
Partnerships Associate Director

Liz Youngblood

Marketing & Communications
Coordinator

