Your Team

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Salesforce Philanthropic Programs

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A Case Study in Board Membership
Jimmy Hua Leverages the Best of Salesforce for the Vietnamese Youth Development Center

How does he help?

Helped across the 1-1-1 model
- TECHNOLOGY
  - Implemented Salesforce to track donations and grants
- PEOPLE
  - Became the chair of the board 1.5 years after joining
  - Due to VTO, could do board work during working hours
  - Got support/advice from SFDO
- RESOURCES
  - Initially donated $1,000
  - Gave even more money through matching and champion grants

Why is it good for Jimmy?

Gave him experience working across an incredibly cross-functional team

Provided insight into how different industries work

What’s the proof of impact?

Through his engagement, Jimmy helped to prove that underprivileged youth can attain their goals by never giving up, despite their background

7 months after a tour of Salesforce with Jimmy, one of the VYDC students got a contract gig at Twitter, despite not having an engineering background; he was later hired full-time at Google and is now developing his own start-up

THE BOTTOM LINE

Salesforce employees should consider Board work to demonstrate company values, advance their careers, and give back to the world in extraordinary ways.
## FY18 Employee Philanthropic Programs

Maximize Philanthropic Impact with the **FULL** Power of the Model: Technology, People, Resources

### TECHNOLOGY
- **Product Donation**
  - 10 free subscriptions (and further discounts)

### PEOPLE
- **VTO / Pro Bono**
  - 7 days per year

- **Rockstars**
  - $500 to 250 volunteers

- **Top 100 Grants**
  - Top volunteers receive $10,000 for charity

### RESOURCES
- **Team Grants**
  - Subsidizing costs of volunteer events

- **Matching**
  - $5K matching of employee donations

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[Image: salesforce.org]
Check-in

Last week’s topics:

- Board/staff partnership
- Board meetings
- Building a high-performing board
Week 3 Agenda

Oversight and Beyond: The Board’s Role in Ensuring Healthy and Forward-Thinking Organizations

1. Board’s Role in Program Oversight
2. Board’s Role in Fundraising
3. Board’s Role in Financial Oversight
4. Setting Direction
1. Program Oversight
Board’s Program Oversight Responsibilities

- Monitoring – Are we doing what we said we would do?
- Evaluation – Are we doing the right thing?
Challenges of Nonprofit Results

- What are key measures in your Salesforce role?

- What is your nonprofit Board measuring to gauge effectiveness?
Asking the Difficult Questions

- Who does this program serve?
- Is this program or service making enough of a difference for the people served?
- What costs and limitations does it have?
- When will this program be self-sustaining?
- Why do we offer this program over others?
- What is another way to frame the issue we are trying to respond to?
- Where can our limited resources make the biggest impact?
Use of Dashboards

Why and How?

What is the value of using a dashboard?
- Saves time
- Tracks progress
- Sheds light on system dynamics
- Points up potential problems
- Reveals patterns
- Expands board members’ comfort zones
- Develops a shared knowledge base
- Focuses information from a governance perspective
- Reinforces board oversight

What approaches can be used to define dashboard metrics?
- Outcomes
- Mission as spine
- Strategic initiatives or drivers of success
- Risk factors
- Services and resources

Governance or Management-Related?

Does this particular dashboard convey…

- information that helps the board do those things that the board is ultimately responsible for?
- how we’re doing in achieving our goals as an institution?
- the best practices for achieving desired outcomes?
- a critical or high-risk problem in time to take corrective action?
- information that may cause the board to substitute its judgment for that of staff?
- a level of detail that invites micro-management or masks the significance of the data?
2. Board’s Role in Fundraising
Chat: Which category of givers made the GREATEST contributions to nonprofits in 2015?

- Foundations
- Corporations
- Individuals
- Bequests
Contributions: $373.25 Billion

*Giving USA 2016

In billions

- Individuals: 71%
- Foundations: 16%
- Bequests: 9%
- Corporations: 5%
### Selected Contributions by Mission

<table>
<thead>
<tr>
<th>Mission</th>
<th>% of Total</th>
<th>Dollars Donated (in billions) 2015</th>
<th>Increase over 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Religion</td>
<td>32%</td>
<td>$119.3</td>
<td>2.6%</td>
</tr>
<tr>
<td>Education</td>
<td>15%</td>
<td>$57.48</td>
<td>8.8%</td>
</tr>
<tr>
<td>Human Services</td>
<td>12%</td>
<td>$45.21</td>
<td>4.1%</td>
</tr>
<tr>
<td>Health</td>
<td>8%</td>
<td>$29.81</td>
<td>1.2%</td>
</tr>
<tr>
<td>Public-Society Benefit</td>
<td>7%</td>
<td>$26.95</td>
<td>5.9%</td>
</tr>
<tr>
<td>Arts, Culture, and Humanities</td>
<td>5%</td>
<td>$17.07</td>
<td>6.8%</td>
</tr>
<tr>
<td>International</td>
<td>4%</td>
<td>$15.8</td>
<td>17.4%</td>
</tr>
<tr>
<td>Environmental and Animal</td>
<td>3%</td>
<td>$10.68</td>
<td>6.2%</td>
</tr>
</tbody>
</table>
Board Member Thoughts on Fundraising

• It is not uncommon for board members to have a fear of fundraising

• Few come to board service with fundraising skills or training

• Many equate fundraising with begging

• In 2014, 60% of nonprofit boards had 100% giving from board members. (Board Source 2014 Governance Index)
Chat: Motivations for Giving

**WHY DO PEOPLE GIVE?**
- Belief in the mission
- Gratitude
- Pure generosity
- Community responsibility and civic pride
- Want to invest in a worthy cause
- Desire to make a difference
- The urge for recognition
- Others they know and respect are contributing
- Respect for the staff and/or volunteer leadership
- *Above all:* A desire to help

**WHY DO PEOPLE NOT GIVE?**
- Solicitation is infrequent or poor
- They don’t see how their gift would make a difference
- They do not feel wanted or needed
- They receive no direct, personalized appeal
- A previous gift was not acknowledged
- The timing was not right
- The organization’s mission was not compelling
- *Above all:* They were not asked to give
The Board’s Role in Fundraising

- Define or clarify mission.
- Establish and adopt the strategic plan.
- Ensure there is a development plan and monitor its progress.
- Create fundraising and donor recognition policies.
- Ensure fundraising methods adhere to ethical standards.
- Participate in fundraising.
- Monitor progress and evaluate outcomes.
- Adopt and enforce a 100% Board Giving policy.
Stages of Fundraising

- Cultivation
- Solicitation
- Stewardship

*Board Members can be involved at each level*
How Board Members Can Get Involved in Cultivation

- Provide a list of potential donors
- Make personal contact with prospects
- Show prospects the facilities
- Share the history and accomplishments of the organization
- Accompany the chief executive on a visit to a local foundation
- Share their enthusiasm for the mission of the organization
- Host events for potential donors in their homes
- Greet donors at special events
Create an “Elevator Speech”

• A **compelling** 30-60-second “speech”, delivered as part of a two-way conversation, that educates about your organization, and, hopefully, elicits interest from listeners.

• [Seattle Tilth video on Designing Change](https://example.com) (5 min)
How Board Members Can Get Involved in Solicitation

- Add personalized notes to direct mail letters
- Invite friends and colleagues to special events
- Work with the organization’s staff on proposals, tailoring the text on the basis of their knowledge of the target foundation or corporation
- Write/review the organization’s case statement
- Make the ask directly, either face to face or through a personal note or telephone call
Ladder of Solicitation

1. Personal: face to face
   • Team of two
   • One person
2. Personal letter on personal stationery
   • With telephone follow-up
   • Without telephone follow-up
3. Personal telephone
   • With letter follow-up
   • Without letter follow-up
4. Personalized letter
5. Impersonal letter (direct mail)
6. Impersonal phone call
7. Fund raising benefit (special event)
How Board Members Can Get Involved in Stewardship

- Send letters of appreciation and invitations to special events
- Maintain relationships with donors
- Personally thank donors for their contributions
- Personally call major donors to thank them
- Keep donors connected to the organization
Why 100% Board Member Giving?

- Demonstrates personal commitment – “skin in the game”
- Gives board members confidence to ask others to give
- Creates board member “ownership”
- More and more, funders and donors expect a board to have 100% giving
Key Principles of Giving

- Asking for and giving money are natural processes, and need not be viewed as something to be avoided.

- Most people contribute annually to a # of nonprofits, but they must prioritize those choices.

- People give money because they want to.

- People don’t give money unless they are asked.

- People give money to people.

- People give money to success, not distress.
3. Board’s Role in Financial Oversight
## NONPROFIT & FOR-PROFIT DISTINCTIONS

<table>
<thead>
<tr>
<th>Feature</th>
<th>For-Profit Corporations</th>
<th>Nonprofit</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Board Structure</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board of Directors</td>
<td>Only required for publicly-traded companies</td>
<td>Legally required</td>
</tr>
<tr>
<td>Committee requirements</td>
<td>Audit committee required by Sarbanes-Oxley Act</td>
<td>No federal-level requirement for an audit committee; some state-level requirements</td>
</tr>
<tr>
<td><strong>Growth and Sustainability</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growth</td>
<td>Often funded through debt or equity instruments, sometimes by reinvesting earnings</td>
<td>If growth funding is present, source is generally donors (as opposed to debt)</td>
</tr>
<tr>
<td>Cash</td>
<td>Restrictions on use are limited, generally speaking</td>
<td>Frequent restrictions on use and very often not fungible</td>
</tr>
</tbody>
</table>
Relationship between Full Board and Financial Committees

**FULL BOARD**

- Ultimate fiduciary responsibility to the organization
- Can delegate tasks to committees

**FINANCIAL COMMITTEES**

- Make recommendations rather than binding organizational decisions
- As such, members do not have individual liability
Board Role in Financial Oversight

1. Understand the Organization’s Finances

2. Review Financial Requirements (budgets, projections)

3. Assess and Minimize Risk

4. Assess Financial Performance – Monitor and Provide Oversight

I. Set Direction
II. Ensure Resources
III. Provide Oversight
Financial Committees

Finance Committee
- Fiscal policies
- Budgets
  - Anticipates financial problems
  - Educates the board
- Ensures reporting requirements

Audit Committee
- Reviews and approves audit reports
- Manages the scope of the audit
- Selects external firm to provide the audit
- Ensures compliance and reporting
- Often responsible for review of 990

Investment Committee
- Oversees organizational investments
- Selects and oversees external investment advisors
  - Comprises individuals knowledgeable about investments

Full Board
- Legally responsible for the financial success of the organization
- Prepare for meetings, including review of financial statements (Care)
- Disclose conflicts of interest (Loyalty)
  - Mission fidelity (Obedience)
Audit Committee

**FUNCTION**

- Reviews and approves reports related to the organization’s audit
- Manages the scope of the audit
- Selects and meets (closed session, without staff) with external firm to provide the audit
- Ensures compliance with all reporting requirements

**PREVALENCE**

- 24% of BoardSource survey respondents had one (Leading With Intent 2014)
- California’s Nonprofit Integrity Act of 2004 requires that charities with gross revenues of $2M or more must establish and maintain an independent audit committee.
- New York’s Non-Profit Revitalization Act of 2013 includes provisions that mandate “independent directors” overseeing the audit.
Question

How often does your organization conduct a full audit?

a) Every year
b) Every other year
c) Every three years
d) Other/don’t know

Source: BoardSource Recommended Governance Practices
Documents the Board Should Receive

- Balance Sheet
- Statement of Activities
- Statement of Changes in Net Assets
- Statement of Cash Flows
Finance Questions to Consider

- **REVENUE**: Concentration of revenue sources? Are our current revenue streams sustainable in the next year? Two years? Five years?

- **OPERATING RESULTS**: How might changes in revenue streams affect operating results?

- **HEALTH OF THE BALANCE SHEET**: If changes in operating results occur, how will these changes affect our organization’s balance sheet?

- **LIQUIDITY**: How will changes to the balance sheet affect our organization’s liquidity? Days cash? Current ratio?

- **EXPENSES**: What are the true costs of each of our programs?
Question

Do you review your IRS 990 with your full board?

a) Yes
b) No
c) Not sure
d) Other

Review of IRS Form 990. The full board should review the Form 990 before it is filed. Form 990 is the most widely viewed public document concerning the organization, its finances, activities, and governance practices. It is important that board members are familiar with its contents and that it accurately presents the organization to its constituents, donors, and media.

Source: BoardSource Recommended Governance Practices
Transparency & IRS Form 990

Part VI: Governance, Management, and Disclosure

Part VII: Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors
Form 990 - Governance

- Number of voting board members
- Family or business relationships between officers, directors, trustees, key employees
- Significant changes to organizational documents
- Contemporaneous minutes of board and committee meetings
- Process to review 990
- Conflict of Interest Policy
- Whistleblower Policy
- Document Retention and Destruction Policy
- Process for determining compensation for CEO, officers, key employees
Form 990 - Compensation

- Salary and wages, bonuses,
- Severance payments, deferred payments, retirement benefits, fringe benefits
- Other financial arrangements or transactions such as personal vehicles, meals, housing, personal and family educational benefits, below-market loans, payment of personal or family travel, entertainment, and personal use of the organization’s property
Executive Compensation Safe Harbor

1. Review and approval by governing body or compensation committee (without conflict of interest with respect to a compensation arrangement)
2. Use of comparable data
3. Contemporaneous documentation and recordkeeping of deliberations and decisions
Basic Questions

• Is our financial plan consistent with our strategic plan?
• Have we run a gain or a loss?
• Is our projected cash flow adequate?
• Do we have sufficient reserves?
• Are any specific expense areas rising faster than their sources of income?
• Are our key expenses, especially salaries and benefits, under control?
• Are we meeting guidelines and requirements set by our funders?
4. Setting Direction and Planning
Mission and Purpose

• One of 10 Basic Responsibilities

• Does board use our mission as frame of reference for making decisions?

• Keep it visible
Board’s Responsibility in Planning

• Insist that organizational planning occurs
• Participate in the process
• Formally approve the strategic plan and goals
• Use the goals as a guide for budgeting and setting priorities
• Track the plan’s implementation and results
Strategic Plan Review

Examine the goals and strategies in your strategic plan given the current conditions.

- Review short-term and long-term strategies.
- Ask
  - Is the plan viable today?
  - Do we need to change our priorities?
  - Given the increasing pace of change, are the priorities in the plan still right for us?
  - Do we have a contingency plan in place in the event things go wrong?
Focus on the Strategic Issues

- High Urgency/Low Importance
- High Urgency/High Importance
- Low Urgency/Low Importance
- Low Urgency/High Importance

Distraction

Crisis

Low Value

Strategic
**Dual Bottom Line - 2x2 Tool**

<table>
<thead>
<tr>
<th>Mission Impact</th>
<th>Financial Profitability</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Mission Impact</td>
<td>Invest and grow</td>
</tr>
<tr>
<td>Low Mission Impact</td>
<td>Water and harvest, increase impact</td>
</tr>
<tr>
<td>High Mission Impact</td>
<td>Low Profitability</td>
</tr>
<tr>
<td>Low Mission Impact</td>
<td>Low Profitability</td>
</tr>
</tbody>
</table>

Pause for Thoughts/Questions

• Setting Direction and Planning
  • Mission and purpose
  • Strategic planning
  • Strategic thinking