





WELCOME



Even in an uncertain political climate, one philanthropic priority remains constant — the desire to create lasting, meaningful impact.

With changing government priorities and uncertain future funding at both the federal and state levels, there is an expectation that many grantmakers will play a different role than they have in the past — going beyond traditional grantmaking to explore other leadership roles, such as convener, advocate, or educator. At the same time, there is an expectation that grantees will increase their advocacy and capacity building efforts.

For this year's whitepaper, Green Hasson Janks explored this new world of philanthropy with subject matter experts from both sides. This exploration would not be complete, however, without considering equity. A shared definition of equity is elusive, since it goes beyond diversity, inclusion, or equality; however, our subject matter experts have shared their insights and provided examples of an equity focus in action.

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

Thank you,

DONELLA WILSON

Partner and Nonprofit Practice Leader Green Hasson Janks

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MEET THE GREEN HASSON JANKS WHITEPAPER AUTHORS





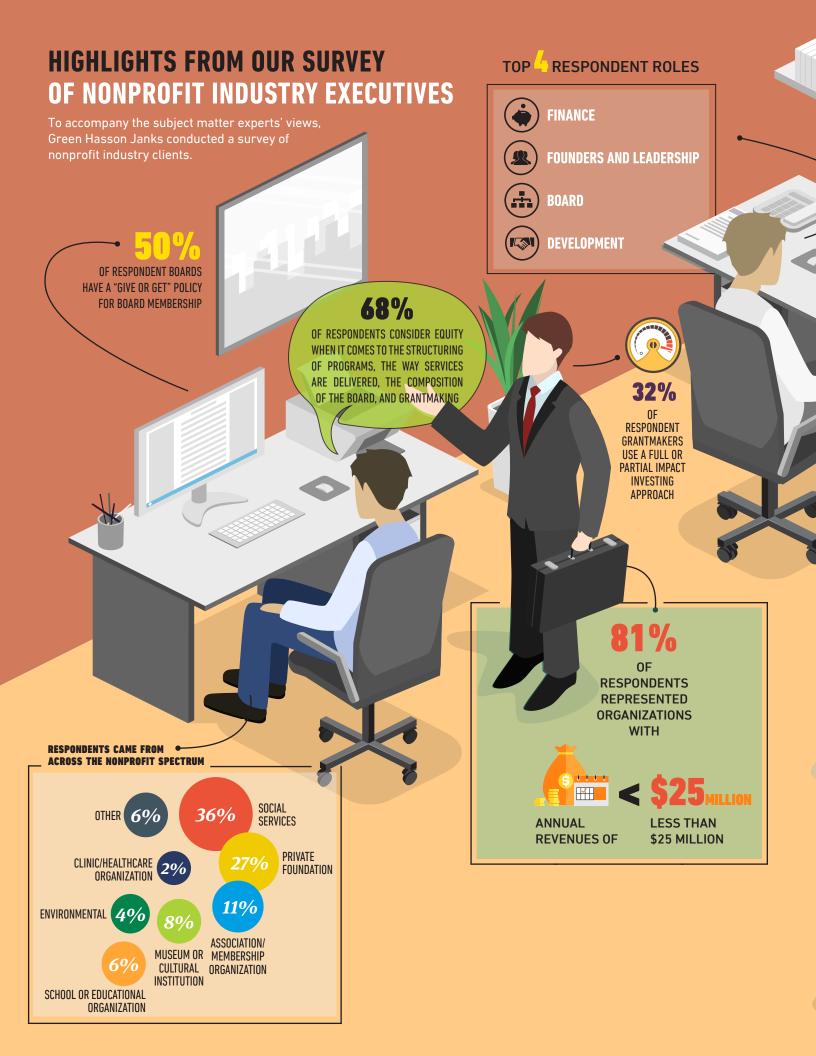


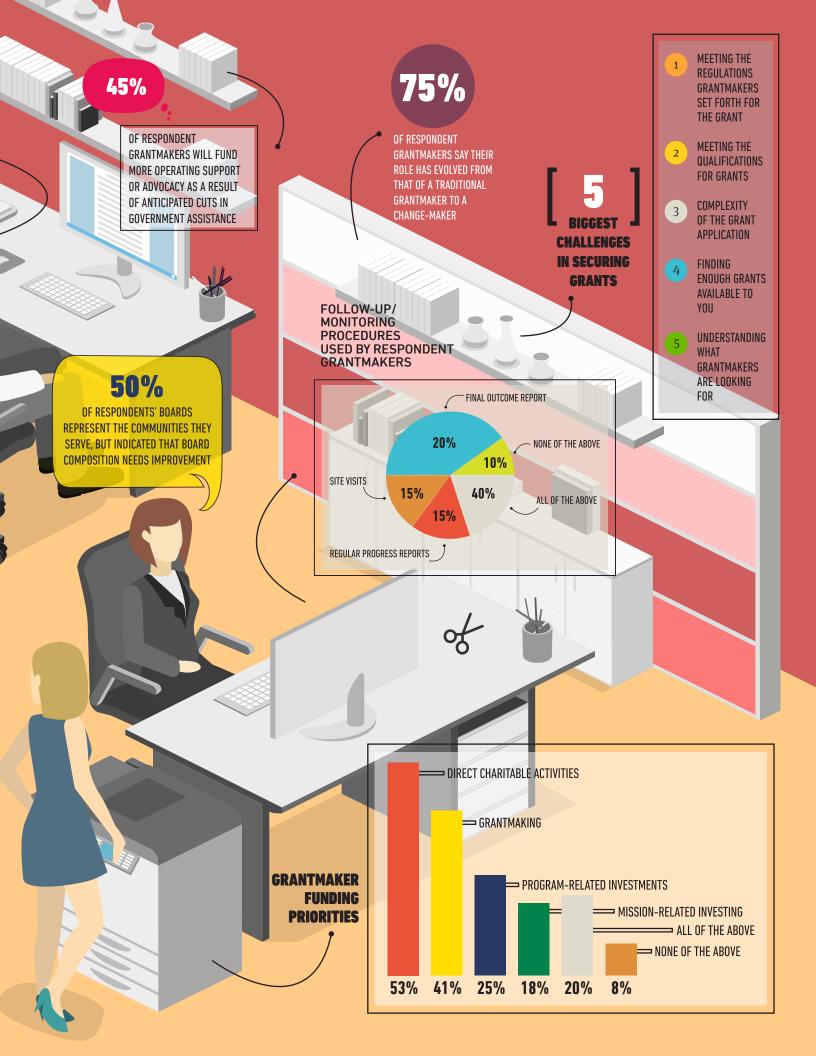






LIZBETH NEVAREZ Senior Manager, Green Hasson Janks



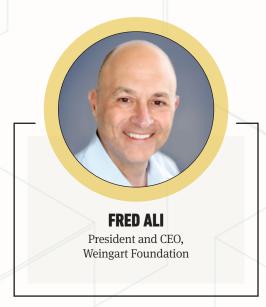


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CONTRIBUTING SUBJECT MATTER EXPERTS

GREEN HASSON JANKS HAS ASSEMBLED A TEAM OF EXTERNAL SUBJECT MATTER EXPERTS THAT ARE LEADERS IN THE NONPROFIT INDUSTRY. THEY BRING A WEALTH OF KNOWLEDGE ABOUT THE GRANTMAKING PROCESS ALONG WITH THE FUNDING STRUGGLES NONPROFITS FACE.











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President and CEO,
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The nonprofit world has evolved significantly over the years, and organizations are now embracing the concept of equity. In fact, 68 percent of survey respondents consider equity when it comes to structuring programs, the way services are delivered, the composition of the board and grantmaking. But defining equity can be challenging, and most organizations have a different definition for the populations they serve.

WHAT IS EQUITY?

This short definition is something everyone can envision:

- **Diversity** is when you are invited to the dance
- **Inclusion** is when you are asked to dance
- **Equity** is when you get to be the DJ

A longer definition was developed by the Health Equity Institute: "Equity is the goal of achieving the highest level of health, wellness, and opportunity for all people regardless of differences in social, economic, or environmental conditions. Whereas equality focuses on trying to ensure everyone gets the exact same thing, equity is about fairness and making sure people get access to the same opportunities."

Yet another definition comes from Fred Ali, President and Chief Executive Officer of Weingart Foundation: "Equity is giving each person what they need to survive and thrive and reach full potential."

No matter what definition resonates, it is clear that equity is an important evaluation point for givers and getters as they seek and provide funding in today's uncertain nonprofit environment.

"Funding general operating grants had been the trend for years, but equity is the focus now," adds **Green Hasson Janks Principal Stephanie Yan.**

Faye Washington, President and Chief Executive Officer of the YWCA of Greater Los Angeles, faces the concept of equity on a regular basis when applying for grants and notes that the level of her organization's equity varies with each granter.

"I can say that at any given time with different grantmakers, we are invited to the dance, asked to the dance, or DJ-ing the dance," Washington explains. "Being the oldest women's organization in Los Angeles — with the same mission over 124 years — you'd think we would be Dudamel and conducting the LA Philharmonic in your description, but the truth is that where you fall is determined by your mission and the constituents you serve. Some funders only support very specific niches that may not fit in our strategic goals, so we are always at different points within the equity definition. We are most gratified when our mission to provide equity collides with a funder's desire to give. Not always easy, but necessary."

DIVERSITY



YOU ARE INVITED TO THE DANCE

INCLUSION



YOU ARE ASKED TO DANCE

EQUITY



YOU GET TO BE THE DI

WHY IS EQUITY IMPORTANT?

Equity helps serve the most basic needs of a nonprofit community. In addition, equity is a way for nonprofits to craft a message that can be used to help match granter expectations, which in many cases are getting more specific as more and more organizations are vying for their support.

"It is a jump ball with so many organizations seeking the same funds," notes YWCA President and Chief Executive Officer Faye Washington. "We factor what funders prioritize into our strategic plan. We do not chase the grant dollar, but we respond to what is important to

dollar, but we respond to what is important to the grantmaker. Many times certain communities have been neglected for so long. It is also difficult to fill unmet needs over and above what granters have identified. The YWCA has started its own social nonprofit, and as part of that we provide technology workforce, training, and the operation of a print shop to support training programs. It is a nucleus of a strong business that gives us the opportunity to fill unmet needs within communities where that exists, but we cannot find the granters. For those responses, we just bring our own orchestra and play it ourselves."

Developing innovative strategies for working with grantees helps them play their own orchestra too.

"The focus on equity means that the Weingart Foundation will be working with nonprofit partners in new ways and experimenting with different strategies," adds Fred Ali, President and Chief Executive Officer.

Washington has noticed that equity has had an effect on donations at the YWCA.

"Donors now care a lot about us because we have demonstrated grant outcomes that are equity-focused," she explains. "They no longer see us as just the YWCA. This is the result of a lot of hard work over the years. For example, we have recently developed new facilities in four highly underserved communities. This demonstrates growth and the ability to develop, adhere, and execute on an equity-focused strategic plan. This expansion has required that we listen to what is being said, respond to 'new needs,' and empower the community to continue the growth."

66 IN DEVELOPING A DEFINITION OF WHAT
EQUITY MEANS TO THEM, NONPROFITS
SHOULD CONSIDER THE NEEDS OF THE
INDIVIDUAL COMMUNITIES THEY SERVE. 99

DONELLA WILSON

Partner and Nonprofit Practice Leader, Green Hasson Janks

Donella Wilson, Partner and Leader of the Green Hasson Janks Nonprofit Practice, encourages nonprofits to develop a definition of what equity means to them.

"When the term 'equity' began to be discussed in philanthropic circles, we (at the Downtown Women's Center) began exploring what it means to us as an organization," Wilson says. "We looked at it from the perspective of our board, staff, volunteers, the women we serve, and the community. We realized that while we had not used the term 'equity' before, it is nevertheless an integral part of our work. With our focus on traumainformed care and of providing individualized support, recognizing that every woman requires something different, depending on her experience — that is equity. Now it is an ongoing conversation as we look to the future direction of our organization. The focus on equity will help us assess opportunities for growth and innovation"

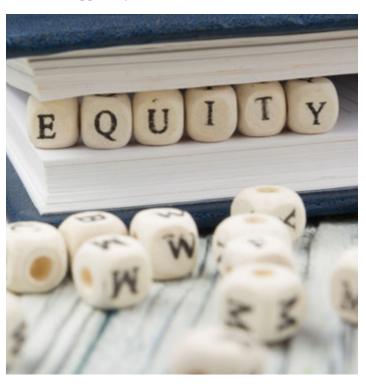
Green Hasson Janks Principal Stephanie Yan has seen the downside of not focusing on equity.

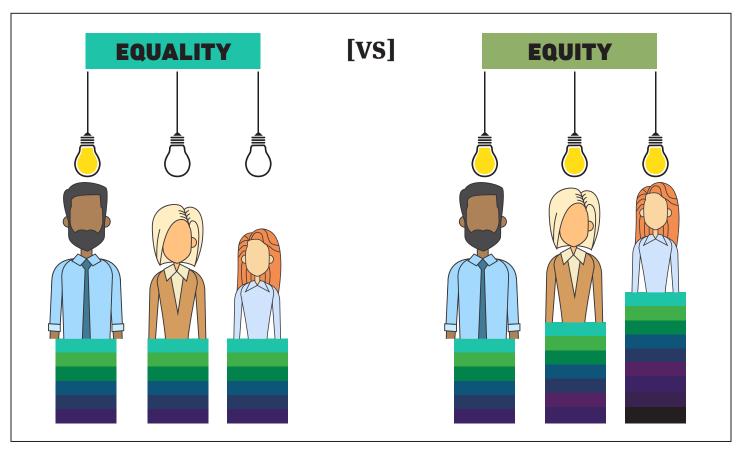
"Some of our private foundation clients are making it a priority to fund organizations that focus on equity, and it is taking funds away from grant applicants that are not making equity a focus," Yan expands.

Some granters may need to take a hard look at their current grantees and decide whether they fit into a new equity direction.

"When you make a commitment like this, there are organizations that continue to benefit, but others might not be a fit for this new focus," adds Fred Ali, President and Chief Executive Officer, Weingart Foundation. "As a

result, we have developed an equity lens to evaluate each funding application to the Weingart Foundation to make sure the work we are doing is completely aligned with this focus. Of course, evaluating work is always difficult. Along with this equity focus is an interest in building nonprofit capacity — more capacity means better outcomes, and that is what is happening."





WHO GETS THE MONEY?

President and Chief Executive Officer Fred Ali notes that the Weingart Foundation spent much of the past year building out an equity lens to guide all of its decisions, which can serve as a good working definition of equity. The following assumptions guide the Foundation's funding decisions:

- Underserved communities of color disproportionately bear the impact of social and economic inequity in Southern California.
 Focusing resources and investments on the low-income families and communities that have been left behind will produce the greatest returns.
- Service gaps exist in the distribution of nonprofit and public resources available to low-income individuals and communities.
- Many community-based organizations are unable to meet the continued and projected increased demand for services and programs serving low-income and underserved individuals and communities.
- Continuing infrastructure challenges limit nonprofit effectiveness, including insufficient unrestricted funding, limited operating reserves, and the failure of government, as well as private funders to support the full cost of providing services.
- Many organizations providing critical services in low-income communities are small and underresourced and struggle to build their capacity and infrastructure. There is a need to build the capacity of these organizations in order to address service inequities and strengthen civil society in the communities they serve.
- Equity-based funding means actively soliciting and providing significant support to community-

based organizations and collaboratives working in marginalized communities where skin color, economic status, gender, immigration status, disability, age, sexual orientation and zip code have prevented people from realizing the dignities and liberties everyone deserves.

- Better data with analysis is needed to gain a shared understanding of the equity challenges, to develop solutions and joint action and to track progress toward equity and growth over time.
- Funding for advocacy, organizing and leadership development is more urgent and important given projected changes in policy and programs impacting social justice nonprofit organizations.
- Targeted funding is needed to support collaborative efforts underway in Southern California to address homelessness and other threats to immigrant integration.
- Cross-sector collaboration with state and local government will become more critical in blunting the impact of regressive federal policies related to health care, human services, immigration, education and the environment.
- In order to promote the health and economic opportunities for lowincome populations, strategies are needed that advance equity and growth simultaneously.

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FRED ALI

President and CEO, Weingart Foundation





With government funding anticipated to decrease significantly, private foundations are stepping up to the plate out of necessity. As noted in the survey, 75 percent of respondent grantmakers say their role has evolved from that of a traditional grantmaker to a change-maker.

TYPES OF PRIVATE FOUNDATIONS

Private foundations can take many forms, however all are overseen by a board of directors or trustees responsible for receiving, managing, investing and distributing charitable assets. Establishing a private foundation can create a legacy beyond a person's lifetime and allows family members to be employed or serve as members of the board. In addition, with full control over grantmaking, founders can support more than 501(c)(3) charities. By following proper IRS procedures, grants can be made to additional causes including charitable programs undertaken by individuals, scholarship programs, and other entities.

Other benefits include:

- A potential immediate tax deduction (up to 30 percent of adjusted gross income for cash gifts and 20 percent for long-term appreciated publicly traded assets)
- Potentially eliminates capital gains tax for gifts of long-term appreciated securities
- Ability to accept many types of assets

Green Hasson Janks Principal Stephanie Yan explains that private foundations are more strictly regulated compared to public charities, including minimum income distribution requirements, prohibition on self-dealing, and limitation on business holdings. Violations can result in excise taxes being levied not only on the foundation itself, but also on the officers or directors in some cases.

"Every 501(c)(3) organization is classified by the IRS as either a private foundation or public charity," Yan notes. "A private foundation is primarily funded by an individual, a family or a business, much like the Bill & Melinda Gates Foundation. Public charities on the other hand are generally funded by the public and include organizations such as churches, hospitals, schools, and research organizations. Private foundations are subject to more stringent tax laws and regulations than public charities."

THE EVOLVING ROLE OF PRIVATE FOUNDATIONS

Christine Essel, President and Chief Executive Officer of Southern California Grantmakers, believes private foundations can help nonprofit organizations in many ways beyond the grant, helping them access alternative funding, advocate effectively and find new partnerships.

"Government dollars tend to be much bigger than private foundation dollars, so it would an uphill battle to get adequate resources from private philanthropy alone," Essel explains. "On the other hand, governments do not really understand philanthropy — and often assume

private funders will be able to fill the void left by public funding cuts to nonprofit service providers. At Southern California Grantmakers, we help philanthropists make the most of their investments within this complex ecosystem."

Essel is an advocate for relationship-building among funders.

"When funders come together around the table to learn and share, the potential for smart, strategic investments grows exponentially," Essel adds. "And by joining forces with other partners within philanthropy, and building strong relationships across the public, for-profit, and nonprofit sectors, private foundations can leverage their dollars for greatest impact. In the end, we aim to keep both foundations — and their nonprofit partners — out of reaction mode so they can focus instead on strong partnerships and long-term, sustainable impact."

Essel has discerned a growing awareness among foundations about how shifting public policy can dramatically impact any number of issues and causes they fund.

"Southern California Grantmakers is not focused on partisanship or politics, but a big part of our work is helping people understand how important public policy is to their issues — and how philanthropy can have a voice in the policymaking process," Essel expands.

Essel also pointed out that while philanthropists are very committed and sensible in doing their work, the knowledge and successes of their community investments do not always get shared effectively with government.

"When everyone stays in their lane, there are missed opportunities to co-design solutions or support each other," Essel adds.

Because Essel recognized how important it was for philanthropy to build trust and relationships with the public sector, Southern California Grantmakers opened its doors to grantmaking government entities as members and began featuring government leaders more frequently as speakers at events.

"It is key to find ways these relationships can be built on common ground — we need to have a neutral table available in order to enhance how we work together," Essel says.

However, **Green Hasson Janks Senior Manager Lizbeth Nevarez** feels that funders need to be willing to adapt,

even without major federal funding changes. The private nonprofit boards she works with all struggle with funding.

"Nonprofits may not have the funding to complete the project they sought funding for, and private foundations are holding them more accountable for agreed-upon results," Nevarez expands. "That breeds an atmosphere of pressure. Grantees may feel they need to downplay the negatives so they can continue to receive funding."



ADMINISTRATIVE AND TAX CONSEQUENCES

There are several administrative and tax consequences to take into consideration before starting a private foundation:

- Foundations generally require a substantial initial contribution
- Charitable deductions are limited to 30 percent adjusted gross income (AGI) for cash and 20 percent AGI for long-term publicly traded appreciated securities, as compared to the 50/30 percent limits with other charitable vehicle options
- Non-publicly traded contributions, such as privately held stock or real estate, may only be deductible at basis rather than fair market value
- Foundations are administratively complex and require legal setup and ongoing maintenance, including annual filings and other reporting, eliminating the option to give anonymously
- Foundations require a 5 percent distribution of assets each year
- While private foundations are exempt from federal income tax, the investment income is subject to a 1 to 2 percent excise tax

Nevarez also notes that private foundations have become stricter because there are now so many nonprofits of so many different sizes.

"They want to put their dollars where they can have the most impact," Nevarez explains. "Some are encouraging grantees to consolidate grant requests and apply together to address a single purpose or even merge. For example, I served on the board of Bienvenidos Children's Center. We

relied on federal funds, but we would only get paid after we provided services. This was challenging for us, so we talked to other nonprofits about working together. We found Hillsides, who had similar programs, but was bigger and had more reserves. Ultimately we decided to merge in the interest of best serving the public."

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LIZBETH NEVAREZ

Senior Manager, Green Hasson Janks

INTERSECTIONALITY Intersectionality is a way to understand the overlapping issues and identities that impact a person's well-being. Factors such as health, poverty, food access, criminal justice and trauma have a critical impact on the overall well-being of individuals and gender, sexuality, race and class further shape how these issues and systems are experienced in communities. "People want to make a bigger difference with their dollars, but sometimes the problems we see in the world seem too daunting to even begin," notes Christine Essel, President and Chief Executive Officer of Southern California Grantmakers. "When we start understanding the intersections between people and issues, our limited philanthropy dollars can become an even more powerful force for good. It is a way to effectively address complex problems that require us to engage with many different communities, social movements and collaborative efforts at play in society." This is where she sees intersectionality coming into play. "Looking at the world through the lens of intersectionality, it is clear we cannot work in silos and make a dent in an issue," Essel adds. "Foundations are beginning to look at these challenges not with a fear that their investments will not stretch far enough, but rather with a sense of untapped potential and opportunity for collaboration."





THE GIVE —

BEST PRACTICES FOR ORGANIZATIONS

THAT PROVIDE FUNDING

The news is encouraging. According to GivingUSA¹, giving in 2016 hit an all-time high of \$390 billion and giving increased in all major philanthropy subsectors:

- Religion
- Education
- Human services
- Foundations
- Health
- Public-society benefit
- Arts, culture, and humanities
- International affairs
- Environment/animals

GRANT MONITORING

Another important topic for givers is how to best monitor grantees. With the potential for less federal funds being available, it is critical to make sure grant funds are being used effectively and efficiently. Ninety percent of grantmaker survey respondents do some sort of follow-up, including a final outcome report, site visits or regular progress reports.

Stephen Bennett, Board Member at The California Endowment, sees the role of the grantmaker changing.

"A lot of foundations are giving grants where outcomes can be measured now. I do not think that is good," Bennett says. "We need to take more risks. When the granter takes control, they start to dictate the project goals. The result is that grantees conform, rather than trusting in themselves. I care about accountability, but not to the extent that it hinders us in our mission."

Weingart Foundation is known for listening intently to its grantees. After inviting feedback, holding community listening sessions, and talking with numerous nonprofit leaders throughout the state, there were some interesting learnings.

"We found there is another way to look at commitment," explains Fred Ali, Weingart Foundation's President and Chief Executive Officer. "It is a natural evolution of discussions with our grantees. They said that despite what we are doing, they were losing ground and things were

¹www.givingusa.com

getting worse. The truth is that we cannot keep up with all of the needs they are trying to address — we realized we needed to put a stake in the ground on specific issues."

Andy Davis, Director of Education at BoardSource, feels that boards play an important role in helping nonprofits measure grant effectiveness. He notes that there have been two schools of thought over the past 10+ years on measuring fundraising effectiveness.

"First, there was a heavy push on measuring and reporting the cost of fundraising or how much it takes to raise a dollar — many nonprofits felt it was necessary to describe exactly how much it took to raise a dollar of overhead versus how much went to support the mission," Davis explains. "The other school of thought on measuring fundraising effectiveness has been that the cost of fundraising should be as low as possible."

Davis doesn't believe that either concept is a perfect match, however.

"Understand what your fundraising capabilities are and also have a responsibility to accurately communicate with your donors on what it takes," Davis adds. "Ask yourselves and your board how you can ramp up your ability to do this in the best way and communicate it effectively."

Green Hasson Janks Partner Margaret Karren also sees a very practical role for the monitoring process.

"I was formerly on the board of Boys Town," Karren explains. "The organization did a multi-year tracking of how kids turned out, which provided really useful data. It is expensive, but it is a must."

Carla Javits, President and Chief Executive Officer of REDF, sees the role of the grantmaker as going beyond monitoring grant results.

"We are a venture philanthropy, so we are more handson and more deeply engaged with the organizations we give to," Javits explains. "We meet frequently, and we actually do projects with our grantees. It is not as much about monitoring, but it is about jointly assessing where the grantee stands against objectives and then mutually course corrects when necessary. In essence, for us, monitoring grants is about setting clear expectations up front, working on the data collection system, and then monitoring to see if they are meeting those objectives. It is about a mutual commitment to meeting the objectives."

Lizbeth Nevarez, Senior Manager at Green Hasson Janks, notes that there are also legal and contractual evaluation criteria, and she encourages funders to keep these in mind when evaluating grant performance.

"Funders should always perform their due diligence on a grantee," Nevarez explains. "They should require reports that demonstrate that funds have been used in the appropriate way."

Green Hasson Janks Principal Stephanie Yan notes the grantmaker's monitoring procedures may have variations.

"Many founder-controlled private foundations have pet projects and established gives," Yan says. "They trust the grantee to do their work, with very little follow-up. On the other hand, private foundations with independent boards tend to have more structured follow-up procedures with their grantees."

THE CHANGING ROLE OF THE GRANTMAKER

There are numerous things that grantmakers should be keeping up with. Survey respondents reported they engaged in a range of activities, including direct charitable activities, grantmaking, program-related investments and mission-related investing, but most are taking new or different actions to fill in funding gaps.

"Some of the resources we relied upon to make grants were from the Social Innovation Fund (SIF), which had its funding cut by Congress," notes Carla Javits, President and Chief Executive Officer of REDF. "As a result, we have to be even more focused in our giving and carefully prioritize to maximize results. We are not an endowed foundation. Because of that, we are more constrained around multi-year commitments. We have the same

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DONELLA WILSONPartner and Nonprofit
Practice Leader,
Green Hasson Janks

BE A GOOD LISTENER AND ASK THOUGHT-PROVOKING QUESTIONS.

"Don't make assumptions."

DEVELOP RELATIONSHIPS OF TRUST AND RESPECT.

"Acknowledge the power dynamics at play."

EXPLORE THE DIFFERENT ROLES GIVERS CAN PLAY.

"Consider acting as a capacity builder, convener or advocate."

DON'T RESTRICT FUNDING UNNECESSARILY.

"Private foundations may not earmark a grant for lobbying, but they may fund grantees that lobby. So consider removing restrictive grant clauses that limit a grantee's flexibility to accomplish its mission and its ability to lobby within its own limits."



CHRISTINE ESSELPresident and CEO,
Southern California
Grantmakers

COLLABORATION.

"Leverage multiple organizations to provide additional perspectives and strength. A great example is the United Way Home for Good program, which brings government, business and philanthropy together to build a bigger solution for homelessness."

CAPACITY-BUILD.

"Nonprofits work from a patchwork of resources, and times of economic, political, and social volatility can easily throw a wrench in their ability to plan and work effectively toward long-term progress. When you help a nonprofit build reserves or otherwise strengthen its financial capacity, you ensure they have the resiliency to be in the work for the long haul."



MARGARET KARREN
Partner,
Green Hasson Janks

"GIVER,

The subject matter experts shared what they consider to be best practices for givers in today's environment.

EFFECTIVE COMMUNICATION.

"Clearly communicate about what types of grants you are giving, which should lessen the number of grant applications you receive and ease some of the administrative burden."

SOLICIT FEEDBACK.

"The best granters are those that seek feedback from grantees. They will have a clearer view of what the grantee needs, which is important to generate a better impact."

STRENGTHEN GOVERNANCE.

"Make sure all policies are in place for your Form 990."



FAYE WASHINGTON
President and CEO,
YWCA Greater
Los Angeles

HAVE DEMONSTRATED OUTCOMES.

"Funders do not give you money just because you're the YWCA — they give because you have demonstrated outcomes and have communicated it in terms they can understand."

GIVE GENERAL OPERATING SUPPORT.

"You do not need to be so direct per project. That gives them an opportunity to build infrastructure and leadership while focusing on the organization's overall goals."

STEPHANIE YAN
Principal,
Green Hasson Janks



KNOWING THE DIFFERENCE BETWEEN ADVOCACY AND LOBBYING.

"Make sure you understand the rules around lobbying, because crossing into that area can threaten tax-exempt status. Or even the perception of crossing the line can generate negative publicity." status or generate negative publicity."

HAVE A GRANT AGREEMENT IN PLACE.

"Do not leave it up to later interpretation."

BEST PRACTICES



LIZBETH NEVAREZ Senior Manager, Green Hasson Janks



CARLA JAVITSPresident and CEO, REDF
(The Roberts Enterprise Development Fund)

GIVE OPERATING SUPPORT.

"Really understand the results you wish to achieve and focus on that. Provide broad operating support, rather than focusing as much on which activities lead to the results. To the extent you wish to see data, you have to fund the organization and also fund capacity-building so they have the means to measure the results, use the data, and provide you with the data."

CLARIFY EXPECTATIONS.

"What does success mean for the funding you're giving? Be clear and communicate it to the grantee. It is also important to give sufficient consideration that the resources you are providing are adequate and appropriate to the expectations you have regarding results. They must be in line."

EDUCATE STAFF.

"They must understand required procedures, especially under government contracts. On the flip side, they should also fully understand where they can bill and allocate costs under contracts."

MAKE SURE GRANTEES ARE AN ELIGIBLE 501(C)(3).

"It may seem obvious, but their paperwork and status must be up to date."

REQUEST FINANCIAL INFORMATION.

"Thoroughly review grantee budgets, filings, and financial reports."

ZACH DAVIS

Associate Director, Strategic Development and Partnerships, Board Source





STEPHEN BENNETT Board Member, The California Endowment

SIMPLIFY GIVING PROCEDURES.

"Especially to known grantees. An example might be grantees with multi-year grants."

THINK ABOUT THE GRANTEE'S SIZE.

"There can be challenges associated with getting granular. Think about how to best support smaller organizations and consider general operating funding."

SUPPORT INFRASTRUCTURE.

"At the California Endowment we give over a thousand grants a year, mainly to established organizations. Smaller nonprofits may not be at that level yet and may need to get their infrastructures on a firmer footing. Organizations at this level all need help with their infrastructure."

BUILD AUTHENTIC RELATIONSHIPS WITH GRANTEES.

"Build relationships with grantees to a point where they feel comfortable and empowered to share their leadership challenges in a way that the granter will not pull back funding."

TELL THE GRANTER HOW THEY CAN BE SUPPORTIVE.

"Whether it is additional funding, guidance or governance assistance."

EDUCATE BOARD MEMBERS.

"They should understand the scope and liabilities of serving on a board. They must do their own due diligence."



national expansion."

Javits explains that while REDF would like to be distributing more funds, they lost some government funding.

"Despite that, we have added a new program, which is an accelerator," Javits expands. "The program is about delivering a knowledge base and useful advice to social enterprises, and building a cohesive cohort. We see that as a powerful way to be involved with less money to donate."

She also mentions that individual donors have been stepping up in the face of the government cuts, and they have been using that money to deliver positive results for people who have been largely excluded from the mainstream economy and are facing discrimination due to prison time, homelessness, or being in a particular racial group. She notes that this is an area of interest to many people.

"I would also say that organizations like ours are even more open to innovation because of the new constraints," Javits explains. "Hopefully over time that might also provide an opportunity. I also think that nonprofits should be focusing on what they are best at and looking at ways to partner with other organizations to cover broader ground."

In addition, some grantmakers are responding to the anticipated decrease in federal funding by being more careful about where they give their money. For example, **Stephen Bennett, Board Member, The California Endowment,** says they are taking a much harder and closer look at their strategy to make sure it is aligned with outcomes consistent with the Endowment's values.

THE BOARD'S RESPONSIBILITIES

The expected decreases in federal funding shine a light on the board's role. An ongoing concern is that many nonprofit board members and boards are not clear about their roles and responsibilities.

"This lack of understanding of what is — and is not — a part of the board's essential roles can lead to a whole host of dysfunctions, such as micromanagement, rogue decision-making, lack of engagement in fundraising, and more," explains **Andy Davis, Director of Education at BoardSource.** "Since it is impossible to do a job well if you do not know what the job is, all boards must take the time to ensure that every board member fully understands what is expected and needed of him or her, and then hold all members accountable when they get off track."

MISSION INVESTING AND IMPACT INVESTING

Many nonprofits are investing endowment funds in a way that promotes equity. These investments are made with the intent to generate a measurable, beneficial social or environmental impact alongside a financial return. Mission investments are investments made by foundations and other mission-based organizations to further their philanthropic goals. In fact, 32 percent of survey respondents invest all or part of their funds under impact investing guidelines.

The different types of investments include:

- **Program-related investments (PRIs)** or other concessionary (below-market rate) investments are primarily made to achieve programmatic rather than financial objectives. This category includes grant support, equity (stock), subordinated loans, senior loans, below-market cash deposits and loan guarantees. For private foundations, PRIs count towards the required five percent annual payout
- **Mission-related investments (MRIs)** expected to generate a market rate financial return on investment comparable to an ordinary investment of a similar type and risk profile. They are designed to have a positive impact while contributing to the foundation's long-term financial stability and growth. This category includes market-rate cash deposits, fixed income (bond), private equity and public equity (stocks).





10 BASIC RESPONSIBILITIES OF NONPROFIT BOARDS



DETERMINE THE ORGANIZATION'S MISSION AND PURPOSE, AND ADVOCATE FOR THEM.

The board ensures the agency's mission is clearly stated. The board publicly advocates on behalf of the mission and during board activities.



SELECT THE CHIEF EXECUTIVE.

The board defines the chief executive's responsibilities and searches carefully for the most qualified individual to fill this position.



SUPPORT AND EVALUATE THE CHIEF EXECUTIVE.

While maintaining independent oversight, the board provides the chief executive with all of the support needed to successfully fulfill the agency's goals.



ENSURE EFFECTIVE PLANNING.

The board initiates and participates in the strategic planning process, supports the plan's implementation and evaluates the implementation outcomes.



MONITOR AND STRENGTHEN PROGRAMS AND SERVICES.

The board continually examines the agency's services and programs to verify that goals are consistent with the agency's mission and to oversee whether services and programs are accomplishing their intended outcomes.



ENSURE ADEQUATE FINANCIAL RESOURCES.

The board has final responsibility for the agency's financial wellbeing and for ensuring the agency has sufficient resources to deliver its services and programs.



PROTECT ASSETS, AND PROVIDE PROPER FINANCIAL OVERSIGHT.

The agency's annual budgets and financial statements are monitored and approved by the board. The board makes sure proper and rigorous financial controls are in place and are operating as intended.



BUILD A COMPETENT BOARD.

The board agrees on job descriptions for its members and creates a sustainable system to ensure the continual selection, training, engagement and evaluation of board members.



ENSURE LEGAL AND ETHICAL INTEGRITY.

The board oversees all aspects of agency adherence to legal standards and ethical expectations, including the actions of its own members.



ENHANCE THE ORGANIZATION'S PUBLIC STANDING.

Board members proudly, actively and accurately articulate the agency's mission, vision, activities and outcomes to the public.





Mark Kawauchi is a
Principal in Green
Hasson Janks Audit
Practice, specializing in
the nonprofit industry.
With nearly 30 years
in the industry, he has
developed some important
recommendations for
nonprofit board success.

Most important is to have the right board makeup. A successful board needs wide diversity of skills among its members, both in their backgrounds and in their experience. This variety will enable a more thorough thought process and promote healthy discussion. The result is an organization with greater community impact and stability within the organization.

I have a specialty in the healthcare industry, specifically federally qualified health centers, where I see many diverse boards due to regulations governing these organization, where one of the requirements is for their boards to include community/patient members. Whatever part of the nonprofit industry your organization serves, it is a best practice to assess whether you have a board that reflects the community you serve.

In today's world, diverse skills can also add much to a board. **Strategic thinkers** are important, because they can help boards look beyond the organization's current issues and environment and toward the future. Knowledge of a wide range of things like cyber security, regulatory compliance, and accounting are also important. Of course, you should also have board members who can **implement initiatives** and evaluate their impact.

The ability to **build relationships** is another very important skill for board members to have. This will help your organization achieve its mission, impact the community you serve and promote your overall stability. For example, I worked with a nonprofit organization that wanted to evaluate other avenues of financing beyond their current tax-exempt bonds. A board member happened to be well connected with several large financial

institutions, and he was able to secure bank financing at a much lower rate than the bonds. As an added advantage, the bank financing significantly lowered the amount of covenants, restrictions and reporting requirements. Of course, lower cost of financing also means the organization has more money to fund activities in their mission and have a greater impact in their community.

You also need **storytellers** who have the ability to express to the community how your organization can help them. These people are extremely useful in raising money, and they supplement the skills of the organization's CEO or other fundraising leaders.

Finally, the board must be able to manage the organization's talent to implement today's initiatives as well as tomorrow's. It is important to plan effectively for retirements and turnover. This goes beyond succession planning at the top and should include C-suite and other mission-critical roles as well. For example, a client recently asked me about developing a plan to replace a retiring CFO, who had many years of experience with the organization and had not planned for his successor. The board wanted me to evaluate current employees who might be groomed to succeed the CFO and they also wanted to know about the costs of hiring from the outside. To avoid getting to this point, I recommend that nonprofits plan well in advance by evaluating the skills sets of current employees and develop a plan for how they can add to their skills to support current initiatives, future roles and strategic plans.

Developing the right board is a longer-term proposition, so it is important to start now.

"I'm seeing more program-related investments currently. More private foundations have become aware of this useful tool to complement grantmaking in achieving their impact goals," **Green Hasson Janks Principal Stephanie Yan** says.

Board Member of The California Endowment Stephen Bennett agrees and adds that The California Endowment has a defined strategy of making more program-related investments, where they have had much success.

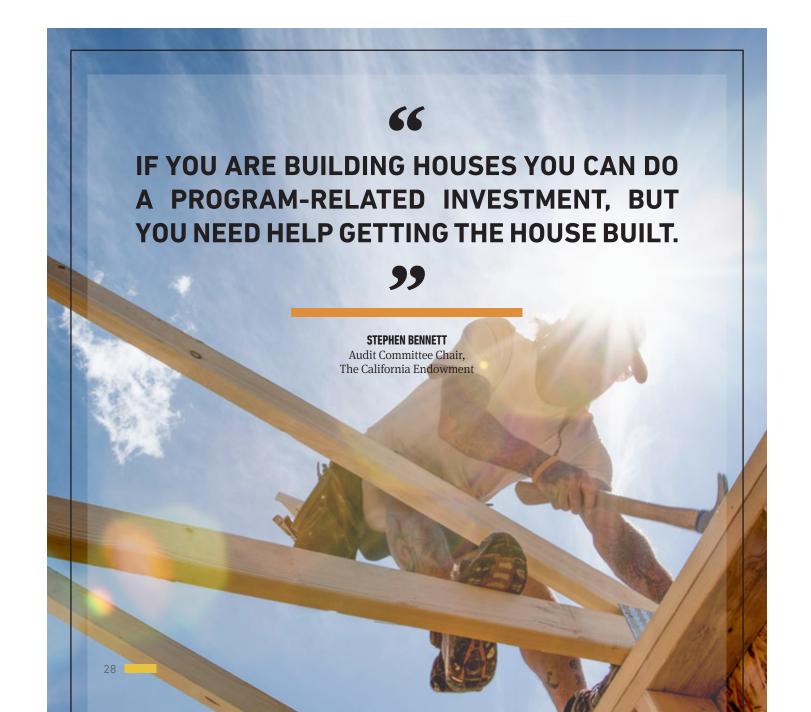
"We would like to do more mission-related investments, though," Bennett says. "When we make mission-related investments, we often also give a grant to support a program-related investment to help them be successful. A

ORGANIZATIONS LIKE US ARE MORE OPEN TO INNOVATION BECAUSE OF THE NEW CONSTRAINTS. 99

CARLA JAVITSPresident and CEO,

nt and CEO, REDF

good metaphor would be that if you are building houses you can do a program-related investment, but you need help getting the house built."



CASE STUDY:

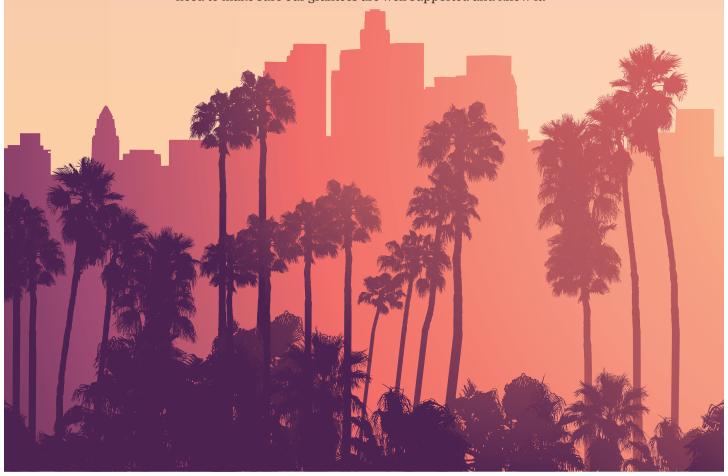
The California Endowment's Building Healthy Communities Initiative

Building Healthy Communities (BHC) is a 10 year, \$1 billion comprehensive community initiative launched by The California Endowment in 2010 to advance statewide policy, change the narrative, and transform 14 of California's communities most devastated by health inequities into places where all people have an opportunity to thrive. Helping bring these communities up is the very definition of equity-building.

The California Endowment feels that a person's zip code should not determine how long they live, but it does. In fact, health has more to do with place than doctor visits. The odds are stacked against low-income communities and communities of color. Building Healthy Communities is about changing rules at the local and state levels so that everyone is valued and has access to the resources and opportunities essential for health, including affordable housing and fresh food, jobs that are safe and pay fair wages, clean air, and the other ingredients essential for a healthy life.

Board Member of The California Endowment Stephen Bennett believes that transformative and sustained change takes power, youth leadership, strong partnerships, and a compelling new story about how health happens — or should happen — in all communities.

"At The California Endowment, we have made commitments to 14 communities of 10 years and we are on year six," Bennett says. "It is a long game, and we are continually looking at our tactics. We need to make sure our grantees are well supported and know it."





THE GET —

BEST PRACTICES FOR ORGANIZATIONS

THAT SEEK FUNDING

In addition to the threat of government funding shortfalls, grantees face other challenges, such as increased demand for services, attracting and retaining quality staff, recruiting effective board members and, of course, competition for funding opportunities

HOW NONPROFITS ARE ADAPTING TO THIS NEW ENVIRONMENT

In this constantly changing environment, nonprofit boards are adjusting their strategic planning to reflect the new normal. **Green Hasson Janks Partner Margaret Karren** sees some distinct differences.

"Many boards are spending more time and attention on planning, for example," Karren explains. "Succession planning is one, but it is a deeper issue. Organizational sustainability means having a strong team and a deep bench, seeking collaborative arrangements with other organizations, and developing more financial stability. I'm not seeing the old three to five year plans anymore — now it is more about the priorities and planning for those in chunks. The positive side is that it is nice to see

organizations working together collaboratively and sharing programs. Frankly, this environment means they need to find new ways to work together and not compete."

CalNonprofits recently surveyed over 800 nonprofits for *Government in Transition: Nonprofits in Transition*². The majority of respondents report significant changes in their organizations since the November 2016 election. When asked what specific changes they have made, **58 percent of respondents said they have discussed how their constituents may be affected by new federal laws and policies, and 42 percent said they are increasing their public policy advocacy work.**

"When we first did the survey, we did not have that particular thought in mind, but the results pointed us to it," says **Policy Director Nancy Berlin** when discussing how CalNonprofits will use this information to support its members. "A striking thing was the high level of anxiety among our respondents — fear and dread was mentioned and it usually is not. We are putting that out to policymakers so they can see what this looks like."

Berlin went on to say that they are also really interested to see how nonprofits are coping and the strategies they are using.

"We found that nonprofits are expecting a lot less federal money and probably will be looking to philanthropy to fill those gaps, but the gaps are simply too large," Berlin expands. "We were heartened to see that our groups were looking to do more advocacy. Organizations said they were shifting their strategic plans and looking at programs and contingencies."

Berlin feels that funders can be most helpful by funding more policy work and advocacy and by providing more flexibility via funding operating costs and providing unrestricted funding.

"It is just not realistic to tell us what their five-year plan is anymore," Berlin explains. "This is a time of transition. The good news is that funders have been very responsive — I think they get it."

Zach Davis, Director of Education at BoardSource, notes that boards have been shifting their approaches to strategic planning.

"We have seen a sea change since the big recession," Davis expands. "It is now more about developing a strategic framework that is flexible. A framework should be nimble and allow the board to see how parts of the plan are working."

Davis also says more nonprofits are thinking about aligning with other nonprofits.

"We are also seeing more thinking about strategic partnerships with similar organizations," Davis says. "That might look like sharing office space or mission alignment."

As for survey respondents, they listed their top five grant challenges:

- Meeting the regulations grantmakers set forth for the grant
- 2. Meeting the qualifications for grants
- 3. Complexity of the grant application
- 4. Finding enough available grants
- 5. Understanding what grantmakers are looking for

THE EXTERNAL

ENVIRONMENT IS MORE

VOLATILE, AND WE ARE

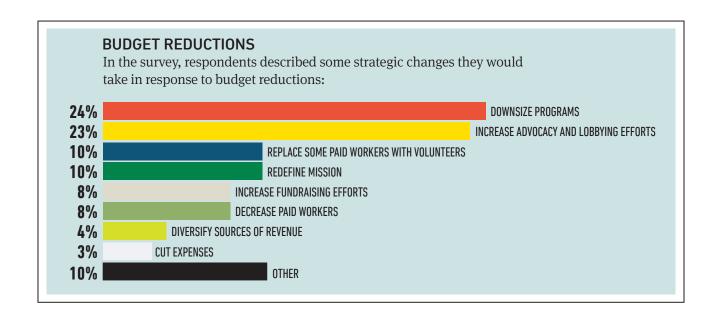
SEEING A MOVE AWAY FROM

TRADITIONAL STRATEGIC

PLANNING. 99

ZACH DAVIS

Associate Director, Strategic Development and Partnerships, Board Source



CalNonprofits' Nancy Berlin believes the most important criteria for a model funder-grantee relationship is communication.

"We need to listen well to each other and see where our agendas align and where they do not and be respectful of those lines," Berlin explains. "There needs to be an

openness to that. There also needs to be willingness to engage in the stickier issues on both sides, especially when we do not agree. There will always be power dynamics, but we can be willing to hear each other openly and finding alignment and working together when we can."

"GETTER,, BEST PRACTICES







DONELLA WILSONPartner and Nonprofit
Practice Leader,
Green Hasson Janks

ANDY DAVIS

Director of Education,

Board Source

ENGAGE THE BOARD.

"Activate your board and get them engaged with the getting process. Let them know who your active funders are and have them be your advocates."

BE AN ADVOCATE WITH FUNDERS.

"Do not just make a funding request; look for authentic touchpoints for your leaders and the board."

REALIZE THAT SOME GRANTERS AND GRANTEES MAY NOT BE A FIT.

"To have a truly authentic relationship, be honest with granters about what it will take for the grantee to be a good fit."

ENSURE YOUR BOARD HAS SUFFICIENT DIVERSITY OF EXPERIENCE, EXPERTISE, PERSPECTIVE.

"Funders want to see boards that are culturally competent and representative of the community served."

BE PREPARED WITH NUMBERS AND OUTCOMES.

"Be able to clearly demonstrate your impact."

SEEK OUT PUBLIC-PRIVATE PARTNERSHIPS TO LEVERAGE PUBLIC FUNDS.

"Do not do it alone."

COMMUNICATE WITH FUNDERS.

"Make sure you can effectively communicate your story and describe how you spend funds."

KEEP THE RELATIONSHIP GOING.

"Granters want to know your authentic story and how the relationship is working."

BROADEN YOUR DONOR BASE.

"Make sure you are not dependent on a small number of donors. If you lose even one of them, you would need to spend way more on fundraising to generate the needed income."



MARGARET KARREN
Partner,
Green Hasson Janks

TELL THE BAD NEWS TOO.

"Keep the granter in the loop on difficulties, delays and outcomes."

FULLY DESCRIBE YOUR OUTCOMES.

"Go beyond filling out required reports. Track all program outcomes."

66 WE CAN BE WILLING TO HEAR EACH OTHER OPENLY AND FINDING ALIGNMENT AND WORKING TOGETHER WHEN WE CAN.

NANCY BERLIN

Policy Director, California Association of Nonprofits

THE NONPROFIT SUSTAINABILITY INITIATIVE

The California Community Foundation, The Ralph M. Parsons Foundation and Weingart Foundation launched the Nonprofit Sustainability Initiative (NSI) in April 2012. **President and Chief Executive Officer of Weingart Foundation, Fred Ali,** shared some of the preliminary learning — particularly around a funder's role in supporting strategic restructuring — and thoughts about the future. With NSI still underway, it is too early for a report of definitive outcomes and lessons are still being learned. According to Ali, interesting findings are starting to emerge, however:

- We need to change the narrative around "strategic restructuring" and "merger." Discussing, exploring or engaging in any form of strategic restructuring, including mergers and acquisitions, should not be viewed as a sign of weakness. Restructuring and partnerships can be very effective strategies, and funders and nonprofits need to be able to discuss these activities as important and powerful tools to leverage resources, expand services, increase impact and ultimately improve outcomes.
- Funders can play a key role in opening the door to restructuring opportunities and allow those who are interested to enter. Ali and his colleagues know forced partnerships are doomed to fail; however, providing the opportunity for exploration and engagement in this work through the NSI — without the expectation of a predetermined outcome — was noted as the most critical factor in bringing most of these partnerships and restructurings to fruition. Many participants have stated that they would not have been able to achieve the partnership outcomes, and certainly not in this timespan, absent the support and funding from the NSI. Funders can also help expand the sector's understanding of the full spectrum of strategic partnerships available from back office consolidation, joint programming, joint venture corporations and more.

- A neutral third-party facilitator is important to the process. Across the board, all of the organizations that have completed negotiations have shared that having a neutral and experienced third-party facilitate the negotiations was critical to staying on course and completing the process. Organizations engaged in the process cannot be expected to have the time, resources or neutrality to effectively manage what are often very sensitive and delicate negotiations between executives and boards.
- Funders should be flexible and manage uncertainty. It is also important for funders to allow nonprofits the space to truly explore the various restructuring options without the concern of pre-defined outcomes from funders or meddling by funders. Not all of the mergers that have concluded negotiations started the process with merger as the end goal. In fact, some started very much as exploratory discussions without a clear outcome in mind. In short, nonprofits need to have ownership of the process to fully and authentically engage in this work. Funders need to trust the leadership of the nonprofits that they are supporting and their commitment to this work without being wedded to any particular outcome.
- Funders also benefit from collaboration.

Foundations often expect grantees to partner and collaborate, as if it should be inherently embedded in how nonprofits operate. However, foundations do not always hold themselves to the same expectation. Yet, collaboration done right among foundations can yield the same positive benefits. Leveraging our resources allows us to serve more and/or go deeper with those that we serve. Others benefit and learn from other funders' experience and expertise on the communities, nonprofits and issues they are facing. The collaborative can also spur greater creativity, diffuse risk and more effectively support field-wide learning.

CASE STUDY:

GrantAdvisor

Nancy Berlin, Policy Director of CalNonprofits, has been working on an exciting new project that may help streamline the process for grantseekers.

"We are in the process of launching GrantAdvisor, which we describe as being like a TripAdvisor that reviews private foundations," Berlin expands. "The project is in conjunction with the Minnesota Council of Great Nonprofits, and we hope to take it nationwide. It came about because it can be very hard to get advice on what to do when seeking funding. Reading guidelines and goals can be daunting, and the written part needs interpretation in many cases. It is about how we can help each other out in interpreting definitions — what do they REALLY fund and why? If you were talking to one of your peers, what would you say about this foundation? Examples might be 'only responds via email' or 'only funds certain geographies.' Another goal is to create a feedback loop for foundations. An anonymous way for grantees to talk to funders and for funders to hear the truth. Comments are filtered to eliminate any slander or harassment. Negative reviews must be respectful. In addition, we wait until we get five reviews before we publish, and the funder has a period of time to respond. We hope it will create a forum for discussion. We also hope to lift up some of the voices of grantseekers that are not always heard — now they can collectively be heard."





These are exciting times in the world of advocacy. Protesters around the country are making their voices heard on the political front and are achieving important goals. Advocacy is top of mind, and nonprofits are learning and getting their own voices heard.

It is important to note that advocacy does not mean stepping into partisan politics — it means speaking out as committed and informed champions for missions. In fact, 45 percent of the grantmaker survey respondents said they will fund more advocacy as a result of anticipated reductions in government assistance.

Green Hasson Janks Partner and Nonprofit Practice Leader Donella Wilson urges nonprofits to ramp up their advocacy planning in order to prepare for changes in federal funding.

"Under the new administration, advocacy on policy change will become increasingly important to achieve systems change," Wilson says. "Charities and private foundations will need to do more in the area of advocacy for policy change in this political climate."

WHAT IS ADVOCACY?

BoardSource has spent a considerable amount of time and effort looking at advocacy and lobbying.

Andy Davis, Director of Education at BoardSource,

sees advocacy as an umbrella term for actions that attempt to influence public policy.

"Successful advocacy means using our voices as committed and informed champions for our missions," Davis expands. "Speaking the truth in a calm but unwavering voice. Reminding decision-makers of our shared values and beliefs. Sharing tested solutions to community problems. Helping community leaders understand the impact of their decisions."

On the other hand, Davis believes lobbying is a form of advocacy focused specifically on influencing legislation.

"Lobbying is asking legislators to support or oppose specific

legislation or asking the public to urge their legislators to do so," Davis adds. "It is important to remember that most advocacy activities are not lobbying. All foundations can engage in and support an unlimited amount of advocacy activities that are not lobbying or partisan electioneering, and public foundations can even engage in and support some lobbying."

Whether advocacy includes lobbying or not, Donella Wilson learned some important lessons through her work at the Downtown Women's Center.

"We came to a realization that large-scale social change only happens through advocacy," Wilson explains. "We started advocating for more government funding and to get women recognized as part of legislation. Now advocacy has become core of who we are, part of every board member's job description."

SUCCESSFUL

ADVOCACY MEANS

USING OUR VOICES AS

COMMITTED AND

INFORMED CHAMPIONS

FOR OUR MISSIONS.

ANDY DAVIS

Director of Education, Board Source Consultant Rebecca M. Hamburg also sings the praises of advocacy and feels that nonprofits must make advocacy a part of their culture.

"Talk about it," Hamburg urges. "Recognize that delivering direct services is not enough — nonprofits need to address the root causes and look at whether they are doing all they need to do to achieve the organization's mission. There is a misconception that the benefits of advocacy are abstract and undefined, but that is not necessarily the

case. A lot of studies show an investment in advocacy has a better return than the results you get from funding direct services alone."

ADVOCACY'S ROLE

Advocacy is about the future. How can nonprofits eliminate roadblocks to their success? It takes a well-considered, logical approach and a lot of hard work. **Consultant Rebecca M. Hamburg** feels every organization has to define success for themselves in relation to advocacy.

"It could be passage of a piece of legislation," Hamburg explains. "It could be engaging a segment of their community that has not been engaged before, or any of a

ADVOCACY ROLES

Advocacy can mean many different things.



EDUCATOR

Raise awareness of policy matters with the public, media and policymakers.



CAPACITY BUILDER

Provide training for foundation staff, board members and grantees on subjects such as why advocacy is needed and the power of greater impact through policy advocacy, working in coalitions, lobbying laws and effective communications with policymakers.



FUNDER

Fund advocacy and legal lobbying activities and coordinate with other funders.



PARTNER

Join coalitions that are working toward systemic change at the local, state and federal levels.



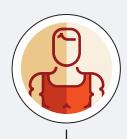
DEFENDER

Engage with and support groups that work to protect the interests of all nonprofits and defend against state and federal policy threats on core issues such as regulatory burdens, tax policy and independent decision-making.



RESEARCHER

Publish reports that educate policymakers, the general public and the media on specific policy issues.



CHAMPION

Internally and externally, be a loud and frequent voice for the policy work of grantees.



SCOUT

Keep your eyes and ears open to discussions on the opportunities, barriers and solutions relevant to a specific policy issue.



CONVENER

Bring government, nonprofit, foundation and business to a common table to address issues of importance.

number of other goals."

As for the advocacy roles that foundations can play, Hamburg notes that there are a variety of roles (See the accompanying sidebar for a list of some of those roles).

"All foundations fall at some point on the continuum of possible roles," Hamburg explains. "They could be acting as a convener to talk about social issues or building capacity for organizations to engage in advocacy. They could be making general support grants so other organizations can facilitate advocacy. Funding the work of nonprofits is at one end of the continuum and the other end is engagement by the foundation itself. A community foundation, unlike a private foundation, can engage in lobbying themselves. Private foundations while generally prohibited from lobbying can nonetheless be powerful, effective advocates."

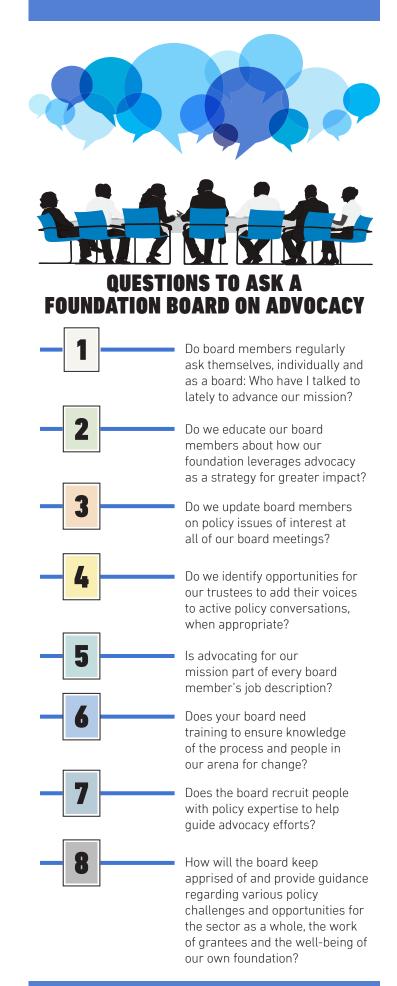
Hamburg notes that there are also some challenges and pitfalls to advocacy for nonprofits.

"Consider your capacity," she advises. "First, what are the goals you are trying to achieve — it is important to define success. What does that success look like for your organization, and are we the best suited to make those changes? An example might be if you are better communicators but not as strong at organizing, you will want to find partners who can fill in that gap. A major pitfall is taking on too much without necessarily collaborating with or asking for help from others who are trying to achieve the same goals but have strengths in other areas."

SUCCESSFUL ADVOCACY APPROACHES

Since advocacy can take so many forms, a successful approach is simply one that gets results. **Green Hasson Janks Partner and Nonprofit Practice Leader Donella Wilson** defined her vision of success through her board role at the Downtown Women's Center.

"Nonprofits need to be nimble and engage the community they serve," Wilson explains. "Any advocacy actions must be in line with what the board has approved. I also think it is important to have an advocacy platform (guiding principles) that informs the annual advocacy plan so you know where and how to focus. Arrange it so that your staff can be nimble without always checking back in with the board's communications and advocacy committee. It is also important for nonprofit organizations to understand the distinctions between education, advocacy and lobbying. There needs to be a specific legislative item that is being discussed in order for the activity to



be considered lobbying. If an organization simply wants to educate a politician on their organization, its purpose or something similar, that would not be lobbying. Bolder Advocacy, which is an initiative of the Alliance for Justice, is an excellent resource to help nonprofit organizations navigate complex rules and regulations."

HOW ADVOCACY IS CHANGING

With the new administration driving systemic change in a number of sectors, nonprofits need to be prepared.

"There has been a greater public spotlight since the 2016 election because the grassroots have been so motivated to act and people are being encouraged to contact their representatives," **Consultant Rebecca M. Hamburg** says. "Someone has finally hung the lantern on how important advocacy is. Public charities have long engaged in advocacy, but the 2016 election galvanized attention. People are asking what else they can do. Some funders paused to figure out what was happening, others dove into rapid response, and others looked to make their grants more flexible to adapt to the changing environment."

CASE STUDY:

The Women's Foundation of California Takes Bold Action

In an article in *Philanthropy News Daily* entitled "Time for Philanthropy to Take Bold Action: Invest in Policy Change," Surina Khan, the Chief Executive Officer of the Women's Foundation of California, explains how her organization successfully took bold action.

At the Women's Foundation of California, we know we cannot create opportunities for our communities without an explicit focus on policy change aimed at both dismantling barriers and expanding rights," Khan says. "Over the past 14 years, our Women's Policy Institute has worked with more than 400 women leaders to advance gender equity through policy change. And those women, in turn, have helped pass 29 laws that have improved the health, safety and economic well-being of millions of people living in California."

Khan feels the concrete results generated by the Women's Policy Institute underscore what can happen when community leaders are empowered to advocate for systemic solutions to some of our most urgent problems.

"When we invest in systems change, we not only get a good return on our investment, we get a great return on our investment," Khan expands. "Indeed, NCRP research shows that for every dollar invested in nonprofit advocacy, community organizing, and civic engagement, families and communities get \$115 back in benefits. The bottom line for community foundations, national funders, and individual donors is clear: the most effective way to leverage our resources in the service of real, systemic change is to put policy advocacy at the center of our giving."

Reprinted from Stand For Your Mission³, a collaborative effort initiated by Alliance for Justice, BoardSource, the Campion Foundation, the Forum of Regional Associations of Grantmakers, the Knight Foundation, and the National Council of Nonprofits.

³www.standforyourmission.org ⁴Philanthropy News Digest http://pndblog.typepad.com/



Equity stems from the mission of every nonprofit. The community they are serving — or want to serve — needs a seat at the table for real benefit to be gained. Progress has been made - 50 percent of survey respondents said their board is representative of the community they serve (although most said their organization needed to improve in this area). But muddy missions or stretching to do too much will not work in an environment of less federal funding and general belt-tightening. If the mission is not getting fulfilled, look to collaborating with other organizations and finding synergies.

HOLDING OURSELVES ACCOUNTABLE FOR BUILDING EQUITY

Accountability starts with the board, and **Director of Education at BoardSource Andy Davis** believes that boards can — and must — play a leadership role on issues related to diversity, equity, and inclusion.

"As the decision-making body at the highest level of organizational leadership, boards play a critical role in creating an organization that prioritizes, supports and invests in diversity, equity and inclusion," Davis explains. "Whether in the hiring of the executive, the determination of strategy, the allocation of resources or the goal of serving the community with authenticity, the board's leadership on diversity, equity and inclusion matters."

Davis feels that many boards are not grappling with these issues, unfortunately.

"This is something that BoardSource believes is informed and exacerbated by the lack of diversity — especially racial diversity — on boards," Davis says. "According to our survey, Leading With Intent⁵, only 20 percent of all board members are people of color, and a full 25 percent of nonprofit boards are 100 percent white."

⁵www.leadingwithintent.org

BOARD RECRUITMENT MATRIX

This matrix can be adapted to assist your organization's recruitment efforts by assessing your current board composition and identifying opportunities to diversify and/or expand your board.

Every organization is different. Use the table below to help distinguish the skills and strengths you need from board members depending on your organization's stage of development, community served, and other circumstances.

In considering board building, an organization is legally obligated to follow its bylaws, which may include specific criteria on board size, structure and composition. Keep in mind that your organization's bylaws may need to be updated to incorporate and acknowledge changes in the environment and community that have made board structure changes necessary or desirable.

AREAS OF EXPERTISE/LEADERSHIP QUALITIES	NUMBER OF CURRENT MEMBERS	NUMBER OF PROSPECTIVE MEMBERS
ADMINISTRATION/MANAGEMENT		
EARLY-STAGE ORGANIZATIONS/START-UPS		
FINANCIAL OVERSIGHT		
FUNDRAISING		
GOVERNMENT		
INVESTMENT MANAGEMENT		
LAW		
LEADERSHIP SKILLS/MOTIVATOR		
MARKETING, PUBLIC RELATIONS		
HUMAN RESOURCES		
STRATEGIC PLANNING		
PHYSICAL PLANT (ARCHITECT, ENGINEER)		
REAL ESTATE		
UNDERSTANDING OF COMMUNITY NEEDS		
TECHNOLOGY		
OTHER		

RESOURCES	NUMBER OF CURRENT MEMBERS	NUMBER OF PROSPECTIVE MEMBERS
MONEY TO GIVE		
ACCESS TO MONEY		
ACCESS TO OTHER RESOURCES (FOUNDATIONS, CORPORATE SUPPORT)		
AVAILABILITY FOR ACTIVE PARTICIPATION (SOLICITATION VISITS, GRANT WRITING)		

SOURCE: THE BOARD BUILDING CYCLE: NINE STEPS TO FINDING, RECRUITING, AND ENGAGING NONPROFIT BOARD MEMBERS

BOARDSOURCE

COMMUNITY CONNECTIONS	NUMBER OF CURRENT MEMBERS	NUMBER OF PROSPECTIVE MEMBERS
RELIGIOUS ORGANIZATIONS		
CORPORATE		
EDUCATION		
MEDIA		
POLITICAL		
PHILANTHROPY		
SMALL BUSINESS		
SOCIAL SERVICES		
OTHER		

PERSONAL STYLE	NUMBER OF CURRENT MEMBERS	NUMBER OF PROSPECTIVE MEMBERS
CONSENSUS BUILDER		
GOOD COMMUNICATOR		
STRATEGIST		
TEAM MEMBER		
VISIONARY		

AGE	NUMBER OF CURRENT MEMBERS	NUMBER OF PROSPECTIVE MEMBERS
UNDER 18		
19 – 34		
35-50		
51-65		
OVER 65		
VISIONARY		

GENDER	NUMBER OF CURRENT MEMBERS	NUMBER OF PROSPECTIVE MEMBERS
MALE		
FEMALE		

RACE/ETHNICITY	NUMBER OF CURRENT MEMBERS	NUMBER OF PROSPECTIVE MEMBERS
AFRICAN AMERICAN/BLACK		
ASIAN/PACIFIC ISLANDER		
CAUCASIAN		
HISPANIC/LATINO		
NATIVE AMERICAN/INDIAN		
OTHER		

SOURCE: THE BOARD BUILDING CYCLE: NINE STEPS TO FINDING, RECRUITING, AND ENGAGING NONPROFIT BOARD MEMBERS

BOARDSOURCE

DEVELOPING AN APPROACH TO EQUITY

This is the time to take a fresh look at equity. Where are needs not being met? Dig deep and find those people that are underserved within your mission. Remember that many funders are factoring equity into their decisions on the organizations they will support.

To build a more equity-centered approach at your nonprofit, the SMEs suggest:

- Take a fresh look at the mission. Is equity built in?
- **Do not lose out.** If you do not focus on equity, funders may give their support to those who do.
- Serve the most underserved populations. Do work where the need is the greatest because that is where the return often is greatest.
- **Build capacity.** Small increases may have the ability to help exponentially more people.
- Request operating support. This gives you the
 flexibility to focus your dollars on equity or
 emerging equity issues. In fact, 28 percent of survey
 respondents said they will fund more operating
 support as a result of anticipated reductions in
 federal funding.
- **Be advocates.** Raise your voice for those that may not be able to raise their own.

- **Help other nonprofits.** Step in and help community-based groups where resources may be stretched past the limit.
- Collaborate with other organizations serving the same needs. One plus one may be far greater than two.
- **Gather data.** Funders want to see evidence of the good you are doing, and numbers matter.
- Share the data. Demonstrate grant outcomes that are equity-focused and demonstrate a social return on investment.
- **Get the board deeply involved.** The board must take an active role in any equity approach.
- Make equity an ongoing conversation. Equity is not a trend — it is here to stay.



WHY SURVEY RESPONDENTS ARE STILL STRUGGLING WITH BOARD DIVERSITY

Some survey respondents indicated they were falling short on board diversity. They had some interesting responses that many can relate to:



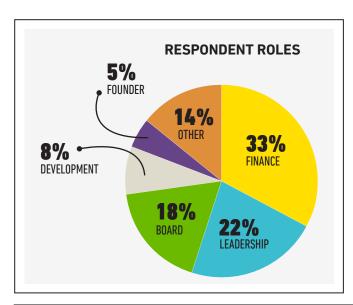


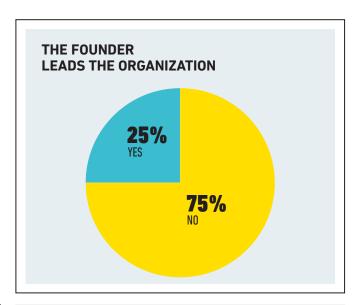


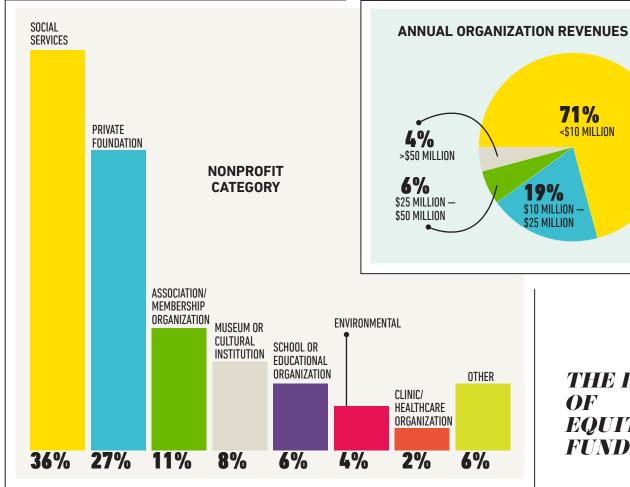
APPENDIX A:

KEY TAKEAWAYS FROM THE NONPROFIT SURVEY

ABOUT THE SURVEY RESPONDENTS





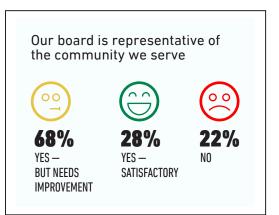


THE ROLE **OF EQUITY IN FUNDING**

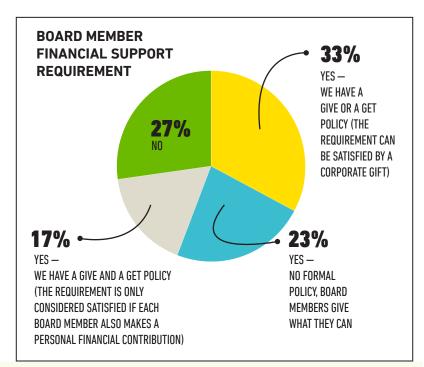
71%

<\$10 MILLION

ABOUT SURVEY RESPONDENTS' BOARDS



GRANTSEEKER STRATEGIES



BIGGEST CHALLENGES IN SECURING GRANTS

MEETING THE REGULATIONS GRANTMAKERS SET FORTH FOR THE GRANT

2

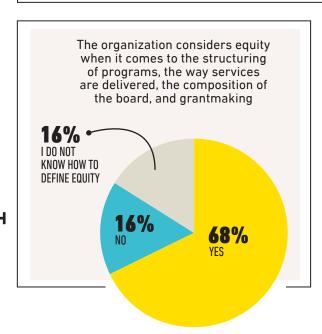
MEETING THE QUALIFICATIONS FOR GRANTS 3

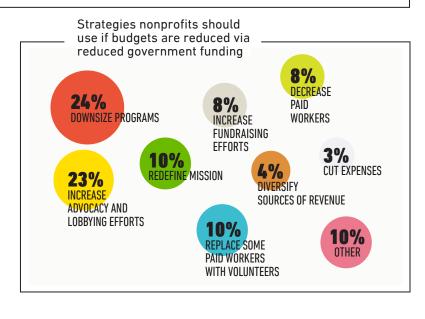
COMPLEXITY
OF THE GRANT
APPLICATION

4

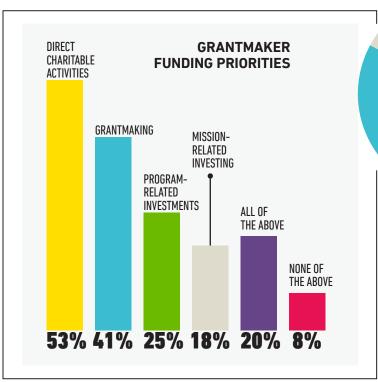
FINDING ENOUGH GRANTS AVAILABLE TO YOU 5

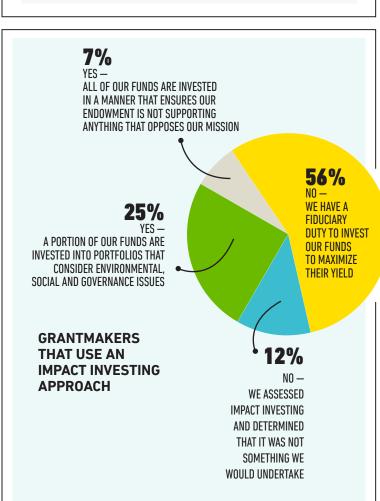
UNDERSTANDING WHAT GRANTMAKERS ARE LOOKING FOR

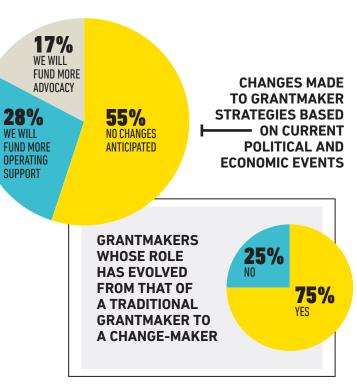


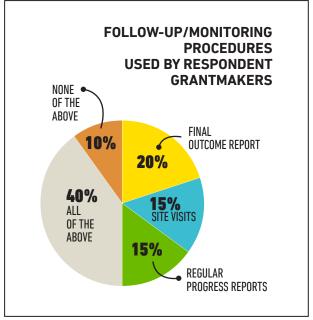


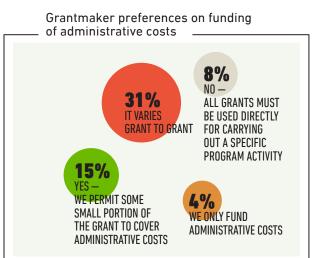
GRANTMAKER STRATEGIES











APPENDIX B:

BIOGRAPHIES

ABOUT THIS REPORT'S PRINCIPAL AUTHORS



DONELLA WILSONPartner and Nonprofit
Practice Leader,
Green Hasson Janks

Donella Wilson leads the Firm's Nonprofit Practice. She has over 19 years of public accounting experience providing audit, accounting and special project services. Committed to ending homelessness for women, Wilson is president of the Board of Directors of the Downtown Women's Center. In recognition of her leadership at the Firm and in the community, Wilson received the CalCPA's 2017 Women to Watch Trailblazer Award for her charitable contributions. Wilson also serves on the planning committee for the California Society of CPAs' Annual Notfor-Profit Organizations Conference and has co-chaired the conference for the past three years.



MARGARET KARREN
Partner,
Green Hasson Janks

Margaret Karren is a partner in the Firm's Nonprofit Practice. She is passionate about serving the nonprofit community through her work at the firm and her outside involvement in the community. She provides audit, accounting, and consulting services to nonprofit clients. Karren's outside community involvement includes serving on the board and finance committee of California Hospital Medical Center Foundation. She is a former board member and chairman for Boys Town of California. She is also a board member and chair of the Community Service Committee of LA5 Rotary.



MARK KAWAUCHI Principal, Green Hasson Janks

Mark Kawauchi is a principal within the Firm's Nonprofit Practice. He has nearly 30 years of public accounting experience and is dedicated to the Firm's nonprofit clients with a specialty in healthcare. Prior to joining the firm in 2017, Kawauchi worked for a Big Four firm for nearly 19 years. While there, he served clients in both the nonprofit and healthcare industries. Clients served included smaller nonprofit organizations to larger SEC healthcare clients. He also served as an instructor for technical training sessions that included topics such as Uniform Grant Guidance-Single Audits, the nonprofit industry and the healthcare industry.

APPENDIX B:

BIOGRAPHIES

ABOUT THIS REPORT'S PRINCIPAL AUTHORS



STEPHANIE YAN
Principal,
Green Hasson Janks

Stephanie Yan has over 13 years of public accounting experience providing audit, accounting, and general business consulting services. Before coming to Green Hasson Janks, Yan spent three years working in corporate accounting for both privately held and public companies. Her industry experience includes private foundations, museums and closely held businesses in manufacturing, import and distribution and real estate. She also has expertise with employee benefit plan audits and is a member of American Institute of Certified Public Accountants.



LIZBETH NEVAREZSenior Manager,
Green Hasson Janks

Lizbeth Nevarez has over nine years of public accounting experience providing tax and consulting services and leads the Nonprofit Tax Practice. She currently serves on the Board of Hillsides, a nonprofit organization dedicated to providing family services, foster care, mental health services, and a variety of other family preservation programs. She is also on the Board of Executive Service Corps (ESC), a leading nonprofit provider of high-impact, affordable management development services to other nonprofits in Southern California. In addition, she has completed the Riordan Leadership Institute program through the Los Angeles Junior Chamber of Commerce. The program's mission is to develop and cultivate business professionals for lifelong service in the nonprofit community.

ABOUT THE SUBJECT MATTER EXPERTS



FRED ALIPresident and CEO,
Weingart Foundation

Fred Ali has more than 35 years of senior management experience with nonprofit organizations, educational institutions, and government. He became the executive director of Covenant House in Los Angeles in 1991, and under his leadership, Covenant House California developed into a large, multi-service program working with homeless and at-risk youth in Los Angeles and Oakland. Ali was elected president of Weingart Foundation in June 1999. He serves on the board of the Mayor's Fund for Los Angeles, and previously served as board chair of Southern California Grantmakers. Ali also serves as chair of the board of advisors for The Center on Philanthropy and Public Policy, University of Southern California and as a senior fellow for the UCLA Luskin School of Public Affairs.



STEPHEN BENNETT Board Member, The California Endowment

Stephen Bennett sits on the board of The California Endowment, where he is Audit Committee Chair. The Endowment's focus is on improving the health of the citizens of California. He is also on the board of the Arcus Foundation, where he is Finance and Investment Chair. Arcus Foundation's work is focused on civil rights and social justice for the LGBTQI community in the U.S. and internationally. In addition, Bennett is the founder and a board member for the Caravanserei Project, an international NGO that serves as a fiduciary and sponsor for international development and human rights projects including healthcare, refugee, and support for "others." He was previously the President and Chief Executive Officer of United Cerebral Palsy Association, President of PallottaTeamworks, founder and Chairman of the Board of TransDecisions, Chief Executive Officer of AIDS Project Los Angeles and a Founding Partner of Sokolov, Schwab, Bennett.



NANCY BERLIN
Policy Director,
California Association
of Nonprofits

Nancy Berlin directs and oversees policy initiatives that protect and promote California's nonprofits, including state and federal legislative and administrative issues, and develops and implements campaigns to encourage advocacy and civic engagement among its more than 10,000 organizational members. She was the former director of California Partnership and project coordinator for the Los Angeles Coalition to End Hunger & Homelessness. Berlin is well known to the California nonprofit and advocacy community through her leadership in advocacy in Sacramento and throughout California. Recognitions include Outstanding Public Citizen of the Year Award from the California Chapter of the National Association of Social Workers and the Community Building and Justice Award from Alexandria House.



REBECCA HAMBURG
Founder,
Rebecca Hamburg
Consulting

Rebecca M. Hamburg empowers organizations with the tools and knowledge to achieve their vision for a better world. Through strategic planning, technical assistance, and project management support, Hamburg enables both nonprofits and foundations to be agents of change. She provides guidance that assists grantmakers in understanding how they can support and engage in advocacy and other nonprofit organizations to engage their communities in public policy efforts through an understanding of federal tax and election law. Prior to starting her consulting firm, Hamburg served as West Coast Director for Alliance for Justice, a national nonprofit committed to ensuring that Americans have their voices heard when government makes decisions that affect their lives, and Program Director of the National Employment Lawyers Association, the country's largest organization of lawyers who exclusively or primarily represent employees in employment-related matters.

BIOGRAPHIES

ABOUT THE SUBJECT MATTER EXPERTS



ANDY DAVISDirector of Education,
Board Source

As BoardSource's director of education, Andy Davis is responsible for creating and delivering the public trainings that BoardSource offers to the nonprofit sector, overseeing the BoardSource Certified Governance Trainer program, and aligning BoardSource's educational offerings across departments. Additionally, as a BoardSource consultant and trainer, David works with the organization's clients nationally, developing and delivering our respected consulting and training services. Prior to joining BoardSource nine years ago, Davis served as a professional development coordinator for Quality Enhancement for Non-Profit Organizations (QENO) in Wilmington, North Carolina. Davis also serves as the chair of the national advisory council of AmeriCorps Alums and is a charter member of the selection committee for the Center for Nonprofit Advancement's Board Leadership Awards.



ZACH DAVIS
Associate Director,
Strategic Development
and Partnerships,
Board Source

As a manager of strategic development and partnerships at BoardSource, Zach Davis is responsible for BoardSource's national fundraising strategies and corporate solutions program — a program designed to support companies in their efforts to incorporate nonprofit board service into their broader corporate social responsibility strategies. Davis also contributes to building strategic relationships in support of BoardSource's sector leadership initiatives, including the Stand for your Mission board advocacy campaign. Prior to joining BoardSource in 2014, Davis managed the corporate fund of the John F. Kennedy Center for the Performing Arts and led corporate, foundation, and government relations for the Alabama Symphony Orchestra.



CHRISTINE ESSEL
President and CEO,
Southern California
Grantmakers

Christine Essel is the President and Chief Executive Officer of Southern California Grantmakers (SCG), a regional association of philanthropic leaders whose mission is to support and advance effective, responsible philanthropy for the public good. SCG's members include family, community, private, corporate and public foundations, as well as individual grantmakers. As president, Essel sets the strategic direction and priorities for the organization, overseeing programming, communications, member services and public policy. Prior to joining SCG, Essel held leadership roles in the government, corporate, philanthropic and nonprofit sectors, where she has shaped legislation and public and corporate policy. Most recently, she served as Chief Executive Officer for the Community Redevelopment Agency of the City of Los Angeles (CRA/LA), with an annual budget exceeding \$600 million.

ABOUT THE SUBJECT MATTER EXPERTS



CARLA JAVITS
President and CEO,
REDF
(The Roberts
Enterprise
Development Fund)

Carla Javits is President and Chief Executive Officer of REDF, a California-based, national nonprofit venture philanthropy and intermediary that is leading the pioneering effort to create jobs and employment opportunities for people facing the greatest barriers to work. Through her stewardship, REDF has expanded from the SF Bay Area throughout the U.S., helping impact the lives of thousands of people in need of jobs by investing capital and expertise in social enterprises — mission-driven businesses focused on hiring and assisting people who are willing and able to work, but have the hardest time securing employment. Inspired by REDF's founder, George R. Roberts of KKR, Javits focuses on achieving measurable results by building the partnerships and systems to provide a business solution to joblessness among those overcoming the most.



FAYE WASHINGTON
President and CEO,
YWCA Greater
Los Angeles

Faye Washington's 32-year government track record of management, personnel administration, legislative and budget policy development, strategic planning, and implementing budgets of over \$3 billion created the landscape for her groundbreaking tenure of leading the YWCA Greater Los Angeles in its mission of eliminating racism and empowering women. The YWCA Greater Los Angeles serves over 100,000 youth, families and seniors throughout LA County. Washington serves the boards of The United Way, The Links, Municipal Improvement Corp of L.A.; Workforce Investment Board; National Job Corps Assoc.; Downtown Breakfast Club; California Post-Secondary Commission; International Women Leadership Organization; and the Affirmative Action Association for Women. She has earned numerous recognitions and awards, including honors bestowed by The National Association of Women Business Owners.



At Green Hasson Janks, we are passionate about helping our clients and our people #BeMore by focusing on building thriving businesses and creating a better future. The firm works as a business advocate for its clients — providing personalized service and building long-term relationships to help position our clients for the future. Ranked as a top-20 largest accounting firm on the Los Angeles Business Journal's Book of Lists, the firm has 14 partners and approximately 150 staff members that serve over 3,000 clients. The firm is a member of the American Institute of Certified Public Accountants (AICPA), the AICPA Governmental Audit Quality Center (GAQC), the Public Company Accounting Oversight Board (PCAOB), the California Society of CPAs, the California Association of Nonprofits (CalNonprofits) and Southern California Grantmakers.

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

VISION

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

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

WE TRANSFORM VISION INTO REALITY BY SERVING:

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

ABOUT THE GREEN HASSON JANKS NONPROFITS AND PRIVATE FOUNDATIONS PRACTICE

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

Currently, Green Hasson Janks serves over 35 private foundation clients, including ten of the top 25 private foundations in Southern California. The firm prides itself on its ability to understand its clients' strategic vision and work toward common goals while maintaining the proper level of independence.