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TAKE CONTROL - YOUR NONPROFIT'S FUTURE STARTS WITH A STRATEGIC PLAN

When are things ever going to get back to normal? This is the question on the lips of many nonprofit leaders, frustrated over the variables they can't control as the U.S. economy only slowly recovers from a long slump. The fact is that nonprofits may need to adjust their expectations, goals, and even their mission to a "new normal."

If little has changed in your organization since it was founded, its focus and practices may be outdated and incompatible with new financial realities. Creating a strategic plan can provide a framework to help you adapt to change and achieve your long-term goals — even when the future is uncertain.

Fast-moving targets

If your organization works in a rapidly evolving arena, with services that often change, you may believe that long-term planning is a futile exercise. Perhaps you've made strategic plans in the past and felt they weren't productive. But they may simply have been too narrowly or too broadly focused.

Every organization can benefit from a strategic plan that defines its mission and values and outlines strategic goals and the steps necessary to achieve them. Frequent adjustments and updates can keep the plan relevant to your changing environment.

Mission and values

Strategic planning starts with your nonprofit's mission statement. Does it accurately describe what you do? If not, decide whether your nonprofit suffers from "mission drift" and needs to return to its original focus — or whether you simply need to rewrite your mission statement to reflect current realities.

Next, define your organization's values. Values may relate to the people you serve but should also include how your nonprofit operates. For example, is an open and team-oriented working environment important? Then include it on the list.

Be sure to seek input from internal and external stakeholders during this process. This includes board members, staff, donors, major grantmakers and beneficiaries of your services. Multiple viewpoints about your organization's mission and values will help keep long-term goals realistic. Plus, you want everyone who'll be affected by your finalized strategic plan to enjoy a sense of ownership in it.

A creative exercise

Once you've established your mission and values, use them as a springboard for setting strategic goals. Say, for example, your mission is to provide English as a Second Language (ESL) instruction to

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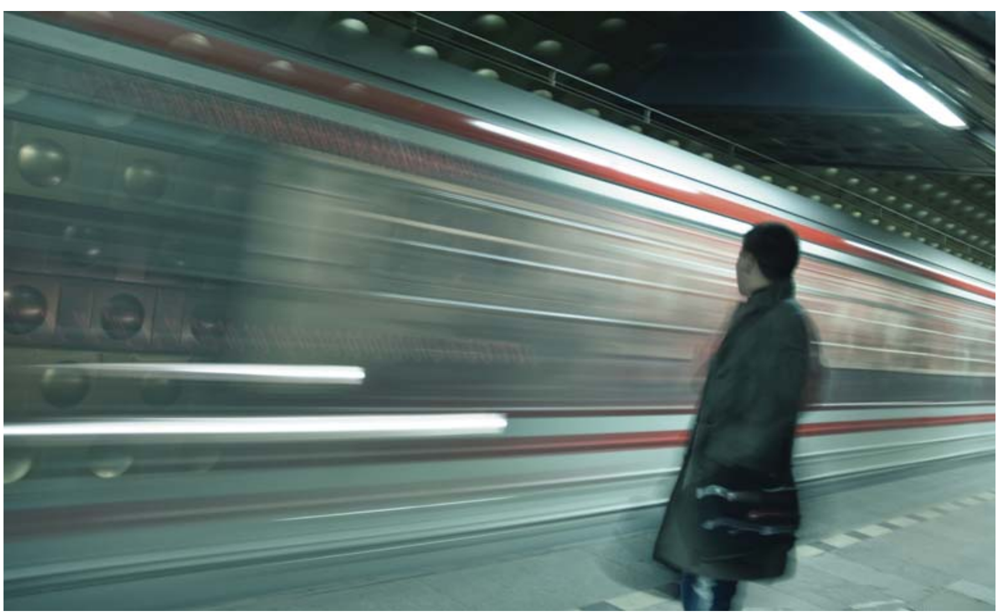

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residents of your metropolitan area, but you currently only offer classes within your city's limits. Your strategic goals might relate to expanding ESL programs to the surrounding suburbs.

To kick off your goal-setting session, ask some questions (and encourage creative answers):

- What has our nonprofit accomplished? How does that differ from what we'd hoped it would have accomplished by now?
- Should our organization maintain its current focus? Or are there more pressing needs that deserve our attention?
- What would we set out to accomplish if money were no object?
- What can we do to make our organization more attractive to donors, members or grantmakers?

Goals that answer such questions should be achievable, specific and measurable. Be sure to describe how your nonprofit hopes to accomplish each one and how you'll monitor progress toward it.

Implementation challenge

Many strategic plans ultimately die because the organization fails to break goals down into small, achievable steps. For example, if your goal is to increase online donations by 20%, separate out such tasks as "simplify and upgrade online donation page" and "use Facebook and Twitter to publicize donation options."

Another potential challenge is getting stakeholders to believe in the goals and willingly make the changes that are required to achieve them. Real change starts with your nonprofit's leadership. If managers and board members make your organization's strategic goals and the tasks associated with them a high priority, staff members are more likely to follow suit.

To help ensure progress, break your plan into annual (or even quarterly) objectives and assign responsibility for achieving each of them to specific individuals. Developing an annual plan allows you to measure and reward performance in achieving individual objectives on the road to accomplishing overall organizational goals.

Eye on the ball

Maintaining focus is one of the most difficult parts of implementing a strategic plan. But don't ditch your plan because you and your staff occasionally get distracted or fail to achieve every goal in their allotted time period. Strategic planning isn't a one-time exercise but an ongoing effort that helps keep your nonprofit moving in the right direction.

What's your brand?

If you and your staff are having trouble coming up with a set of focused, cohesive long-term goals, try answering this question: What's your brand?

Gone are the days when brands and branding strategies were tools used solely by for-profit companies. Many nonprofits have found that a strongly defined and executed brand strategy helps them increase visibility — and financial support.

A successful nonprofit brand communicates three things:

1. How your organization differs from similar organizations,
2. What makes your mission and goals credible, and
3. Why people should support your organization.

Consistency is critical. Getting your brand message across calls for an organizationwide commitment that encompasses everything from website content to fundraising event themes to the information included on your Form 990.

You can use your nonprofit's strategic plan to break the brand-building process into small, achievable goals. For example, as a one-year objective, you might condense your mission statement into a short, memorable motto and incorporate it into every one of your nonprofit's print, online and verbal communications. In addition to boosting your public profile, an objective such as this, which would likely involve every staff member, can help build organizational unity and sense of purpose.

MAKING THE MOST OF THE INTERNAL CONTROL LETTER

By Linda Shupack, CPA, Manager

For every organization who has recently had an audit, an internal controls letter has likely been issued along with the financial statements. Under US auditing standards, a written communication is required if, in the auditor's judgment, material weaknesses or significant deficiencies exist in the organization's internal control.

The purpose of this letter is to alert management to weaknesses in their system of internal controls, with the goal being to assist management in identifying and correcting weaknesses before error or fraud occurs. Although a financial statement audit is not designed to determine whether internal controls in place are effective, your auditor will communicate with you about control issues identified during the audit.

Material weaknesses are the most severe and expose your organization to the most risk. Significant deficiencies are less severe but still represent a substantial risk. Both of these types should be taken seriously. Findings identified as control deficiencies or other matters are not deemed to be serious, but could probably be improved.

The first three paragraphs of the internal control letter are explanatory and are generally the same for every organization. After the first three paragraphs, weaknesses will be listed and classified as material weaknesses, significant deficiencies or other. Read these carefully and make sure you understand the weaknesses identified. If the letter does not include recommendations, be sure to ask your auditor for guidance. In fact, have an open discussion with your auditors about their findings, and use their assistance to find options to improve your current controls.

Finally, put your plans into action. The cost of doing so will always be much less than the cost of a material error or fraud.

We can help with your internal controls and fraud prevention needs! Please contact us at info@shannon-cpas.com

2013: A BIG YEAR FOR GIVING

Giving USA has released its data for 2013. In 2013, total giving was up to $335 billion, which is an increase of more than 4% from last year. Overall giving has increased by 12.3% since the end of the recession in 2009. In fact, giving could reach pre-recession levels in the next year or two if the current growth trend continues.

As can be seen on the graph, bequests, foundations and individuals accounted for the increases, while corporate giving decreased. The increases are reflective of the improving financial situations of individual donors while the decline in corporate giving was largely influenced by slow growth in corporate pre-tax profits.

The increases in giving were greatest in education (8.9%), and public-society benefit, arts, environment/animal and health organizations (ranging from 6% to 8.5%). The slowest growth was experienced by religion-related and international affairs organizations.

Percentage change in 2013 U.S. Giving in total and by source	4.40%
Individuals	4.20%
Foundations	5.70%
Bequests	8.70%
Corporations	-1.90%

THE IMPORTANCE OF A CONFLICT OF INTEREST POLICY

By Linda Shupack, CPA, Manager

All nonprofits should have a conflict of interest policy. Although not required by the IRS, all nonprofits' 1023 or 1024 applications currently will not be approved without one. Why is this so important and what can you do?

Briefly, a conflict of interest occurs where the staff or board members of an organization have (or appear to have) personal interests at odds with the best interests of their organization. Transactions in which there are real (or even just appear to be) conflicts of interest can, if improperly handled, result in damage to the organization's reputation, jeopardize its tax-exempt status or expose its officers and directors to personal liability.

Nonprofits need to protect their reputation as never before - given the speed by which information travels - with bad news travelling even faster. Today's 990 tax returns have purposefully become much more transparent with regard to governance, and there are many websites devoted to analyzing and reporting on the information that ends up on the returns. Further, if transactions are deemed to be inconsistent with the charitable purposes of the organization by the IRS, the organization could have its exempt status revoked. Moreover, if directors or officers are believed to have been involved with such transactions, they could be held personally liable for any loss to the organization. In the end, any real or perceived impropriety could have a lasting negative impact on the credibility of the organization, its ability to obtain funding or even its very existence.

What you can do

First, adopt a policy that enables the organization to manage all potential conflicts of interests involving its directors, staff members and volunteers. There are several samples and templates available through various websites, including the IRS, which can be a good starting point. Keep in mind that the policy should be tailored to your organization's specific needs and goals. At a minimum, the policy should be communicated to all appropriate staff and directors and any possible conflicts should be disclosed on a regular basis. If you already have a policy in place, make sure it is updated and relevant. More importantly, however, is to adhere to the policy and its procedures. The only thing worse than not having a conflict of interest policy in place is to have one that is not being followed.

GET CONNECTED!

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