



BDO KNOWLEDGE

2019 COMPLIMENTARY NONPROFIT
AND EDUCATION WEBINAR SERIES

FROM METRICS TO MISSION: 2019 BENCHMARKING SURVEY RESULTS

September 11, 2019

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With You Today



Laurie De Armond
Partner and National Co-Leader,
Nonprofit & Education Practice
703-336-1453
ldearmond@bdo.com



Adam Cole
Partner and National Co-Leader,
Nonprofit & Education Practice
212-885-8327
acole@bdo.com

With You Today - Laurie De Armond



Laurie De Armond
Partner and National
Co-Leader,
Nonprofit & Education
Practice
301-354-2530
ldearmond@bdo.com

Laurie is a Partner and National Co-Leader of BDO's [Nonprofit & Education Practice](#) and the Managing Partner of the Greater Washington, DC office. She has more than 25 years of experience providing audit and consulting services to a wide variety of tax-exempt organizations, including public charities, private foundations, trade associations, government organizations, and other types of nonprofits.

She is a regular contributor to the group's blog and quarterly newsletter, the [BDO Nonprofit Standard](#) and is a regular speaker at internal and external seminars. Laurie has served on numerous boards of directors, and currently serves as the finance committee chair of the University of Maryland Alumni Association and on the Board of trustees of America's Charities.

Laurie received a Women to Watch Awards from the Greater Washington Society of CPAs (GWSCPA) for her contributions to the profession. She is a member of BDO's Inclusion Women National Strategy Group and a member of the GWSCPA Women's Initiative Steering Committee.

With You Today - Laurie De Armond



Adam Cole

Partner and National
Co-Leader,
Nonprofit & Education
Practice

212-885-8327
acole@bdo.com

Adam is a Partner and National co-Leader of BDO's [Nonprofit & Education Practice](#) and the Managing Partner of the Greater New York Nonprofit and Employee Benefit Plan Practices. He has over 29 years of experience and has spent his entire career auditing and consulting with both nonprofit and healthcare organizations.

He is one of the founding partners of the Greater New York Healthcare Practice, which has grown from 10 individuals in 1993 to over 100 individuals today. The practice specializes in many subsets of the nonprofit industry, including services to social service organizations, International NGOs, membership organizations, foundations, higher education, and religious organizations.

Adam is a nationally featured speaker and writer on subjects such as nonprofit mergers, liquidity, board governance issues, and financial dashboards.

Learning Objectives

We will cover:

- The greatest challenges facing today's nonprofits, including regulation and the starvation cycle
- The importance of maintaining a "nonprofit heart and a business mindset"
- The top findings from BDO's annual benchmarking survey, Nonprofit Standards



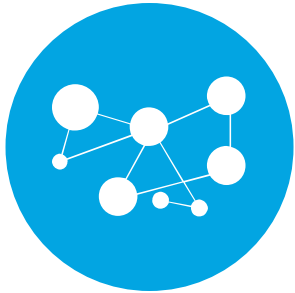
Agenda

- State of the Industry
- Nonprofit Heart, Business Mindset
- About the *Nonprofit Standards* Benchmarking Survey
- Top 5 Survey Findings
- The Value of Benchmarking
- Additional Resources
- Q&A



Today's Nonprofit Industry

Every Nonprofit is Different, but They Face Similar Issues...



Technology



Regulation
&
Legislation



Fundraising



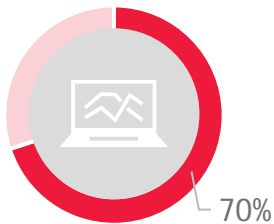
Recruiting
&
Retention



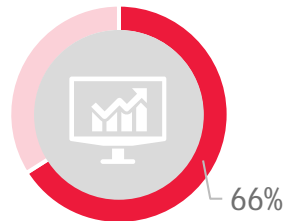
Financial
management

And Cite Many of the Same Challenges

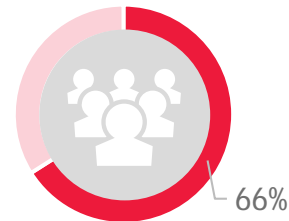
Variability in Funding



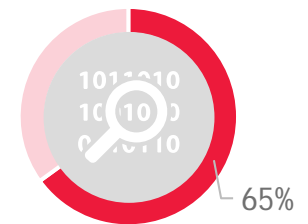
Rising Overhead Costs



Staff Retention and Recruitment



Digital Transformation



Top 7 Trends Impacting Nonprofits

1. Political uncertainty is on the rise.



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5. **Changes to the charitable giving paradigm are underway.**



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5. Changes to the charitable giving paradigm are underway.
6. **Cybersecurity is a growing concern.**



Top 7 Trends Impacting Nonprofits

1. Political uncertainty is on the rise.
2. Budgets are strained at the federal, state and local level.
3. Digital disruption is taking over.
4. It's all about engagement.
5. Changes to the charitable giving paradigm are underway.
6. Cybersecurity is a growing concern.
7. **M&A and partnership may offer advantages.**



Top 7 Trends Impacting Nonprofits

...So what should nonprofits do to further their missions, and take care of themselves?



Nonprofit Heart, Business Mindset

What Does “Nonprofit Heart, Business Mindset” Mean?

Approaching nonprofit management with a business frame of mind, without sacrificing the care-factor or heart that drives nonprofit work, is a powerful formula for increasing impact and achieving long-term success.



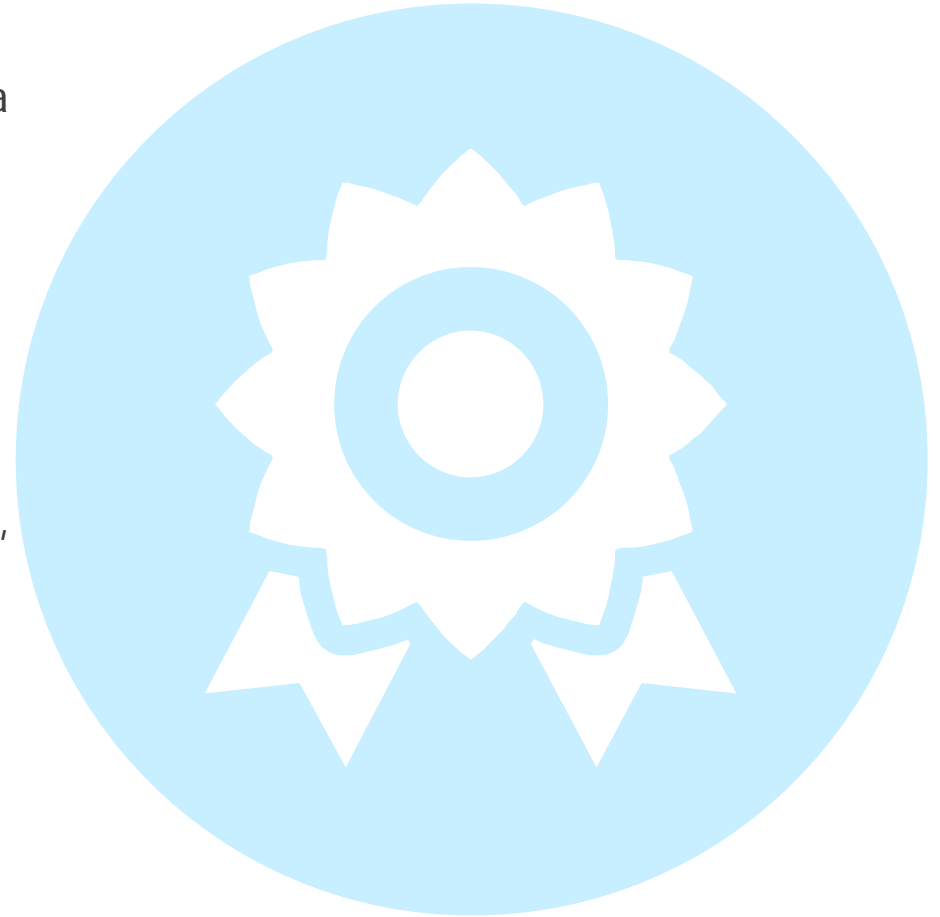


About the Survey

Survey Methodology








Nonprofit Standards, now in its 3rd year, is a national benchmarking survey of 200 nonprofit organizations across a variety of sections, including health and human services, higher education, public charities and private and community foundations.

The survey is fielded by Market Measurement, an independent market research consulting firm.



Survey Participants

SECTORS

	Health and human services provider	35%
	Environmental organization	24%
	College/University	12%
	Public charities and community foundations	10%
	Private foundation	10%
	International NGO	5%
	Faith-based organization	4%

SCOPE OF ORGANIZATIONS' WORK

Local	31%
Regional	44%
National	11%
International	14%

TITLE OR POSITION

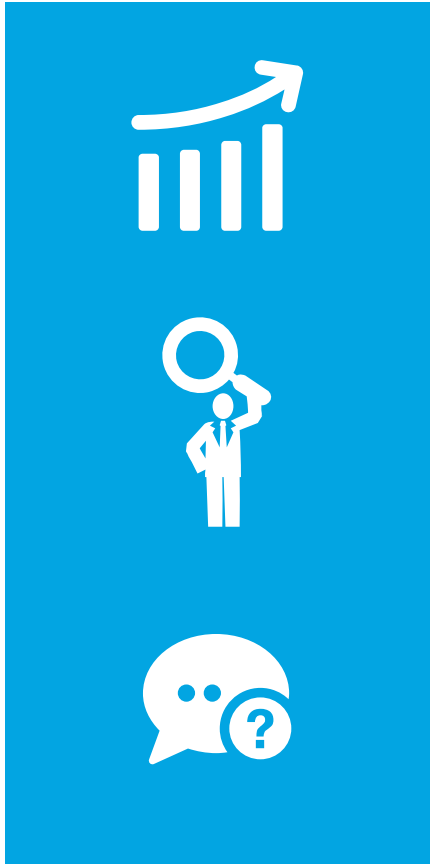
CFO	59%
CEO	17%
Executive Director	6%
Director of Finance	5%
President	4%
Direct report to CFO, CEO, executive director, director of finance and/or president	4%
Controller	2%
Director	1%
Other	2%

Survey Participants

For the purposes of this survey, nonprofits are categorized in three groups according to their annual revenues:

- **Midrange organizations:**
 - Annual revenues under \$25 million
- **Upper-Midrange organizations:**
 - Annual revenues between \$25 million and \$75 million
- **Large organizations:**
 - Annual revenues of \$76 million or greater

Survey Goals



- Provide nonprofits with a barometer for measuring performance across a variety of areas.

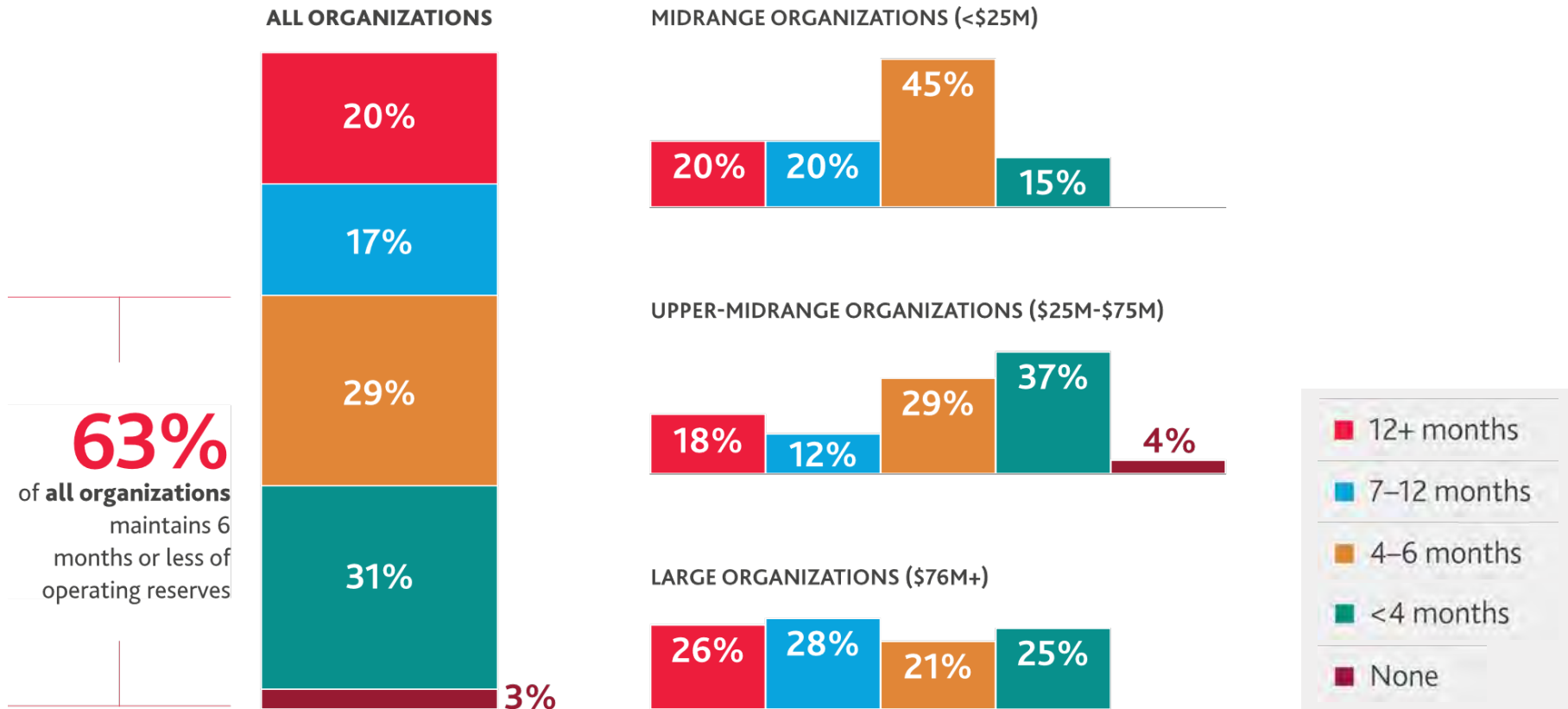
- Help inform the critical financial and operational decisions necessary to further their missions.

- Address 2 persistent questions among nonprofit leaders:
 - "How does my organization measure up?"
 - "Are we normal?"

Top 5 Survey Findings

#1: Organizations Risk Falling Into the Starvation Cycle

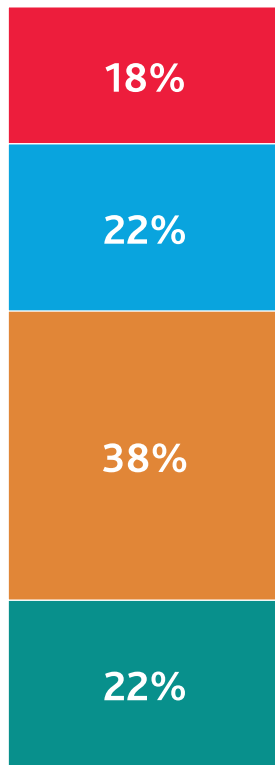
How many months of operating reserves, **NOT NEEDED FOR CURRENT OPERATIONS**, does your organization currently maintain?



#1: Organizations Risk Falling Into the Starvation Cycle

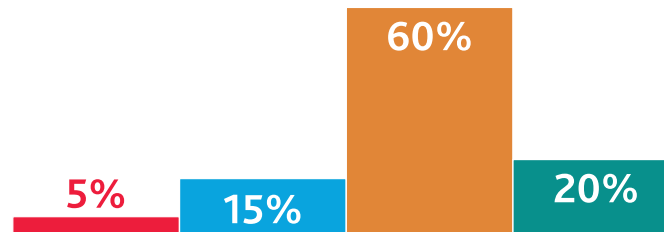
What LEVEL OF CHALLENGE will adequate liquidity represent for your organization during the next 12 months?

ALL ORGANIZATIONS

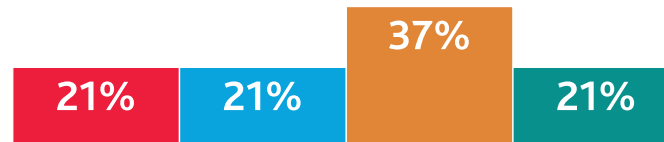


60%
of all organizations say adequate liquidity is a low challenge for their organization, or not a challenge at all.

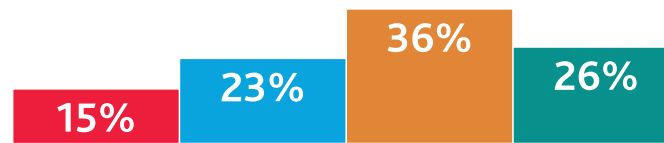
MIDRANGE ORGANIZATIONS (<\$25M)



UPPER-MIDRANGE ORGANIZATIONS (\$25M-\$75M)



LARGE ORGANIZATIONS (\$76M+)



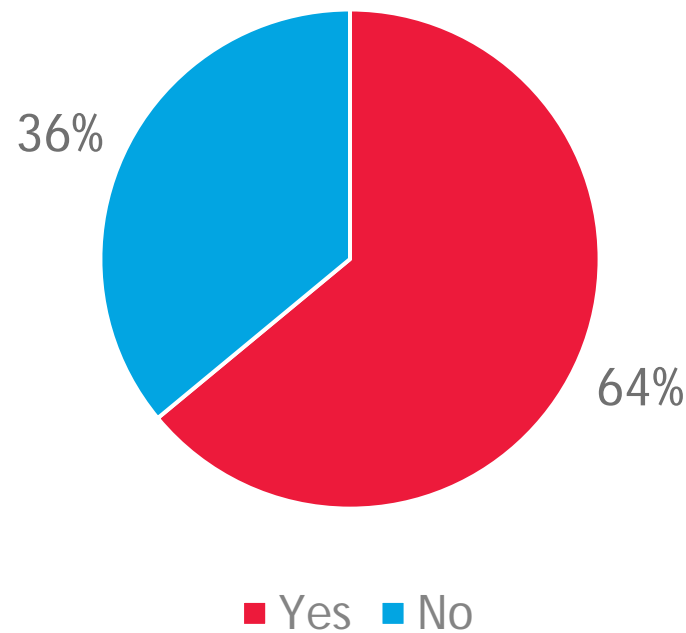
POLL: Are you prepared for a funding interruption?

- ▶ Very prepared
- ▶ Somewhat prepared
- ▶ Somewhat unprepared
- ▶ Very unprepared



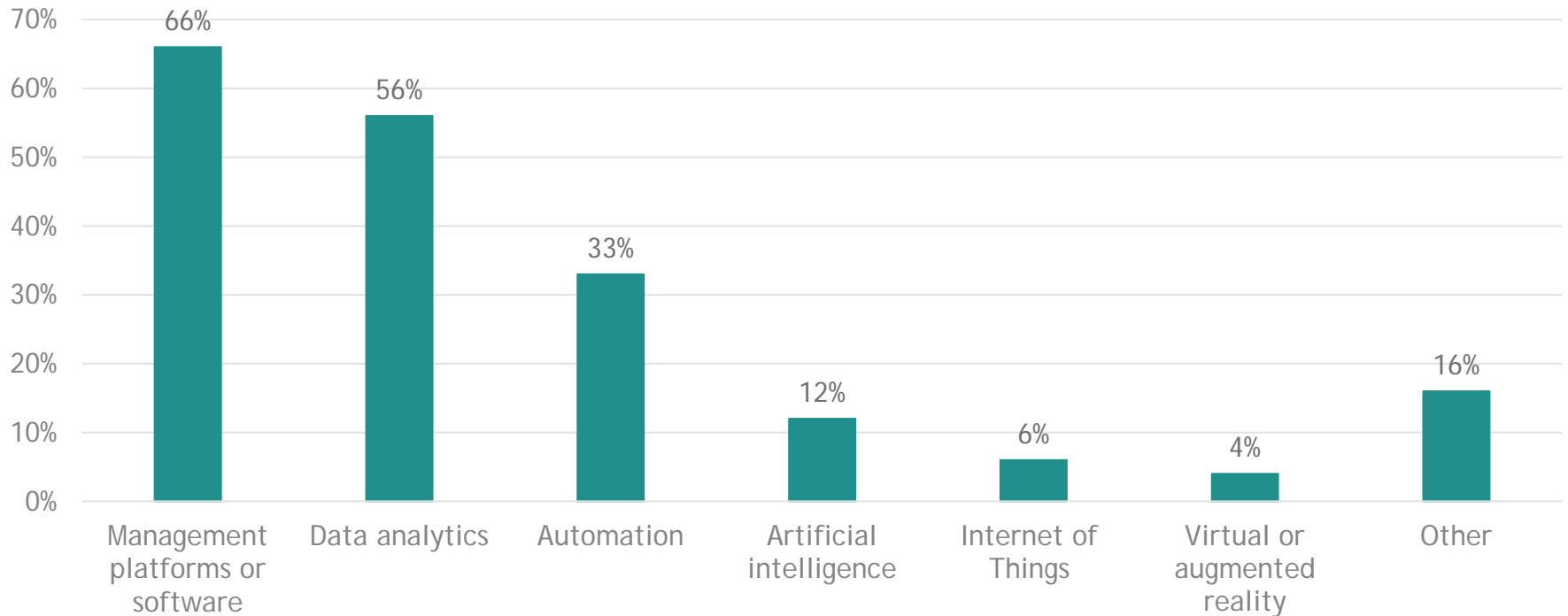
#2: Technology is a Priority...

Is your organization planning to invest in any new technologies this year?



#2: ...but Nonprofits Favor those with Clear ROI

What technology is your organization planning to invest in this year?



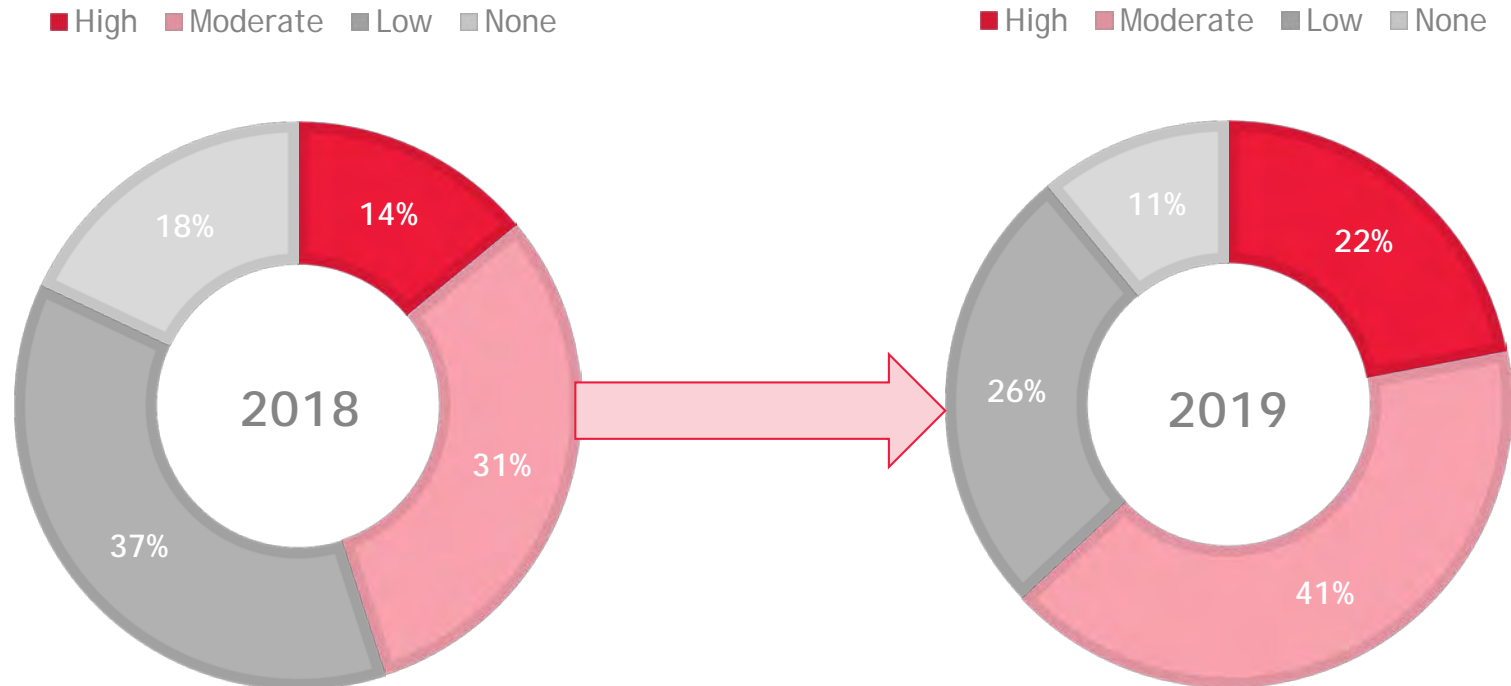
POLL: What is your greatest hurdle to making technology investments?

- ▶ Securing financial resources
- ▶ Deciding where or how to invest
- ▶ Getting buy-in from organizational leadership
- ▶ Lack of internal digital expertise



#3: Regulatory and Legislative Challenges are Growing

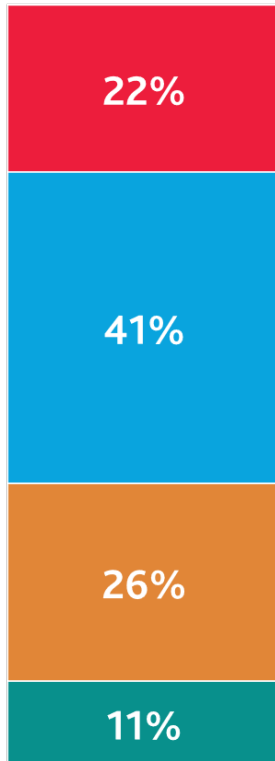
What level of challenge with the time and effort required to deal with government regulations & legislative changes represent for your organization during the next 12 months?



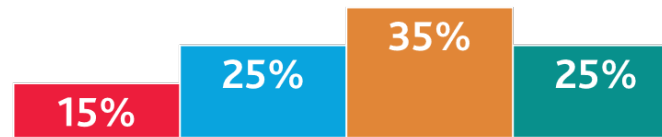
#3: Regulatory and Legislative Challenges are Growing

What level of challenge will the **TIME & EFFORT REQUIRED TO DEAL WITH GOVERNMENT REGULATIONS & LEGISLATIVE CHANGES** represent for your organization during the next 12 months?

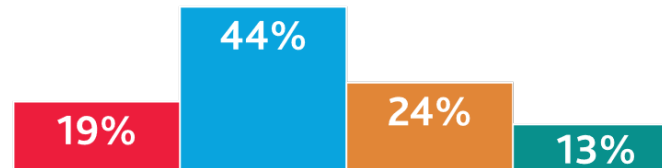
ALL ORGANIZATIONS



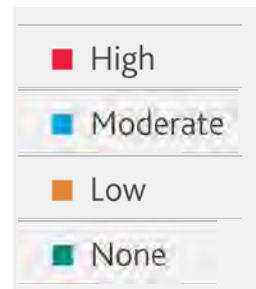
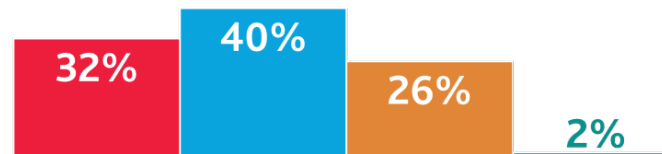
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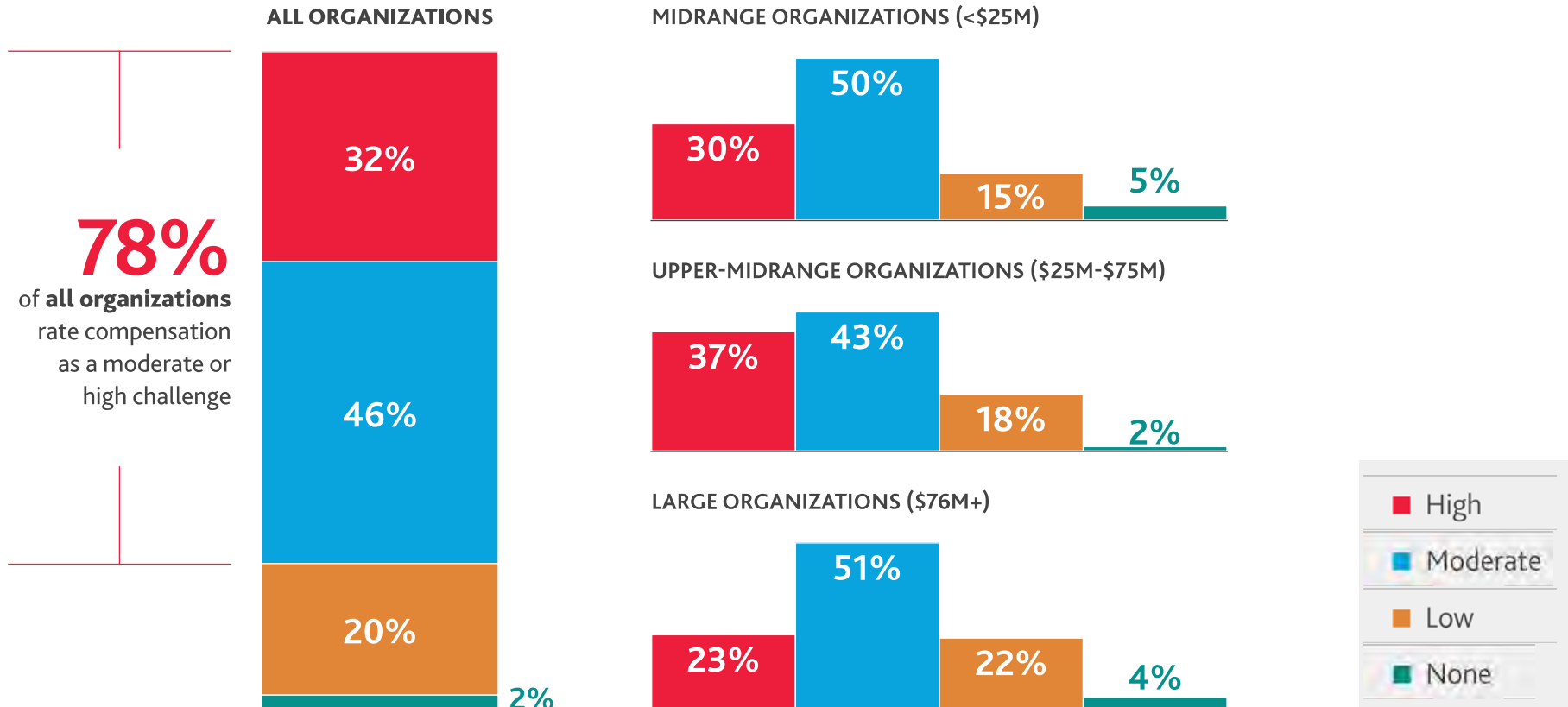
POLL: Which regulatory/legislative issues have been the most challenging for your organization?

- ▶ Tax reform
- ▶ The fallout of *Wayfair*
- ▶ The FASB's changes to nonprofit financial reporting
- ▶ Revenue recognition
- ▶ Uncertainty around government funding and priorities



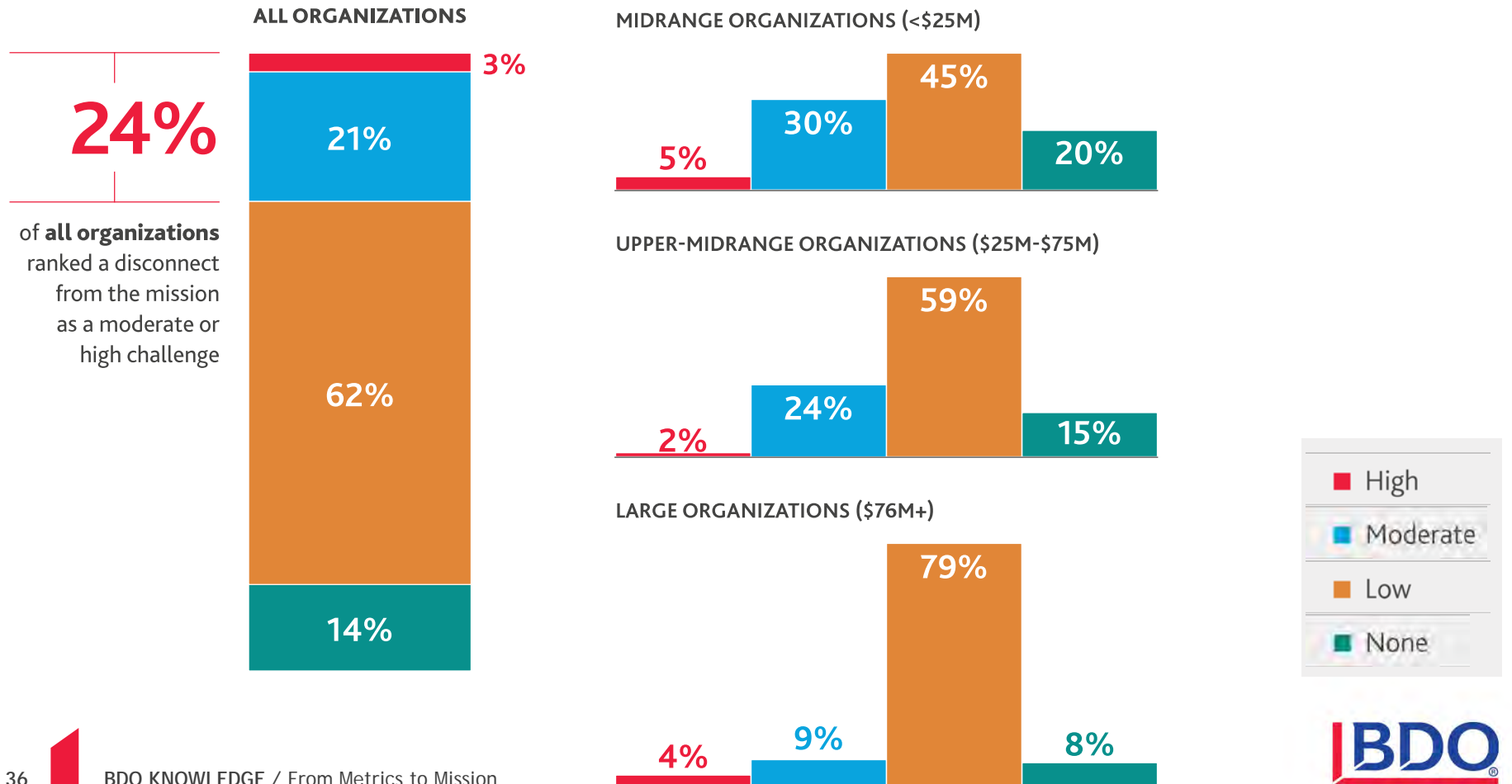
#4: Mission + Compensation = Employee Satisfaction

What level of challenge does **COMPENSATION LEVELS** represent for your organization?



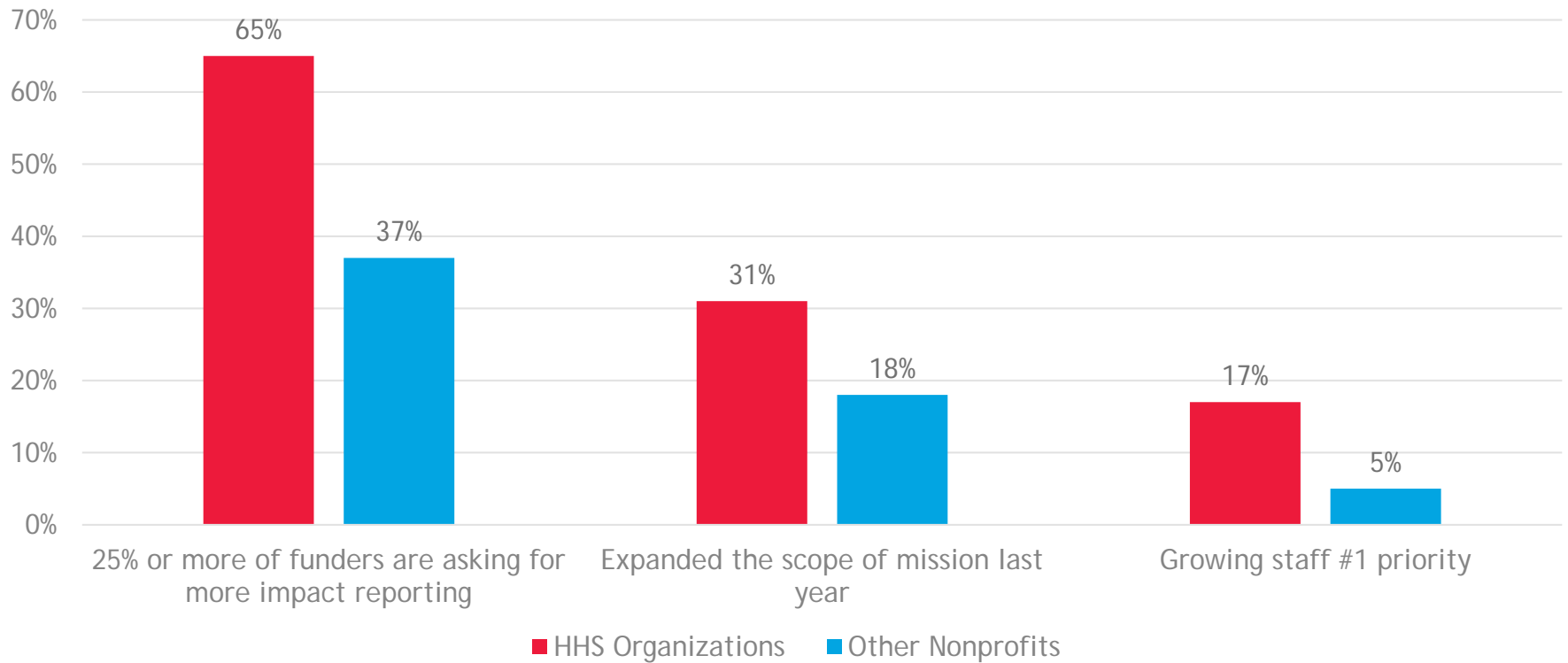
#4: Mission + Compensation = Employee Satisfaction

What level of challenge does **EMPLOYEES FEELING DISCONNECTED FROM THE MISSION** represent for your organization?



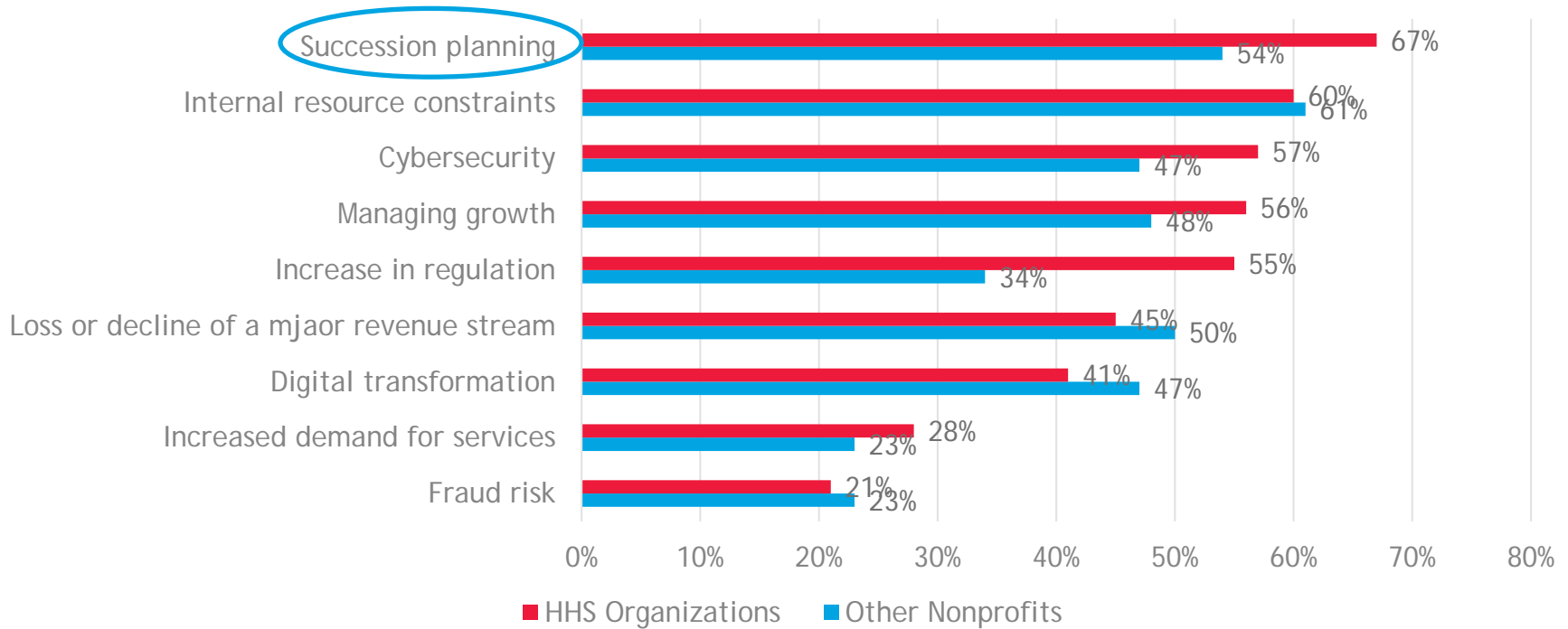
#5: Health and Human Services Organizations Face Unique Challenges

Differences between HHS organizations and other nonprofits



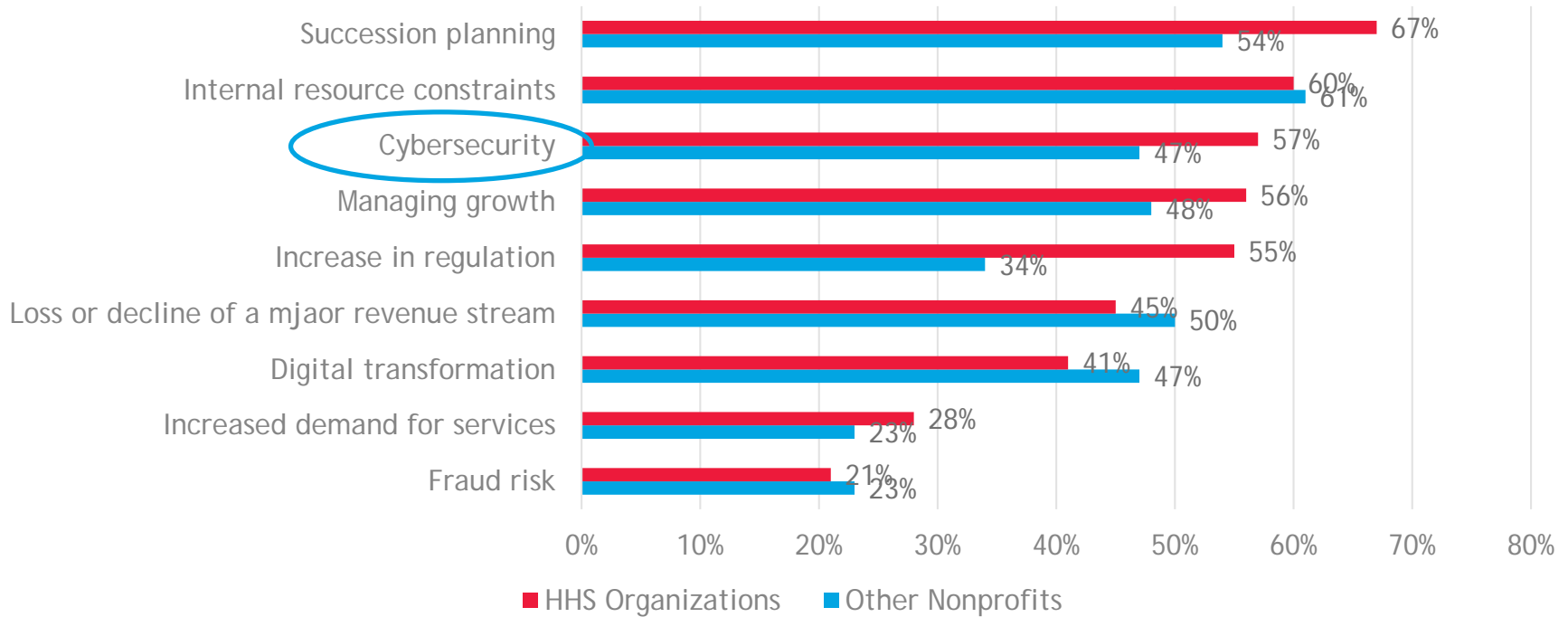
#5: Health and Human Services Organizations Face Unique Challenges

During the past 12 months, how would you rate the LEVEL OF CHALLENGE facing your board when considering each of the following? (Participants who rated these challenges as HIGH or MODERATE)



#5: Health and Human Services Organizations Face Unique Challenges

During the past 12 months, how would you rate the LEVEL OF CHALLENGE facing your board when considering each of the following? (Participants who rated these challenges as HIGH or MODERATE)



The Value of Benchmarking

Why is Benchmarking Important?

- Take control of your data.
- Get updated on new and emerging trends.
- Leverage information in critical conversations.
- Inform strategic decisions.
- Develop your plan for a **nonprofit heart** and a **business mindset**.





Resources

Benchmarking Resources

▶ Available Now

- **Survey** - A 44-page robust report including revenue breakdowns
- **Video** - highlighting the key takeaways
- **Updated Benchmark Yourself Tool** - proprietary and complementary online tool



Additional Resources

- ▶ Visit our Resource Center
 - <https://www.bdo.com/resource-centers/institute-for-nonprofit-excellence>
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 - acole@bdo.com





Questions?

Thank you!

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CONCLUSION

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