perspectives

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A publication from Benesch Friedlander Coplan & Aronoff LLP

MY BENESCH MY TEAM

Trends and topics in not-for-profit management

Not-for-Profit Spotlight

The Community Investment Network of Central Ohio

The Center for Social Enterprise Development

The Center for Social Enterprise Development (CSED) offers resources, programs and boot camps on social enterprise and acts as a primary network for social enterprise activity in Central Ohio. It focuses on helping not-for-profits evaluate their potential to boost their earned revenues through new revenue-generating initiatives.

CSED was founded in June 2014 and received its 501(c)(3) designation in November 2014. Its mission is to provide information, training, mentoring and support to enable charitable organizations to develop new business activities that show strong promise of producing new sources of revenues to support and advance their charitable mission. CSED programs are open to all interested individuals and organizations who are dedicated to producing social impact from commercial activities primarily in the Central Ohio region.

CSED's goals are to:

- Assess the attitudes and perceptions of not-for-profit leaders in Central Ohio regarding innovation and entrepreneurship in the not-for-profit sector.
- Establish a series of programs that will guide and support existing not-for-profit organizations in the development of social enterprise (ventures that combine mission impact with generation of earned revenue).
- Establish a nexus for social enterprise activity in Central Ohio.
- Establish an online presence for connection, collaboration and support of innovation and entrepreneurship in the not-for-profit sector.

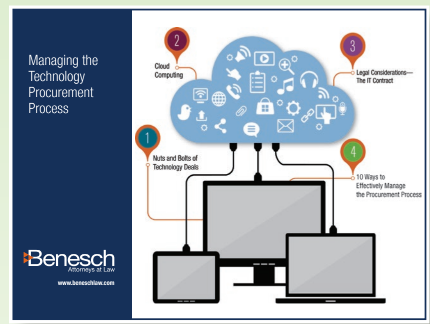
Learn more about CSED and its upcoming events on the organization's website here.

IP and IT Procurement for Not-for-Profit Organizations

Michael D. Stovsky

Benesch's Innovations, Information Technology & Intellectual Property (3iP) Group has handled hundreds of sophisticated technology procurement transactions for some of the largest companies in the U.S. Our 3iP Group has also handled numerous, complex technology procurement transactions for not-for-profit organizations of all sizes, including hospitals and health systems, medical practices, nursing homes and assisted living facilities, universities and schools, municipalities and political subdivisions, and not-for-profit broadband services providers. Matters range from small, one-time licensing transactions to technology transfer deals to large-scale, multisite technology implementation and "cloud" implementations for not-for-profit entities.

The technology procurement process can be a complex and disjointed undertaking involving IT, legal and business team members—each of whom has different interests, obligations and agendas within a company. Effective procurement and implementation of technology requires order and consistency. Our experienced team of technology procurement lawyers can help you better manage and complete complex technology transactions so that the deals get done better, faster and more cost-effectively.



If you would like more information about how Benesch can help your organization with technology procurement, please contact **Michael D. Stovsky** at mstovsky@beneschlaw.com or (216) 363-4626, or any attorney in our 3iP Practice Group.

Starting Off Right: Recruiting, Training and Retaining Fundraising Staff

Susan Black

A 2013 study conducted by Compass Point Non-profit Services found that one in four executive directors was so unhappy with the organization's development director that the last person to hold the job was fired; and more than half said they cannot find qualified people to fill the role. The interesting part of the study is that development directors felt the same way. A jaw-dropping 50 percent planned to leave their job in the next year and 40 percent wanted to leave fundraising entirely. In fact, according to Penelope Burk, the average length of stay for development directors is down to 16 months. Surveys show that the primary reasons they leave is for better paying jobs with more advancement.

So what can be done to address these problems? How can you avoid fundraiser turnover in your organization?

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Starting Off Right: Recruiting, Training and Retaining Fundraising Staff

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Start Strong with Clearly Defined Goals and Honesty

I have found that not-for-profit boards, CEOs and fundraising staff frequently have very different ideas about what the goals of fundraising should be. Long-term success in fundraising is reliant on strong relationships, which take time to cultivate; but board members and CEOs want immediate results that impact their budget shortfalls right away. To meet the demand, fundraisers wind up taking shortcuts to raise big dollars, which leads to burnout. If the goals were set differently in the first place, development staff would stay longer. Retaining the best possible fundraising candidates actually starts before the candidate is even hired. Begin by developing clear expectations about the type of work the person will be doing and the outcomes he or she is expected to achieve and then make sure these appear in the job announcement.

Be honest about goals from the start, but keep up the honesty when sharing about your not-for-profit. During the interview, share honest information about what is happening at the not-for-profit. Giving prospective employees the opportunity to consider the challenges of the job and commit to them before being hired will help improve retention long-term.

Develop a Pool of Strong Candidates

You can increase the likelihood of fundraiser success in your organization by ensuring that you create a strong pool of candidates from which to choose. Ideally, this pool should include candidates with a CFRE, a not-for-profit management degree or multiple years of fundraising experience. But if you can't find that person or cannot afford that person, then do the next best thing: find a teachable person with the right combination of skills and attributes.

The Association of Fundraising Professionals (AFP) lists the following essential attributes for fundraisers:

- Passion
- Reliability/follow-through
- Ethics and integrity
- Ability to listen well
- Ability to tell a story
- Strong values and a desire to make a difference
- Dedication to and belief in the cause

Many organizations hire people for fundraising jobs who come from other professions. Common "crossovers" include marketing and public relations professionals, bankers or trust officers, social workers and salespeople, among others. While many of the skill sets required to be successful in these professions are shared by professional fundraising, expecting a crossover candidate to understand the not-for-profit world or be well-versed in fundraising is a mistake made by many organizations. These candidates will need more training and support than you might otherwise expect.

Here are some other characteristics or skill sets I believe you must look for in addition to those listed above, and that should help you weed out poor candidates:

Writing: Fundraising professionals must be good writers in order to be successful, especially in smaller shops. We write solicitation and thank you letters, grants, marketing materials, Cases for Support and much more. Be sure your prospect is a good writer. One tell-tale sign is the quality of the cover letter. Ask for a writing sample to be sure.

Optimism: Ask your prospect about a time when things were really bad and what he or she did to rise above the situation. After all, fundraisers receive criticism and rejection regularly, and sometimes things go very badly in our organizations and we must soldier forth with our heads held high. If your prospect cannot tell a story about overcoming obstacles with optimism and perseverance, then move on.

Willingness to learn and to try new things: Many people could become good fundraisers with some additional training, so a person who is eager to learn and is humble enough to admit not having all the answers is a good candidate. In addition, a candidate who is willing to seek out new ideas, assess their validity, and make a valiant attempt to implement those ideas is a person who will succeed as a fundraiser for your organization. Bottom line: if you cannot find a person with fundraising experience or training, make sure you find someone who is willing to learn and to try new things.

Looking and acting the part: If you go to a networking event for fundraising professionals, you will find a group of people with positive demeanors, stellar manners and impeccable dress. Why? Because they have learned that to be successful in fundraising, one must look and act the part. You have to be comfortable rubbing elbows with the very wealthy or at least look like you are. A candidate who does not appear to have these attributes can still be successful (I have known many fantastic fundraisers who were neither charming nor stylish), but it sure helps make a positive first impression with a new donor.

To summarize: seek a pool of candidates who have the right level of education, experience, key skill sets, and most of all, willingness to learn the craft of fundraising.

Invest in Your Employee's Success

Once you've found the person who fits your needs and understands the expectations of the job, provide sufficient training. Training is key, because even the most capable individuals will struggle with fundraising if they do not have sufficient training in the craft of fundraising. Here are some suggestions on how to invest in your new employee to help ensure success on the job.

Fundamentals Training: There are so many offerings for fundraising training in the marketplace that it boggles the mind. It is hard to know where to start and what represents the best content for your new staff person. There are many free and low-cost offerings provided by a number of respectable sources, but this piecemeal approach may leave your staff person feeling overwhelmed or scattered. I believe the very best route is the Fundamentals of Fundraising Course taught nationwide by AFP. This comprehensive survey course gives attendees both the context for how they should approach their work as well as the nuts and bolts to be effective in their work.

Mentoring: Having a seasoned fundraiser as a mentor can be invaluable to a new fundraiser. A membership in a local AFP chapter provides the opportunity for mentoring from seasoned fundraisers. I know from experience in the mentoring program of my own AFP chapter that it can be a life-changing experience for both people involved.

Credentials: You do not have to have a CFRE to be an effective fundraiser. In fact, you have to be employed as a full-time fundraiser for five years before earning the credential. It is the process of earning and maintaining the CFRE that is the most beneficial aspect. Taking the classes and doing the work necessary to achieve the credential requires a high level of commitment; but once the credential is earned, the continuing education required to keep it means your staff person is staying up-to-date on the latest fundraising approaches and ideas.

You can buck the trend in fundraiser turnover by working to retain staff before they are even hired. The formula is simple: clear communication throughout the relationship; clear expectations before the hire; positive behaviors that are reinforced with constructive feedback during the work experience; and clear, mutually determined goals revisited regularly.

Consultant, author and trainer **Susan Black, CFRE** brings over 20 years of fundraising and not-for-profit leadership experience to her role as Principal of Allene Professional Fundraising. For more information on this topic, Ms. Black can be reached at sblack@allenefundraising.com, through her website at www.allenefundraising.com or on Twitter @SusanBlackCFRE.

Guidance Released for Health Care Governing Boards

Katherine Frech

On April 20, 2015, the Office of Inspector General (OIG) of the U.S. Department of Health and Human Services, the Association of Healthcare Internal Auditors, the American Health Lawyers Association and the Health Care Compliance Association published a first-of-its-kind guide entitled "Practical Guidance for Health Care Governing Boards on Compliance Oversight."

The guide is intended to assist governing boards of health care organizations (Boards) to create and carry out compliance programs. The guide addresses issues relating to a Board's oversight and review of compliance program functions, including: (1) the roles of, and relationships between, the organization's audit, compliance and legal functions; (2) the mechanism and process for issue-reporting within an organization; (3) the approach to identifying regulatory risks; and (4) methods of encouraging organization-wide accountability for achievement of compliance goals and objectives.

The guide encourages Boards to create benchmarks using publicly available resources, such as the Federal Sentencing Guidelines, the OIG's voluntary compliance program guidance, and OIG Corporate Integrity Agreements. Although there is no such thing as a "one size fits all" compliance program, these resources can be helpful in creating a program tailored to each organization's needs.

While recognizing that not all organizations will possess the resources to support the structure in its entirety, the guide recommends creating corporate charters that address the following functions: (1) compliance, (2) legal, (3) internal audit, (4) human resources, and (5) quality improvement. Boards should continuously evaluate the effectiveness of these charters.

The guide also encourages Boards to ensure proper reporting mechanisms are in place within the organization. If managers or other individuals within the organization are not held responsible for reporting compliance concerns to the Board, the Board will not have a complete picture of the adequacy and effectiveness of the organization's compliance atmosphere. Therefore, Boards should consider scheduling regular sessions to hear from the organization's management about the organization's use of compliance, legal, internal audit and quality functions.

Identifying risk areas is an integral part of any organization's compliance program. Boards can identify high-risk areas from internal and external sources. The guide recommends tracking industry trends to identify risk areas; for example, new payment models can lead to new incentives and new compliance concerns.

Finally, the guide recommends encouraging accountability within an organization along with compliance. Many organizations have tied an employee's performance assessment and other incentives to adherence to the organization's compliance program to emphasize and encourage individual accountability.

The entire guide is available on the OIG's website. For more information on health care compliance programs, please contact **Katherine Frech** at kfrech@beneschlaw.com or (216) 363-4636 or any member of Benesch's Health Care Practice Group.

Google Search Update for Not-For-Profit Organizations


Aaron Mendelsohn

In April of this year, Google tweaked its search ranking algorithm to boost mobile-friendly websites in its search results. Organizations that have not updated their website recently or have not developed a mobile-friendly website that automatically scales text and photos to appear properly on smartphone and tablet browsers should revisit their web strategy. It may be necessary to re-architect the website if the organization relies heavily on Google to drive website traffic and donor or volunteer engagement.

Historically, not-for-profit organizations have been slow adopters of new technology and services. While some organizations use a website strictly for providing basic information about their mission, locations, board members, and services, more and more organizations are using it to drive fundraising efforts, solicit and manage volunteers, and communicate to partners. With mobile browsing traffic now eclipsing desktop browsing, organizations would be prudent to evaluate their website for improvement opportunities.

Organizations can test whether their website is mobile friendly by using Google's Mobile Friendly Test located online. If Google evaluates an organization's website as mobile friendly, then no real further action is necessary. However, if Google determines the website is not mobile friendly, it will provide a list of reasons, such as text being too small or content being wider than the screen. In those situations, an organization will need to engage with its web developers, service providers or outside consultants to adapt or redesign its website for mobile optimization. Further, any organization looking to do any new website work should ensure that a mobile-friendly component is included in any platform purchased or statement of work with outside developers.

Aaron Mendelsohn is an associate in Benesch's Innovations, Information Technology & Intellectual Property (3iP) Group, focusing on information technology and data security and privacy compliance. For more information, contact Mr. Mendelsohn at amendelsohn@beneschlaw.com or (216) 363-4635.

10 Ways to Lose Your Not-for-Profit Status

No. 5: Crossing Your T's & Dotting Your IRS


Cathy Paessun

We have recently been hearing in the news of the extended family in Tennessee that ran at least four charities which have been determined to be fraudulent. It appears from public news reports that the fraud may have been purposeful by this family. However, the majority of not-for-profit organizations in the U.S. are started and run by people who care deeply about a cause and want to do something to help a needy situation. Wanting to do the right thing is a good beginning. Ensuring you and your organization are "doing things right"—to ensure continued operations—is the only way to truly support your cause.

Meeting the minimum IRS regulations for your not-for-profit is key to continuing your ability to operate. No matter how small your organization, there are activities you must engage in to fulfill the regulatory requirements of not-for-profit companies. To ignore—or even just be unaware—of these is bad business and will bring the efficacy of your organization into question.

How do you know if your organization is meeting the requirements? As with so many aspects of law and regulations, the answer is: it depends. And that is why it is so important to have good legal counsel working with you. While there are basic requirements that all not-for-profits must meet, such as filing with the IRS, even the specifics of that requirement can differ depending upon the revenue your organization brings in annually. Record keeping is also a requirement, but the depth and breadth of the records needed are different by size and type of organization. And remember management structure and records retention must be determined and formalized in a way appropriate to the not-for-profit and its mission.

Familiarize yourself with the resources available on the Internet. The IRS publishes many helpful guides that are good starting points for your learning journey. Join professional organizations of not-for-profits, such as OANO, the Ohio Association of Non-Profit Organizations, as well as professional organizations that include not-for-profits similar to yours. As a not-for-profit leader, it is your responsibility and privilege to ensure you are asking the right questions.

About the author: Cathy Paessun is Executive Director of the Juvenile Diabetes Research Foundation (JDRF) Mid-Ohio. As an organization development professional focused on the not-for-profit sector, she works with organizations to support their goals of revenue stabilization and growth through implementation of business best practices. Ms. Paessun can be reached at cpaessun@jdrf.org or (614) 464-2873.

Benesch Hosts Ohio YMCA Youth in Government Dinner

On April 16, Benesch's Columbus office hosted a dinner for Ohio YMCA Youth in Government participants. The Ohio YMCA Youth in Government program provides high school and middle school students with a unique opportunity to become acting state legislators, governors, lobbyists, lawyers and committee chairs. The students simulate all phases and positions of actual state government and are challenged with many of the issues our real legislators must face in their elected offices. At this event, over 40 students and their advisors had the opportunity to chat with our attorneys about their specific focus areas. Benesch was represented at the dinner by partner **Martha J. Sweterlitsch** and associates **Heather E. Baird**, **Kelly E. Mulrane** and **Katie Tesner**. To learn more about the Ohio YMCA's Youth in Government program, please click here.

Pictured here are the Youth in Government students and volunteers at the dinner in Columbus.

Events

2015 Diversity Networking Night

National Society of Hispanic MBAs—NSHMBA

Date: Thursday, June 11, 2015

Time: 5:30 P.M. – 8:00 P.M.

Free: RSVP by June 11

Location: James A. Griffin Student Center, Ohio Dominican University, 1216 Sunbury Road, Columbus, OH 43219

NSHMBA Columbus is hosting its Third Annual Diversity Networking event on June 11, 2015. This event is a social night geared to deepen relationships among Central Ohio multicultural organizations and Employee Resource Group representatives to better serve Columbus communities and members.

Learn more and register here.

"Making Delaware Great" 2015 Annual Conference

Delaware Alliance for Nonprofit Advancement

Date: Monday, June 15, 2015

Time: 8:00 A.M. – 1:00 P.M.

Location: Chase Center on the Riverfront, 815 Justison Street, Wilmington, DE 19801

Presenter: Jim Collins, renowned educator with a passion for learning and teaching in the business and social sectors

Learn more and register here.

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Events

Giving USA Report Presentation

Date: Thursday, June 18, 2015

Time: 7:30 A.M.—Morning Continental
8:00 – 10:00 A.M.—Program

Location: The Columbus Foundation, 1234 E Broad Street, Columbus, OH 43205

With 50 years' worth of trend information, Giving USA provides a broad national picture of changes in funding patterns over time. It is an excellent source of data about charitable giving that estimates how much was given by four different types of donors: individuals, foundations, estates (bequests) and corporations. Giving USA also reports on estimated contributions for 10 different types of charities. These donations reflect the priorities and values of Americans who support not-for-profits.

Benesch is a proud sponsor of this event. Click here to learn more and register.

2015 OhioHealth Cancer Conference

OhioHealth

Date: Saturday, June 20, 2015

Time: 8:00 A.M. – 2:00 P.M.

Location: The Boat House at Confluence Park, 679 West Spring Street, Columbus, OH 43215

Covers the latest information on cancer diagnosis and treatment presented by the field's foremost experts.

Designed primarily for healthcare professionals. Learn more and register here.

"Summer Stroll" with Philly Involved

The Philadelphia Region's Premiere Non-Profit Social Calendar

Date: Saturday, June 20, 2015

Time: 8:00 A.M.

Location: Fairmount Park, 1 Boathouse Row, Philadelphia, PA 19130

Join Philly Involved on a beautiful and shaded 5-mile walk along the Wissahickon Creek to raise awareness and celebrate the 1 in 26 individuals who will be diagnosed with epilepsy. Strollers, wagons and dogs are welcome. After the stroll, a light picnic lunch and fun family entertainment will be provided at the pavilion.

Learn more and register here.

Global Education Day at #ISTE2015

Date: Sunday, June 28, 2015

Time: 2:00 P.M. – 5:00 P.M.

Location: Philadelphia Convention Center, Room 103BC, 1101 Arch Street, Philadelphia, PA 19107

Free: RSVP by June 28, open to first 400 people

Join Lucy Gray, Steve Hargadon, VIF International Education and many members of the Global Education Conference community on Sunday, June 28, from 2:00–5:00 p.m.at the Philadelphia Convention Center (Room 103BC) for a special face-to-face meeting.

This meet-up for educators will take place at the International Society for Technology in Education Conference (ISTE). This is a free event for those interested in global collaboration who will be in the local area at the end of June 2015.

Learn more and register here.

Benesch's Not-for-Profit Team assists not-for-profit and tax-exempt clients in a broad array of matters, ranging from filing for nonprofit status and preparing federal and state tax exemption applications to training in not-for-profit regulatory compliance. Our not-for-profit attorneys are committed to protecting our clients' assets so that they can continue to drive the missions and goals of their organizations.

For more information regarding this edition or any not-for-profit issues, please contact:

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