The State of the Not-for-Profit Sector in 2019
Sixth annual report
“Grant Thornton hits on all fronts. The level of customer service and attention I receive year-round is phenomenal — the culture of the firm permeates through the team. Their work is thorough and objective, but done in an engaging way that shows they are listening and hear our perspective.

“The recommendations the Grant Thornton team has made have resulted in process improvements that have helped us build a solid accounting and finance function.”

Tokunbo “TK” Falayi, CFO, National Fish and Wildlife Foundation
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VIDEO
Visit The State of the Not-for-Profit Sector in 2019 to see the video introduction to the report.
Introduction

In this, our sixth annual State of the Not-for-Profit Sector report, we offer our practitioner-based viewpoints, approaches and solutions to help organizations innovate in ways that will ensure long-term success.

Adopting such innovative strategies will be essential if organizations are to thrive in an increasingly complex and ever-changing operating environment.

This publication’s purpose is to cover trends and issues that are emerging or that we expect to emerge in the coming year, and complements the ongoing webcasts, training and articles of interest that we issue throughout the year. As a leader in the not-for-profit sector, we believe it is our responsibility to give back to this community we serve by providing these valuable insights.

Within these pages, you will find our guidance on important developments and challenges facing not-for-profit leadership, with specific features for each of the key sectors our industry practice comprises — associations and membership organizations, foundations, Jewish and Israeli organizations, museums and cultural institutions, religious organizations, and social services organizations (we cover our seventh sector higher education, in a separate publication, The State of Higher Education in 2019).

The articles in this report stem from knowledge gained through direct interactions with our clients. Written by our client-serving professionals, this report is the result of the hands-on experience of more than 500 Grant Thornton LLP professionals who serve approximately 900 eminent not-for-profit clients. These insights are intended to be used by you — board members, executives, management, and other leaders and stakeholders in the not-for-profit sector.

This is a time of great potential for addressing management and competitive challenges, and taking advantage of opportunities afforded by new technologies and practices to effect substantial operational change. To that end, we share with our readers best-practice approaches to the use of artificial intelligence to support operations, innovating to drive mission change, responding rapidly to a cyberbreach, effecting change through data analytics, and using nontraditional approaches to attract and retain talent. Innovative thinking will be vital to successfully moving into the future. We hope these articles help organizational leaders do just that.

Our Not-for-Profit and Higher Education practices are committed to helping “organizations that do good” fulfill their missions. We understand that enhancing quality, protecting reputation and maintaining operational sustainability are all essential to an organization’s ability to achieve success and further its cause. Our not-for-profit knowledge is deep, and we offer it to assist not-for-profit leaders in achieving even greater success for their organizations.

On behalf of the partners and professionals of Grant Thornton’s Not-for-Profit and Higher Education practices, I am pleased to present The State of the Not-for-Profit Sector in 2019. We hope that you find this to be a valuable resource. As always, we welcome your feedback, and we are available to assist management teams and boards in addressing the challenges discussed in this report, or any other issues you may be facing.

Sincerely,

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Use artificial intelligence to transform operations

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As artificial intelligence (AI) becomes increasingly mainstream, leading not-for-profit organizations are beginning to utilize its different forms to transform business operations. These organizations should realize improved service quality in the form of increased accuracy, consistency and speed, greater constituent satisfaction, cost savings, and improved decision-making — outcomes due to analytics capabilities, as well as shifting human focus from mechanics to analysis.

AI and its related term, machine learning, can conjure visions of Skynet’s group mind system in The Terminator movies or the high-functioning NS-5 units in I, Robot — a future in which machines run the world, independent of humans. But today’s AI comprises software that can analyze data, run scenarios, contemplate possible outcomes and take action — with or without human involvement.

Many organizations are moving into the realm of AI, leveraging its various forms, including robotic process automation (RPA), data analysis, and customer service through chatbots and automated workflow.

As AI becomes increasingly mainstream, leading not-for-profit organizations are beginning to utilize its different forms to transform business operations.
Leveraging RPA

RPA is AI that takes information and manipulates it in a repeatable or predictive manner to automate repetitive, time-consuming work. RPA relieves employees of boring, tedious work and allows them to focus on more value-added activities.

Various not-for-profit organizations are beginning to use RPA in their prospective employee intake processes, with electronic submissions as their main data input. RPA tools can quickly review the data on new employee forms, determine if any information is missing, compare the submission to requirements and use predetermined algorithms to perform a first pass through the documentation. Documentation is thus reviewed in a consistent manner, but the primary benefit is that personnel spend less time reviewing, freeing them for more critical evaluation activities such as making final hiring determinations or addressing personnel issues.

RPA can have a significant impact on the business office, as well. AI-based RPA can automatically process transactions (matching invoices to payments/shipping labels), monitor compliance (flagging unusual approvals), produce meaningful analytics, detect fraud, and audit transactions and processes.

Enhanced data analysis

AI can assist in decision-making by delivering insights through data analytics to enhance the outcome of a process or job. A wide range of employees can benefit from this AI capability.

In the fundraising arena, AI algorithms can be used to identify and predict the “who” and “when” of the next big donor, based on earlier interactions and behavior patterns. Machine learning can assist fundraisers in predicting which events have the best chance of success and which should be reconsidered or revamped, as well as personalizing correspondence with donors based on their pattern of giving. In utilizing AI algorithms for this purpose, employees must work with the program to ensure that the “human touch” is incorporated.

On the administrative side, AI is being used to analyze and centralize energy usage data (e.g., water, electricity and HVAC usage) across different sites, eliminating the need for employees to collect and parse such information manually. As a result, administrative employees can spend their time addressing issues AI can’t help with, such as overseeing repairs and establishing appropriate energy-use terms across locations. (For more on new reasons and methods to optimize data, see “Effect greater change through data analytics” on page 22 in this report.)
Customer service via chatbot

Leading organizations are making use of chatbots to respond to donor, volunteer and constituent inquiries by providing help line-type customer service for routine questions such as how to contribute and to learn about upcoming programs or events. They are programmed with answers to frequently asked questions, with answers triggered by keywords or phrases in the submitted questions, thus reducing the need for staffing a call center. Human support is summoned when, per the keyword algorithm, the chatbot deems the question “unique” and/or in response to a request for a customer service representative. Staff can then instruct chatbots to add these questions to their list of standard questions, reducing the need for future employee escalation.

Chatbots increase the quality, accuracy and consistency of information provided to constituents — as well as speed and accessibility, with engagement possible 24/7. The World Food Program uses a chatbot in different countries, each in the native language, to dialogue with people about local food prices and food security in their local communities. This provides the ability — inexpensively and at any time — questions and gather information that previously would have required human intervention.

AI algorithms can be used to identify and predict the “who” and the “when” of the next big donor.
Workflow impact
Adoption of AI includes positive workflow impacts such as automating routine approvals and notifying employees when their action is required. Staff are relieved of ongoing monitoring tasks and instead engage in the process only when needed.

Benefits to staff
Even with the growth of AI, employees will be essential. The nature of their jobs will change, however, as AI addresses more of the routine, repetitive tasks. Employees can be retrained for higher-level work. Critical activities and decision-making, such as interacting with a key donor or advising about the best applicant to hire, will remain the province of humans, who will have more time for quality engagement and making better-informed decisions.

Without human guidance for AI activities, the efficiencies of implementing AI may be missed. For AI to achieve optimal success, employees must serve as content experts and strategic agents, ensuring information delivered by AI is accurate and deciding in which situations AI will be utilized. Employees remain vital to the AI process in tailored feedback and human interactions. While cost savings in the form of headcount reductions may not be the principal driver in the adoption of AI, the result often is fewer employees — and those remaining employees are refocused on value-added activities.

Organizations should leverage AI as a tool, while retaining and retraining employees for monitoring and guiding its use. In this way, staff can focus primary attention on high-touch needs such as executive decision-making and individualized customer service.
Consider innovative collaborations to achieve mission

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Today’s foundations are finding new ways to step in to help where governments no longer can. Because of lower tax revenues, governments have cut back on program funding. The needs are still there, and many are rising.

New strategies are necessary in this environment. Collaboration — via pooling resources, insights and vigor — can create a powerful wave to meet critical needs.

Consider a fresh, more effective approach to solutions

Foundations are an integral part of their “communities,” whether defined by geography or purpose, and their intention has always been to address societal issues within those communities. Addressing those issues is in foundations’ wheelhouse — their sweet spot. What’s new is the scale and type of projects they are undertaking due to unmet needs caused by government retrenchment. Because of project size and complexity, it isn’t always possible to simply award grants or to go it alone. These projects require deeper involvement, as well as partnerships. Foundations are now taking the initiative, including seeking new collaborations, in order to achieve more comprehensive outcomes.

What’s new is the scale and type of projects foundations are undertaking due to unmet needs caused by government retrenchment.

Gain inspiration from two prime examples of collaboration

Recent groundbreaking partnerships among foundations, governments and communities can serve as guiding models for a new approach. An example of success is the Charles Stewart Mott Foundation’s response to the Flint, Mich., water crisis, partnering with community organizations, governments and other nonprofits. Consider, too, the William Penn Foundation’s work with the city of Philadelphia to improve neighborhood recreation centers and communities. The difference in both cases was deep involvement in project development and demonstration of outcome, versus the past practice of simply awarding a grant.

With research showing that children’s blood lead levels were spiking in Flint because of the plunge in the quality of drinking water, Charles Steward Mott Foundation President and CEO Ridgway White said, “…we immediately called the city and state to offer our support.” Within three days of being alerted to the water crisis, the foundation committed $4 million to help the city and state reconnect Flint to the Detroit water system. Subsequently, the foundation announced a grant to help with immediate water purification. When funds were slow to come from the state and federal governments, the foundation realized that residents had pressing needs that the government could not meet. “We asked some of our friends in philanthropy if they would be part of a joint announcement aimed at restoring at least some sense of hope in the community,” White said. “That inspired some foundations to take quicker action than their normal grant-making processes might otherwise have allowed. Together, we announced a $125 million commitment to help Flint recover and rise.”
The foundation’s program staff worked with their network of grantees and other organizations on solutions to the long-lasting effects of the water crisis. The foundation continues this collaboration by being a key member of the Flint River Restoration Project. This joint project of government agencies and local philanthropic organizations is taking on the onerous tasks of rebuilding the river’s waterway, growing economic development and revitalizing community pride.

The William Penn Foundation [partnered with the city of Philadelphia](#) on the Rebuild Initiative, committing $100 million as part of the funding for a project to invest in the city’s parks and recreation centers. The purpose was to utilize data about communities and their use of recreation centers and parks to touch all communities throughout the city, including those that in the past may not have received private philanthropy dollars. The partnership was led by the mayor, who provided structure and goals — and leveraged the foundation’s financial commitment to secure an additional $400 million in funding from other grantors and the city. The foundation’s executive director, Shawn McCaney, encouraged other organizations to also collaborate: “We believe Rebuild is an example of what an effective and impactful partnership between the philanthropic and governmental sectors can look like. We hope other cities and communities will follow Philadelphia’s lead by forming strategic, data-driven investment initiatives that advance equity, engagement and neighborhood quality of life.”

These projects were not singular visions of the foundations, nor of government officials. They were true partnerships of multiple entities and individuals to address significant issues within a community. Collaborating with government officials, neighborhood associations and other community stakeholders, along with fellow nonprofits, allowed these foundation to create solutions of much greater impact than would have been possible on their own.
Innovate to drive mission change

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The mission of an exempt organization has generally been viewed as sacrosanct and not subject to change. However, as technology and other societal changes impact the way we live and do business with ever-increasing frequency, management, boards and other stakeholders are recognizing that they must question mission relevance. This re-examination includes basic, foundational areas such as the identification of constituents and provision of services. Will the individuals who received our services yesterday be the same individuals who’ll need our services tomorrow? Will the same types of services be required? How and where should those services be provided? Leaders must avoid complacency and scrutinize their organization’s future purpose from a new perspective to ensure a vital and viable mission reflective of and relevant to the changing world.

Through innovative thinking, leaders can find new ways to accomplish program goals, streamline operations and meet donor expectations. They can seize the opportunities offered by technology and social media to demonstrate accomplishments, raise funds, increase efficiency and reach donors. Each of these activities contributes to effectiveness in delivering on the mission. However, that is different from determining whether the organization needs to adjust its mission and how to accomplish doing so. For such evaluations, leveraging innovation is about exploration, brainstorming and continuous learning. It’s about finding ways to respond to changes in social and economic needs, and considering whether the mission, however historically significant, will continue to be relevant into the future.

When thinking about innovation, technology is what often comes to mind. The concept, though, is much broader. Forbes states that innovation “isn’t solely represented by new devices, ideas or methods, but also by the process of uncovering new ways to do things.” The BusinessDictionary defines innovation as the “deliberate application of information, imagination and initiative in deriving greater or different values from resources, and includes all processes by which new ideas are generated and converted into useful products [or services].” Merriam-Webster, in a more straightforward fashion, defines innovation as “the introduction of something new.”
Organizations that take mission evaluation to heart position themselves to make the call that it’s time to revise their core mission. In the following examples, the initial mission focus was changed through innovation to benefit numerous other recipients.

- Direct Relief, a global humanitarian aid organization based in Santa Barbara, Calif., was created to provide targeted assistance to individuals recovering from disasters. Through continual evaluation of population needs, leaders have adapted to related but broader purposes. The current mission is to not only assist community-based organizations in responding to a major disaster or disease outbreak, but also to monitor, plan and identify where proactive activities may be necessary. By using technology such as open data and interactive mapping, Direct Relief is able to track virus movements and the spread of outbreaks in order to identify where help will be needed and to provide transparency to donors about where their contributions are being used.

- Community Health Charities, based in Alexandria, Va., was originally a workplace giving-centered organization, providing administrative support for employer-based giving programs. Faced with technological disruption through digital and web-based giving platforms, leadership wrestled with the dilemma of how to remain relevant. The mission was shifted, with the organization now serving as facilitator for a network of thousands of charities to work together to more effectively raise awareness and make health resources readily available.

- The Hurley Medical Center, based in Flint, Mich., was founded to provide a modern hospital for its community. Recognizing the changing economics and demographics of the area, as well as technological and other advances in medicine, the center continues to keep pace. Today’s mission goes beyond treatment to also encompass helping people enjoy healthy and active lives. The center maintains state-of-the-art diagnostic and treatment facilities, and has established programs to help local companies improve the health of their employees. Comprehensive weight-loss programs and assistance are now available, community senior services have been expanded and a fitness center has been opened. The center’s expanded mission of serving people where they live is also carried out through the operation of mobile health clinics in underserved communities, offering multiple levels of service ranging from basic screenings for lead poisoning to comprehensive primary care.

As in the examples, your organization can stay relevant through proactivity as societal, economic and other changes impact your stakeholders. It’s not necessary to embark on a major transformation. It’s not about mission creep. Innovation should be in the form of focused, incremental shifts that begin by considering how the existing organization, its assets, partnerships, donor base and other elements can be used to expand and serve either similar or quite different populations, how it can be more cost-effective, or how collaborative partnerships can be used to their advantage.

The key is to maintain a forward-looking approach, one focused on the question “What’s next?”
Stay relevant by addressing social issues

More than ever, Americans are engaged in a diverse range of social issues, expressing opinions about them and advocating on their behalf. Cultural institutions such as museums, performing arts organizations and zoological societies are increasingly joining the social dialogue — engaging local communities and providing a platform to address social topics. They are shedding a historically passive image by forming a vital connection with their audiences.

With many highly contested social topics a prominent part of current public discourse — encompassing concerns such as civil rights, environmental protection, immigration reform, income inequality and the #MeToo movement — institutions must find ways to remain not only relevant, but also critical to the issues of today in order to fulfill their missions, facilitate education and awareness, and increase engagement.

**Aligning with cultural shifts**

In order to continue their evolution in terms of constituent engagement, institutions are increasingly providing spaces and forums within their communities to encourage dialogue and difficult conversations, as well as listening and sharing. They are presenting programming focused on amplifying marginalized voices and celebrating unheard stories. Cultural institutions are well-positioned to take on this challenge; they have an established presence, public trust and a “permanence” to their existence (as opposed to social action groups that may come and go). Their connection with the community gives them “permission” to address controversy.

But as they leverage this trust to address social issues, cultural institutions should acknowledge the risks of engaging with the public on controversial topics, including the potential for external scrutiny or alienating a portion of their constituency. Institutions should carefully plan for potential negative responses when controversial topics are addressed, including communication and PR strategies. Institutions can also consider facilitating dialogue via discussion forums when they address issues that are likely to have strong opposition, so as to incorporate diverse points of view and personal insights, allow participants to defend their positions and feel those positions have been duly considered even if not accepted, and demonstrate exactly why the public benefits from the conclusions arising from the discussion.

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It is no longer appropriate to solely communicate with your constituents in traditional ways.
By participating in social debate, institutions can realize financial and operational benefits, as well. While providing valuable education and enjoyment, institutions are now pursuing funding specifically tied to the social priorities of granting agencies and major donors. In addressing issues of importance to their target constituency, particularly sought-after younger generations, institutions can help attract interest, cultivate fundraising and benefit the communities in which they operate.

The social issues that can be addressed are numerous. Many museums are actively involved in not only educating visitors about issues, but also in tackling social issues, both controversial and not. In the Abbott Hall of Conservation: Restoring Earth exhibit at Chicago’s Field Museum, visitors learn about museum scientists’ worldwide conservation efforts, including saving rainforests in Peru, safeguarding the biodiversity of Madagascar and connecting people on Chicago’s South Side with nature. With increasing public awareness of environmental challenges and threats of species’ extinction, this program is directly engaged in abating the environmental crises, while challenging the common perception of museums existing solely to display and entertain.

Besides museums, other institutions are focusing on critical social issues. A program of the Philadelphia Orchestra provides music therapy for 7,500 homeless and impoverished people annually. The San Francisco Ballet’s festival of new works, Unbound, featured 12 new ballets exploring issues such as gender identity in a fresh way. The New York Public Library created the Thinking Out Loud series, in which intellectuals and scholars engage in debates and deliver lectures about pressing issues, including feminism and LGBTQ rights.

As institutions adopt a position on the issues, they become a voice for social change and inspire others to take action. “The Monterey Bay Aquarium Seafood Watch program,” explained aquarium Chief Marketing Officer Mimi Hahn, “in collaboration with Liberty Asia and Sustainable Fisheries Partnership, recently launched the Seafood Slavery Risk Tool. The Risk Tool rates the likelihood that forced labor, human trafficking or hazardous child labor is occurring on fishing boats or in a fishery, so businesses can make informed decisions.”
These institutions use their resources and the respect they have earned to reflect on social issues, including hot-button topics, and prompt attendees to actively work to improve the world around them.

Connecting with relevance

The #MeToo movement is also changing how cultural institutions choose their programming; when artists, playwrights, performers, etc., have been accused of abuse, some institutions have removed or replaced them. Other institutions have re-evaluated the connection between artists’ alleged behavior and their art, choosing to use the situation as an educational opportunity or to foster conversation — disclosing and providing additional context about allegations and actions.

Cultural institutions have always been educational and entertainment venues. Now that anyone can find extensive education and entertainment via computer or smartphone, there may be less of an impetus to visit local museums and other cultural centers. It is becoming increasingly clear that, in this environment, institutions face a struggle to remain relevant to their patrons and to prove relevancy as they pursue funding tied to the social priorities of granting agencies and major donors. They must think critically about how to contribute to positive social change and make connections; addressing societal issues of interest to current and future patrons and funders is a way to do so. When entering the social debate, institutions need to acknowledge that a strong stance on a controversial issue may alienate some of their constituency. But, if done properly, this can serve as a platform to expand membership, cultivate fundraising and benefit the communities in which they operate.

Institutions are using their resources and the respect they have earned to reflect on social issues, including hot-button topics, and prompt attendees to actively work to improve the world around them.
Plan your response to the inevitable data breach

Lack of response plans is magnifying the harm that data breaches cause to not-for-profit organizations, their employees and constituents. The impacts of inadequate breach responses are significant. More than three-quarters (78%) of not-for-profit respondents to a 2018 EfficientIP report admitted that it took two or more days to create and apply a patch after notification of an attack. In circumstances such as these, when minutes count, response times measured in days can be extraordinarily costly in terms of data loss, remediation activities, potential fines and reputational damage, etc. For example, the median cost for breached networks rose in the not-for-profit sector by 53% to $480,000 in 2017.

Hassan Khan, Senior Manager, Advisory Services, Not-for-Profit and Higher Education Practices

The single most important step to mitigate the fallout of a malicious intrusion is a comprehensive and strategically designed cybersecurity incident response plan. Once the plan is developed, it is essential that all relevant personnel know that the plan exists, where and how to access it, and their specific roles in executing it. Further damage beyond an initial breach is inflicted when time is lost in scrambling to respond. A state of uncertainty serves to fracture constituent and employee trust, and loses precious time — dramatically increasing the severity of the intrusion. Recognizing that an incident is inevitable, the plan must be in place and familiar to all appropriate personnel before it’s needed.
Throughout the summer of 2018, the FBI took note of a cyberscheme becoming prevalent within the not-for-profit sector. Scammers were focusing on organizations that use self-service platforms for employees to view their pay, W-2 and direct deposit information. A scammer pretending to be from the HR department would send a phishing email asking the employee to click on a provided link to log in to his or her self-service account. By clicking on the link and entering credentials, the employee gave logon information that allowed the scammer to go into the account and change the direct deposit instruction. In order to prevent the victim from discovering the breach, the scammer changed the email address the self-service platform used to send alerts about changes. Having captured personally identifiable information, the goal was to use it to launch attacks, making employees vulnerable to fraudulent tax filings, credit card applications, loan applications and much more.

**How to build a robust incident response plan**

Simply put, an incident response plan will describe how your organization responds to a data breach or cyberattack. The plan’s aims will be restricting damage and protecting sensitive information, reducing recovery time, limiting remediation costs, ensuring a swift resumption of normal operations and providing a solid foundation for future security efforts.

Response plan ideation and development require collaboration across your organization, defined responsibilities and thorough testing. After the plan is finalized, it must be communicated to all staff.

The following are the best practices for designing, testing and implementing such a plan.

- **Secure participation of key stakeholders.** Effectiveness necessitates buy-in from functional stakeholders. A security breach affects many groups within an organization. Because of this, cross-departmental support is needed throughout plan ideation and development. HR leaders, compliance officers, legal representatives, external vendors such as technology providers and public relations firms, and management liaisons all need a seat at the table.

One organization that fell prey to the scheme and suffered severe ramifications didn’t have an adequately formalized, approved and updated incident response plan. The paychecks of 17 employees were disseminated to an unidentifiable source. It took upward of four business days to identify designated personnel, determine the root cause, and contain and eradicate the breach. Full recovery took another two weeks, with the organization losing an estimated $340,000 (in addition to the potential identity theft harm done to the employees affected) as a result of this incident.

Another organization with an adequately documented incident response plan sprang into action and prevented funds from being transferred. Designated management personnel mobilized to quickly investigate and contain the nefarious activity within six hours. Neither employees nor the organization suffered monetary losses. Having appropriate resources in place projected competence and control in the midst of the attack, protecting the organization’s reputation.
• **Delineate roles.** Specific responsibilities have to be assigned (e.g., HR leaders on point for internal communications and the PR team for external communications, legal representatives ready to address regulatory implications, and IT experts prepared for back-end work). Designating these roles in advance of a breach prevents the confusion and delays that have resulted from trying on the fly to determine who should be responsible for what in widespread and highly visible incidents.

• **Run tabletop exercises.** As your organization fleshes out its incident response plan, the true litmus test for effectiveness is a breach simulation, similar to the type of exercises conducted to test disaster recovery and business continuity plans. The best way to conduct this exercise is with a third party, to eliminate the possibility of bias in designing the mock attack. The goal should be to validate that your plan includes all necessary activities. It can also determine whether each function understands and is ready to perform its role.

• **Communicate proactively.** Distribute the final plan to all constituents, making it readily accessible and providing training. A cybersecurity incident creates chaos. It is imperative to have laid the groundwork so that those involved know whom to contact and what actions, if any, to take themselves.

• **Update regularly.** Revisit your plan often. It must be updated based on changes in your operating environment (e.g., in personnel, organizational responsibilities and technology infrastructure), as well as on lessons learned when incidents do occur. Schedule reviews to adjust responses, confirm responsibilities and run simulations, and revise and redistribute your communications plan.

As the saying goes, “The time to learn where the fire exits are is not when you smell smoke.” When cyberbreaches occur, having a robust incident response plan in place will help you to control the extent of damage, and project competence and control in a time of crisis — protecting your constituents and preserving the reputation of your organization.

The single most important step to mitigate the fallout of a malicious intrusion is a comprehensive and strategically designed cybersecurity incident response plan.
Contemporize communications and outreach efforts

Effectively reaching and truly engaging constituents is a challenge with which many organizations are struggling today. It is no longer appropriate to solely communicate with your constituents in traditional ways, such as a periodic newsletter or the printed Sunday bulletin. In order to effectively manage your message, drive engagement and demonstrate relevance, religious institutions must be focused, proactive and in step with today’s fast pace and leading communication practices.

Your constituents are bombarded by communication like never before, with information conveyed (and often spewed at them) through an ever-increasing variety of methods and channels, including social media, texts, apps, TV and email. Despite the fact that most religious institutions don’t truly go to market or view themselves as their own “brand,” every denomination, institution and religious community can be considered as such. Every one of these entities has the opportunity to convey a narrative, shape its message and create lasting impressions.

Religious institutions, like all organizations, have a certain degree of accumulated goodwill or “brand credit” with their stakeholders. This goodwill accumulates and erodes over time based on any number of factors, including the institution’s brand story, its effectiveness in relaying its message, recent experiences and related news or events. Less-than-desirable media or public relations coverage increasingly seems to spread like a virus. Whether they be leadership scandals, data breaches, school closures, fraud or other unfortunate incidents, negative reports generally supplant any positive news stories. Such headlines inevitably impact stakeholder perception, create reputational risk and, if not handled swiftly and appropriately, can result in diminished engagement and loss of faith.

Further complicating matters, traditional practices that once served religious institutions well (like the weekly bulletin) no longer suffice. A heightened degree of focus, creativity, resourcefulness and agility is now critical to sustain truly meaningful interactions. And a one-size-fits-all approach to communication is not an option. What works well for stakeholders ages 70 and above doesn’t work for those ages 40–70; what serves the needs of the middle-aged fails to serve the younger generations. Demonstrating relevancy to the various demographics and communicating with a degree of customization are vital — and increasingly expected.
Focusing on strategic communications and crisis management as areas of competency can enable your organization to increase agility, compress response time and mitigate risk. Five “C’s” can position your organization for mastering these capabilities:

1. **Constituents** — Consider a broader set of stakeholders beyond your traditional base, and their needs. While engagement with the “core” is vital to any organization, understanding the broader community that you touch can help your organization formulate more compelling and brand-favorable messaging to a wider audience.

2. **Control** — Far too many organizations can be considered “targets” of communications and media coverage versus proactively and assertively shaping their own narrative. Failing to take your message to the community limits your ability to cultivate awareness and understanding on your terms, drive favorability and differentiate your organization from others.

3. **Customization** — Society’s methods to consume content continue to evolve. Gone are the days when blanket communication conveniently created the desired outcomes, and long-form messages of the past are perceived to be difficult to consume in segments of society where 280-character communications have become the new normal. Be informed about the channels that best meet your constituents’ expectations for consuming information and engaging with their faith when and how they want to.

4. **Cost** — A concerted focus on communications and stakeholder outreach does not come without costs. Consider not only the near-term economic implications of doing things differently and better, but also the long-term implications of failing to do so. Your benefits will far outweigh the expense; the cost of inaction and insufficient brand goodwill can be staggering.

5. **Coordination** — In order to resonate and engage with the faithful, religious leaders may have to establish new structures to enable and enhance coordination within the organization. A communications steering committee, public relations support, and outreach and crisis management working groups can all make meaningful strides toward these objectives.

As a recent example, the Roman Catholic Archdiocese of Denver has established a dedicated function called the Office of Strategy Integration. Its charge is to help the archdiocese more seamlessly coordinate communication efforts across the organization. This structural adjustment has proved to be a valuable investment, yielding greater alignment, enhanced coordination, improved information sharing, and increased speed and agility in communications.

It is incumbent upon today’s leaders to take deliberate steps to ensure that their organization is organized to be more agile than ever before. They must implement the necessary infrastructure, protocols and coordination mechanisms to enable timely and sound execution of constituent communication. Although religious institutions are generally not predisposed to contemplate such concepts as “differentiation” or assertive public relations and communications practices, they must now adopt this mindset in order to best deliver their message in an increasingly crowded and hectic communications landscape.
Effect greater change through data analytics

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With the proliferation of data and emerging tools to analyze it, not-for-profit organizations have identified reasons and methods to leverage data for more informed decisions. Historically, data analytics have been used in certain areas, like donor analysis, a significant source of revenue. However, because of the profusion of data and enhancements in how to analyze that data, along with pressures to contain costs, not-for-profit organizations have opportunities to expand the use of data to make more informed decisions in many other areas.

**Leveraging data for nontraditional uses**

One example of an opportunity for enhanced decision-making is in more precise models to determine program costs. Program-costing models can now be applied to gain deeper insights into evaluations such as impact versus cost and revenue versus cost. The analysis can guide decisions, including changes in the offering mix. Decision-making is made more meaningful for future program development with, for example, information about margins at the individual program or service level. (For more on how analysis can relate costs to program outcomes and organizational revenue, see “Driving mission achievement through cost/revenue modeling” in the 2017 report.)

As another example, beyond the financials, it is now possible to gain deeper insights into donor behavior by linking financial and geographic location data sets to analyze donor retention and ability to give.

As compliance requirements and government regulations increase, data analytics can help verify compliance, and gather information and ensure its accuracy for reporting. Analytics can help in the examination of large populations versus relying on small samples and transaction reviews to monitor compliance and accuracy. Analytics can also use multiple sets of data to identify anomalies that do not adhere to defined compliance requirements. Finally, effective monitoring and evaluation of requirements can be enhanced to allow for improvements in grant program compliance.

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**Data analytics**
The process of inspecting, cleansing, transforming and modeling data with the goal of discovering useful information and supporting decision-making
Proving program impact
Not-for-profits are experiencing increased demand to demonstrate program impact and not just how much money was spent on a program. Sophisticated donors are now requesting information to assess whether the philanthropic goals associated with their donations are being meaningfully addressed. Not-for-profits need to demonstrate the measurable impact of donations and keep donors engaged.

Organizations that can exhibit a clear return on investment are at a significant competitive advantage when it comes to obtaining external funding. Christopher House, a system of schools in Chicago that supports at-risk children through education, realized that with the help of data analytics they could have a greater impact on their students. Comparing data from similar organizations revealed that students at Christopher House were performing below average, which prompted implementation of programs to help maintain and improve the scores of their students.
Adjust roles for new needs

Using data analytics to effectively support senior-leadership decision-making requires a specific analytical skill set that needs to be developed or hired. These skills include the ability to manipulate databases, normalize data, link data between systems and model data, as well as explain the analysis to your audience in a way they’ll understand.

As for oversight, instead of creating new roles or departments, many not-for-profits are evolving the role of existing senior leadership to be responsible for ensuring data is being interpreted correctly and to tell the story behind the data. Because data is often associated with financial activity, the CFO is frequently expected to fill this role. However, data analytics is much more than just a financial exercise; issues of quality, satisfaction and effectiveness are also addressed. Given the institutional scope of such efforts, the COO or other officers must also play a key role when it comes to operational analytics.

Issues to address

With the “tsunami” of data available, it’s imperative to be mindful of the source and validity of data being used to effect change. Drawing data from different systems to make decisions requires a rigorous normalization and cleansing process, which can be a significant roadblock for many institutions. Knowing what data will be most helpful and relevant, determining the best source for that data, and having the technological ability to extract it and ensure its validity are critical. Nonprofits are continuously pressured to keep costs low, and it can be a challenge to invest in data analytics tools when resources are already limited. Yet, the cost of these tools can be justified by recognizing that the right tools and data can propel an organization forward as leaders revise strategy and demonstrate value to increase the number of donors and the impact of donations.

Another challenge relates to data privacy. Ethical questions are being raised about use of personally identifiable information. Data analytics can be used without violating privacy through a masking process so that individuals are not identified. For example, one foundation offered masked data to other organizations for public service purposes. The shared data set included information such as the number of visitors at the local library and cultural events, which helped gauge community involvement.

The right data analytics tools and data can propel an organization forward as leaders revise strategy and demonstrate value to increase the number of donors and the impact of donations.
Set step-by-step goals

It’s important to resist inertia as a result of feeling overwhelmed by the complexity of the effort involved (“analysis paralysis”). Avoid being intimidated in taking on comprehensive projects. Conquer the learning curve by working in stages:

• **Start simple** — Begin with information readily available and heavily reliant on financial data, which has generally been cleansed because of the high level of scrutiny for public reporting purposes. Analyzing procurement, accounts payable, purchasing cards or payroll can be a foundational step that builds a level of comfort around choosing data sources, interpreting them and determining who should be involved in making changes based on what the analysis indicates.

• **Focus on one topic at a time** — As you evolve to more complex analyses, concentrate first on departmental versus organization-wide efforts. For example, organizations can enhance donor analysis by combining in-house donor data with data sets from systems other than donor management, targeting their ideal donors by utilizing public demographic data and geomapping information to market to targeted populations, creating campaigns aimed directly to those high-value donors.

• **Consider other opportunities** — Once comfort has been achieved with a “building block” exercise, expand the analytic effort into other areas of the organization and evolve into enterprise-wide analytics.

Data analytics is transforming the way we approach critical thinking, and it is ever-evolving. Opportunities continue to open up for not-for-profit organizations to turn data into the basis for decision-making that is cost-efficient, relevant and responsive. With the explosion of good data available internally and publicly accessible, there are tremendous opportunities to expand the uses of this data to further operational changes in administrative and programmatic areas that enhance organizational mission. (For more on improved decision-making capacity through use of artificial intelligence, see “Use artificial intelligence to transform operations” on page 6 in this report.)
Blaze new paths, evolve as a service provider

Seeking new ways to serve participants with physical and developmental disabilities and mental illness, and address changes in funding and societal expectations, many social service providers are reassessing their service models. A recent example is the shift away from the sheltered workshop model. Providers are moving their participants to a supported employment model (also called individual placement and support services). They are taking the opportunity to evolve, fulfill mission more effectively and make better use of contributions and assets.

For decades organizations have utilized so-called sheltered workshops to provide training, supervision and support for the development and maintenance of employability skills of adults with disabilities. The workshops are workplaces for these individuals, who are employed separately from everyone else and typically paid well below minimum wage. Many advocates for individuals with disabilities believed this practice was unfair and put pressure on the government to end it. As a result, beginning in 2019 federal funding has been cut back or eliminated for programs that segregate people with disabilities from the general community. This includes sheltered workshops.

Some funding will remain, but the nature of the shared workshop employment must be time-limited in nature to qualify. Because of this, many state programs that received funding from Medicaid and other federal sources have closed, are in the process of closing, or have significantly reduced the number of sheltered workshops. Therefore, providers have had to adapt their programs over a relatively short period to ensure their participants are not left behind.

Providers are moving participants to a supported employment model in order to evolve, fulfill mission more effectively and make better use of contributions and assets.
Many providers are shifting to the supported employment model, which assists individuals in finding competitive employment as part of the general workforce. Individuals served by these organizations are actively involved in this process; they define what type of work they want to do and seek employment opportunities with the assistance of providers. The employment opportunities are in workplaces open to all and not in a setting where served individuals are working exclusively with others who are developmentally disabled. The individuals are trained for entry-level positions and paid a market rate.

Participants who transition from the sheltered workshop to the supported employment model experience a number of benefits:

- Interacting in a diverse workplace instead of within a closed environment
- Earning more than subminimum wage
- Developing marketable skills
- Learning about life in the real world through more independence, social interaction and community involvement
- Requiring a reduced need for services due to building stronger skill sets and enjoying an improved financial situation
- Gaining opportunities to move up to new and more complex work, as opposed to performing the same tasks over a long period of time

Challenges, benefits and lessons learned

1. Be thoughtful about transition. Any transition should be strategically analyzed, and a transition plan should be created. A gradual transition often makes more sense than shutting the doors to a program on a set date. Some constituents will be better able to adapt and change, while others will need more time to adjust and plan for the impact on their lives.

2. Engage with participants and families early. Clear and ongoing communication is necessary from the beginning of the process. Many families and participants find comfort in the sheltered workshop setting; the thought of losing this can be unsettling or even distressing. Families need to understand why the change is happening and what the transition plan is to smooth concerns that their family member will not be assisted in making adjustments. It’s imperative that all program participants understand the change and that they are helped to feel comfortable with the transition.

3. Reassess capital needs. There is no longer a need for the significant warehouse space of sheltered workshops. Providers can sell or lease the facilities to fund operating reserves or additional program support.

4. Understand the new funding models. For some providers, the transition from sheltered workshops to other “higher touch point” services associated with a supported employment model, while requiring additional training and in some instances modifications to facilities, can lead to higher reimbursement rates from funding sources. In addition, by repurposing, selling or leasing excess space — e.g., unnecessary warehouse space — organizations may be able to receive a much needed inflow of cash that can be used to further develop programs or facilities, or meet other strategic goals.

As with any major program change, the shift from sheltered workshops requires significant effort. However, it has the potential for a better experience for participants and families, and in some cases to increase revenue and mission achievement for many providers.

The shift from sheltered workshops has the potential for a better experience for participants and families, and to increase revenue and mission achievement for providers.
Employ nontraditional approaches to fill talent gaps

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With unemployment remarkably low and competition for talent notably high, many not-for-profit organizations are faced with current or projected staffing shortages. Succession planning and talent sourcing continue to be challenging due to lower candidate availability and because of candidates’ new expectations regarding technology-enabled flexibility in work schedules and physical work presence. Organizations are finding that traditional search methods and traditional benefit offerings for traditional candidates are no longer the way to successful staffing. A workforce that is more diverse and has different wants and needs requires a radical change in talent planning. Nontraditional talent planning — thinking outside the box when it comes to approaches and geographical boundaries — will expand the pool of applicants who can readily fill your employee gaps.

Ramp up culture, revamp benefit offerings
Sustainability of the organization and its mission depends on a skilled staff and continuity of experience. Constant hiring, training and rehiring are disruptive and expensive. A hindrance to attracting and retaining qualified talent, as reported by NonProfit HR, is an attitude among nonprofits that adequate pay, professional development, and schedule and location flexibility are low in priority, with mission achievement satisfaction being enough incentive. But, as NonProfit HR noted, “Missions don’t get achieved without people.” In short, while it might not be necessary to offer salaries that are competitive with commercial entities or investment banks, they should be commensurate with similar-sized nonprofit organizations. “We can’t afford it” is not acceptable to today’s workforce.

Likewise, many skilled Generation X (ages 40s through 50s) and millennial (ages mid-20s through 30s) professionals expect development offerings to enrich their experience and provide opportunities to engage in being an active participant in advancing mission and clear pathways to the next step in their career. For example, most nonprofit executives would agree that every employee has some level of fundraising responsibility. However, many employees have never had formal fundraising or development training. Offering chances for each employee to attend relevant seminars can prove beneficial. Employees could also be provided with professional development opportunities in areas such as technology, finance and budgeting.
In addition, job descriptions (i.e., expectations) have generally been for on-site work, with in-the-office “face time” assumed, on a set schedule. They have not been updated to reflect the realities of demographic and workforce changes. But today’s candidates seek flexible work and job-sharing arrangements for work-life integration. Fostering flexible and remote work options, creating a culture that is supportive of those options and integrating additional benefits (e.g., breast milk storage/shipping for returning working mothers) can promote an inviting and thriving culture. With a healthy culture built around trust and output — aided by up-to-date technology — teams can be productive no matter the employee’s ZIP code and the hours of the day he or she is working.

Two best practices are:

- Measuring performance based on results and output instead of input or number of hours and physical presence in the office
- Creating a cultural and operational shift to allow for flex time to include compressed workweeks, job sharing, global workforce, flexible hours or flexible time off to include reduced schedules, and flexible work locations (e.g., telework and remote work options)

Bloomberg reports, “When workers have control over their own schedules, it results in lower levels of stress, psychological distress, burnout and higher job satisfaction.”

**TWO TALENT ATTRACTION AND RETENTION BEST PRACTICES:**

- Measure performance based on results and output instead of input, hours and physical presence
- Create a cultural and operational shift to allow for flex time with various options

**Conduct today’s nontraditional talent searches**

To advance the talent search further, organizations can broaden the search and consider candidates from all geographies, including international applicants. While initially this may seem difficult, with technology, operational and culture obstacles to overcome, the advantages can outweigh the challenges. Organizations can increase search success through tips offered by industry best practices and by Forbes:

- Removing requirements for candidates to be based/located in specific geography and proactively indicating that remote work is available
- Ensuring inclusive wording in job descriptions (e.g., “working knowledge of” or “any combination of these skills”)
- Removing from job descriptions words associated with masculine traits such as “competitive” or feminine traits such as “supportive”
- Designating a diverse talent acquisition team to screen applicants
- Using a blind-résumé-screening tool
With most organizations employing web conferencing, Skype calling and virtual teaming, embracing alternative geographies provides a potential for a greater candidate pool from which to draw, as well as a 24-hour workday, increasing productivity and worker availability. Allowing for remote work — including a hybrid of face time and technological connection from the employee’s locale — is appealing to many candidates and can serve as a differentiator to allow you to compete on factors other than salary. Providing greater opportunities to attract diverse candidates may have an additional benefit to the organization in helping to achieve diversity and inclusion goals.

The picture of an ideal candidate can no longer be limited to someone like those historically employed at your organization. In the competition for talent, thinking beyond traditional search methods and benefit offerings will enhance your organization’s ability to fully staff with capable and diverse employees.

### Successes in Widening the Executive Search

Organizations could broaden their candidate pool by following two recent examples.

Until recently, the controller function of San Francisco-based Room to Read, a nonprofit focused on literacy and girls’ education in low-income overseas communities, was performed at headquarters. Room to Read struggles with the same quandary as many other nonprofits in the expensive Bay Area — attracting top-notch executives willing to work for a salary lower than in the corporate world. The perfect financial controller was secured following a long search but was lured away by a corporate employer after a short time on the job. The talent search was revised to consider international candidates. As an internationally focused organization, Room to Read was already skilled in navigating the intricacies of running an organization from multiple locales and time zones, but this was the first time a high-level finance role was moved away from finance, let alone out of the country. In order to make the venture successful, management collaborated strategically, engaging board members and international management to ensure the new structure had the appropriate support and oversight. The search produced an India-based controller who has been mindful about leveraging technology, building a strong team of local and remote finance professionals, and taking advantage of webcasts and other convenient training methods. The controller travels to the Bay Area several times a year for the year-end audit and other important meetings. After a productive first year with their new foreign-based controller, our client has seen its innovative solution turn into a significant success story.

An executive search in New York City, with the same salary challenge, was widened to the entire country. It resulted in the hiring of a candidate in a different city and time zone who has been effectively integrated into the leadership team. The integration was orchestrated seamlessly due to regular virtual team meetings supplemented with monthly in-person leadership meetings and frequent cross-team Skype and phone communications.
Prepare for new excise taxes in a competitive talent market

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Nonprofit associations must pay close attention to a number of provisions in the Tax Cuts and Jobs Act; it has the potential for major impacts on their respective total rewards strategies, as well as future tax considerations. In today’s competitive compensation marketplace, understanding the new law is integral to business decisions. The new Internal Revenue Code Section 4960 (an element of the original law) was further clarified through the IRS publication of Interim Guidance Notice 2019-09 in late December 2018; it, too, will have far-reaching consequences. Between the law and the notice, many association leaders are wondering how to interpret all the new rules and what the new terminology actually means to their organization.

Decoding the Code for compliant employment practices

There are two parts to the §4960 excise tax, the first of which is the more familiar “remuneration” tax (see the sidebar). Organizations will now need to pay a 21% excise tax on remuneration in excess of $1 million paid after Dec. 31 to a “covered employee” (any individual among the top five highest-compensated employees of the organization for the year, and any individual who was a covered employee of the organization for any preceding taxable year beginning after Dec. 31, 2016). The covered employee definition requires a lookback to the year before the excise tax is applicable to determine if the employee was a covered employee. Note that the definition of a covered employee does not require an individual to be an officer. Associations may have few individuals to whom the $1 million excise tax pertains or have evaluated historical compensation practices and believe that no individuals would trigger this excise tax. However, it is important to understand what this new code section entails for future hiring and employment practices, as well as for complexities and often-overlooked items, as addressed next.

AN EXPLANATION OF TERMS IN §4960

Remuneration
Wages subject to income tax withholding; Form W-2, box 1, but excluding designated Roth contributions, including deferred compensation at the time of vesting, and including all compensation from “related persons and governmental entities”

Related persons and governmental entities
Entities treated as related to an applicable tax-exempt organization if such person or governmental entity 1) controls, or is controlled by, the organization; 2) is controlled by one or more persons who control the organization; 3) is a supported organization; 4) is a supporting organization or in the case of a voluntary employees’ beneficiary association... 5) establishes, maintains or makes contributions to that association

Excess parachute payments
Any payment contingent upon the employee’s separation from employment

Base amount
Annualized compensation that can be included for a “base period” and reportable as taxable compensation

Base period
Period consisting of the five most recent taxable years of the association

Rebuttable presumption of reasonableness
§4958’s three-step process used by 501(c)(3) and (c)(4) organizations for determining the appropriate compensation for individuals that is “reasonable and not excessive”
After an individual is considered a covered employee for §4960 purposes, he or she will always be considered a covered employee, and excise tax can be triggered even after termination of employment (a terminated or retired employee can still receive payments from an organization, such as through severance or retirement plan payments). Because of this, organizations are faced with a considerable challenge for accurate tracking of employees. The December 2018 notice further stated that “there is no minimum dollar threshold for an employee to be a covered employee.” This means that even if an association has no liability for one year, it may later need to identify its five highest-compensated employees for that taxable year if it becomes subject to this provision in future years. Because those employees continue to be “covered” in all future years, the association will be held responsible for paying excess remuneration or excess parachute payments in a future year.

A second §4960 excise tax presents an even greater risk for associations. It’s the one most often overlooked. Because associations are not typically subject to the provisions of the rebuttable presumption of reasonableness test as it relates to executive compensation, boards tend to award C-suite executives more complex compensation arrangements with vesting structures (e.g., long-term incentive nonqualified deferred compensation plans, retention bonuses or severance packages). This second part provides for an excise tax equal to 21% on “excess parachute payments” provided to covered employees. The tax is triggered if the parachute payment exceeds three times the employee’s base amount.

Begin taking steps now
Your association can take a number of actions to improve tax planning:

• Evaluate compensation contracts for the current taxable year and beyond, including any potential impact on audited financial disclosures.

• Re-evaluate existing compensation arrangements to determine if there are alternate approaches, designs and even vehicles for funding or payout that may mitigate the risk of an excise tax imposition.

• While it might appear that §4960 will be daunting to implement, evaluate and monitor for compliance — including tracking covered employees — the excise tax could provide your association with the chance to evaluate its compensation arrangements and understand if there are options to change those arrangements.

• If the arrangements are truly locked in, look for opportunities for compensation arrangements that reduce excise taxes for future hires so that your association is well-positioned in a competitive market.
Reach millennials for engagement and fundraising

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A new challenge faces Jewish and Israeli organizations in reaching a growing demographic. Jewish millennials express a minimal connection to religious practices and organizations, and as a result, their motivation to donate is proving to be lower than that of previous generations. Further, younger donors are generally much more questioning of Israel and its politics, and they don’t have the same devotion to the nation that older generations have had. This more complicated relationship with the Jewish state impacts Israel-focused charities. Fundraisers must adapt their approaches to engage this generation whose numbers are surpassing those of the more connected and loyal older generations.

A stronger cultural than religious connection
As reported by the UJA-Federation of New York, 80% of Jewish millennials — defined as those in their mid-20s through 30s — believe that being Jewish is important to their identity, and they find the related values meaningful. Many millennials say that while they may not be religiously observant, it’s important to have a Jewish life partner and Jewish traditions in family life. Only 24% are affiliated with a synagogue, reflecting a reluctance by Jewish millennials to join a congregation; while they are interested in engagement, they are put off by recruitment attempts to attract membership. They instead identify by ancestry, ethnicity or culture. While millennials in general number almost half the workforce and are projected to become America’s largest generation in 2019, their contributions constitute only 11% of all traditional charitable giving. Thus, it’s important to note that their giving habits are still being shaped. They donate to specific causes they relate to, rather than contribute on a regular basis to organizations, including religious and Israel-focused ones. (For insights and action steps, see “Tailor fundraising to generational profiles.”)

Only 24% of Jewish millennials are affiliated with a synagogue.
**Realign outreach to match millennial priorities**

In your marketing strategy and other outreach planning, recognize giving preferences, along with two high priorities for Jewish millennials — relationships and career. Tailoring social, educational and mentoring programs or events related to relationship or career pursuits, and focusing on specific causes, will enhance a positive connection to Judaism, Israel and your organization, and assist in developing long-term donors.

As an example of focusing on career interests, chapters of the American Technion Society provide not only scholarships, but also networking sessions with Israel’s premier scientific, education and business leaders. Young Jewish Professionals — popular with millennials in New York City — is focused on expanding business networking, mentoring and social opportunities for young Jewish adults. Birthright Israel has offered social and heritage trips to Israel for many years so that participants could develop lasting connections with Israeli people and Judaic culture; they have more recently created internships to provide professional career development. Social activities in congregational settings — such as Casino Night or Kosher Chopped Competition, with proceeds going to a local charity — also play to millennials’ interests in forging relationships. Central Synagogue in New York City offers a 20s and 30s Shabbat dinner, which it promotes as including cocktails and “schmoozing.” These activities create informal “soft” congregational connections that can be strengthened over time. In this way, overt recruitment is avoided.

As you better understand the values and preferences of Jewish millennials, you can shape your outreach and fundraising efforts. Adopt these techniques as you appeal to their values and preferences:

- Communicate electronically via social media to promote your Jewish/Israeli mission.
- Provide facts and figures about needs and results of your organization’s efforts.
- Practice crowdfunding.

To secure a robust future, Jewish and Israeli organizations must recast their outreach to a key demographic whose connection to Judaism and Israel is very different from generations past.

**CROWDFUNDING**

Crowdfunding, an online channel for giving by individuals and teams, is important to millennials; 33% of crowdfunding donations come from this generation. The initiatives are often cause-based, rather than general giving, which appeals to millennial preferences. Crowdfunding platforms provide tools to engage donors, with social media used to virally share campaign goals, details, updates and acknowledgments. Through the platforms, it’s easy to track donations and campaign metrics, and publicize results and express gratitude to donors.

Recognize giving preferences and two high priorities for Jewish millennials — relationships and career — to enhance a positive connection to Judaism, Israel and your organization, and assist in developing long-term donors.
About Grant Thornton’s services to not-for-profit organizations

Grant Thornton LLP has a well-earned reputation for understanding the needs of not-for-profit organizations, providing them with in-depth knowledge to improve their operations, seize opportunities, address challenges and mitigate risks. When we assist them to become more effective at what they do, the benefits cascade through all the communities they serve.

More than 500 Grant Thornton industry professionals serve the audit, tax and advisory needs of approximately 900 not-for-profit organizations. While we take pride in the number of clients we serve, what is more important is the prestige of our nonprofit clientele; we serve a noteworthy 40% of the top 10 organizations listed in The NonProfit Times Top 100, 36% of the top 25 organizations listed as America’s Favorite Charities in The Chronicle of Philanthropy, and 30% of the 100 largest U.S. charities in Forbes.

The not-for-profit sector is a strategic industry segment for our firm. Our commitment to this sector is reflected not only in the number of clients we serve, but also in our active support of and leadership in key industry associations and conferences aimed at strengthening not-for-profit organizational effectiveness and execution. We also demonstrate our industry leadership through our dedication to giving back to this community, and by sharing our best-practice experience via forward-looking thought leadership, including publications, articles, presentations, webcasts and training.

Our clients rely on us, and we respond to that trust by making continuous investments in our people so that we can provide our not-for-profit clients with the highest level of service. We are proud to have fully dedicated professionals — from staff to partners — who work exclusively with not-for-profit and higher education clients. Our not-for-profit professionals provide our clients with information about relevant industry trends; accounting and regulatory pronouncements; practical insights and value-added recommendations; personal attention with timely, authoritative feedback and quick responses; and high-quality service with measurable results. When we support our clients to deliver on their missions, we deliver on ours.

We are committed to helping you stay up to date on industry developments. Visit grantthornton.com/bei to join our Board and Executive Institute and regularly receive invitations to our latest educational forums and speaking engagements, articles and webcasts on current and emerging issues of interest to not-for-profit leaders. Explore grantthornton.com/nfp to access our industry resources and thought leadership.
Some of the ways we serve the not-for-profit sector:

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- **JAN 16**: Leveraging cost & revenue analytics to drive enhanced decisions
- **MAR 27**: State of the not-for-profit and higher education sectors
- **MAY 15**: Enhancing diversity and inclusion in your workplace
- **JUL 24**: Nonprofit accounting, regulatory and Uniform Guidance update
- **SEP 25**: Applying lean practices in the nonprofit/higher education sectors
- **NOV 20**: Technology’s impact on fraud schemes: What you need to know

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