

## Give your board members a break – and your nonprofit a boost

Your not-for-profit's board members likely lead busy lives, so they may not get to every board meeting. That's why it's essential to organize periodic board retreats that bring everyone together in a relaxed setting.

### Best practices

Board retreats enable participants to get past the mundane topics of regular board meetings and delve deeply into specific issues. To take advantage of this opportunity, do the following:

#### 1) Get participant buy-in.

Don't spring a fully planned retreat on your board without first making sure everyone agrees to the merit of the session and its goals.

#### 2) Choose the time and place carefully.

Once the board agrees to a retreat, turn your thoughts to logistics, which will vary depending on your objectives. An afternoon at a local restaurant may be ideal if the board needs to brainstorm some creative, new fundraising options. Broader agendas or confidential topics will require more time and privacy – perhaps several days at an offsite location.

#### 3) Create a detailed agenda.

Start your agenda at the end by asking what outcome you want to come away with at the close of the retreat. If, for example, you'd like to end the

meeting with a five-year strategic plan, your agenda might start off with time to review the history of your organization and competitive research from other nonprofits. From there, build in time to brainstorm where your donors, beneficiaries, members and other important constituencies may be in five years.

#### 4) Make a post-retreat plan.

Some of the most important work will happen after the retreat. That's why you need to recap all decisions and commitments and make a plan to put your work into action before the board scatters. Follow up by sending members a written summary of retreat discussions and add action items to future board meeting agendas based on those plans.

### Focused and engaged

A board retreat can help ensure that board members are engaged and focused on the issues that matter to your nonprofit. Please contact us if you need assistance with board governance issues, meeting facilitation or training.



## Should your nonprofit outsource HR management?



If your not-for-profit has too much work and not enough staff to go around, consider outsourcing your human resources function. It could give your internal team more time to spend on other core duties, mission-driven programs and strategic plans.

### Benefits and drawbacks

Labor-intensive responsibilities such as recruiting, training, benefits planning and administration, compliance monitoring, leave management, and performance reviews can all be outsourced. Transferring all or some of these responsibilities to the right outside party can vault your organization to a higher level of professionalism and efficiency in those areas.

The move also might result in improvements. For example, an HR specialist firm is likely to have more tools, contacts and time to spend recruiting new employees than your own organization has. But the primary draw for most nonprofits is reduced costs. So you'll need to perform a cost-benefit analysis. Even if it costs more to outsource, you may decide that the extra dollars are worth paying to free up staff for other initiatives.

One of the biggest drawbacks to outsourcing is the loss of control. That's why it's important to think through the ramifications of handing off HR responsibilities. Certain tasks may require an understanding of your organization's culture and

history to be effective. Also consider the impact of letting go of any HR staffers you currently employ.

### Preparing to launch

Be sure your board approves the decision to outsource and your attorney reviews any contracts with service providers. Your nonprofit also needs to have controls in place to monitor the quality of outsourcing arrangements.

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### WORKING WITH NONPROFITS

Their complexity is your opportunity

## Put email list segmentation to work for your nonprofit



Your not-for-profit likely has a growing list of email addresses for donors, members, volunteers and other supporters. Are you making the most of it? If you send every one of your organization's communications — donation requests, newsletters, meeting announcements — to everyone, you probably aren't using these addresses as effectively as you could. Email segmentation can help you get the right messages to the right people.

### **Strengthen engagement**

Not everyone is interested in everything your nonprofit has to say, and too many irrelevant emails can make people tune out or unsubscribe. That's just one of many reasons to think about sending particular emails to only specific slices of your list.

Segmentation can also increase your response rates and strengthen engagement. Recipients will get more information they value and less that doesn't interest them, fostering greater trust in your organization and its communications. And segmentation lets you experiment with different tones, writing styles, subject lines and visual presentations to determine which work best. You may learn that different groups respond differently based on the message.

### **Potential segments**

If you already have the data, you can begin tailoring emails according to such demographic

factors as age, gender, location and income. If you don't already possess this information, though, gathering it can prove delicate — be careful not to turn off potential supporters with your inquiries.

You also could segment your list on the basis of past actions. For example, track activities such as event attendance, volunteer work, donations or membership renewal. Further narrow the segment by setting a date parameter (for example, activity within the past year).

Or create subgroups based on donation amounts or specific campaigns. "Super donors" whose giving exceeds a certain threshold, "super attendees" who attend a specified number of events in a year and "super volunteers" who donate a certain number of hours in a year might receive every email, while others receive fewer.

### **Personal and effective**

Carving your email list into segments can empower you to craft more personalized and powerful communications that help build loyalty and achieve your goals.



### **Email Marketing Tips**

- 1. Grow your list**
- 2. Tell your story**
- 3. Send a variety of emails**
- 4. Include strong calls for action**

[Read more on Campaign Monitor's blog: "4 excellent email marketing ideas for nonprofits"](#)

## What your nonprofit can learn from for-profit businesses



If your not-for-profit is “stuck” and you’re not sure how to move forward, consider adopting some for-profit business practices. The essential missions of businesses and nonprofits are different, but the ways to achieve them often are the same.

### **Make a plan**

The strategic plan — a map of near- and long-term goals and how to reach them — lies at the core of most for-profit companies. If your nonprofit doesn’t have a strategic plan or has been lax about revising an existing one, make this a top priority. Set objectives for several time periods, such as one year, five years and 10 years out, paying particular attention to each strategic goal’s return on investment.

For example, consider the resources required to implement a new contact database relative to the time and money you’ll save in the future. Working through the financial implications of ideas can help you avoid the kind of initiatives that sound good in theory but are unlikely to provide returns.

### **Spend differently**

Next, your annual budget should follow your strategic plan. For-profit businesses use budgets to support strategic priorities, putting greater resources behind higher priority projects.

Businesses also routinely carry debt, believing that it takes money to make money. Nonprofits typically do everything in their power to avoid operating deficits. Unfortunately, it’s possible to operate so lean that you no longer meet your mission. Building up your endowment, applying for a loan or even creating a for-profit subsidiary could provide you with the funds to grow.

### **Pay for experience**

Most for-profit companies budget for experienced leadership. Although nonprofits typically can’t pay their executives as much as businesses do, you can ensure that compensation is competitive relative to other organizations.

Paying for experience is particularly critical when you’re embarking on major fundraising campaigns or looking to expand your program outreach. You may even want to consider candidates from the for-profit world, who might bring greater marketing and financial management expertise and new ideas to the table.

### **Visit LvHJ’s Not-for-Profit Page**

Have you been to our website lately? LvHJ is dedicated to the missions of many not-for-profits by supporting their transparency and operational efficiency. [Learn more.](#)

## Make sure your nonprofit's bylaws are on point



Bylaws are the rules and principles that define your not-for-profit's governing structure. Your board and staff need to be familiar with exactly what the bylaws contain — and what they don't. If they're incomplete or don't reflect the organization's current mission, revising them is critical.

### What do they contain?

Your bylaws might cover such topics as the:

- Broad charitable purpose of your organization,
- Size and function of your board,
- Election, terms and duties of directors and officers, and
- Basic rules for voting, holding meetings, electing directors and appointing officers.

Without being too specific, your bylaws also should provide procedures for resolving internal disputes, such as the removal and replacement of a board member. If you're not familiar with the bylaws, you should get up to speed fast.

### How are bylaws changed?

If you want to change your organization's bylaws, first make sure you have the authority to do so. Most bylaws contain an amendment paragraph that

defines the procedures for changing them. Then consider creating a bylaw committee made up of a cross-section of your membership or constituency. This committee will be responsible for reviewing existing bylaws and recommending revisions to your board or members for a full vote.

Your bylaw committee needs to focus on your nonprofit's mission, not its organizational politics. A bylaw change is appropriate only if you want to change your nonprofit's governing structure, not its operating procedures.

### What else should be considered?

If your nonprofit is incorporated, ensure that any proposed bylaw changes conform to your articles of incorporation. For example, the "purposes" clause in your bylaws must match that in your articles of incorporation. Any new provision or language changes in your bylaws contrary to the objectives and ideals included in your incorporation documents may invalidate the revisions.

Bylaw provisions that suggest you've strayed from your original mission also can jeopardize your federal tax-exempt status. Make sure your bylaw amendments are consistent with your tax-exempt purpose. If they represent a "structural or operational" change, report the amendments on your Form 990.

### Promoting accountability

Although bylaws aren't required to be public, consider making up-to-date bylaws publicly available to boost your organization's accountability and transparency.

## Does your nonprofit need to register in multiple states?



If your not-for-profit solicits funds online — or uses other fundraising methods that cross state boundaries — it may need to register in multiple jurisdictions. We've answered some commonly asked questions.

### **My charity receives occasional contributions from out-of-state donors. Do I need to register with those states?**

Yes, but only if you're actually asking for donations in those states. The critical activity is soliciting, not accepting, funds. Remember, email and text blasts and social media appeals are likely to be considered multistate solicitations.

That said, some nonprofits are generally exempt from registering or may need to register but aren't required to file annually. For example, many states exempt houses of worship as well as nonprofits with total annual income under certain thresholds.

### **So registration rules vary by state?**

That's right. A handful of states don't require charities to register at all. The remaining ones have varying rules, income thresholds, exceptions, registration fees and fines for violations. Even the agencies that regulate charities differ by state.

### **What is Required in My State?**

To learn more about the registration requirements and forms you may need to use in California if your organization actively solicits donations from multiple states, [visit the Unified Registration Statement site](#). And talk to us at LvHJ.

### **How much does it cost to register?**

Again, this varies by state — generally ranging from \$0 to \$2,000.

### **Is there a simple way to register with every state?**

Unfortunately not. Most states require you to complete a general information form and submit it with your last financial statement, a list of officers and directors, a copy of your originating document and your IRS-issued tax-exempt determination letter. First-time registrants can use a Unified Registration Statement in most states. However, even those states mandate that annual renewals and reports be submitted using individual state forms.

### **What are the consequences of not registering in states where my nonprofit raises funds?**

Your organization, officers and board members could face civil and criminal penalties. Your charity might lose its ability to solicit funds in certain states or lose its tax-exempt status with the IRS.

### **Do I need to tell the IRS where my nonprofit is registered?**

Yes; Form 990 asks you to list the states where you're required to file a copy of your return.

Given the resources involved, you may wonder if out-of-state donations are worth the trouble. For some nonprofits, it may make sense to focus exclusively on local fundraising.