



*A training and consulting resource
for nonprofit organizations*

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To: Community Action Organization of Washington County
From: Kay Sohl
Subject: Notes from 5/10/97 Board Retreat

I. CLARIFICATION NEEDS

Participants expressed the desire to get clearer about:

- Competencies: how will we see them in action? How does it fit?
- Clearer path to get where we're going
- Ways to communicate who we are
- Decisions
- Criteria for programs
- 5-7 year plan
- Emphasis on type of program
- Direction on fundraising
- Board agreement on objectives and board role

II. KEY CHOICES UNDERLYING THE FUND DEVELOPMENT PLAN

Staff presented a three-year fundraising plan. Participants recognized that the fund development plan will require:

- A. Raising \$500,000 in private contributions in three years
- B. Devoting grant money to fund development. Grant funds will be used for:
 - Staff/ volunteer training
 - Improved donor tracking
 - Planned giving/endowment
 - More grant writing

- C. CAO will need to increase board/volunteer involvement in fund development
 - Recruit new people
 - Strengthen links between board contacts and CAO

III. FINANCIAL POSITION

Participants recognized that CAO confronts two different fiscal challenges:

A. Cash Flow Problem

CAO used its own cash reserves to pay for some of the rehab costs on the new building. Without these cash reserves, CAO does not have enough cash to meet current obligations while it waits to collect receivables.

CAO is negotiating with a bank to refinance the building debt. CAO will assume \$200,000-\$300,000 in additional debt (beyond the current mortgage amount) to obtain cash. This cash will be used for the same purposes that CAO's own cash reserves had been used—to meet operating costs while waiting to collect receivables. While the refinancing will improve CAO's cash position, it will have no impact on the deficit (see below).

B. Deficit Problem

In addition to its cash flow problem, CAO also has a deficit in its operating fund. This means that its operating liabilities exceed its operating assets. This is a result of experiencing losses, i.e. years in which expenses exceeded revenues. To resolve the deficit problem, CAO will need to have revenues exceed expenses, creating net income in the operating fund.

IV. CAPACITY BUILDING

CAO will seek a grant from the Meyer Memorial Trust in order to build its organizational capacity. Goals of the capacity building effort will include:

- Fund Development—increasing the amount of private funding generated
- Improve financial management
- Increase compliance with grants and contracts
- Provide programs with effective and efficient administrative support and services
- Improve information management
- Enhance staff development
- Enhance program evaluation
- Hire a MIS specialist
- Utilize a MIS computer consultant

- Hire data specialist
- Hire grants manager/writer
- Add one accountant position

VI. BOARD OBJECTIVES

Participants identified the following board objectives to be included in the strategic plan:

- 80% attendance at board and committee meetings
- Support capacity building through committees or assisting staff
- Each board member has a role in fund development
- Board recruits effective board members (building)
- Raise \$575,000 through major gifts
- Build support and involvement through public relations and planned outreach (speaking, press, etc.)
- Increase board member visibility
- Annual board retreat: review financial statements, goals, plan, check in
- 100% board participation in giving
- Ongoing board training
- Regular update on external environment
- Increase board connectedness
- Build board involvement in client related activity

VII. RETREAT EVALUATION

Participants identified areas of **excitement** about CAO:

- 5 year plan—understanding
- Clear direction
- Board connection
- Like collaboration
- Board and staff are in sync
- Capacity building
- Expand services: child care, rent assistance

Participants also identified areas which they feel need additional **follow up**:

- Core competencies/objectives fit
- Five year plan for funding
- Board involvement and awareness
- Get real about capacity
- Balance between capacity and service