

SUSTAINABILITY

The Leon Levine Foundation believes an organization must prove it has sufficient diversified resources to maximize the effectiveness of its mission and sustain future programmatic impact

ORGANIZATIONAL

- Strategic Plan** – A board- and executive staff-created plan has been developed in response to a strategic review of the organization and outlines: 1) Desired impact, 2) Risks and opportunities, and 3) Plans for future growth. When applicable, key staff should create and include near-term and long-term plans for expansion of both capacity and mission.
- Succession Plan** – A thoughtful, Board-approved plan provides action steps in the event of an immediate/eventual departure or unavailability of the Executive Director and/or key programmatic staff. Ideally, this plan is a formalized, Board-approved document.
- Balanced Staffing Model** – The organization’s FTE trend should be consistent with institutional and programmatic growth.
- Reasonable Turnover** – Turnover should not have a material impact on the organization’s programming. Any rising or excessive turnover issues should be analyzed, addressed, and explained.
- Community Fit/Collaboration** – The organization identifies and addresses a critical need in the community and fills a specific gap in services. The organization collaborates with others who provide similar services and/or serve similar clients in order to identify best practices and avoid unnecessary duplication.

FINANCIAL

- Stable to Increasing Revenues** – A new or growing organization should generally have an increasing revenue trend. Organizations that are more mature or scalable may show stability of revenue levels or funding tied specifically to impact.
- Revenues Equal To or Greater Than Expenses** – The organization shows fiscal responsibility and spending control through an excess of revenues over expenses, even if slight, which enables strategic reinvestment or additions to reserves.
- Diversified Revenue Base** – Fundraising sources are diversified properly among corporations, individuals, foundations, and the government. Management has implemented an intentional strategy for the expansion of these sources, and in-kind donations are accurately valued. If the organization has or can have earned income, there is a specific focus on how to maximize this revenue without compromising the overall charitable mission of the organization.
- Increasing Donor Base Trend** – The total number of donors should generally be increasing for a new or growing organization. Organizations that are more mature or scalable may show stability of this number and include a plan for replacing donors who may roll off over time. Fundraising staff are actively tracking the organization’s donor retention rate.

- Other Large Donors** – Large donor levels or names are reasonably consistent and/or growing over time.
- Fair ED Compensation** – The ED’s compensation is reasonable based on the market, size of organization, and his/her skill level. A salary that is either substantially higher or lower than market should be fully explainable by the Board.
- Reasonable Administrative and Fundraising Expenses** – The baseline percentage for nonprofit overhead is 20%. Any variance is weighed according to the overall size, growth trajectory, revenue mix of an organization, etc. However, the Board should still explain significant variance from 20% in either direction. Expense trends should be stable and align with programmatic growth.
- Operating and Capital Reserves** – The organization has established an operating reserve and has a strategy regarding the optimal size of and protocols for using this reserve. If the organization has significant capital and/or asset maintenance needs, a capital reserve should also be considered.
- Endowment** – When possible, the organization should establish an endowment to support its financial needs. This is typically feasible when the organization is programmatically and financially stable on a year-to-year basis and can shift its focus accordingly.
- Audit** – Once an organization reaches a certain size and complexity, annually hiring a reputable accounting firm to conduct a clean audit is a best practice. Leadership and board (e.g. Finance Chair) should thoroughly understand key audit components.