



Trending Now in the Nonprofit Sector

Discover what to be aware of and what must be addressed.

By Kyle A. Neeld

It's difficult to recall another time period in recent history when nonprofit organizations faced such a preponderance of financial and operational challenges and near-daily additions to their already-lengthy compliance to-do lists. What should nonprofits really focus on and prepare for? Here's a summary of the crucial trends it is imperative that they address in the near term.

- **Technology & Cyber Security** – The continued pervasiveness and success of scams, hackings and financial and information theft should sound alarms to evaluate and update computer systems, software and related security. Regardless of the size or state of the IT assets and environment – hardware, networks, file storage, e-mail and back-up systems, portable devices – they will continue to be at constant risk from multiple external and internal threats.
- **Financial & Performance Reporting** – Recent changes to accounting and disclosure requirements (the first in more than 20 years) and new reporting complexities will impact many organizations. With increased focus by regulators, donors and creditors on program effectiveness, performance and fundraising, success will more directly relate to the ability to measure mission achievement and program outcomes. Financial professionals should possess keen understanding of issues and demonstrate ability to work with staff and ensure compliance.

- **Mitigating Reputational & Enterprise Risk** – Heightened challenges in today's operating environment, and organizations' ability to weather and overcome them, suggest that a comprehensive risk assessment is a critical requirement and best practice for success. Since nonprofits are uniquely and significantly affected by fundraisers, donor restrictions and high-profile scandals, risk triggers and profiles are elevated. Now is the time to implement policies and internal controls that help prevent problems, create contingencies, plan ahead and monitor all aspects of an organization.
- **Improving Funding** – With government funds and private contributions still below pre-2008 levels, nonprofits must continue to seek new, diversified streams of revenue that support financial stability and minimize the impact of economic and regulatory changes, budget cuts and administration turnover. Consideration of new opportunities, such as mergers and crowdfunding, may be essential and should include a thorough evaluation of the impact on operating and financial conditions.
- **Human Resources & Resistance to Change** – Are organizations properly focused on maintaining and leveraging a very significant asset – their employees? Training, performance, communication, retention, conflicts, ethical violations and whistleblowing are important, well-known topics to employers, regulatory bodies and the media. They can be especially difficult or, when mishandled, potentially devastating for nonprofits.
- **Board Training & Engagement** – The level of knowledge, involvement and strategic planning of board members is critical to organizations' survival and success. Trustees, and all leadership, benefit from proactive communications with their chief executives and training from professionals. Governance training and consultation with experts are effective methods to enhance the wisdom and contributions of board members, and protect and move forward with the organization's interests.

Nonprofits should prioritize and accomplish near-term objectives associated with the above trends while simultaneously considering any impact on their long-term vision and plans. **NJB**

About the Author

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