

eliminating racism
empowering women
ywca

**The Financial Health and Vitality
of Local YWCAs...
Our Challenges, Our Opportunities**

YWCA Financial Vitality Task Force

Final Report

January, 2013

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YWCA FINANCIAL VITALITY STUDY

Financially strong local YWCAs are critical to the success of our mission. However, over the past years, a number of “red flags” have been raised:

- We’ve lost YWCAs
- Our assets are eroding
- Programs have been cut
- Infrastructure and administrative supports are insufficient
- Our employee salaries and benefits aren’t consistent with our values
- Financial issues create staff and volunteer turnover and stress

The YWCA Regional Leadership Council responded to these concerns in May, 2010 by creating the Financial Vitality Task Force (FVTF). Our goal: To help YWCAs be stronger, more sustainable and more effective in fulfilling our mission by improving our financial health and vitality. The Task Force included all Regional Managers, the YWCA USA Interim CEO, and other representatives of the Regional Leadership Council. Task Force members are listed in Attachment 1.

I. OUR APPROACH

The Task Force’s study methodology is depicted in Attachment 2. We focused on:

- Assessing the financial health of local YWCAs
- Identifying factors associated with strong and weak performance
- Identifying “best practices” and possible alternative business models
- Developing Task Force recommendations

We employed a wide range of data collection techniques between June, 2010 and June 2012. They include:

- An analysis of YWCAs that were disaffiliated between January 2003 and April, 2012
- A review of four successful mergers that that occurred between YWCAs during that same period

- Focused discussions among local YWCA Board and Staff leaders at our 2010 Fall Regional Meetings. This included:
 - Each local YWCA’s assessment of their financial health
 - Identification of “cornerstones” of financially healthy YWCAs
 - Identification of ways in which Regions can help strengthen financial vitality
- A review and analysis of 990 financial data submitted by all YWCAs for 2009, and an analysis based on financial ratios and benchmarks identified by the Task Force. The ratios were based on a review of research and best practices.
- Focused discussions at our 2011 Fall Regional Meetings on this question: how can we prioritize and integrate strong financial management into the YWCA’s DNA?
- Interviews with a sample of 37 CEOs of “financially healthier” YWCAs, based on the analysis of 990 data
- A web survey of all local YWCAs, completed in June 2012

More information on the timing and purpose of each component is included in Attachment 3.

II. SUMMARY OF FINDINGS

The summary results of each consecutive data collection component of the FVTF follow.

(1) YWCA Disaffiliations

As of April 1, 2012 there were 243 affiliated YWCAs, a drop of 55, or 18.5% since January 1, 2003. Of the 55:

- 27 YWCAs, or 49% of those disaffiliated, ceased to exist
- 22 YWCAs, or 40%, continued to function in some non-YWCA capacity
 - 10 continued to serve their local communities under new names
 - 10 merged with or gave their programs/assets to other non-profit organizations
 - 2 liquidated their assets and became women’s foundations
- The status of 1 (2%) YWCA was unresolved.
- 5, or 9% merged with stronger YWCAs in their vicinity

Financial issues were identified as a primary/major cause in 76% of the disaffiliations (42 YWCAs). See Attachment 4 for a list of the primary factors contributing to financial

failure. As indicated, financially weak CEOs and Boards were cited most often, followed by weak community support and fundraising, insufficient administrative infrastructure and inadequate mission-focus. Poor service quality or financial irregularities were not a significant cause of disaffiliation.

Smaller YWCAs were disproportionately represented in those disaffiliated: 100% had budgets under \$2.5 million, and 62% were under \$500,000.

(2) Successful Mergers Between YWCAs

The Task Force viewed successful mergers among local YWCAs as a positive outcome and reviewed these four mergers:

- YWCA Blount County, Tennessee went with YWCA Knoxville
- YWCA Oakland went with YWCA Berkeley
- YWCA Sacramento went with YWCA Contra Costa
- YWCA Elkhart went with YWCA St. Joseph County, Indiana

The key factors we associated with success of the merger---on both the “Mergee” and “Merger” side of the equation are listed in Attachment 5. As indicated, success is associated with:

- A positive, can-do attitude of both parties: the smaller organization sees the merger as an opportunity to take their YWCA to a new level of development, not as “failing”. It’s a “declaring victory” attitude. The larger organization has a “win-win” mindset, treats all parties with respect, welcomes the opportunity, and effectively integrates staff and programs into the combined organization.
- The Right Timing: there is a “window of opportunity” where the smaller organization still has strong programs, assets, and a positive reputation in the community. The Board and staff leaders look ahead, see trends and challenges i.e. “the writing on the wall”, and choose to merge while they are still attractive to the surviving organization.
- A “Champion”: Both sides of the equation have a strong Board or Staff leader who provides energy and momentum to the effort, encourages and supports their colleagues, and works tirelessly to make it happen.

Mergers are most likely to occur when there is a vacancy in the CEO position at the mergee organization, or the position is filled by an interim CEO, often a consultant.

(3) 2010 Regional Meeting Discussions

Financial Vitality Task Force Focus Groups were conducted at all 9 Regional meetings in Fall, 2010, with 191 YWCAs participating. The findings are presented in Attachments 6 and 7. When asked to give an assessment of the current financial health of their YWCAs, the CEO/Volunteer teams reported their financial status as follows:

- Struggling/struggling but Improving: 50%
- Breaking even: 16%
- Small or moderate fund balance: 21%
- Financially strong: 13%

Participants identified 4 key “Cornerstones” for a financially healthy YWCA:

- Financial responsibility is an organizational priority, reflected in Board and staff competencies, strong financial systems and practices, and a healthy mix of funding sources.
- CEO and Board leadership is strong: analytical, nimble, effective partners and collaborators, and financially astute
- The YWCA has broad-based community engagement: strong reputation, significant donor base, effective stewardship
- Mission implementation is effective: clearly articulated and inclusive

Regional meeting participants felt that the YWCA Regions (now the National Office) could play a significant role in helping to build financial capacity at local YWCAs through training and technical assistance focused on building financial and fundraising expertise, and possibly by expanding Region-level functions and best practice resources.

(4) Analysis of 990 Data for 2009

To assess the over-all financial vitality of local YWCAs, the Task Force identified 10 standards and ratios, based on a review of research and best practices, that would provide a “dashboard” for monitoring financial performance and trends. They are outlined in Attachment 8. Key findings are presented in Attachment 9. As indicated:

- The YWCA has a very significant nationwide scope—measured in terms of “social capital” development, provision of services, client “reach”, and employment
- Our overhead rates and fundraising costs are reasonable/low
- Our Business/Financial Model is very challenging: we rely heavily on government support and significantly subsidize our client services.
- We are struggling financially—64% of our local YWCAs had operating deficits in 2009, and 66% have less than 3 months “cash on hand”.

Our 5 largest YWCAs, with budgets of \$16 million+, represent only 2% of the total number of YWCAs but 30% of the combined annual operating budgets. Many of our YWCAs are small: 36% have budgets under 1 million, and 19% under \$500,000

(5). Survey of 37 “Financially Higher Performing YWCAs

Our Task Force used the 990 data to identify 37 higher performing YWCAs of all sizes, and conducted interviews with their CEOs. The findings are presented Attachment 10. As indicated:

- The CEOs: Almost half of the CEOs had been with the YWCA for 10 or more years. A total of 59% had advanced degrees or studies, and more than 3/4ths have significant business experience. The vast majority (92%) were seen as strong leaders in their community. A significant majority (71%) report that they are compensated at or above the median for similar positions in their communities.
- Key YWCA Programs: The most significant programs provided by the financially healthier YWCAs focus on:
 - Childcare and youth development (82%)
 - Domestic violence/sexual assault (59%)
 - Housing—emergency, transitional, long-term (53%)
- Program Qualities that Promote YWCA Economic Vitality: The YWCA is seen as the pre-eminent provider in specific program areas in the community....the “go-to” organization. Programs are efficiently designed, managed, and taken to scale; their outcomes are well-documented and successful.
- Business Models: These YWCAs tend to have a pervasive culture of responsible financial management, strong board and staff leadership, strong financial systems, and diverse revenue streams. All Board and staff members understand the financial dynamics of the organization at an appropriate level, and the role they play in the YWCAs success. These YWCAs regularly evaluate the impact and cost-effectiveness of their programs, monitor budgets carefully, develop timely and meaningful financial reports, and take corrective action as needed

(6). Web Survey of All Local YWCAs

A total of 190 YWCAs, or 78% of all YWCAs, responded to a web survey conducted in May-June 2012. Our primary purpose was to:

- Identify high-priority training/technical assistance needs
- Explore interest in YWCA/YWCA mergers
- Assess support for the development of “Signature” YWCA programs and fundraising events
- Identify the “intangible” assets that local YWCAs perceive as helping them move through difficult times to a bright future

The findings are presented in Attachments 11-15 and briefly summarized below.

(a) Training and Technical Assistance Priorities

We asked local YWCA leaders to rate how they would “value” training and technical assistance in 48 specific areas. The combined “very helpful” and “somewhat helpful” responses exceeded 80% in all but 9 areas.

More than 50% of our respondents identified training/technical assistance as “very helpful” in the following areas:

- Financial Planning and Accountability
- Effective Fundraising
- Governance and Leadership
- The YWCA CEO as Community Leader
- Facility Management
- Capital Projects and Campaigns

See attachment 11 for additional details.

(b) Development of YWCA “Signature Programs”

More than 3/4ths of the respondents (79%) indicated that they were interested in the YWCA USA developing “Signature YWCA Program Models” that 1) serve women from a broad range of income levels and 2) generate a diverse funding mix. Only 9% opposed it, and the rest were undecided.

Among those who supported the concept, the program ideas to be considered that were cited most often:

- Personal economic security
- Women and girls’ health and wellness
- Leadership development
- Career development

Those who were opposed were concerned that they might be required to implement a program that was not a good fit for their community....the “one-size doesn’t fit all” issue.

(c) Development of YWCA “Signature Fund Raising Events or Models”

Almost 70% were interested in the YWCA USA developing “Signature” Fund Raising Events or Models”, and 24% “didn’t know”. Almost half of those supporting the idea said that they currently have an event/model that may have potential for replication.

(d) Interest in Exploring Possible Mergers, Strategic Alliances

A number of YWCAs also expressed interest in exploring mergers or strategic alliances with other YWCAs:

- 32 YWCAs indicated they would be interested in being a “lead”
- 22 YWCAs said they would consider joining a “sister” YWCA that could provide them strength and stability

Of the rest, about an equal number said “not interested” or “don’t know”.

(e) “Assets” That Can Help YWCAs Move to a Bright Future

YWCA leaders were presented with a list of 11 potential organizational assets that could help YWCAs overcome challenges, and asked which applied to their YWCAs. Eight assets were claimed by between 51% and 90% of respondents. Those cited most often were: “a committed staff” (90%), “a wonderful history and legacy in our community” (83%) and “high quality programs that address important community needs” (79%).

The largest YWCAs cited significantly more assets (9) than did the smallest (2).

The two assets least often claimed were: “a large potential donor base” (26%) and “a strong track record for the elimination of racism” (20%).

Attachments 1-17 provide additional results from the FVTF study. More detailed information is available through the National Office.

III. RECOMMENDATIONS: OUR PATH TO LOCAL YWCA FINANCIAL VITALITY

YWCAs are clearly providing extremely important services throughout our country. We have many assets...an important mission, strong legacy, dedicated staff and volunteers, and important and effective services benefiting 2 million women, children and families. If YWCAs didn’t exist, we’d all be busy inventing them. But we face many significant financial issues and challenges that, if not addressed, can continue to erode the health and vitality of local YWCAs and our National movement.

From the beginning, the YWCA Financial Vitality Task Force agreed that we would convey and discuss our findings, conclusions, and recommendations as we proceeded with our work. We believed that what we were learning was too important to hold back for a Final Report. So we presented our findings as we went along, at Regional meetings, YWCA USA Annual Meetings, NAYE Annual conferences, and in a variety of other settings. Our work has been well-accepted at the National and local levels, and

many of our recommendations presented below are underway or included in YWCA USA going-forward agenda.

Overall, the Task Force believes that a comprehensive and significant YWCA Financial Vitality Movement is needed to create a national network of financially healthy YWCAs. Intensive work is required not just in one or two areas, but three: Creating a Strong Financial Corporate Culture; Developing a Healthy and Sustainable Business Model; and Robust Resource Development. Without a major effort, we can expect to see more YWCAs fail and others becoming increasingly frail. Our National movement will be at risk. The FVTF recommends the following framework for approaching this work.

1. WE NEED TO CREATE A STRONG FINANCIAL CORPORATE CULTURE: NO MONEY, NO MISSION

Running financially strong local YWCAs needs to be as important as anything else we do because without it, we won't be able to do anything else. We should:

1) Prioritize Financial Management

What we talk about and measure is what's important and what gets done. Let's:

- Monitor financial performance of local YWCAs, and provide support for improvement. To accomplish this efficiently, the YWCA USA should procure software for timely and efficient analysis of financial data, for example, data submitted by YWCAs in their annual 990 reports
- Regularly integrate financial management into YWCA communications: National and local meetings, YWCA website, ongoing communications
- Include financial management workshops at national meetings
- Incorporate financial management and fundraising content into our leadership development "certification" program
- Create financial performance incentives e.g. national YWCA awards and other forms of recognition
- Document and promote "best practices"

2) Develop and Implement Financial Management Tools and Training and Provide Technical Assistance

Just a few examples of training, tools, and assistance that would be beneficial:

- For Boards:
 - Board member job descriptions that incorporate financial management and fund raising responsibilities
 - Job descriptions for Finance/Audit/Fundraising Committees
- Financial expertise required in the CEO position

- For CEOs, Finance Staff:
 - Best practice budget processes and templates
 - Templates for financial presentations to Boards, including analysis
 - Contingency planning
 - Corrective action approaches
 - Approaches for engaging direct service and support staff
 - Incorporating finances into strategic planning processes

The Task Force’s web survey of local YWCAs identifies additional high priority topic areas.

2. WE NEED TO DEVELOP A HEALTHY, SUSTAINABLE YWCA BUSINESS MODEL

To increase the sustainability of local YWCAs, we should:

1). Facilitate Merger Opportunities Between YWCAs

Some YWCAs are under-resourced, over-extended, or too small yet too complex to be successful into the future. As indicated in our study findings, there is a “window of opportunity” when mergers can best be accomplished. We should:

- Create a positive mentality/attitude about YWCA/YWCA mergers....a “declare victory” approach. This includes clearly identifying the benefits, celebrating the Board and staff leadership, and providing incentives and recognition
- Approach the YWCAs who indicated in our web survey that they were interested in exploring potential mergers, and begin that exploration process
- Provide training and other assistance to the many YWCAs who reported that they “don’t know” if they want to explore mergers
- Finalize merger/strategic alliances templates, trainings and tools, and provide them throughout our network

2). Encourage Local YWCAs to Transition Key Programs from No-Fee to Fee-Generating Models Where Feasible, and Take Other Steps to Increase Sustainability

Many local YWCAs, to their credit, provide critical and often cost-intensive services to women, children and families who have little or no ability to pay. This causes heavy reliance on the on government funding and its vagaries, and can put YWCAs at great risk. Some examples of possible mitigations:

- Transition to more sustainable program models: e.g. refocus from emergency or transitional housing to long term housing; provide child care to families of all income levels; focus on less staff-intensive programs (e.g., programs with the YWCA as the intermediary instead of the direct service provider)

- Seek cost reductions e.g. provide child care in pro-bono space provided by a community college
- Develop fee schedules that require clients to participate financially, based on ability to pay
- Advocate with local government for timely reimbursement of contract expenses, and for removal of penalties related to earned income
- At the National level, advocate to remove restrictions related to program fees

3). Develop YWCA “Signature” Programs That Expand Our Constituency and Improve Our Financial Vitality

In recent decades, most YWCAs have moved away from programs serving middle income/upper income women, towards programs addressing critical needs of women without resources. Although very commendable from a community needs perspective, this puts great stress on the finances of local YWCAs.

To help local YWCAs achieve a more sustainable revenue mix, the YWCA USA should carefully research and develop one or two strategic “Signature” YWCA programs that: 1) serve women/families with resources to pay for the service and 2). develop a middle/ upper income constituency.

Signature programs would not replace but supplement effective existing services, expanding the YWCAs constituency and creating stronger budgets. There is significant support for this among local YWCA leaders.

4). Recognize 3 Additional Key Programs in Our Hallmark Work: Domestic Violence/Sexual Assault, Housing, and Child/Youth Development

Our Hallmark Programs currently focus on the Elimination of Racism and Empowerment of Women, both critical to the achievement of the YWCA’s mission. It’s important that local YWCAs continue to work diligently on both issues .

Throughout the country, YWCAs also focus a significant share of their resources on the issues of domestic violence/sexual assault, housing and child/youth development. The YWCA can claim leadership in these fields. Awareness of these issues is high in local communities and programs that address them are valued.

Putting a spotlight on the YWCA’s critical work in these areas will increase our visibility, strengthen the YWCA’s influence and support at the National level, and benefit local associations.

5). **Encourage Local YWCAs to Further Focus Their Programmatic Resources and Become “Leaders”/“Go To” Organizations in Their Key Program Areas**

YWCAs work very hard to respond to local issues and needs. In many cases, this has resulted in a proliferation of programs at local YWCAs, often spreading resources too thin, overburdening staff and volunteers, and creating a lack of focus.

Our goal should be to:

- Maximize our program effectiveness
- Move to more cost-efficient program models
- Scale-up our most important programs to expand impact and increase efficiency
- Step up to community leadership in these issue areas e.g. participate in and provide leadership in relevant local coalitions and partnerships; promote the YWCA’s work in these areas and become a “go to” organization.

The McMillan Matrix is a good tool for initiating this process has been used effectively by a number of YWCAs.

3. ROBUST RESOURCE DEVELOPMENT IS CRITICAL TO OUR SUCCESS

In most local communities, financial support provided by donors is not commensurate with the value and impact of the local YWCA. It’s critical that we increase the number of donors who support our work and the size of gifts. The Task Force has four recommendations:

1). Provide Fund Raising Training to Key Board and Staff Leaders in Our Local YWCAs

Key fund development training priorities include:

- Development of annual fundraising plans, including compelling “Cases”
- Development of major gifts programs
- Events: evaluating and improving their cost-effectiveness and results
- Establishing planned giving/bequests/endowment programs
- Constituency development—with a special focus on middle and upper income women and families
- Donor stewardship and retention

This training should be incorporated into the “YWCA Leadership Academy” and included in certificate requirements.

2). Develop Fundraising Tools and Templates in All of the Areas Above, and Provide Technical Assistance to Help Local YWCAs Improve Their Results

Many local YWCAs lack the resources to develop the systems and tools required for successful fundraising. Availability of tools and templates that YWCAs can adapt to their local organizations will enhance their fundraising success.

3). Develop One or More “YWCA USA Signature Fundraising Events” or Resource Development Models That Can Expand Revenue and Develop Broad-Based Constituencies

Local YWCAs currently plan and implement fundraisers in their communities. Strategically designed and large-scale YWCA USA initiatives could enhance these efforts and provide much-needed additional resources and visibility to local YWCAs.

These national initiatives could take the form of events such as the Komen Race for the Cure; revenue development projects such as the Habitat for Humanity “Restores”; or the comprehensive, multi-faceted membership-based programs of AARP and AAA.

4). Consistently Incorporate Financial Vitality Issues into the YWCA USA Public Policy Agenda

Federal policy advocacy on funding/financial issues is potentially a very high-value national office function. It’s something local YWCAs cannot do nearly as effectively for themselves. This should include:

- Advocating for funding of Federal programs with heavy local YWCA involvement
- Advocating for the retention/expansion of benefits to the non-profit sector
- Joining/forming/providing leadership to national organizations focusing on the YWCAs key program capabilities.

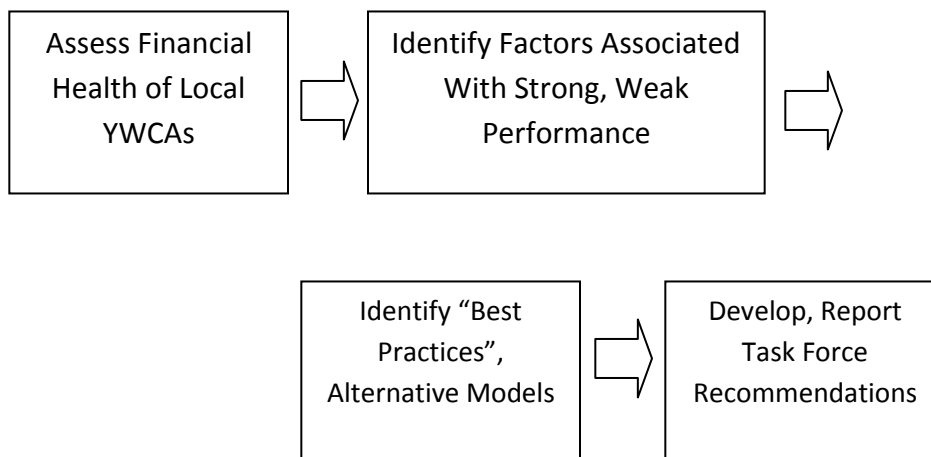
The FVTF believes that successful implementation of these recommendations will position local YWCAs...and our National Movement....for a financially stable and vibrant future.

IV. FVTF REPORT ATTACHMENTS

1. YWCA Financial Vitality Task Force Members

Rita Ryder, YWCA Northwest Region, Task Force Chair
Gloria Lau, YWCA USA Interim CEO (beginning 4.11)
Martha Breunig, YWCA New England Region
Ruth Irving-Carroll, Mid-Atlantic Region (through 11.10)
Linda Cavioli, President, Regional Leadership Council
Christie Dailey, YWCA Southwest Delta
Melanie Fitzgerald, YWCA Northeast Region
Carolyn Flowers, YWCA Southeast Region (through 4.11)
Diane Glenwright, Chair, Mid-Atlantic Finance Committee
Clare Gravon, Greater Heartland Region
Casey Harden, Mid-Atlantic Region (beginning 11.10)
Becky Hines, YWCA Great Lakes Alliance Region
Holly Jones, YWCA Southeast Region (beginning 11.11)
Kay Kelly, YWCA Pacific Region
Mary O'Brien, Chair, New England Region Council

2. Our Study Approach



3. Study Design/Data Collection Techniques		
Data Collection Components	Data Collection Time Frame	Focus/Purpose
Analysis of 55 YWCAs Disaffiliated 2003-April, 2012	June 2010-April 2011	<ul style="list-style-type: none"> • Determine incidence: # of YWCAs disaffiliated • Reasons for disaffiliation • Key factors when economic difficulties were a major cause of disaffiliation
Analysis of YWCA/YWCA Successful Mergers	Fall, 2010	<ul style="list-style-type: none"> • Determine incidence: # of successfully completed mergers • Identify the factors (both parties) that were associated with success
Focused discussions at Fall 2010 Regional Meetings	Sept.-Nov., 2010	<ul style="list-style-type: none"> • Assess local leaders' perception of the financial health of their YWCAs • Generate input on "cornerstones" of financially successful YWCAs • Begin to prioritize/talk about local YWCA financial issues
Review of 990 data for 2009	Spring, 2011	<ul style="list-style-type: none"> • Measure financial status of local YWCAs • Identify "higher performing" YWCAs • Develop a set of national YWCA statistics
Focused discussion at 2011 Fall Regional Meetings	Sept.-Nov. 2011	<ul style="list-style-type: none"> • Continue the conversation • Generate input on this issue: How can we make financial excellence a YWCA priority? How do we get it into our DNA?
A closer look at 37 "financially healthier" YWCAs	Nov. 2011-April 2012	<ul style="list-style-type: none"> • Identify CEO characteristics associated with success • Identify other governance/ financial/ programmatic characteristics associated with success • Solicit input/ideas from successful CEOs
Web survey of all local YWCAs	May/June 2012	<ul style="list-style-type: none"> • Continue the conversation • Get update on perceived financial health • Identify most highly-valued areas for training/technical assistance/templates • Test support for "Signature Programs" and "Signature Fundraising Events" • Test interest in mergers/strategic alliances • Identify non-economic assets

4. Factors Contributing To Financial Failure Of Disaffiliated YWCAs

- Weak CEO: Insufficient management/leadership skills: 68%
- Weak Board: 65%
- Weak community support: 62%
- Weak fundraising program: 57%
- Insufficient administrative infrastructure: 57%
- Association not mission-driven: 57%
- Board/CEO Conflicts: 43%
- Poor financial systems, policies, procedures: 43%
- Building/facility in disrepair: 42%

Smaller YWCAs over-represented: 100% had budgets under \$2.5 million; 62% had budgets under \$500,000.

Poor service quality, financial irregularities were not a significant cause.

5. Factors Associated With Successful YWCA/YWCA Mergers

The “Mergee”:

- Has a good reputation in the community
- Has assets of value e.g. contracts for funding, a facility, endowment, savings
- Serves a geographical area of interest to and within a close distance of the “Merger” (e.g. 30 miles)
- There is currently an interim CEO or the CEO position is vacant
- Key Board members are enthusiastic, analytical, see the “big picture”
- The Board and senior staff have a “declaring victory” attitude re. the merger

The “Merger”:

- Has a strategic interest in expanding to the new geographical area
- Clearly identifies all of the information it needs from the “merge”
- Respects the mergee’s Board and staff; honors their commitment and effort
- Integrates the organization effectively: e.g. changes the name to match new geographical area, invites one or more Board members to join surviving Board, integrates staff, effectively stewards the “mergee’s” stakeholders

Overall, the process is thoughtful and thorough, but maintains momentum and pace.

**6. Local YWCAs Financial Self-Assessments
Fall, 2010 Regional Meetings
(191 YWCAs Reporting)**

<ul style="list-style-type: none"> • Struggling/Deficit: • Struggling but Improving: • Breaking Even • Small Fund Balance • Moderate Fund Balance • Financially Strong • Other 	<p>18%</p> <p>32%</p> <p>16%</p> <p>14%</p> <p>7%</p> <p>13%</p> <p>1%</p>
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**7. Most Important “Cornerstones” For A Financially Healthy YWCA
(Fall, 2010 Regional Meetings)**

<p>Financial Responsibility is a Priority</p> <ul style="list-style-type: none"> • Financially skilled Board/Finance chair • Financially competent CEO/CFO • Strong financial policies, systems • Conservative budgets, contingency plans • Strategic planning has financial focus • Diverse funding base/limited govt. • Facilities proactively maintained • Reserves, endowments built and preserved 	<p>CEO & Board Leadership is Strong</p> <ul style="list-style-type: none"> • Nimble, creative, ingenious • Analytical • Take timely action • Open to change • Create strong community partnerships • Board/staff leadership continuity (low turnover) • Good business sense informs decisions
<p>The YWCA Has Significant Community Support</p> <ul style="list-style-type: none"> • Visibility, positive reputation • Community leaders are engaged • Robust Board commitment to fundraise • Strong fundraising staff & systems • Strong donor base • Younger generations engaged • Effective cultivation and stewardship 	<p>The YWCAs Mission Implementation is Strong</p> <ul style="list-style-type: none"> • Mission clearly articulated, broadly defined, inclusive • Drives programming • Board/staff confident in purpose

8. Measures Of Financial Health/Financial Ratios		
RATIO	MEASURE	FVTF VITALITY STANDARD
Net Operating Margin	$\frac{\text{Total Annual Expense} - \text{Total Annual Income}}{\text{Total Expense}}$	2-5%
Cash on Hand "Defensive Interval"	$\frac{\text{Cash} + \text{Savings}}{\text{Total expenses} - \text{depreciation}/12}$	3-6 months
Govt. Dependency	$\frac{\text{Total Gov. Funding}}{\text{Total Revenue}}$	Less than 50%
Net Assets as % of Total Expense	$\frac{\text{Net Assets}}{\text{Total Expense}}$	50%+
Capital Intensity	$\frac{\text{Building \& Equipment}}{\text{Total Assets}}$	Less than 75%
Self-Sufficiency	$\frac{\text{Non-Govt. Income}}{\text{Expense}}$	50%+
Community Support	$\frac{\text{Total Fundraising Rev.}}{\text{Total Revenue}}$	10%-30%, based on budget size
Administrative Support (overhead)	$\frac{\text{Administrative Costs}}{\text{Total Expenses}}$	10-25%
Fundraising Costs	$\frac{\text{Fundraising Costs}}{\text{Total Expenses}}$	5-10%
Liquidity	Net Liquid Assets	No standard set

9. Some Highlights Of 2009 990 Data Analysis

The Nationwide Significance and Scope of the YWCA

- The YWCA is a major employer, with 21,961 staff nationwide
- We're a significant developer of "Social Capital"
 - 3,825 volunteers in governance
 - 43,428 volunteers engaged in our work
- We provide substantial services, valued at \$696 million
- More than 2 million people benefit from our services

More Positive Data

- We have 131,000 donors
- Reasonable overhead rates: Average, 13%; only 12% of YWCAs exceed 25%
- We gained net worth in 2008: net operating margin up 1% compared to a 8% decline in 2008
- Fundraising proceeds significantly exceed fundraising costs

Financial Challenges: Our Fragile Business Model

- We heavily subsidize clients: program revenue averages 26% of operating budgets
- We rely heavily on government support:
 - 26% of our YWCAs are 50%+ dependent on government funds
 - 3 of the largest 5 YWCAs have 90% government funding
- We make a modest investment in fundraising—averaging 3% of budget
- Only 21% of our revenue comes from "community support"
- 64% of YWCAs had operating deficits
- 66% of YWCAs have less than 3 months of "cash on hand"
- Most YWCAs are small; the largest 5 YWCAs (2%) account for 30% of the combined budgets of all YWCAs

10. Findings From The Survey Of 37 Financially “Higher Performing” YWCAs

The “Business Model” of Financially Healthier YWCAs

- A pervasive culture of responsible financial management:
 - Board prioritizes its fiduciary responsibilities
 - All staff understand, “own” financial health of YWCA
- Mission-driven, financially skillful and engaged Board, CEO
- Strong Board involvement in financial oversight: expertise, continuity
- Regular, timely financial reports with succinct and meaningful analysis
- Timely corrective action
- Diversified revenue streams, including program fees
- Ongoing, objective review and reevaluation of the cost, impact, and subsidies of each program

Key Programs of “Financially Healthier” YWCAs

- Childcare/Youth: 82%
- Domestic Violence/Sexual Assault: 59%
- Housing: Emergency, Transitional, Long-Term: 53%
- Eliminating Racism/Racial Justice (broadly defined): 32%
- Employment/Economic Self-Sufficiency: 29%
- Aquatics and Fitness: 24%

Program Qualities That Promote YWCA Economic Vitality

- Address widely recognized community needs, priorities
- Leadership: The YWCA is the go-to organization on the issue, a pre-eminent provider in the community
- Careful attention to/focus on fees: all clients participate according to their ability
- Healthy mix of subsidized and self-supporting programs, including some with constituencies who can pay for services and make donations to the YWCA
- Programs efficiently designed and managed: taken “to scale” and cost-effective
- Successful, well-documented outcomes

WEB SURVEY OF 190 LOCAL YWCAS

Attachments 11-15

11. Training/Technical Assistance Rated “Very Helpful” By 50%+ Of Web Survey Respondents (n=190)	
AREAS	% INDICATING “VERY HELPFUL”
FINANCIAL PLANNING & ACCOUNTABILITY	
• Strategic planning with strong financial component	61%
• Program evaluation with strong financial component	61%
• Budgeting “best practices”	56%
• Developing business plans	52%
• Performance measurement e.g. “dashboards”	52%
EFFECTIVE FUNDRAISING	
• Planned gifts/endowment	72%
• Major gifts	71%
• Fundraising megatrends	65%
• Constituency development	64%
• Annual fund	63%
• Developing an annual fundraising plan	60%
• Donor stewardship	60%
• Effective use of social media	57%
• Developing mission-based “Case” for support	56%
• Fundraising systems e.g. databases	54%
GOVERNANCE & LEADERSHIP	
• Assessment of Board performance	59%
THE CEO AS COMMUNITY LEADER	
• Identifying/pursuing the most strategic opportunities	55%
• Establishing the YWCAs leadership	64%
YWCA FACILITIES MANAGEMENT	
• Maximizing revenue potential	65%
• Preventive maintenance planning	54%
CAPITAL PROJECTS & CAMPAIGNS	
• Special resource opportunities e.g. tax credits	57%

<p>12. Interest In Development Of YWCA USA Signature Program Models That: 1) Serve Women From A Broad Range Of Income Levels And 2) Generate A Diverse Funding Mix</p>
<p>Yes: 79% No: 9% Don't Know: 13%</p> <p>Program Areas Most Interested in Pursuing (only 1 choice allowed):</p> <ul style="list-style-type: none"> • Personal Economic Security: 24% • Women and girls health and wellness...healthy life styles: 23% • Leadership development: 19% • Career development: 16% • Civic involvement/leadership: 7% • Volunteerism (e.g. alone, with co-workers, with their children): 3% • Personal safety: 3%

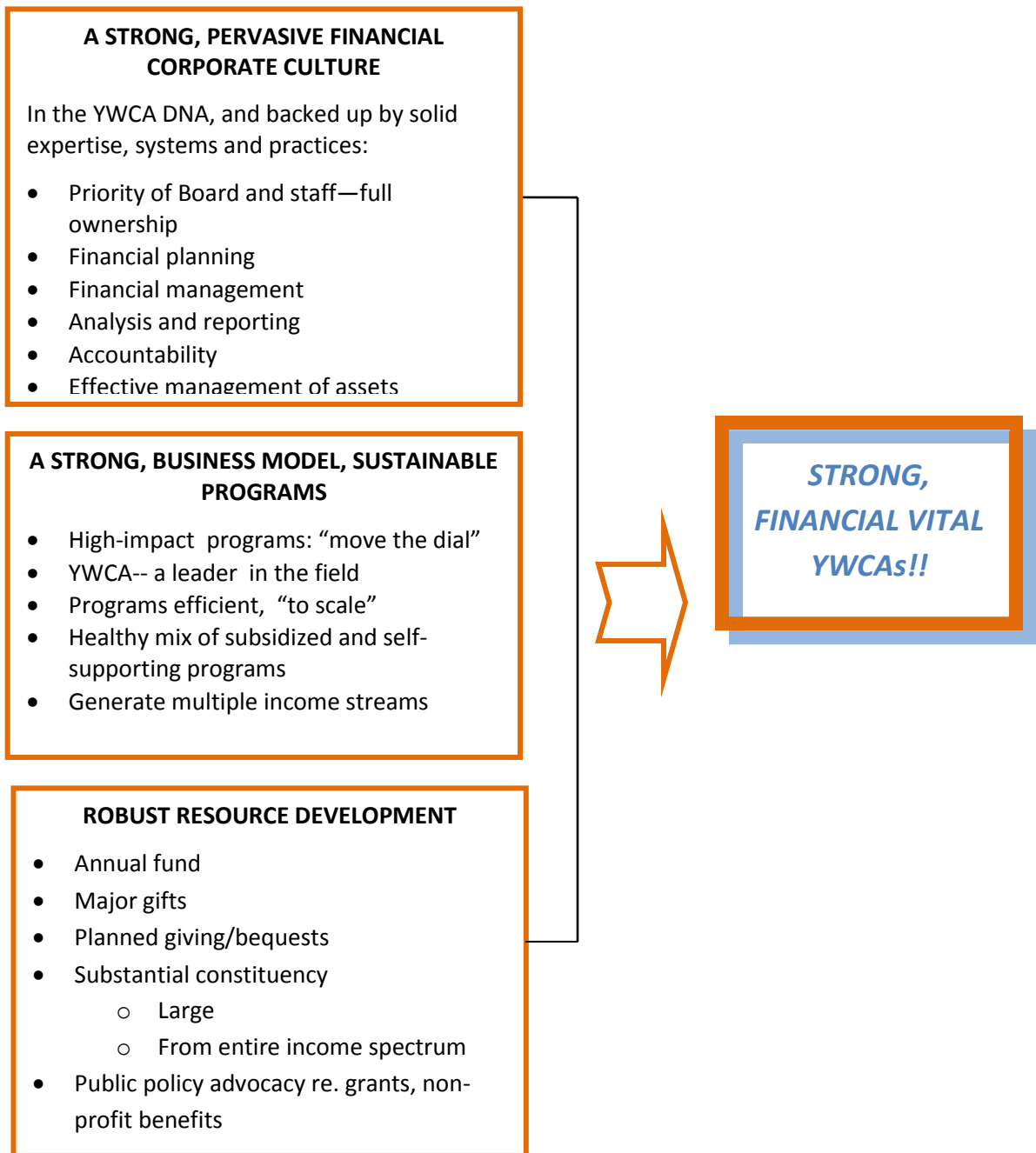
<p>13. Interest In Development Of YWCA USA Signature Program Fundraising Events Or Models</p>
<p>Yes: 69% No: 8% Don't Know: 24%</p>

<p>14. Interest In Exploring A Strategic Alliance/Merger With A Nearby YWCA</p>
<p>Yes, we could possibly be a "lead": 32 YWCAs</p> <p>Yes, we would consider joining g forces with a sister YWCA who could provide needed infrastructure and support: 22 YWCAs</p> <p>No: 67 YWCAs</p> <p>Don't Know: 65 YWCAs</p>

15. “Assets” That Can Help Your YWCA Move To A Bright Future

<p>Highest Responses of Surveyed YWCAs:</p> <ul style="list-style-type: none"> • A committed staff • A wonderful history and legacy in our community • High quality programs that address important community needs • Strong community collaborations • A committed Board of Directors • A solid reputation for quality and integrity • A strong track record of empowering women • Strong support from individuals, foundations, corporations 	<p align="right">90%</p> <p align="right">83%</p> <p align="right">79%</p> <p align="right">76%</p> <p align="right">75%</p> <p align="right">75%</p> <p align="right">57%</p> <p align="right">51%</p>
<p>Lower Responses:</p> <ul style="list-style-type: none"> • Great volunteers • A large potential donor base • A strong track record working for the elimination of racism 	<p align="right">47%</p> <p align="right">26%</p> <p align="right">20%</p>

16. CRACKING THE CODE TO LOCAL YWCA FINANCIAL VITALITY



17. Summary of FVTF Recommendations

- | |
|---|
| <p>I. We Need To Create A Strong Financial Corporate Culture: No Money, No Mission</p> <ol style="list-style-type: none">1) Prioritize Financial Management2) Develop and Implement Financial Management Tools and Training, and Provide Technical Assistance |
| <p>II. We Need To Develop A Healthy, Sustainable YWCA Business Model</p> <ol style="list-style-type: none">1) Facilitate Merger Opportunities Between YWCAs2) Encourage Local YWCAs To Transition Key Programs from No-Fee to Fee-Generating Models Where Feasible, and Take Other Steps to Increase Sustainability3) Develop YWCA “Signature” Programs that Expand Our Constituency and Improve our Financial Vitality4) Recognize 3 Additional Key Programs in our Hallmark Work: Domestic Violence/Sexual Assault, Housing, and Child/Youth Development5) Encourage Local YWCAs to Further Focus Their Programmatic Efforts and Resources, and Become Leaders/Go-To Organizations in Key Areas |
| <p>III. Robust Resource Development is Critical to Our Success</p> <ol style="list-style-type: none">1) Provide Fund Raising Training to Key Board/Staff Leaders in Our Local YWCAs2) Develop Fundraising Tools and Templates, and Provide Technical Assistance3) Develop One or More “YWCA USA Signature Fundraising Events” or Resource Development Models that can Expand Revenue and Develop Broad-Based Constituencies4) Consistently Incorporate Financial Vitality Issues Into the YWCA USA Public Policy Agenda |