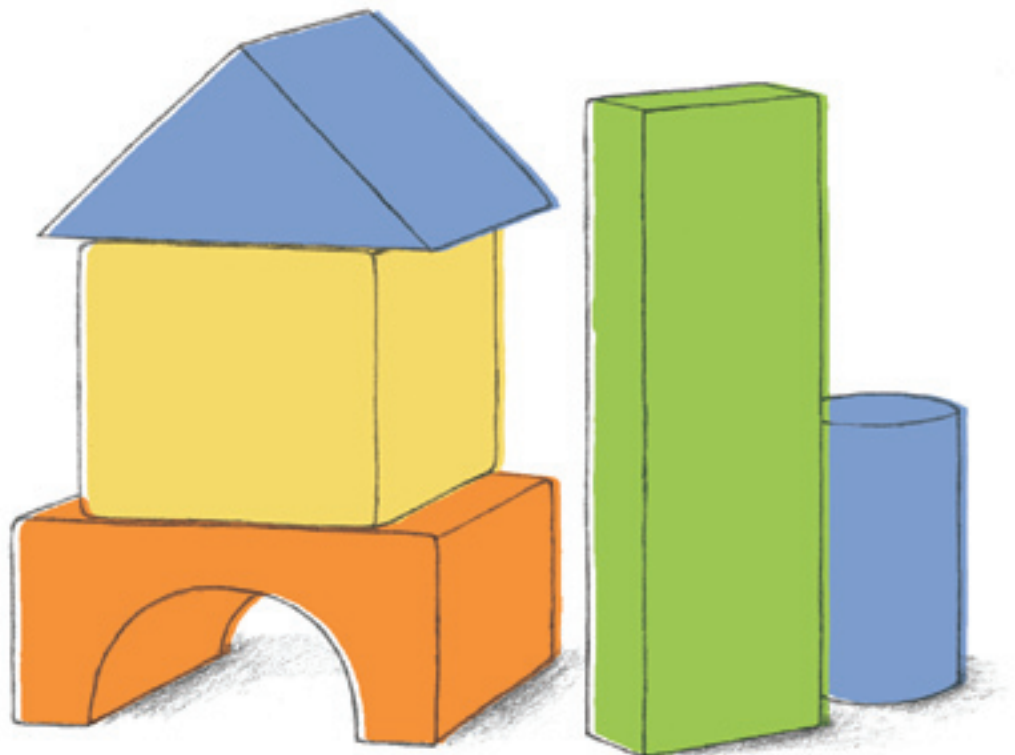


# Pressing issues impacting New Zealand's **Not for Profit sector**

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Grant Thornton Not for Profit Survey 2009/2010



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# Executive summary

The Grant Thornton 2009 Not for Profit survey was designed to build on some of the findings from the previous years' surveys but to review new areas of interest as well as looking at some of the trends in the sector as noted by Grant Thornton International. This year we have looked at the ways people are responding to the global economic downturn.

## Key Findings to emerge include:

- Despite the current economic conditions there is no change to the **three most challenging** issues facing the Not for Profit sector: financing the activities of the organisation; fundraising; and the role of the board and other governance issues.
- It is fair to say that most Not for Profit organisations are responding to the economic downturn by taking a closer look at their cost base to ensure **spend is essential**, closely monitoring all financial statements with many taking steps to improve their understanding of the key risks to their businesses.
- Less than half of the Not for Profit organisations are open to either **consolidation and/or merging** with other 'like' organisations.
- Those open to merging or consolidating have very little interest in the amalgamation of branches and are more supportive of the option of focusing back on **core businesses**.
- Whilst financing the activities of the organisation and fundraising continue to be the most significant issue challenging Not for Profit organisations, of those that do have a **specific development and fundraising committee**, only two thirds claim they are at all effective.
- **Previous surveys** have shown that respondents believe their board's most important task is strategic planning, however only 63% of those who participated in this survey believe their board members to be strategic thinkers.
- It still remains that a high percentage of organisations are producing financial budgets or forecasts that only look out for a period of up to 12 months. In these uncertain times organisations should be looking to **budget for 24 or 36 months in advance**.

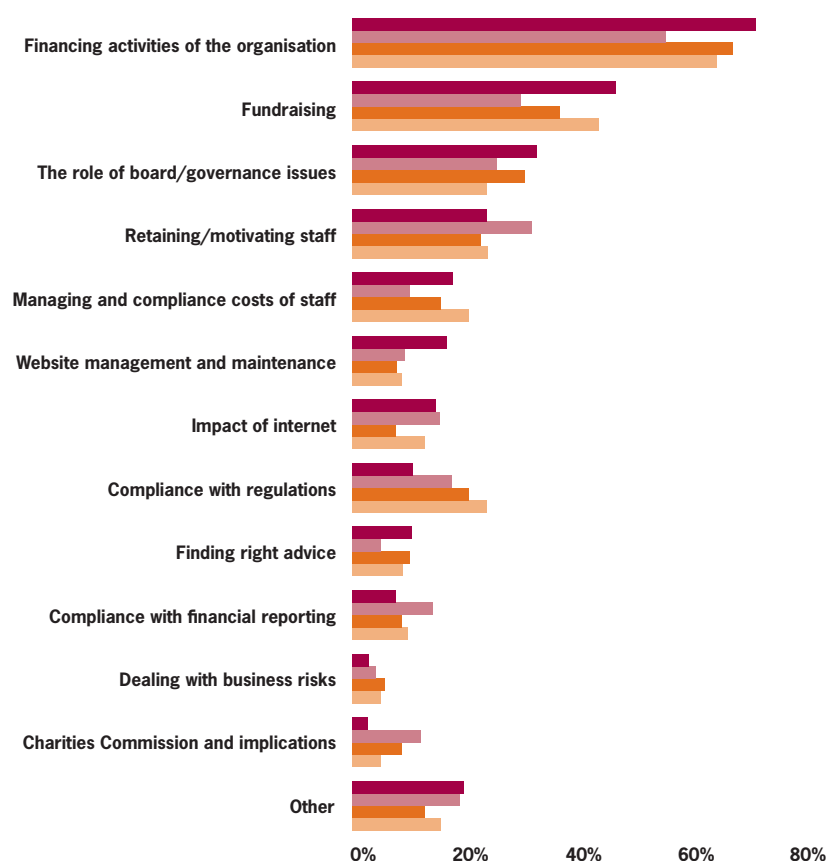
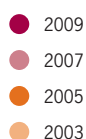
# Significant issues challenging the Not for Profit sector

This year, as in our previous surveys, respondents to our survey were asked to identify the three most significant issues challenging their Not for Profit organisation. Once again financing the activities of the organisation topped the pole with fundraising as the second most significant issue. Other significant

issues representing a greater challenge to Not for Profit organisations compared previously are finding the right advice and website management and maintenance. We also note that retaining and motivating staff has slipped from third to fourth position in the league of most significant issues.

This could indicate the increasing availability of a larger pool of volunteers given the current economic outlook or perhaps that greater priorities for this sector have emerged over the last couple of years.

**Fig 1: Most significant issues challenging the NFP sector**



Financing the activities of the organisation and fundraising are the two biggest movers in the survey this year. Financing the activities of the organisation is an increasingly significant issue for the Not for Profit sector. With 72% of respondents saying that it is one of the three most significant issues currently facing them and their organisation. It is at the highest level recorded since 2003 and demonstrates a statistically significant increase on the 56% recorded in 2007.

Fundraising is also an increasing issue for respondents with levels of concern rising above the levels recorded previously. Again this increase is statistically significant when compared to the 2007 result. It was noted in a recent Grant Thornton USA survey - 2008 National Board Governance Survey for Not for Profit Organizations that "Americans were expected to spend – and donate – frugally for the foreseeable future. Those who do donate are expected to be selective and are more likely to choose organisations with which they have a personal or professional connection". Many Not for Profit organisations have been increasing their fundraising focus through strengthening relationships with long-time donors.

### **The role of the board/ governance issues**

Governance has been the key 'buzzword' in both the Not for Profit and commercial sectors over the past few years. This is reflected by its continual significance to our respondents, with

33% flagging Governance issues, up from 26% in 2007.

With the level of activity in this area over the last few years, it is disappointing to see it has become more of an issue in 2009. Maybe the increased awareness around the importance of strong governance has heightened the visibility of inadequate handling.

### **Retaining and motivating key staff**

The retention and motivation of key staff, the biggest mover in 2007 has dropped back to the levels of concern expressed in the 2005 survey. Nearly a quarter of respondents listed it as the most significant issue facing their organisation. This is a statistically significant reduction when compared to the 32% of respondents who listed it as a significant issue in 2007.

### **Website management and maintenance and the impact of the internet/IT issues**

Website management and maintenance is an increasingly significant issue for organisations with 17% of respondents listing it as one of the three most significant issues, up 8% from 9% in 2007. However, respondents rate the impact of the internet/ IT issues at 15%, slightly less than the 16% in 2007. No real surprise here. Greater knowledge sharing within the sector is occurring throughout the country but with it comes the increasing competition for the 'donation dollar' and ensuring that individual organisations are at the forefront of donors' minds.

### **Compliance with regulations and financial reporting**

Compliance with Regulations is no longer such a key issue for the Not for Profit sector with 11% of respondents, down from 18% listing it as a major issue. Compliance with financial reporting is also less of a key issue this year showing a statistically significant decrease to 8% from 15% in 2007. Has the sector now realised that the Charities Commission hasn't required significant compliance or have recent Government changes to IRD returns, general filing of information and other statutory obligations started to have a positive effect?

### **Finding the right advice**

Finding the right advice has been another significant mover in 2009 with a statistically significant increase to 11% from 5% in 2007.

### **The Charities Commission and its implications**

The Charities Commission is much less of a concern to respondents this year with only 3% claiming it to be an issue significantly down from 12% in 2007 when many organisations were in the middle of registering with the Commission for the first time.

### **Other issues**

Respondents were again invited to nominate key issues in addition to the list suggested; 20% took this opportunity and highlighted;

- strategic development and planning,
- organisational structure,
- external relationships, and
- increasing workload.

# Global economic downturn

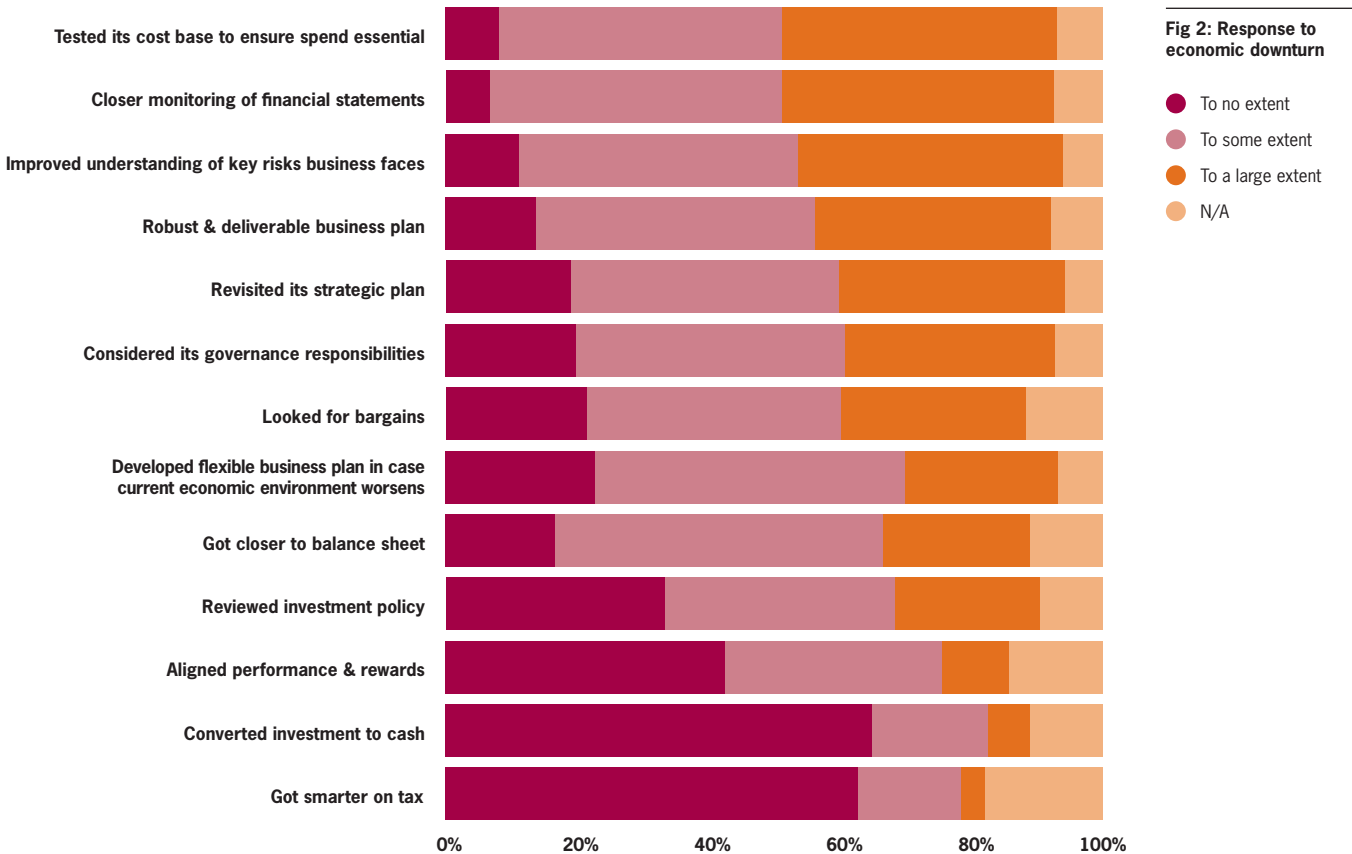
## The current environment

It's fair to say that the economic downturn is on everyone's mind. It seems that Not for Profit organisations are responding to the economic downturn in similar ways. 86% have to a certain extent tested their cost base to ensure their spend is essential or are closely monitoring their financial statements. There can be significant

improvements to be achieved through effective utilisation of both human and tangible assets. Not for Profit organisations have always ensured they are asking the right questions of their organisations and getting the best advice to maximise the effectiveness and efficiency of their operations. This needs to continue in the current environment.

84% of respondents have made efforts to improve their understanding of the key risks to the organisation.

Converting investments to cash or getting smarter on tax is not an option for many with 65% and 63% respectively stating that they have not done this at all.



**Revisiting strategic plan**

Some 76% of respondents have indicated revisiting their strategic plans due to the current economic conditions. This we find surprising.

**With so many commentators forecasting the downturn well in advance, one must ask why the Not for Profit organisations had not revisited their strategic plans prior to the downturn. In fact this sector should be well ahead of the rest reviewing their plans for post-recessionary times.**

**Reviewed investment policy**

Many organisations within the sector are reliant on investment income to make scarce resources deliver required output. 34% of organisations have not reviewed their current investment policy. Findings of the Grant Thornton USA 2008 National Board of Governance Survey for Not for Profit organisations indicate that 87% of responding organisations have a revised investment policy in place with 27% having revised their investment policy within the last year.

Given the economic downturn, we would anticipate organisations to exchange investments for more traditional bank deposits or secure investments. At all times, Trustees within the sector are ever mindful of their fiscal responsibilities as gate keepers of funds in trust for members, their societies or community. We expect that the investment policies of the 34% of respondents reflect prudent investment already rather than not having quite got around to it. The New Zealand situation appears to be vastly different to that in the USA.

**Consideration of consolidation or merger**

Nearly half of the respondents were open to the possibility of considering a level of consolidation or merger with “like organisations” in the future, with nearly a quarter saying that they would consider this.

Focusing on core business was the most frequently considered option, with 63% of the respondents that are “open” to consolidation or merger saying yes to this option in the future and 25% confirming that it is an option they may look at in the future.

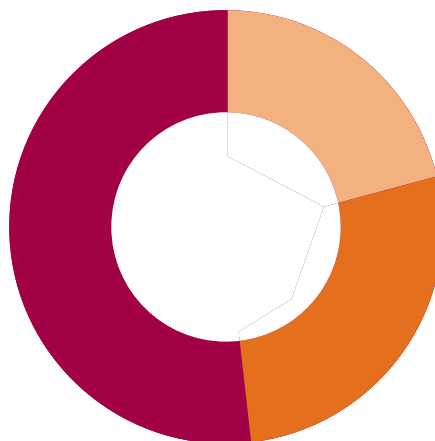
A merger with another entity was a slightly less popular option with only 37% saying that they would definitely consider it as an option and 58% saying that they may consider it in the future.

Amalgamation of branches was polarising and the least popular of the three options suggested. 29% of respondents saying that they would consider it in the future with as many claiming it was an option they would not consider at all. Just under half (46%) saying it may be an option they would consider.

Historically, organisations within this sector have not proposed or undertaken mergers for economic purposes. Many organisations reflect or represent specific sections of their sector and it is well recognised that duplication of resources occurs throughout both the region and the country. We suggest that now is the most effective time to be “talking with your neighbour”. While survey results suggest that more organisations are likely to merge with another entity than an amalgamation of their own branches – we contest that despite the internal politics, a branch amalgamation would provide “quick runs on the board”.

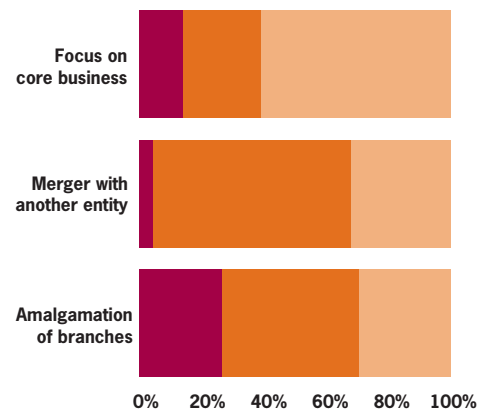
**Fig 3: Consolidation or merger with 'like organisations'?**

- No 53%
- Maybe 26%
- Yes 22%



**Fig 4: Type of merger/ amalgamation considered**

- No
- Maybe
- Yes



# Board responsibilities and skill-sets

## Effectiveness of Board committees

Demands on the Board members of Not for Profit organisations continue to mount, with additional committee commitments and more frequent meetings.

Board committees are generally appointed to focus on particular areas of board responsibility. They can devote a great deal of time to an issue before bringing it to the entire board, maximising the effectiveness of the time that the full board spends on an issue.

We must always acknowledge that a committee is not a substitute for the Board and there remains a collective responsibility.

While committees' areas of focus vary according to an organisation's purpose and programmes, certain types of committees are common to many organisations.

This year, rather than just ask which committees the organisations have, we asked respondents to rate the effectiveness of their Board committees on a five point scale from 'not at all effective' to 'extremely effective'. Overall, at least two thirds of the organisations with the different committee types say that their committees are at the least, "very effective".

59% of respondents rated their Finance committees, their main focus being to maintain a continuing overview of the financial affairs of the organisation. Nearly a third (30%) said

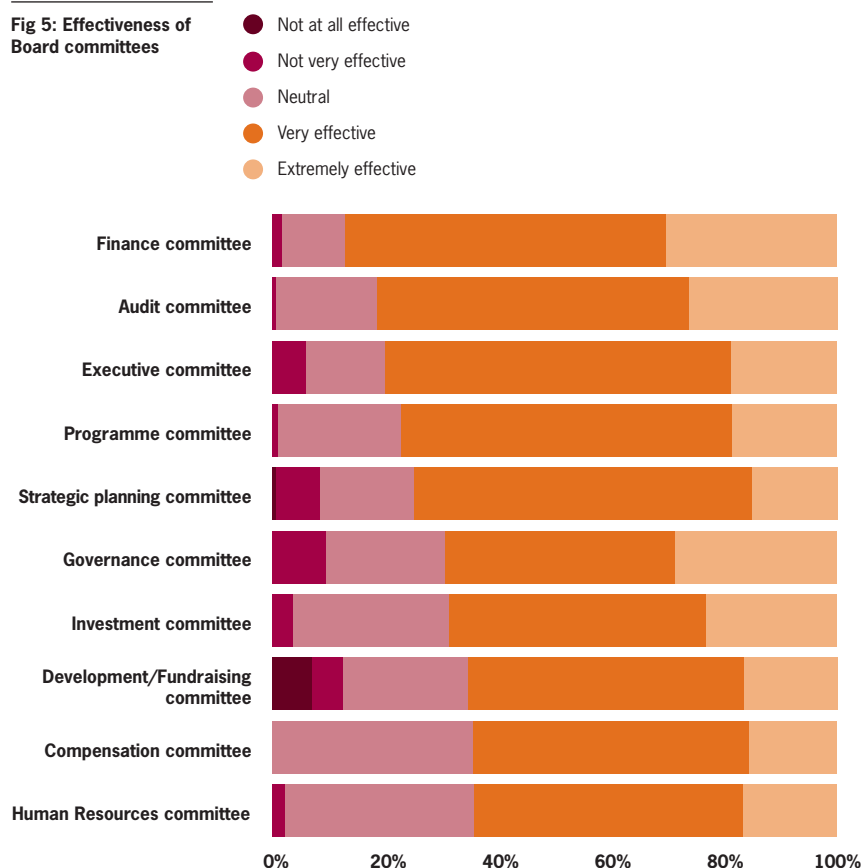
that the committee was "extremely effective", while 57% said that it was "very effective". These committees often have "specialist advisers" who will be aware or can read the financial situation of the organisation ahead of the other Board members.

An Audit committee provides independent oversight into an organisations accounting and financial reporting and oversees the organisation's annual audit. Only 44%

of all the respondents were able to rate an Audit committee. Just over a quarter rated the Audit committee as "extremely effective", and 55% rating it as "very effective". About one in five rated the Audit committee as neutral or below which raises the question of whether their purpose is being fulfilled.

Executive committees are often empowered to act for the full Board should the need arise, 71% of respondents rated an Executive

Fig 5: Effectiveness of Board committees



committee. Eight out of 10 respondents rated their Executive committee as being effective at some level (61% “very effective” with a further 19% saying that it was “extremely effective”).

Respondents have identified financing the activities of the organisation and fundraising amongst the most significant issues challenging their organisation. It is therefore not surprising that a third of respondents rated their Development / Fundraising committee as neutral, not very effective or not at all effective. Interestingly, in New Zealand individual donors appear from general discussion to be giving more to Not for Profits than ever before, however, many of the Community Trusts simply have no money to give due to the global financial meltdown.

### Skill gaps

The present economic climate forces employers to review all areas of their business and consider whether the right people are in the right place to meet current challenges and deliver against future objectives. Two questions relating to the management of Not for Profit organisations as a whole were introduced into the survey this year to identify any skill gaps that may exist. The respondents were asked to rate their Board members in terms of their leadership skills and other important attributes.

Respondents generally believe that their Board members have strong leadership skills with over two thirds of respondents who either agreed or strongly agreed with this statement.

The previous survey showed that some 22% of respondents had concerns about their ability to attract high calibre individuals to their boards. Their aim was to attract an equilibrium

between members who are experts on the organisation and those who have proven skills in governance.

81% this year agree that their Board members are knowledgeable/experienced and 93% believe they are honest and show integrity.

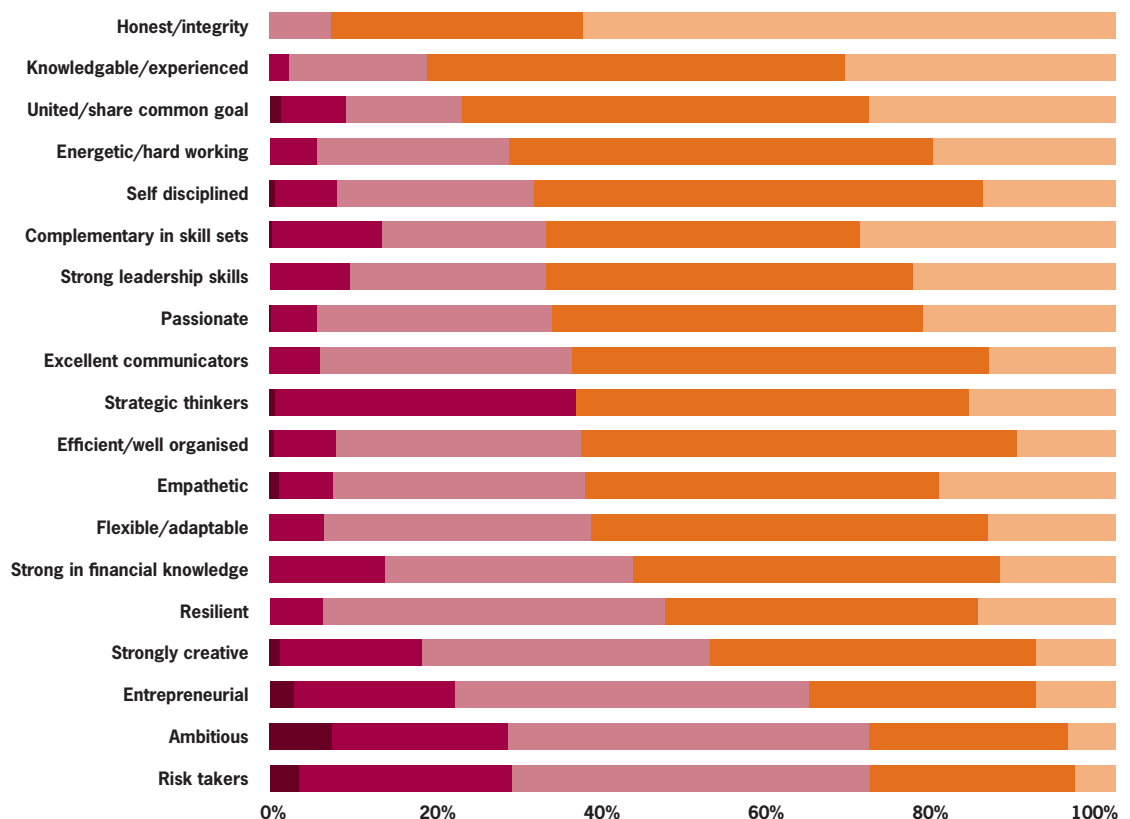
The 2007 survey showed that 47% of survey respondents believed strategic planning was the Board’s most important task, however only 63% in this survey believed their Board members to be strategic thinkers.

When it comes to leadership skills only two thirds (67%) claim that their Board members have strong leadership skills.

One in four respondents disagree that their Board members are “risk takers”, “ambitious” or “entrepreneurial”.

Fig 6: Management skill sets

- Strongly disagree
- Disagree
- Neither
- Agree
- Strongly agree



### Developing leadership skills

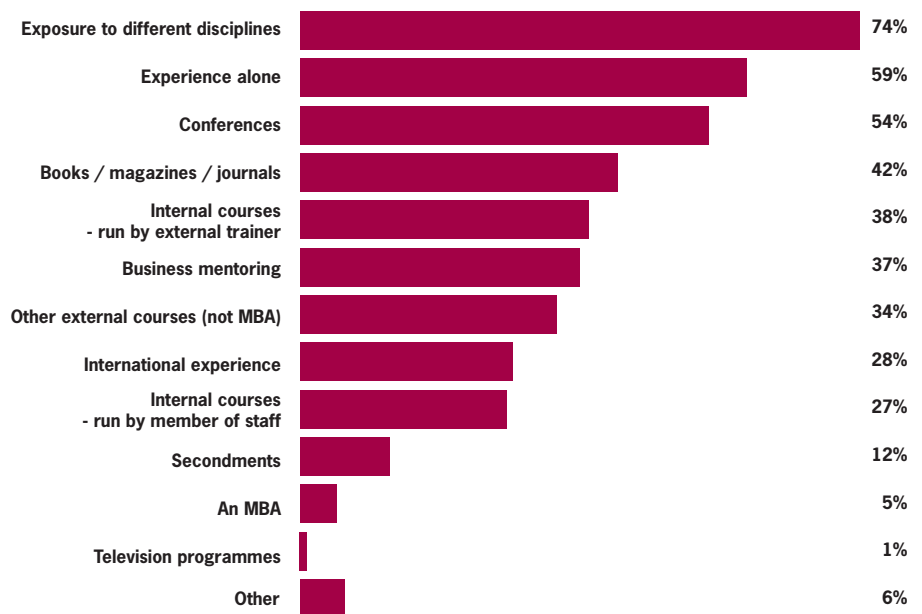
Respondents were asked to consider what would be most helpful in developing leadership skills within their organisation. With one in four respondents (23%) claiming their Board members do not have strong leadership skills, 74% believe that exposing their Board members to different disciplines would be the most helpful in developing those skills.

Many Boards are now ensuring continuing education of their Board members with specific training on courses being provided at the cost of their organisation for Board members to improve their skill set.

**Over half (54%) say that sending their Board members on conferences may also be a route to developing their skills. While 42% believe that books, magazines and journals are helpful in developing leadership skills.**

59% of respondents are however happy for their Board members to develop their leadership skills from experience alone.

**Fig 7: Components in developing leadership skills**



**Communications functions**

External communications generally fall into two types: those that can be considered as being “strategic” in nature and those that are part of the organisation’s general “operations”. Within each type of communication there is a wide variety of topics. Respondents this year were asked who in their organisation is primarily responsible for each of those communications.

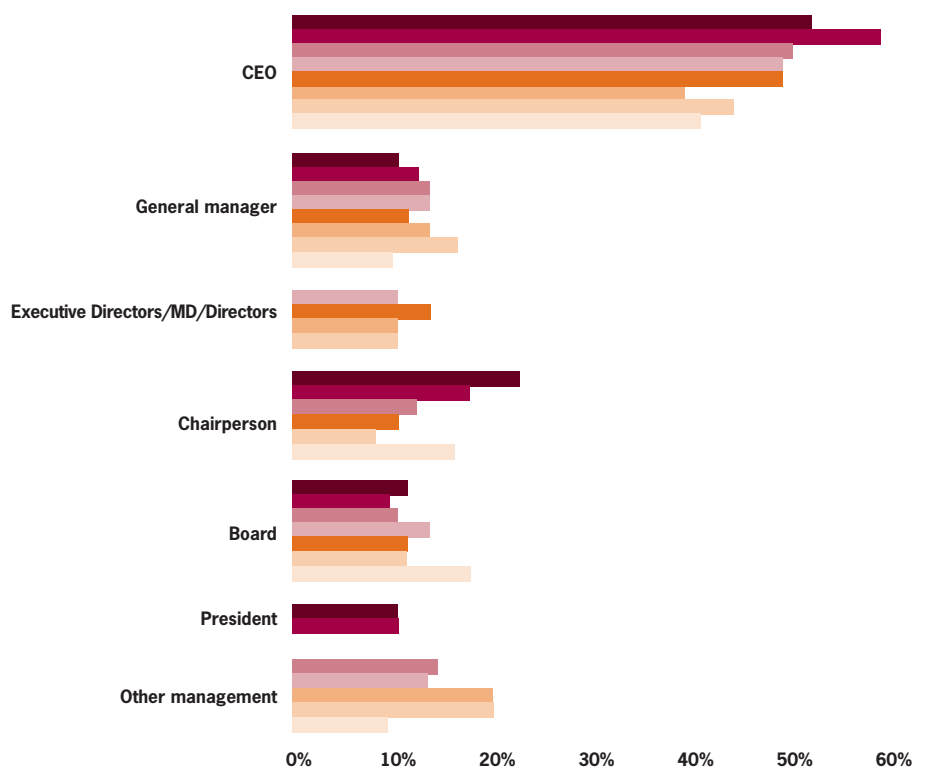
The adjacent graph shows each of those communications grouped under “strategic” and the people identified by respondents primarily responsible for that particular strategic communication.

As somewhat expected, the CEO of the organisation was identified as the person primarily responsible across the full range of strategic communications. In particular, the CEO responsibility was highest for “Crisis management”, “Reputation management”, “Issues surveillance”, “Tracking changes in stakeholders” and “Cause relationships.”

After the CEO, the person identified by respondents in highest numbers varied dramatically across the various strategic communications.

**Fig 8: Strategic communication**

- Reputation management
- Crisis management
- Issues surveillance
- Tracking changes in stakeholders
- Cause relationships
- Communication effectiveness
- Communication planning
- Social responsibility



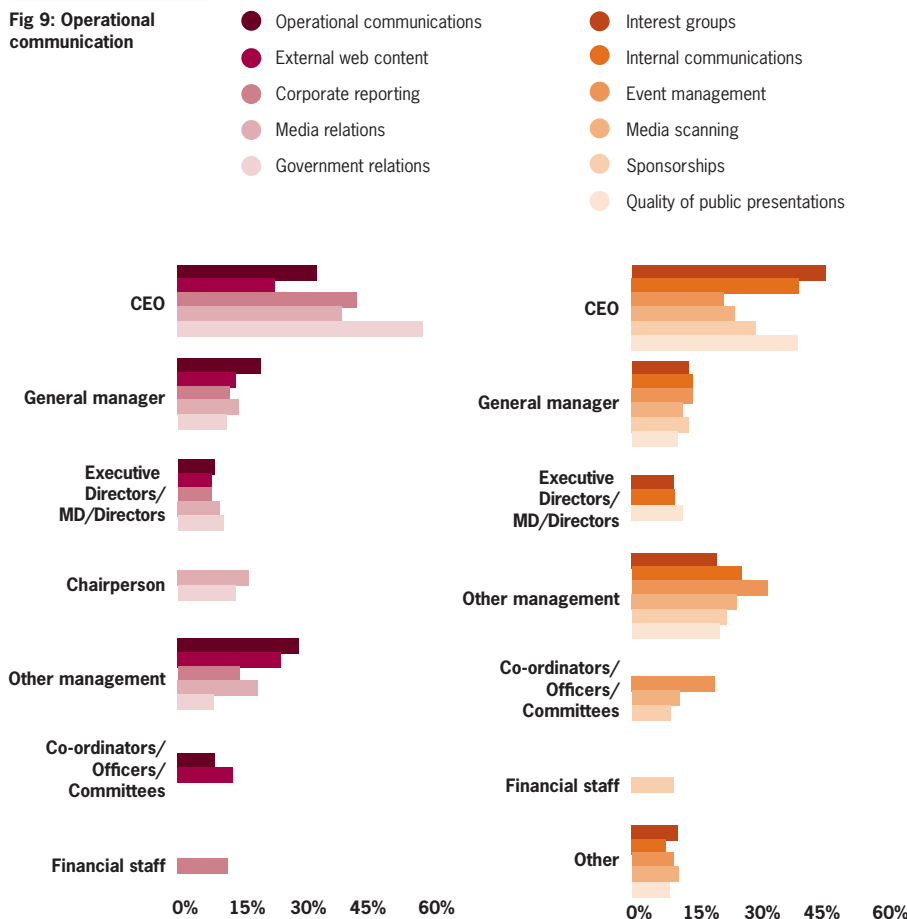
The two graphs below show each of those communications grouped under “operational” and the top five people identified by respondents primarily responsible for that particular operational communication.

Unlike strategic communications, the person responsible for these types of communications in the organisation is far more varied. Although in nearly all instances the CEO is identified by the highest percentage of respondents

as being responsible, the numbers are much lower compared to strategic communications.

Operational communications that tend to still be the responsibility of the CEO include “Government relations”, “Interest groups”, “Corporate reporting”, “Media relations”, and “Internal communications”. This is in line with our expectations and would indicate that the Governance vs Operational line of activity between the Board and CEO is well understood.

**Fig 9: Operational communication**



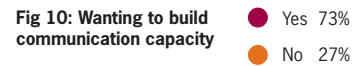
### Building communication capacity

Given the increasingly important role that external communications are playing for Not for Profit organisations, respondents were asked if they would like to build on their current “communication capacity”.

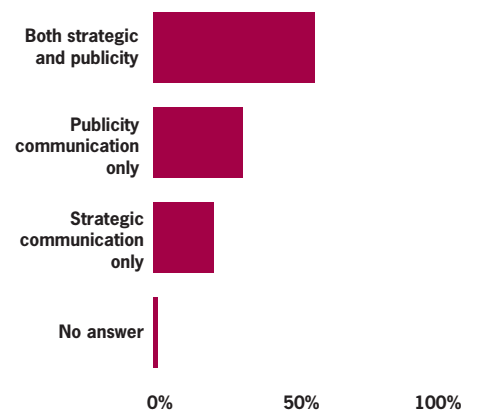
Nearly three-quarters of respondents (73%) said they would like to improve this capacity within their organisation, and when asked if they required more capacity in regards to strategic or publicity (operations) communications, over half (53%) said they would like to build up both. 26% of those interested in improving their capacity said publicity communication only and 18% said strategic communication only.

**This clearly demonstrates a need and perhaps an opportunity to help Not for Profit organisations develop this part of their business.**

**Fig 10: Wanting to build communication capacity**



**Fig 11: Type of communication capacity to build**



# Financial statements

Financial statements and non-financial reporting provide the road map to the results of an organisation, and accountants are the key people responsible for ensuring these are conducted in a timely manner.

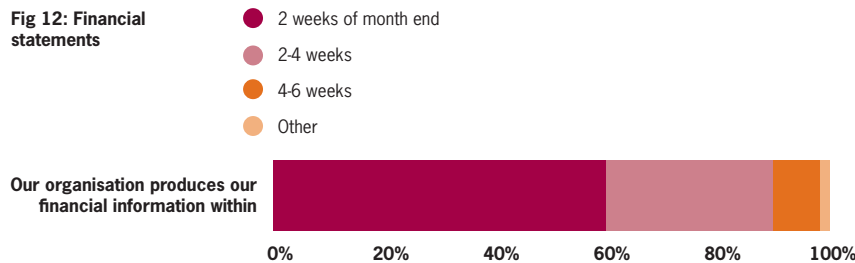
When asked how long it takes for their organisation to produce financial information, 59% of respondents said this is completed within 2 weeks

of month end, with a further 31% completing this 2 – 4 weeks from month end. Only 8% of respondents say they take 4 – 6 weeks to produce financial information.

This reporting continues to be very timely and a strong encouragement that systems and internal controls operate in many entities.

It remains a concern that 8% of organisations appear unable to produce timely financial information prior to the conclusion of the following month. Clearly these entities do not manage their business productively from a financial perspective.

**Fig 12: Financial statements**



## Financial budget / forecasts

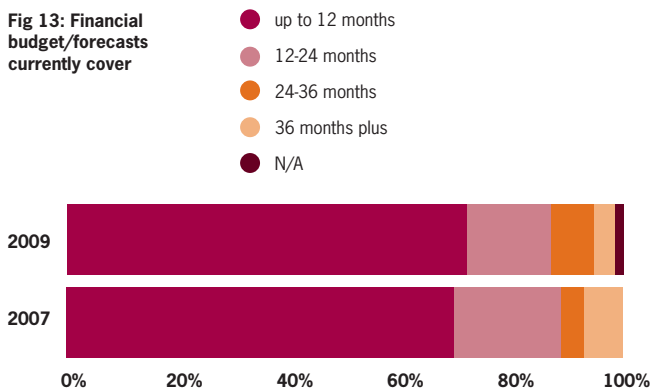
72% of respondents (an increase of 4% from 2007) continue to produce financial budgets or forecasts that look out only for a period of up to 12 months. This is back to similar levels seen in 2005 and is probably a reaction to the current climate and these uncertain times. Only 27% say they forecast for a period of 12 months or more.

It is disappointing to see organisations continuing to financially budget and forecast only 12 months ahead. Since our last survey of 2007/08 a number of funding contracts have expanded to three-year terms where

more defined planning is able to be undertaken. There are clear advantages to long term planning allowing more rigorous planned reinvestment and assessment of financial uncertainty.

Grant Thornton continues to encourage longer term financial planning than the short-term 12 month snapshot that is so commonly undertaken.

**Fig 13: Financial budget/forecasts currently cover**



### Evaluating non-financial information

Although the services we provide are meant to be financial in nature, invariably we end up going beyond these types of things.

When asked if their organisation is involved in preparing or evaluating non-financial information, over two-thirds of respondents (68%) said that they were.

The main non-financial service provided by 17% of respondents is performance evaluation on a variety of KPIs or other things of interest to the Not for Profit organisations, such as course / professional development or ensuring programme quality is maintained.

**The next most common non-financial service provided by 17% of respondents is the collating of a range of information that is statistical in nature, such as client statistics, attendance at events or membership reporting.**

Other types of non-financial services provided include: a variety of reports, such as government monitoring reports; assisting with strategic planning and budgets; surveys, such as member satisfaction; and helping with grants and donations.

Non financial information is inevitably relevant for a variety of stakeholders. This information can be presented in a monthly, quarterly, six-monthly or annual format. It would appear that some limited liaison around stakeholder groups would help to get consistency of information. Non financial information is an important aspect for any organisation to 'tell its story'. This is more relevant when done in both a timely fashion or not needing to be reformatted for the stakeholder group.

Fig 14: Evaluating non-financial information

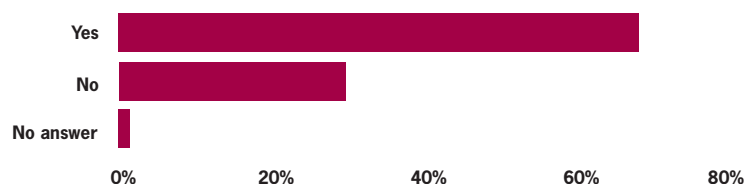


Fig 15: Types of non-financial information prepared or evaluated



# Charities Commission

Charitable Not for Profit organisations deal with the Charities Commission as part of their normal operations. This year the survey asked a series of questions regarding their dealings with the Commission across three key areas: accessing information, registering and the Charities Act itself.

Over half the respondents (52%) agreed that it is easy to access information from the Charities Commission, with 13% strongly agreeing with this question. Only 5% of respondents felt it was difficult to obtain information from the Commission.

In regards to the registering process, again nearly half (47%) of the respondents agreed that the process for a charity was easy. However, a relatively higher number of respondents (17%) felt that the registering process was not easy, with 5% strongly disagreeing that it was easy.

Respondents were also asked if they felt the Charities Act is helpful for the Not for Profit sector in general. Although this question garnered the weakest level of agreement at 42% of respondents, it is clear that the Act is generally regarded as being helpful.

## Key roles of the Charities Commission

The primary functions of the Charities Commission is to register and monitor charities in accordance to the Charities Act, and to provide support and education to the charitable sector on good governance and management.

An overwhelming majority of respondents (83%) say that registration and monitoring should be the key role of the Charities Commission, with 70% saying that compliance is one of their key roles. Less than half of the respondents felt that education or support should be a key role of the Commission, with only 37% saying that Advocacy should be one of their responsibilities.

**Overall, it appears that the Not for Profit sector has a positive impression of the Charities Commission, although the initial registering process could be made easier, and that the key role should primarily be about registering, monitoring and ensuring compliance.**

Fig 16: How much do you agree or disagree that...

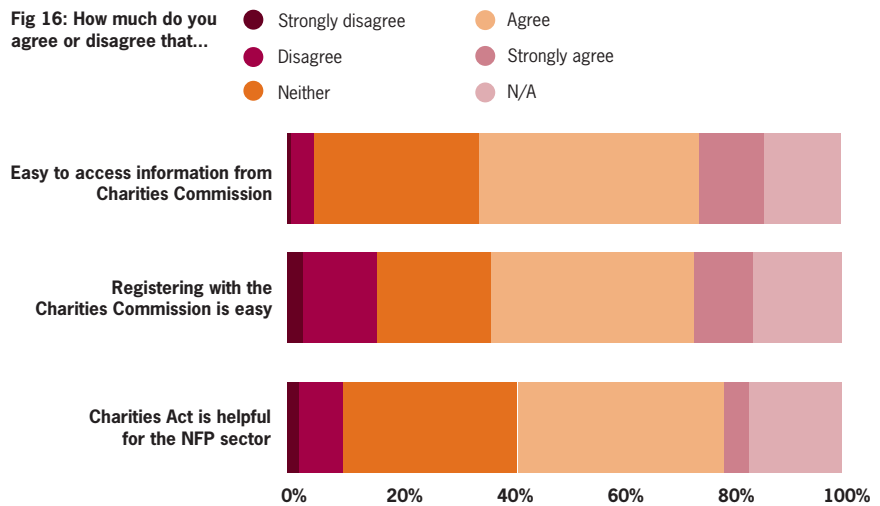
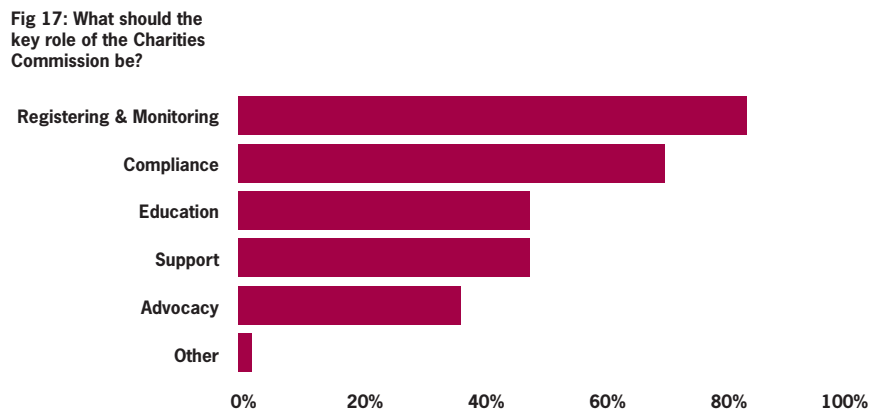


Fig 17: What should the key role of the Charities Commission be?



# Self assessment

## Survey results

### Section 1 - Global economic downturn

There are a number of ways to respond to the economic downturn, from converting investments to cash to reviewing investment policies.

#### Q1. In response to the current environment, our organisation has:

	To no extent	To some extent	To a large extent	N/A
Tested its cost base to ensure all spend is essential	8%	43%	43%	6%
Closer monitoring of financial statements	7%	44%	42%	7%
Improved its understanding of the key risks our business faces	11%	43%	41%	6%
A robust and deliverable business plan which satisfies stakeholders	14%	43%	36%	7%
Revisited its strategic plan	19%	41%	35%	5%
Considered its governance responsibilities	20%	41%	33%	7%
Looked for bargains	22%	39%	29%	11%
Developed a flexible business plan	23%	48%	24%	6%
Got closer to its balance sheet	17%	50%	23%	10%
Reviewed investment policy	34%	35%	23%	9%
Aligned performance and rewards	43%	33%	10%	14%
Converted investment to cash	65%	18%	7%	10%
Reviewed and got smarter on tax	63%	15%	4%	18%

#### Your Answers

#### Q2. In the future, would you consider a level of consolidation or merger with “like organisations”?

1. Yes 22%
2. Maybe 26%
3. No 53%

#### Q2a. We would consider the following options:

	No	Maybe	Yes
Merger with another entity	5%	58%	37%
Amalgamation of branches	25%	46%	29%
Focus back on core business	13%	25%	63%

### Section 2 - Board responsibilities and skill-sets

Demands on the Board members of Not for Profit organisations continue to mount, with additional committee assignments and more frequent meetings.

## Board committees

### Q3. How effective are each of the board committees that you have?

	Extremely effective	Very effective	Neither/nor	Not very effective	Not at all effective
Finance committee	30%	57%	11%	2%	0%
Audit committee	26%	55%	18%	1%	0%
Executive committee	19%	61%	14%	6%	0%
Programme committee	19%	58%	21%	2%	0%
Strategic-planning committee	15%	59%	17%	7%	1%
Governance committee	29%	41%	21%	10%	0%
Investment committee	24%	45%	27%	4%	0%
Development/Fundraising committee	16%	49%	22%	5%	7%
Compensation committee	15%	49%	36%	0%	0%
Human resources committee	17%	47%	33%	0%	3%

Your Answers

## Skills gaps

The present economic climate forces employers to review all areas of their business. Are the right people in the right place to meet the current challenges and deliver against future objectives?

### Q4. Our Board members have strong leadership skills?

1. Strongly agree	24%
2. Agree	43%
3. Neither agree or disagree	23%
4. Disagree	8%
5. Strongly disagree	1%

### Q4a. The Board members of my organisation are:

	Strongly agree	Agree	Neither agree or disagree	Disagree	Strongly Disagree
Honest and have integrity	63%	30%	7%	0%	0%
Knowledgeable and experienced	32%	49%	16%	3%	0%
United and share a common goal	29%	48%	14%	7%	2%
Energetic and hard working	22%	50%	23%	6%	0%
Self-disciplined and controlled	16%	53%	23%	7%	1%
Complementary in their skill-sets	22%	45%	20%	13%	1%
Passionate about excellence	23%	44%	28%	5%	1%
Excellent communicators	15%	49%	30%	6%	0%
Strategic thinkers	17%	46%	23%	12%	1%
Efficient and well-organised	12%	51%	29%	7%	1%
Empathetic and interpersonally sensitive	21%	42%	30%	6%	2%
Flexible and adaptable	15%	47%	31%	7%	0%
Strong in their financial knowledge	13%	44%	29%	14%	0%
Resilient and stress resistant	16%	37%	40%	6%	0%
Strongly creative/visionary	9%	38%	34%	16%	2%
Enterprising and entrepreneurial	9%	27%	42%	19%	3%
Ambitious, driven and hungry for success	6%	23%	43%	21%	8%
Courageous and risk takers	5%	24%	42%	25%	4%

## Developing leadership skills

### Q5. Which of the following are most helpful in developing leadership skills within your organisation?

1. Experience alone	59%
2. Exposure to different disciplines	74%
3. Conferences	54%
4. Other external courses (not MBA)	34%
5. International experience	28%
6. Business mentoring	37%
7. Books, magazines, journals	42%
8. Internal courses – run by external trainer	38%
9. An MBA	5%
10. Internal courses – run by member of staff	27%
11. Secondments	12%
12. Television programmes (e.g. Dragons' Den)	1%
13. Other (Please specify)	6%

### Your Answers

## Communications functions

### Q6. In your organisation, who is primarily responsible for the following?

#### Strategic communications

	CEO	GM	Exec. director	Chair	Board	Mgmt	Other
1. Reputation management	52%	10%	8%	23%	11%	9%	1%
2. Crisis management	58%	12%	9%	17%	9%	8%	2%
3. Issues surveillance	50%	13%	9%	12%	10%	14%	2%
4. Tracking changes in stakeholders	49%	13%	10%	7%	13%	13%	2%
5. Cause relationships	49%	11%	13%	10%	11%	9%	1%
6. Measuring communication effectiveness	39%	13%	10%	10%	11%	20%	1%
7. Communication planning	44%	16%	10%	7%	4%	20%	2%
8. Corporate social responsibility	41%	9%	8%	16%	17%	8%	1%

#### Strategic communications

	Secretary	Web mgr	President	Coordinators	Other	DK/NA
1. Reputation management	1%	0%	10%	2%	2%	2%
2. Crisis management	2%	0%	10%	0%	2%	0%
3. Issues surveillance	1%	0%	2%	2%	5%	1%
4. Tracking changes in stakeholders	1%	0%	3%	1%	2%	4%
5. Cause relationships	0%	0%	4%	1%	3%	6%
6. Measuring communication effectiveness	3%	0%	3%	5%	3%	2%
7. Communication planning	4%	0%	2%	6%	3%	2%
8. Corporate social responsibility	1%	0%	6%	1%	3%	8%

**Operational communications**

	CEO	Mgmt	Other	Coordinators	GM	DK/NA	Chair
9. Operational communication	33%	28%	5%	7%	18%	1%	1%
10. External web content	23%	23%	8%	13%	13%	6%	1%
11. Corporate reporting	43%	14%	3%	5%	12%	3%	3%
12. Media relations	40%	18%	6%	8%	14%	1%	16%
13. Government relations	57%	7%	4%	2%	11%	5%	13%
14. Relating to interest groups	46%	18%	12%	5%	13%	2%	5%
15. Internal communications	40%	26%	7%	5%	14%	1%	3%
16. Event management	21%	31%	9%	18%	14%	3%	2%
17. Media scanning	25%	24%	11%	12%	12%	8%	2%
18. Sponsorships	29%	22%	7%	8%	13%	11%	2%
19. Quality of public presentations	38%	21%	8%	5%	11%	4%	6%

**Operational communications**

	Financial staff	Exec. director	Board	President	Secretary	Web mgr
9. Operational communication	2%	9%	1%	1%	5%	0%
10. External web content	6%	8%	4%	1%	2%	4%
11. Corporate reporting	12%	8%	3%	2%	3%	1%
12. Media relations	1%	10%	1%	6%	2%	0%
13. Government relations	1%	11%	3%	7%	1%	0%
14. Relating to interest groups	1%	10%	5%	5%	2%	0%
15. Internal communications	1%	10%	3%	1%	3%	0%
16. Event management	3%	8%	1%	2%	3%	0%
17. Media scanning	1%	9%	3%	3%	2%	0%
18. Sponsorships	11%	8%	5%	2%	1%	0%
19. Quality of public presentations	1%	12%	3%	5%	2%	0%

**Q7. Do you want to build on your organisation's communication capacity?**

1. Yes 73%
2. No 27%

**Q8. What communication capacity do you want to build in your organisation?**

1. Strategic communication (managing communication) 18%
2. Publicity (operational communication) 26%
3. Both strategic and operational communications 53%
4. No answer 2%

### Section 3 - Financial statements

Financial statements and non-financial reporting provide the road map to the results of an organisation. As accountants we must ask these questions!

#### Q9. Our organisation produces our financial information within:

- |                              |     |
|------------------------------|-----|
| 1. 2 weeks of month end?     | 59% |
| 2. 2 – 4 weeks of month end? | 31% |
| 3. 4 – 6 weeks of month end? | 8%  |
| 4. Other (Please specify)    | 3%  |

#### Q10. Our organisation's financial budget/forecasts currently cover:

- |                     |     |
|---------------------|-----|
| 1. Up to 12 months? | 72% |
| 2. 12 – 24 months?  | 15% |
| 3. 24 – 36 months?  | 7%  |
| 4. 36 months plus?  | 5%  |
| 5. No answer        | 1%  |

#### Q11. Does your organisation prepare and evaluate non-financial information?

- |                              |     |
|------------------------------|-----|
| 1. No                        | 30% |
| 2. Yes (Please specify)      | 68% |
| Performance evaluation / KPI | 17% |
| Statistics                   | 17% |
| Reporting                    | 8%  |
| Strategic plan / budgets     | 6%  |
| Surveys                      | 4%  |
| Grants / donations           | 3%  |
| Other                        | 9%  |
| Don't know                   | 9%  |
| 3. No answer                 | 2%  |

Your Answers

## Section 4 - Charities Commission

### Q12 – Q15 relate to the Charities Commission.

On a scale of 1 = Strongly agree to 5 = Strongly disagree, how much do you agree or disagree with each of the following statements

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	N/A
Q12. It easy to access information from the Charities Commission	13%	39%	28%	4%	1%	16%
Q13. The process of registering as a charity with the Charities Commission was easy	12%	35%	20%	12%	5%	16%
Q14. The Charities Act is helpful for the Not for Profit sector	6%	36%	31%	7%	4%	16%

### Q15. Please indicate below what you consider the key roles for the role(s) of the Charities Commission should be: (tick all that apply)

1. Education	48%
2. Registration and monitoring	83%
3. Compliance	70%
4. Support	48%
5. Advocacy	37%
6. Other (Please specify)	3%

### Q16. Please select the three most significant issues currently challenging you and your organisation from the list below:

1. Fundraising	47%
2. Financing the activities of the organisation	72%
3. Retaining and motivating key staff	24%
4. Dealing with business risks (fraud etc)	3%
5. Compliance with financial reporting (monthly/annual)	8%
6. Compliance with regulations	11%
7. Finding the right advice	11%
8. The impact of the internet/complexity of IT issues	15%
9. Website management and maintenance	17%
10. Charities Commission and implications	3%
11. The role of Board/governance issues	33%
12. Managing and compliance costs of staff	18%

Your Answers

# The survey methodology

The Grant Thornton 2009 Not for Profit Survey was built on our earlier surveys undertaken in 2003, 2005 and 2007. It repeated some questions to check if opinion had changed. These related to the most significant issues challenging the sector and governance, which continues to be an important issue to the industry.

Most questions were multi-choice, with the opportunity to provide written comment where relevant. Respondents had the choice of remaining anonymous, or of supplying identifying information. All identifying information provided has been respected as confidential.

Questionnaires were sent by post to 1,084 Not for Profit organisations

during the first week of July 2009 and were also available on our website for completion. We had a high rate of participation, with 181 completed surveys received by our 30 July 2009, resulting in a 17% return rate, which exceeds the average response for postal surveys in New Zealand. We thank the many respondents who gave their time to participate. Most participants are either incorporated societies or charities, but we also received completed surveys from unincorporated bodies and other types of Not for Profits. Entities of all sizes responded. More than 70% of respondents have employee and/or volunteer numbers of between 0 and 50 but, at the other end of the scale, over 4% have 500+ employees and/or volunteers. The nature of the activities pursued by respondents is varied. They include accommodation, advocacy, animal protection and welfare, the arts, building management, business mentoring, child care, community, conservation, disputes resolution, drowning prevention, economic development, education, environment, finance, the general good, health and

welfare, heritage preservation, housing, human rights, industry training, industry research, institutions and associations, lobbyists, political party, public safety, relief of poverty, relief, religion, rescue services, research, residential care/support, social services, sports, and volunteering. Our participants represent a diverse cross section of New Zealand's Not for Profit sector.

## Charitable Donation

Grant Thornton pledged a \$500 donation to the New Zealand Multiple Birth Association at the request of Sarah Bayliss, the winner of the draw open to all respondents who returned completed questionnaires by 24 July 2009.

# About Grant Thornton

## Grant Thornton New Zealand

Grant Thornton New Zealand is a member of Grant Thornton International, the fifth largest accounting network of independently owned and managed firms in the world. We provide audit, tax and advisory services to privately held businesses and corporate and listed entities from 540 offices in over 100 countries worldwide with revenues in excess of USD4 billion.

Grant Thornton New Zealand operates from three locations in Auckland, Wellington and Christchurch with over 25 partners and 225 professional and support staff.

Our infrastructure, expertise and methodology are world class, traits which benefit our local clients. However despite global clout, Grant Thornton has not lost sight of its roots and key differentiators – partner/director accessibility and a friendly, personal approach. We work with our clients over the long term to help them to achieve their ambitions and grow their business.

## Dedicated Not for Profit team

Grant Thornton has a dedicated Not for Profit team working to help organisations like yours, help others. We know the issues you face and we understand your needs. We offer an array of financial, business management and operational services designed to assist you. These include:

- Audit and tax services based on an understanding of the specific compliance and regulatory issues fronting Not for Profits.
- Financial planning and analysis, including budget process improvement, financial reporting and activity-based cost analysis.
- Organisational and management consulting, including strategic organisational assessment and redesign to help your organisation adapt its current structure to its evolving mission.
- Strategic management planning and market positioning to assess your position in the marketplace and to evaluate, facilitate and help implement appropriate strategic responses.
- Advice on governance structure to help your Board clarify your organisation's mission and the Boards role in achieving it.
- Risk management services including business and personal risk reviews, investment planning and workplace insurance.
- Information technology services.
- Merger and acquisition services from due diligence through to post-acquisition and consolidation.
- Compensation and benefits consulting to help you attract and retain employees whilst minimising costs to your organisation.
- Training for business issues and risks impacting Not for Profits.

## Why Grant Thornton?

Serving the Not for Profit sector is a core focus for our firm. A selection of our committed partners and managers have spent a significant part of their careers working with, and for, Not for Profits.

We understand the complex challenges you face and have the know-how to help you innovate for the future. We constantly monitor trends within the Not for Profit sector, as well as the broader competitive environment, to develop services that meet your needs.

Choose Grant Thornton and experience first-hand:

- Personal attention from partners and managers
- Services tailored to meet your needs.
- Business advice resulting in measurable benefits
- Technical competency and attention to detail
- Realistic goals with solutions which can be implemented
- Timely information including alerts, regulatory updates and surveys
- Realistic fees.

If you want to learn more about how Grant Thornton can assist your organisation, please contact our regional specialist partners or visit our websites [www.grantthornton.co.nz](http://www.grantthornton.co.nz)

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