

COMMONWEALTH NORTH

COMMONWEALTH NORTH: *THE NEXT 25 YEARS*

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EXECUTIVE SUMMARY

Commonwealth North has enjoyed great success during its first 25 years. Almost immediately upon its creation in 1979, CWN achieved success by attracting a loyal membership of about 300 opinion leaders in Alaska, by presenting speakers of significance and intelligence on key Alaska public policy and other public policy issues of interest to its membership, by facilitating study groups to educate and analyze important public policy issues affecting Alaska, and by identifying and pursuing a clear vision of Alaska's future growth and development.

In its first quarter century, Commonwealth North built on its initial success, became an influential participant in Alaska public debate, completed studies on issues of great significance to Alaska, and maintained a consistent membership level.

However, during these 25 years, Alaska has evolved and matured, creating significant competition for CWN. Without recognizing, understanding and adapting to this changing competitive environment, CWN jeopardizes its sustainability.

In analyzing the future, one fact is inescapable: Commonwealth North operates in a very different environment today from that present in 1978. The public issues of that day largely related to the initial development of Alaska's oil economy, to funding the development of a State with a population base of 403,000, and to Alaska's tenuous relationship with the Federal government resulting in part from the "(d)(2)" withdrawal of 100 million acres of Alaska lands.

However, the more things have changed, the more they have stayed the same. Alaska is still, relatively speaking, a small and underdeveloped economy. It is heavily dependent on the development of its natural resources and the revenues they create, and still greatly influenced by Federal government policies, and by business decisions, adopted in faraway places (often, regrettably, still without consulting Alaskans), and one key to Alaska's future remains the quality of the decisions it makes concerning the 102 million acres of lands it owns and the vast resources those lands contain.

This means there is still a strong need for Commonwealth North. Its members still need to participate in forums on Alaskan issues of relevance, to hear informed speakers and to participate in study groups analyzing the issues unique to Alaska.

There are now many more non-profit organizations in Alaska competing with CWN for members, but CWN is the one statewide organization that focuses primarily on Alaska public policy issues.

Commonwealth North's 25th anniversary provides an opportunity to review the key factors of sustainability and set a course of direction for the growth and development of the organization in this generation of Alaska and its future. This attention to continuous improvement and strategic planning insures efficiencies, a competitive edge in the marketplace and facilitates CWN's ability to lead "Alaskans to adopt enlightened policies

that enhance Alaskan’s quality of life and improve the State’s ability to effectively manage its resources.”

There is no single key ingredient to CWN’s sustainability over the next 25 years. Rather, Commonwealth North’s success and sustainability is based on a balanced mix of ingredients: (1) retaining its motivated and loyal membership; (2) dynamic and relevant programs; (3) efficient business management; and (4) an effective operating structure.

A brief summary of the Study Group’s recommendations on these topics follows:

1. **Membership.** Retain existing members while encouraging new members, by a combination of continuing CWN’s successful program, and by focused marketing, new reduced cost memberships for new members, and the adoption of specific goals for membership growth through an annual marketing plan.
2. **Program.** Enhance a dynamic and relevant program primarily focused on Alaska public policy issues, including “owner state” issues, with other public policy issues as they may appear. Provide intelligent and thought provoking speakers. Fund travel and hotel expenses for speakers, where necessary. Continue offering study groups to our members. Retain integrity and impartiality of CWN.
3. **Management Issues.** Ensure the continued efficient management of CWN’s financial and human resources. Create a Finance and Fundraising Committee of the Board to ensure that budgeted spending, available funds, and fund-raising activities are considered together throughout the year. Adopt the Foraker Group’s recommendations on staffing. Carefully tailor fund raising and discontinue major events as primary means of annual fund raising (CWN may wish to continue these events for social and networking reasons).
4. **Structure.** Ensure CWN’s structure continues to serve its present and future success. Develop and adopt strategic and operating plans. Take steps to encourage regular attendance by Board of Directors at meetings and functions. Consider granting past presidents emeritus status (non-voting, and not to be counted for quorum purposes). Consider affiliations with UA exploring the synergy between UA and CWN. Consider affiliations with similar groups in other cities throughout Alaska.

DETAILED RECOMMENDATIONS

CWN's success is based on an interrelated structure of membership, programs, studies, management and structural issues. No single one of these issues is more important than any other in ensuring CWN's sustainability. Success in each of these areas breeds success in all areas for CWN.

The following discussion details the interrelated nature of these matters, and provides a coherent set of recommendations to ensure the continued success of Commonwealth North for "The Next 25 Years."

Membership Issues

An involved and loyal membership is the key to CWN's sustainability. While some of the benefits of an active membership are generated by factors like dynamic programs and studies, and the perceived value of membership, membership can also be enhanced by direct marketing efforts.

Sustaining, diversifying and building our membership will require that we provide more opportunity for our members to be actively involved. We will need a greater diversity of activities, topics, formats and meeting times.

1. Retain existing members.

The basis for CWN's current success is its present membership. CWN must retain its current membership base as it moves forward to attract new members. To do so, it must continue the focus on excellence and relevance of its programs and study groups. It also needs to identify ways to stimulate member participation, and to make its functions enjoyable on a number of levels.

Recommendation:

Engage, inform and stimulate members through enhanced frequent communications. Create regular and on-going channels of two-way communication to keep members informed of CWN activities and accomplishments, and also to encourage members to express their ideas and opinions.

Recommendation:

Create a time effective system with appropriate technology to track member's participation in CWN activities. Make special efforts to encourage members who participate infrequently to get actively involved in meaningful CWN activities, not just attend meetings.

2. Attract new members.

CWN's sustainability over the next 25 years will be based upon its ability to attract and retain new members on a continuing basis. A commitment to continue to attract new members to maintain current levels will preserve CWN against natural attrition, while growth of the membership beyond current membership levels will provide for needed expansion.

Attracting new members from different populations enhances CWN diversity, which will stimulate valuable debate to refine the organization's sense of focus and identity on an ongoing basis.

Recommendation:

Adopt a goal of 10% growth in overall membership in year one, with 50% increase in membership over five year period.

Recommendation:

Adopt a membership marketing strategy to target additional professional members of CWN. Specifically, obtain lists of new attorneys, accountants, doctors and other professionals, and solicit membership from these groups.

3. Restructure membership categories to increase new members, and increase support from sustaining members.

Recommendation:

"Layer Memberships". Create a new program of graduated membership fees to attract younger members with lower fees, while offering "Gold memberships" and similar sustaining memberships categories at higher levels for CWN's members interested in underwriting the mission and focus of CWN. The net effect must be to enhance overall membership revenues.

Recommendation:

"Layer" Membership benefits and membership events. Create "layers" of rewarding experiences for members at any particular CWN event, such as issue-oriented interactions, opportunities for social interaction, etc. Also provide a variety of types of events, such as issued oriented events, social events, etc. in order to attract and retain a mixture of age groups, including program activities specifically addressing the concerns of younger members.

Recommendation:

Evaluate the possibility of corporate memberships. The Study Group feels that issues of undue influence or conflict of interest can be resolved by full disclosure and careful structuring.

4. Program to build membership.

Recommendation:

Membership Committee and management develop an annual membership marketing plan, for approval by the Board, including specific membership activities and special events to retain existing members and meet new member goals.

Programs, Studies and activities of a citizen based “Think Tank”

Commonwealth North is unique in Alaska because it is the only ongoing “Think Tank” committed to addressing and resolving public policy issues and because it enjoys the participation of key Alaska leaders. CWN’s single “product” is its integrity and focus—the content and quality of its forums and special events, the subject matter of its study groups, and the intellectual integrity and impartiality with which it conducts its studies.

These are keys for CWN’s continued success in an increasingly competitive environment for non-profit organizations: CWN must maintain its clear identity as an organization that focuses primarily on public policy issues of significance to Alaska; CWN must continue to act with integrity; and CWN must continue to act with a high degree of intellectual rigor and sophistication. This differentiates CWN from other groups, gives it a clear identity and purpose that its members recognize and demand.

In addition to the focus and quality of its programs and studies, CWN needs to develop new ways to create lively interchanges with its members. CWN will serve its members and Alaskans best by expanding the topics it addresses and employing a wider variety of methods and techniques to achieve its goals.

1. Maintain a primary focus on presenting programs on Alaska public policy issues of statewide significance.

Recommendation:

CWN should maintain its primary focus on issues of significance to the continued development of Alaska, including national public policy issues of importance to Alaska.

Additional topics can be the subject of programs and studies if they are important, timely, and CWN can have a reasonable expectation of being able to make a difference.

Recommendation:

In addition to its primary focus on Alaska, expand CWN programs to include specific dynamic, thought provoking speakers in key public policy areas other than Alaska issues to maintain membership interest and provide variety.

Recommendation:

Pursue opportunities with “professional” speakers represented by agents and speakers’ bureaus to bring such speakers to Alaska on a non-honorarium basis, as a part of a recreational trip.

Recommendation:

Seek partnerships to establish and fund a budget expense line item to support speakers’ travel and expenses.

2. Increase the frequency and variety of programs and studies.

To build and retain a larger number of members, there is a need for a greater variety of topics, formats and times of programs. More diverse members mean more diverse needs that must be met by layering these elements to appeal to diverse interests.

Topics can be the subject of programs and studies if they are important, timely, and CWN can have a reasonable expectation of being able to make a difference in their resolution.

Recommendation:

Have more programs and studies in different formats, on a wider range of topics and at a variety of times, to allow participation by members who have different scheduling needs, different interests and varying levels of commitment to a particular topic. Consider debates, seminar series, wine and cheese events, small discussion groups, University partnership events, in-home firesides, etc.

Recommendation:

Evaluate the feasibility of activities that are new and different from CWN’s ordinary fare—after surveying the membership—such as sponsored debates on campus, establishing a periodical or professional journal titled “Commonwealth” for collecting treatises from all sources (foreign and domestic), and other events tailored to meet the public policy interest of layered age groups.

Recommendation:

Conduct periodic surveys (at least annual) of the membership to assist in preparing/updating the Strategic Plan and budget process. Decisions on which issues to address and in what manner should be made transparently with the membership, allowing for a broad variety of viewpoints to be considered by the Program Committee and Board. Follow up on CWN studies and recommendations needs to be communicated to the membership using all available technology.

3. Study groups need greater planning and emphasis on implementation of key ideas.

Recommendation:

Further emphasize the need for Study Groups to outline specific actions as to how CWN can implement key recommendations in the report. This can involve continued participation of Study Group members, partnering with appropriate parties and direct participation by CWN staff and Board. This also includes additional channels of communication for Study Group recommendations to reach key decision makers, including the Internet, radio and TV.

Recommendation:

This report should be implemented by the Executive Committee, the Nominating Committee, and the Executive Director.

Finance and Management

A desire for prudent financial and operational management was the original genesis for this Study Group. While the full range of activities all relate to the success of CWN, the basic ‘nuts and bolts’ need to be reviewed to make sure the organization is as efficient and cost effective as possible.

CWN must create the infrastructure necessary to increase its revenue stream of unrestricted cash income to insure sustainability for the future of the organization. CWN must also review its operational processes to ensure they are efficient and cost effective.

A. Management issues.

1. Create a Finance and Fundraising Committee, with the Treasurer as Chair.

Recommendation:

Establish a Finance and Fundraising Committee of the Board of Directors to oversee financial performance on a regular basis, in order to maintain a steady and continuous focus on finance matters. The Chair of the Finance and Fundraising Committee should be the Treasurer, who will also sit on the Executive Committee. Determine if By Law changes are necessary to implement this recommendation. The Finance Committee will establish goals, timetables and methods to build the Foundation for Public Policy Education to meaningful levels.

2. Accounting services.

Recommendation:

Hire Cook Inlet Tribal Council Accounting Services (CITC) to render accounting services for CWN. CITC is currently and effectively rendering accounting services for other local non-profits.

3. Create a more relevant financial reporting system with enhanced follow-through.

Recommendation:

Review new accounting and financial controls being developed by the 12 ‘non-profit specialty’ CPAs under contract to the Foraker Group. Adopt these standards to the extent they are determined by the Board to be appropriate.

4. Avoid deficit spending.

CWN cannot continue to fulfill its mission if it operates at a loss. It is self-evident that no group can keep operating if it loses money. CWN’s hard work to build up reserves is eroded when it must use these reserves to cover deficits. Rather than rely on major fund-raising events to cover chronic small deficits, CWN must avoid deficits altogether by adroit fiscal management and by a consistent program of fundraising.

Recommendation:

Adopt a policy prohibiting budgeted expenses to exceed projected income on an annual basis. The annual budget should provide sufficient revenue generation in a timeline that insures costs are covered as they are incurred. An accurate and timely financial reporting system will ensure the achievement of this goal.

5. Staffing and staff structure.

Staffing levels and job descriptions need to be revisited and reviewed to clearly establish follow-through responsibilities.

Recommendation:

Adopt the Foraker Recommendations for re-structuring CWN staff with appropriate transition process, resulting in 2 staff members instead of 3, hiring executive assistant to handle budget and business management matters along with office work thus freeing Executive Director to concentrate on programmatic functions, events, studies, and fund-raising. Future salary decisions should be informed by Foraker Group and other relevant salary surveys of Alaska non-profits.

Recommendation:

Include performance based personnel evaluations, accountability and compensation as part of the Foraker Group evaluation and structure mentioned above.

B. Enhance income.

The Board has primary fundraising responsibility for CWN. The Finance and Fundraising Committee and staff can help channel and assist Board efforts, but primary responsibility lies with the Board.

The Foraker Group analysis of CWN operations attached hereto highlights the importance of maintaining adequate cash reserves to accomplish mission and programmatic goals:

“Unrestricted cash is a key ingredient to sustainability. One source is mission-related earned income and the other source is charitable giving by individuals. Creating the infrastructure to build sustainable relationships with donors is a process that takes time, talent and resources from both the Board and the staff. Organizations can create opportunities for connecting with current and future donors through various forms of funding. These may include “membership” where the actual value of that membership is less than the amount an individual is willing to pay for the intangible “mission support” of the organization; annual funds; major donor programs; oran endowment.” *Foraker Report on Sustainability*, Dennis McMillan, November 8, 2004.

1. Create an active and focused fundraising program.

The transition from a fundraising system based on big events to one that has major ongoing elements will require much thought and planning. Discontinue major fundraising events as the primary method of balancing the budget. When significant Award Dinner or fund raising opportunities become available, use them to fund the Foundation for Public Policy Education, not ongoing operations.

Recommendation:

The Finance and Fundraising Committee, in coordination with the Program Committee, should generate a list of fundraising ideas and prioritize them. These will need to be incorporated into the Strategic Plan. The plan should include membership, underwriters, partnerships, grants and the Board of Directors.

Recommendation:

Develop grant proposals for the Rasmuson and Atwood Foundations, and other foundations as appropriate.

Recommendation:

CWN should not continue to rely on major fundraising events, because the market for such events is increasingly crowded and competitive. CWN may wish to continue such events for social and membership reasons.

Structural Issues

Commonwealth North's structure must enhance its function and further its success. For CWN to be sustainable in the long term, the structure of CWN should not inhibit its success, but enable efficient and effective operations.

CWN is a statewide organization that analyzes and renders opinions on statewide issues. As such, CWN must continue to reach out throughout Alaska to ensure that it functions on a statewide basis, hearing and considering the views of all interested Alaskans.

1. Develop and adopt a Strategic Plan.

CWN is an organization with a primary responsibility to lead Alaska toward better public policy and management of commonly owned assets. To accomplish this goal, it needs its own plan to effectively chart a leadership path and marshal the resources necessary to fulfill its stewardship role.

Recommendation:

The Board of Directors should develop, adopt and implement a Strategic Plan for CWN that incorporates all necessary leadership, programmatic, structural, financial, cultural, and membership issues. Adopt first Strategic Plan after approval of this Report. Update annually as appropriate and necessary.

2. Executive Director to Develop and adopt an Annual Work Plan.

An Annual Work Plan developed by the Executive Director will identify goals for membership, program, fundraising, affiliations with other entities, and study group activities to be accomplished during the year, including implementation of issues raised in the Strategic Plan.

Recommendation:

Executive Director will prepare and Board of Directors will adopt an Annual Work Plan to state the goals of Commonwealth North for the upcoming year.

3. Develop and adopt an Operating Plan.

CWN has a 25-year history of successful activity that is guided by a substantial body of tradition and precedent. However, these de facto policies and procedures are largely unwritten. Neither members nor new Board members have ready access to this body of accumulated institutional wisdom.

CWN does have a Policy and Procedure Manual that is primarily used by staff to outline personnel procedures and policies. A few Resolutions and ad hoc policies are in past Board minutes. If an accessible handbook of actual overall policies and procedures were developed, it would make the inner workings of the organization more open and understandable to those who want to get more involved.

Recommendation:

Create a Policy and Procedure Handbook divided into appropriate sections to make key operational information more readily available to members, leadership and staff. The Handbook should be updated annually or biennially in conjunction with an annual Strategic Planning process.

4. Board of Directors issues

Recommendation:

Take steps to enhance the attendance and participation of existing members of the Board of Directors at meetings and functions of CWN. These steps could consist of a combination of encouragement to regular attendance and steps to measure the cumulative unexcused absences of board members during a year, and to make this information available to board members in each month's meeting minutes during that year.

Recommendation:

Encourage active participation of Board members in Board meetings and in CWN business matters by supplying each Board member with full Board packets and agendas prior to each meeting by email, including items such as resolutions, budget information, etc. to be acted upon at the meeting.

Recommendation:

Consider a By Law change to grant continuing membership status to Past Presidents on the Board of Directors for a period of two years after completion of their term, and subsequent to this two-year period, granting Past Presidents Emeritus status (non-voting, and not counted for quorum purposes). Past Presidents who remain active in Commonwealth North shall be granted priority by Nominating Committee to election to an active board of directors seat.

Recommendation:

The Board adopts a policy to provide a written statement of expectations of Directors prior to acceptance of their nomination. To date, the Nominating Committee has considered three simple expectations:

- a. Attend at least 50% of Board meetings
- b. “Give or get” at least \$1,000
- c. Actively participate in some aspect of CWN activities—committees, study groups, etc.

The Board should update these expectations to include an attendance rate of 75%, and not having more than two unnotified absences in a row. A wider range of responsibilities and expectations should also be evaluated, using a “best practices” survey tailored to the needs of CWN.

5. Satellite or affiliate groups

Recommendation:

Explore establishment of CWN Chapters at the University of Alaska, and in Fairbanks and Juneau.

Recommendation:

Explore further affiliations between CWN and the University of Alaska. There is a special synergy between CWN and the University. For example, the University Business and Public Policy school and the Institute for Social and Economic Research may provide CWN with opportunities for mutually beneficial, cooperative associations such as academic research capabilities on issues of importance to the public, an opportunity for interns to work in the public policy arena, opportunities for students to interact with CWN speakers and high-level public policy decision makers, and opportunities for CWN speakers to be available to the University to teach, speak and write.

6. Enhanced use of technology for member and public communication

Recommendation:

Explore use of the Internet and modern technology to reach out across the state, more effectively communicate with and involve members, and educate and advocate for CWN positions. Also consider the use of radio, TV, chat rooms, blogs and other communication techniques as they become available.

APPENDIX

Study Group Participants

James Linxwiler, Guess & Rudd, P.C., co-chair
Jan Fredericks, UAA Small Business Development Center, co-chair
Duane Heyman, Commonwealth North, editor
Iris Matthews, Denali Fellow

Eric Britten, Horizon Lines of Alaska, LLC
Tom Case, University of Alaska Anchorage
William Evans, Dorsey & Whitney LLP
Alice Galvin, BP Exploration (Alaska) Inc.
Jessica Carey Graham, Alutiiq, LLC
Max Hodel
Jonathan Kumin, Kumin Associates, Inc., Architects & Planning
Janie Leask, Alyeska Pipeline Service Company
Benjamin Linford, TREND, Technology R&D Center of Alaska
Andrew Petro, Wells Fargo
Jeff Staser, Denali Commission
Niel Thomas, Coldwell Banker Fortune
Alden Todd
Kirk Wickersham, For Sale By Owner Assistance Program, Inc.
Tim Wiepking, The Odom Corporation
Richard Wilson, Ted Stevens Anchorage Int'l Airport

Officers and Board of Directors

Jonathan Kumin President	Principal, Kumin Associates, Inc.
Janie Leask Vice President	Community Relations Manager, Alyeska Pipeline Service Company
Patrick K. Gamble Vice President	President & CEO, Alaska Railroad Corporation
Jeff Staser Vice President	Federal Chairman, Denali Commission
Morton Plumb Jr. Secretary	Director, Ted Stevens Anchorage International Airport
Jan Fredericks Treasurer	State Director, UAA Small Business Development Center
Joe Griffith Past President	CEO, Chugach Electric Association
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Joe Farrell	Vice President and Chief Counsel, ConocoPhillips Alaska, Inc.
Dr. Alice J. Galvin	Learning and Organizational Development Advisor, BP Exploration, Inc.
Walter J. Hickel	Former Governor; co-founder of Commonwealth North
Max Hodel	Founding president of Commonwealth North
Karen L. Hunt	Retired Judge, State of Alaska
Jewel Jones	Siebert Brandford Shank & Co., LLC
Marc Langland	President, Northrim Bank
Betsy Lawer	Vice Chair & Chief Operating Officer, First National Bank Alaska
James Linxwiler	President and Managing Shareholder, Guess and Rudd, P.C.
Loren H. Lounsbury	Founding board member of Commonwealth North
Jeff B. Lowenfels	Lewis & Lowenfels
Dr. Elaine P. Maimon	Chancellor, University of Alaska Anchorage
Thomas Nighswander, MD	Alaska Tribal Health Consortium University of Washington School of Medicine
Mary Ann Pease	Vice President, Investor Relations Alaska Communications Systems, Inc.
Mike Sexton	Publisher/President, Anchorage Daily News

William Sheffield	Former Governor; founding board member
Marvin Swink	Senior Vice-President, Lynx Enterprises
Melinda Taylor	Communications Director, International Brotherhood of Electrical Workers
William J. Tobin	Editor, The Voice of the Times; founding board member
Mead Treadwell	Managing Director, Institute of the North
Alma Upicksoun	Vice President Chief Counsel, Arctic Slope Regional Corporation
Nancy Bear Usera	Senior Vice President, Corporate Relations; Alaska USA Federal Credit Union
David Wight	President & CEO, Alyeska Pipeline Service Company
Eric Wohlforth	Attorney, Wohlforth, Vassar, Johnson and Brecht
James Yarmon	CEO, Yarmon Investments, Inc.

Duane Heyman	Executive Director, Commonwealth North
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Charge

Commonwealth North – Opportunities & Challenges

1. Background: For the past few years CWN has balanced its budget by a periodic series of major fundraising events that have honored the recipient of the Walter J. Hickel award for public policy leadership. These opportunities may be coming to an end. Even as the State of Alaska must put its fiscal house in order, CWN should develop a sustainable long-term plan.

2. Questions to be addressed:

- a) What is the current state of financial and organizational affairs for CWN?
- b) Is this situation sustainable?
- c) What does the future hold for the organization?
- d) Are there ways to do better, such as by forging strategic alliances or pursuing a modified business plan?

3. Scope of study:

This study will briefly examine the history of the organization, compiling an overview of critical information such as income, expenditures, staffing and membership to establish a clear understanding of historic trends. This information will form the basis of examining the current structure and role of CWN. Past strategic planning efforts will be reviewed and key concepts incorporated as appropriate. Opportunities and challenges facing the organization will be identified, analyzed and delineated. Possible adjustments to the current mode of operation will be listed and recommendations developed for consideration by the Board.

4. Nature of report to be issued (Technical, Analytical, or Opinion):

This report will be a mixture of all three: technical compiling of data, analyzing issues, and developing recommendations that will be largely based on opinion.

5. Conflict of interest standards:

The intent of the study is to represent a balance between the geographic, demographic, ethnic and economic interests represented in the CWN organization. It is expected that persons with interests in the outcome of the study will be members of the study group and will participate in its deliberations. Study group leaders should request that members identify their interests relative to specific points they advocate.

6. Measure of success:

This study will succeed by generating a greater understanding of the opportunities and challenges facing CWN. The ultimate success will be if the study charts a course that leads the organization into a solid financial and organizational future

Commonwealth North Purpose, Vision and Core Values

Purpose

The purpose of Commonwealth North is to educate its members and others on significant public policy issues affecting Alaska and its future, and to assist in their resolution.

Vision

Commonwealth North leads Alaskans to adopt enlightened policies that enhance Alaskans' quality of life and that improve the State's ability to effectively manage its resources.

Core Values

1. Recognize the State's unique obligation to manage the common wealth of Alaska
2. Commit to the future of Alaska
3. Put Alaska's interests before special interests
4. Exercise intellectual integrity and rigor
5. Respect all peoples and cultures

Summary of Key CWN Information

Year	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Revenue	0	129,077	174,876	174,478	119,493	215,318	198,332	192,582	246,118	233,949	257,033
Expenses	0	128,524	145,629	168,308	144,961	196,775	183,440	198,684	242,355	231,343	251,795
Net-operating	0	553	29,247	6,170	(25,468)	18,543	14,892	(6,102)	3,763	2,606	5,238
Non associates											
Assoc. members											
Total members	67	282	313	356	352	346	382	367	320	301	354
FTE											
Programs	7	13	17	12	19	18	19	20	26	23	21
Social events	1	1	4	1	2	4	1	2	3	0	1
Special events	Support	d-2 Lands			Alaska	Prudhoe	Prudhoe	Red Dog	Budget team	R.E.Seminar	Theobold
	Sagebrush	7 consensus			2000	Bay	Bay	Mine	to Juneau/	New mbr.mtg	Group
	Rebellion	points			TV series	Trip	Trip	Indian	Roundtables	Spkr.Bureau	New mbr.mtg
								Rights	Established	Established	
Other activities	D.C. trip	Finance Comm.							Speaker	Publishing	
		Carter cards							Fund	Fund	
President	Hodel	Hodel	Hodel	Hodel	Hodel	Hodel	Hodel	Beneville	Hodel	Lounsbury	Lounsbury
Exec. Director	Roberts	Roberts	Roberts	Roberts/ Brady	Brady	Brady	Brady	Brady	Roberts	Roberts	Roberts
Total staff	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Studies	Energy-Why	No.Slop.Gas	Ak loans	AKRR		New AKRR	Compass		for Expo 88	Perm.Fund	ANWR
	Not Alaska?	State	Capital Inv.	transfer			North		UA merger	AKRR	
	(Nat. Press	spending	Fund	Const.Conv.					support	Relocate	
	Club)		No.Slop.Gas							RR yards	
Hartig Fellows				Hartig				David	Lisa	Fire Island	Darrell
				Fellowship				Rector	Mock	Ak.Dev.Bd.	Chambers
				Established							
Anchorage Pop.	174,594	174,431	187,761	204,226	230,847	244,030	248,263	246,139	229,117	218,979	221,870
Pop./CWN Mbrs.		619	600	574	656	705	650	671	716	728	627
Anc. Inflation %	10.5	10.2	8.1	5.4	1.8	4.1	2.4	1.9	0.4	0.4	2.9

Summary of Key CWN Information

Year	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Revenue	258,915	230,415	203,936	217,254	204,620	234,610	291,423	252,577	257,928	371,268	491,176
Expenses	227,574	226,767	210,016	192,548	198,471	214,810	282,820	275,030	297,056	344,512	423,695
Net-operating	31,341	3,648	(6,080)	24,706	6,149	19,800	8,603	(22,453)	(39,128)	26,756	67,481
Non associates							351	359	372	341	325
Assoc. members							55	75	80	80	66
Total members	373	368	337	315	347	397	406	434	452	421	391
FTE							327	342	348	318	314
Programs	19	21	21	30	31	24	24	32	32	33	22
Social events	0	1	1	1	1	1	2	1	2	2	2
Special events	Frontier		Support	For Seward	Alyeska	Atwood	Museum		BP 1	Hickel	Stevens
	Thinking		subsistance	S.L.Ctr.\$	Prince	New mbr.	Recept.		BP 2	BP Mbr.	Museum
	Conf.			vs. AKRR	Tour	Reception	BrewCruise				Focus Group
	Wed.Round.			legislation			Edu.Summit				Econ Series
	12 Visions										
Other activities	Oppose RR										
	ballot										
							Brady/				
President	Turpin	Barnes	Barnes	Gorsuch	McHugh	Langland	Lowenfels	Hunt	Hunt	Linxwiler	Usera
Exec. Director	Roberts	Wilson	Pourchot	Pourchot	Parker	Parker	Parker	Ginsberg	Heyman	Heyman	Heyman
Total staff	2.25	2.25	2.25	2.25	2.25	3	3	3	3	3	3
Studies	Going Up	Fire Island	Const.Conv.	CWN	Budget	Partnering		Agenda	Assets I	Perm	U.R.US
	In Flames			Budget	Recc.#1			2000		Fund	
				Conference	Health Care					Phase II	
					Budget #2					Summaries	
Hartig Fellows	John	Susan								Beverly	Chris
	Gant	Bramstedt								Dennis	Bucholdt
		Kathy									
Anchorage Pop.	226,338	235,626	244,111	249,440	253,503	252,729	253,234	254,752	257,260	259,391	260,283
Pop./CWN Mbrs.	607	640	724	792	731	637	624	587	569	616	666
Anc. Inflation %	6.2	4.6	3.4	3.1	2.1	2.9	2.7	1.5	1.5	1	1.7

Summary of Key CWN Information

Year	2001	2002	2003	2004
				(Budget)
Revenue	357,066	305,045	317,437	375,937
Expenses	374,142	317,301	325,877	367,419
Net-operating	(17,076)	(12,256)	(8,440)	8,518
				(8/10)
Non associates	359	379	341	318
Assoc. members	75	80	84	71
Total members	434	459	425	389
FTE	342	356	317	293
				(8-24)
Programs	20	22	20	16
Social events	2	1	3	3
Special events	Hammond	AKRR	Marilane	Young
	Seward	Depot	Flight	Whittier
		Ride	Zoomerang	
Other activities				Revised
				Hartig
President	Usera	Griffith	Griffith	Kumin
Exec. Director	Heyman	Heyman	Heyman	Heyman
Total staff	3	3	3	3
Studies	No.Slope	U of A	Assets II	Health Care
	Gas	Con Con	Workforce	Internal
Hartig Fellows	Irina Fell			
Anchorage Pop.	264,052	268,738	274,003	
Pop./CWN Mbrs.	608	585	645	
Anc. Inflation %	2.8	1.9	2.7	209.48%

**Recent
Financial
Performance**

REVENUE	2004 Budget	2003 Actual	2002 Actual	2001 Actual	2000 Actual	1999 Actual	1998 Actual
Dues (Standard, Pioneer, New Visions)	146,799	146,799	152,535	161,010	140,592	135,390	140,458
Dues (Non-Anchorage Associates)	6,205	6,205	4,345	4,920	7,740	2,510	3,600
Initiation fees for new members	3,000	3,000	2,600	3,200	6,450	5,100	3,800
Program income (Members)	7,746	7,746	6,644	15,274	5,865	21,424	9,739
Program income (Non-members)	19,526	19,526	12,096	11,707	16,269	61,227	14,245
Award Dinner ticket sales (Members)	25,000	0	0	32,450	11,200		
Award Dinner ticket sales (Non-members)	18,750	0	0	10,200	106,100		
Board meetings	5,780	5,780	2,479	3,346	6,400	4,984	6,700
Award Dinner Fund raising	20,000	250	4,380	3,460			
Underwriting (Unrestricted cash)	96,240	96,240	100,801	58,735	57,525	39,156	43,583
Underwriting (Foundation)	1,850	1,850	2,000	28,500	126,629	64,520	0
Underwriting (In-kind)	24,292	29,292	14,500	16,545	2,350	35,096	33,127
Interest and dividend income	749	749	2,665	7,719	4,056	1,861	2,676
TOTAL REVENUE	375,937	317,437	305,045	357,066	491,176	371,268	257,928
EXPENSES							
Salaries and benefits	170,900	169,593	165,922	171,511	163,002	146,074	132,870
Staff expenses, training and miscellaneous	2,400	1,777	2,410	2,778	1,930	959	2,179
Temporary clerical	1,800	225	1,797	657	4,009	0	0
Professional fees (PGS, KPMG, bookkeeping)	8,289	8,289	25,217	25,062	8,973	33,517	21,562
Program expenses (Forums and special)	52,000	53,153	51,557	45,205	43,998	49,966	81,173
Award Dinner expenses	40,000	0	0	64,544	114,783	55,643	(1,000)
Board/Comm. meetings and acknowledgments	3,700	6,532	3,675	2,963	9,823	8,605	5,927
Rent	16,800	16,800	16,800	14,952	13,494	13,235	13,558
Supplies	10,500	8,675	10,421	10,564	10,767	8,320	7,241
Telephone, internet, communication	6,742	5,830	6,129	6,526	12,590	9,042	6,001
Postage and delivery	2,648	2,965	2,522	1,937	5,363	3,462	3,216
Printing	1,500	2,980	2,740	865	4,607	5,074	11,107
Dues and subscriptions	1,800	691	1,802	1,001	628	611	964
Equipment leases and maintenance	3,000	3,713	2,959	2,871	2,719	1,487	1,536
Insurance	1,200	1,412	2,843	96	2,145	913	1,202
Bank and credit card charges	2,894	3,013	2,631	1,773	7,462	1,698	1,959
Equipment replacement	2,000	173	4,067	1,695	6,041	3,130	4,752
Depreciation expense	2,954	3,654	2,954	8,562	11,171	2,688	2,654
In-kind expenses	24,292	29,292					
Bad debt	12,000	7,110	10,855	10,580	190	88	155
TOTAL EXPENSES	367,419	325,877	317,301	374,142	423,695	344,512	297,056
Net Ordinary Income	8,518	(8,440)	(12,256)	(17,076)	67,481	26,756	(39,128)
Cash Flow from operations (NOI - Depreciation)	11,472	(4,786)	(9,302)	(8,514)	78,652	29,444	(36,474)
OTHER INCOME AND EXPENSES							
Hartig fundraising contributions	1,000	1,000	1,000	1,000	0	1,000	150
Hartig investment income & mkt. value adjustmen	8,000	19,977	1,130	2,029	10,947	8,915	3,658
Hartig expenses	(5,000)	0	0	(1,100)	(6,033)	(1,509)	(423)
Net other income	4,000	20,977	2,130	1,929	4,914	8,406	3,385

Normalized Fiscal Years for CWN

REVENUE	Without big event	Expense percentages	Also remove extra meals	Expense percentages	2002 Actual	
Dues (Standard, Pioneer, New Visions)	146,799		146,799		152,535	
Dues (Non-Anchorage Associates)	6,205		6,205		4,345	
Initiation fees for new members	3,000		3,000		2,600	
Program income (Members)	7,746				6,644	
Program income (Non-members)	19,526				12,096	
Board meetings	5,780		5,780		2,479	
Underwriting (Unrestricted cash)	105,000		105,000		100,801	
Underwriting (Foundation)	10,000		10,000		6,380	
Underwriting (In-kind)	24,292		24,292		14,500	
Interest and dividend income	749		749		2,665	
TOTAL REVENUE	329,097		301,825		305,045	
EXPENSES						
Salaries and benefits	170,900	52.2%	170,900	56.9%	165,922	52.3%
Staff expenses, training and miscellaneous	2,400	0.7%	2,400	0.8%	2,410	0.8%
Temporary clerical	1,800	0.5%	1,800	0.6%	1,797	0.6%
Professional fees (PGS, KPMG, bookkeeping)	8,289	2.5%	8,289	2.8%	25,217	7.9%
Program expenses (Forums and special)	52,000	15.9%	24,728	8.2%	51,557	16.2%
Board/Comm. meetings and acknowledgments	3,700	1.1%	3,700	1.2%	0	0.0%
Rent	16,800	5.1%	16,800	5.6%	3,675	1.2%
Supplies	10,500	3.2%	10,500	3.5%	16,800	5.3%
Telephone, internet, communication	6,742	2.1%	6,742	2.2%	10,421	3.3%
Postage and delivery	2,648	0.8%	2,648	0.9%	6,129	1.9%
Printing	1,500	0.5%	1,500	0.5%	2,522	0.8%
Dues and subscriptions	1,800	0.5%	1,800	0.6%	2,740	0.9%
Equipment leases and maintenance	3,000	0.9%	3,000	1.0%	1,802	0.6%
Insurance	1,200	0.4%	1,200	0.4%	2,959	0.9%
Bank and credit card charges	2,894	0.9%	2,894	1.0%	2,843	0.9%
Equipment replacement	2,000	0.6%	2,000	0.7%	2,631	0.8%
Depreciation expense	2,954	0.9%	2,954	1.0%	4,067	1.3%
In-kind expenses	24,292	7.4%	24,292	8.1%	2,954	0.9%
Bad debt	12,000	3.7%	12,000	4.0%	10,855	3.4%
TOTAL EXPENSES	327,419	100.0%	300,147	100.0%	317,301	100.0%
Net Ordinary Income	1,678		1,678		(12,256)	
Cash Flow from operations (NOI - Depreciation)	4,632		4,632		(9,302)	
OTHER INCOME AND EXPENSES						
Hartig fundraising contributions	1,000		1,000		1,000	
Hartig investment income & mkt. value adjustment	8,000		8,000		1,130	
Hartig expenses	(5,000)		(5,000)		0	
Net other income	4,000		4,000		2,130	

Financial Summary of Award Dinners

	6/27/04	6/28/01	8/8/00	8/18/99
	Young	Hammond	Stevens	Hickel
Income				
Ticket sales	53,800	38,150	113,400	55,600
Cash underwriting	80,000	47,335	156,826	64,000
In-kind	2,500	44,050	85,698	2,774
Total underwriting	82,500	91,385	242,524	66,774
Total income	136,300	129,535	355,924	122,374
Expense				
Video production	1,500	20,000	0	0
Labor-misc.	500	1,226	0	0
Invitations/postage/mail svc.	3,892	5,730	5,192	6,494
Fund raising mailing	1,500	3,256	2,400	0
Advertising	0	1,540	1,100	0
Programs/Tabloid	2,160	0	0	0
Mementos	4,535	0	523	1,412
Table decorations	145	221	1,000	0
Sound, lighting, screens	7,800	7,000	10,227	0
Walkie Talkies	0	0	0	
Lightscaping	0	0	1,150	0
Slides	0	0	0	323
Entertainment	0	3,000	0	0
Porta Potties	0		625	
Stages,frames,elect.	500	0	5,655	0
Music	125	475	1,500	2,154
Banners	350	0	0	517
Flowers	579	0	0	70
Trophies	425	400	305	350
Photography/prints	400		300	460
Videotaping, transcribing	0	341	400	960
Balloons	1,940	0	4,495	0
Other decorations	300	240	500	1,535
Emergency lanterns & batteries	0	0	1,000	0
Man lift	0	0	1,500	0
Catering-1999 combined	0	0	0	35,676
Catering-dinner inc. service	30,510	16,835	62,318	0
Wine (corkage)	0	418	1,116	0
Open bar	16,980	2,171	8,152	0
Labor-security	0	0	1,900	0
Airport shuttle buses	0	0	500	0
Air Freight	207	0	200	70
Comp tickets		1,500	0	1,600
Bank charges	500	368	1,200	689
Temporary labor	0	288	3,000	0
Thank you party	0	0	1,500	0
Cleaning	150	0	0	0
Facility rental	250	0	0	0
Permits	100	0	0	0
Parking	400	0	0	0
Insurance	280			
Auction items	0	0	0	1,215
Miscellaneous	0	119	1,000	2,791
Total Expenses	76,028	65,126	118,758	56,316
Cost per person	\$135	\$164	\$102	\$101
Net Profit (cash)	57,772	20,359	151,468	63,284
Attendance:	563	397	1,164	557

Monthly “Burn Rate”

Based on 2004 Budget

All annual expenses:	\$367,419
Less:	
Award Dinner	(40,000)
Depreciation	(2,954)
In-kind	<u>(24,292)</u>
Total net expenses:	\$300,173
Or, per month:	\$25,014

Predictable ongoing cash flow adjustments directly related to expenses:

Program income	\$27,272
Board meetings	<u>5,780</u>
Total adjustments:	\$33,052
Or, per month:	\$2,754

Adjusted annual “Burn Rate”:	\$267,120
Or, per month:	\$22,260

LIST OF KEY PAST SPEAKERS

Dr. Vernon L. Smith	<i>2002 Nobel Laureate, Economics</i>
Dr. Ólafur Ragnar Grímsson	<i>President, Iceland</i>
Dr. Edward Gramlich	<i>Governor, Federal Reserve Board</i>
Rod Paige	<i>U.S. Secretary of Education</i>
Lisa Murkowski	<i>United States Senate</i>
Robert William Fogel	<i>Nobel Prize Laureate</i>
Anthony Principi	<i>U.S. Secretary of Veterans Affairs</i>
Fran Mainella	<i>Director of the United States Park Service</i>
Gale Norton	<i>U.S. Secretary of the Interior</i>
Ted Stevens	<i>United States Senate</i>
Frank Murkowski	<i>Governor</i>
Don Young	<i>U.S. House of Representatives</i>
William S. Cohen	<i>U.S. Secretary of Defense</i>
Bill Richardson	<i>U.S. Secretary of Energy *</i>
William M. Daley	<i>U.S. Secretary of Commerce</i>
Rodney Slater	<i>U.S. Secretary of Transportation</i>
Andrew Cuomo	<i>U.S. Secretary of Housing & Urban Development</i>
William E. Kennard	<i>Federal Communications Commission</i>
Richard W. Riley	<i>U.S. Secretary of Education</i>
Dr. Sheila Widnall	<i>U.S. Secretary of the Air Force</i>
Dr. James Billington	<i>Librarian of Congress</i>
James Bolger	<i>Former Prime Minister of New Zealand *</i>
General Joseph Ralston	<i>Vice-Chairman Joint Chiefs of Staff</i>
Lt. General John Costello	<i>Commanding General of the U.S. Army Space Missile Defense Command</i>
The Honorable Dan Miller	<i>British Columbia Premier</i>
Dr. Kenneth Prewitt	<i>Director, U.S. Census Bureau *</i>

*Joint program with other organizations

The Foraker Group Report on CWN Sustainability

November 8, 2004

Prepared by Dennis McMillian

Purpose of Study

Commonwealth North appointed a study group to look into its long-term sustainability. The Foraker Group, an Alaskan nonprofit organization with the mission of strengthening Alaska's nonprofit sector, was asked to present its understanding of factors impacting long term organizational sustainability. In addition, the Foraker Group was invited to review the budget of Commonwealth North, including the detail of income and expenses and recommend possible actions to be considered by the CWN Board study group on enhanced sustainability.

Factors of Sustainability

The Foraker Group, at the request of its board, has developed a theory on nonprofit organizational sustainability. Foraker Group consultants have access to many of the leading nonprofit thinkers in the nation, and from that association has assimilated their best thoughts and ours into the "Factors of Sustainability." These factors include:

- **Focus-** Focus is understood as a clear and succinct understanding of where the organization came from, and where it envisions itself going over the long term. Nonprofit organizations need to be in touch with, and loyal to the founding vision of the organization; too often nonprofit organizations drift away from the original intentions of the founder(s). In addition to the clear vision of its founding purpose, an organization needs a very clear vision and plan for its future. Too often organizations settle into a routine of either doing more of what they have always done or following the funding streams rather than their mission and plan. The Foraker Group understands "mission drift" as one of the critical factors undermining the sustainability of many organizations. And, it easily occurs when organizations have no big or achievable vision of where all of their hard work will lead. Organizations should plan a minimum of five years into their future, but should push their comfort and strive to envision a ten year or even twenty year future they are committed to achieving. This past and future focus is mandatory for sustainability. Vision should not be confused with the "old school" of thought on crafting a grand scenario of the future that is neither achievable nor realistic for the organization. Many nonprofits spend time wordsmithing their vision only to find that the words are both unmotivational and unachievable by the organization no matter the timeframe. Focus, instead is comprised of one challenging and motivating goal. Focus is derived from first, clarifying Core Purpose, or the business that the organization is in and has been in since the Founders created it and then understanding the Core Values that drive the organization to be in that business. The second activity is to clarify the strategic plan for the organization, understanding that this kind of planning is not a tactical plan, about setting the

overall goals for the organization\When the whole organization can live the Purpose, Values and Goals, the organization is focused.

- **Board/Staff Balance-** While typically a volunteer or a group of volunteers found a nonprofit organization, at some point during the organization’s development, the founders begin to realize they will need full-time, paid assistance to maintain their founding mission. When they decide it is time to add staff, the organization will change forever. When adding staff or new board members at any stage in the organization, organizations should always take into account the first component of sustainability: Focus. Organizations must look for a “good fit.” Once staff is added, which we think is a mandatory step in sustainability; the board must enter into a mutually agreed upon partnership with that staff through its designated leader, its CEO, Executive Director, General Manager, etc. We describe this relationship as a modern, marriage-like partnership. There are many examples of how the board and the staff (CEO) relationship is like a marriage: While there are some legal roles for each partner in either relationship, they each must learn how to work together, to respect and trust each other, to support each other, to not take each other for granted, to do their individual share, to not make assumptions for the other partner, and to accept appropriate boundaries. Nonprofit boards must learn to speak as “one” in their relationship to the CEO. The CEO must learn to develop respectful relationships with each member of the board, but expect that the board will speak with “one” voice through its Chair, or another designated member. Nonprofits can not become sustainable without a competent and confident board, nor can they become sustainable without a competent, confident CEO. Confidence and competence demands the ability of each to navigate and celebrate the partnership required for sustainability. The other aspect of this partnership is capacity, defined both in terms of quality and quantity. The number of Board members, the addition of a CEO and of subsequent staff impacts sustainability. Likewise, so does the quality or talents, wisdom and style each person brings to the organization. Organizations can have lots of people, but not the “right” people and be unsustainable. The “right” people are those people that fit the particular culture of the organization and work to create a constellation within the organization. One organization’s “right person,” is not necessarily right for another. The quantity of both board and staff is a balance in and of itself. Organizations must look at their current and future goals to determine exact numbers. All of these aspects of partnership maintain the board/staff balance.
- **Unrestricted Cash-** Nonprofit organizations can not survive with a “hand to mouth” existence. Organizations need unrestricted cash in order to truly become sustainable and thus carry out mission. The amount of unrestricted cash depends on the historical and projected need for cash flow; no nonprofit should depend on a line of credit to pay its bills. There should also be sufficient unrestricted cash to fund the capacity it envisions in its strategic plan. Many organizations seek three months in unrestricted cash; others seek up to one year. Whatever the amount, it should be sufficient to allow the board and staff to focus on the mission; lack of unrestricted or “operating” cash often leads to lack of sustainability in the other two areas of Focus and Board/Staff Balance. The dilemma for most nonprofits is

that unrestricted and sustainable cash only comes from two sources: One source is mission-related earned income. Earned income is generated when the organization has a product or service that has value and the marketplace is willing to pay for the service or product. In the nonprofit sector, it is imperative that the income be in line with the organization's mission. Too often organizations decide they need to develop earned income and go into a business with little or no connection to mission. In addition to the tax burden the organization faces, if the "business" is successful, the organization can lose focus and impact that Factor of Sustainability. However, if an organization can determine how to generate mission specific earned income, they should strategically maximize that resource. For most organizations that have been dependent on government and other single sources of revenue in the past, we believe this is the easiest and most sustainable revenue stream for an organization, and has the potential to generate unrestricted cash. The only other source for unrestricted cash is charitable giving from individuals. During 2003, American foundations, businesses and individuals donated two hundred and forty billion dollars to the nonprofit sector in America. Seventy-four percent of that amount came from living individuals, and another nine percent came from individuals through their bequests. Therefore seeking sustainable funding from corporations and foundations is an unrealistic attempt at sustainability. While funding from corporations and foundations can be useful for specific projects and capital expenses, often, they are the least likely group to provide ongoing, operating support. And since that is the case, organizations will reinvent themselves every few years to appear "new" to a foundation or corporation, and by reinventing itself run the risk of developing "mission drift," or losing focus. The only logical solution therefore is for nonprofit organizations to develop support from individuals. Creating the infrastructure to build sustainable relationships with donors is a process that takes time, talent and resources both from the Board and staff. Nonprofits that embark on raising money from individuals should do so in a way that creates a maturation process for the donor to become more and more invested in their relationship with the organization. The goal of this effort is creating relationships that are mutually beneficial, to first and foremost the donor, and then to the organization. This means that special events, the tool most often used in individual fundraising can only be one step in a process of fund development, not a means to an end. Organizations can create opportunities for connecting with current and future donors through various forms of funding. Some of these include: "membership," where the actual value of that membership is less than the amount an individual is willing to pay for the intangible "mission support" of the organization; annual funds; major donor programs (for those organizations with existing donors); or after individuals have supported a nonprofit for fifteen or more years, and they reach fifty-five years of age, they become likely candidates for a planned gift, so then the organization can develop a planned giving program and an endowment. Every nonprofit should be thinking of building an endowment.

Recommendations on Income

After reviewing your budget, it does seem that over the next few years Commonwealth North may experience significant cash flow issues. Here are the strategies we suggest:

- It seems that had Commonwealth North not conducted successful events in the last few years, there would have already been significant shortfalls in needed income. While events can be useful as a short term funding strategy, no organization should build its future sustainability on events. Circumstances are too varied to predict with any certainty the income an organization can depend on from events and tend to take an extraordinary amount of staff and volunteer time and resources.
- We would encourage you to review your membership structure. While your current membership dues are significant as compared to other membership organizations, we think that a few modifications could produce more income and provide a more sustainable future. All members are charged the same, whether they participate or not. We assume many of your members are supporting CWN because it's the right thing to do. They support your mission and will likely never be active in your programs. Since supporting your mission is important to many in the community, and many of those are willing to join at the current membership rates, we would encourage you to keep your membership rates at the current level. We would also encourage you to consider minimizing the number of monthly events a member's dues will guarantee. For example, if a member joins, maybe they can attend 2-3 scheduled events per year at no charge. However, for the members that will attend more functions, we would encourage an additional fee that would better cover those real costs. There are many events and relatively few members that participate with each of them, so charging an additional sum to cover real costs for the members that do come regularly would be equitable. We would also encourage additional levels in the membership. Since many of your current members are supporting your mission, we think that some of those members would be willing to be "gold members" or "platinum members" at \$1,000 or \$2,500 to ensure CWN's ongoing sustainability. We would also encourage corporate/institutional membership levels at \$5,000 to \$20,000.
- It may also be useful for CWN to speak with some of the founders, or other long-term members about helping to create an endowment for Commonwealth North. We may be surprised how many of those individuals will be willing to support such an effort.

If some of these recommendations were adopted, we could see an income stream looking like this:

- Membership
 - Regular Membership \$500 300 members
 \$150,000
 - Supplemental Event Fees \$200 100 members
 \$ 20,000
 - Gold Members \$1,000 40 members
 \$ 40,000
 - Platinum Members \$2,500 20 members
 \$ 50,000
 - Corporate/Institution I \$5,000 10 members
 \$ 50,000
 - Corporate/Institution II \$10,000 5 members
 \$ 50,000
 - Corporate/Institution III \$20,000 2 members
 \$ 40,000
 - TOTAL INCOME
 - \$400,000

This scenario shows the potential for sustainable income sufficient to maintain and grow existing programs. Supplemental funds for large special projects could be secure from foundation grants, or from the occasional large event.

Recommendations on Expenses and Income

The first issue that jumped off of the expense sheet for Commonwealth North is that as a percentage of budget, you are likely under-funding staff infrastructure by as much as 15%. Most nonprofit organizations must budget at least 70% or more of their ongoing operations for staff. It appears you are budgeting at about 60%. We understand that some of your expenses are skewed because of cost for your events. Even so, we would argue that for long-term sustainability we encourage another way to view staffing and the associated costs.

First, you demand a CEO that has the capacity to work with one of the best boards in the state. That CEO has to have leadership skills, be an above average communicator, understand public policy, and focus efforts on the mission as well as be the “face” of Commonwealth North. In order to have that individual focused on what matters most for a CEO, the CEO must have sufficient staff support to ensure the ongoing day-to-day operation of CWN. All staff should in our opinion receive above average compensation because they are the staff leaders of one of the most important organizations in the state. That being said, your existing funding in this area may not produce that result over time.

You have an individual in the position of CEO that fits our description of what is needed, however he may not be receiving the compensation in salary or in benefits that the position he holds warrants. The question for a board when looking at CEO compensation is, could we hire someone and offer the benefits we currently offer, and attract someone

as good as or better than our current CEO? If the answer to that question is no, then you may be under funding the CEO position.

We were not asked to review other staff at CWN, so we do not know their capacity. But we wonder what three employees do to keep busy in the organization. We know the CEO is busy; we see each other often and know how hard he works. But maybe it would be wise for the study group to consider another thought we have to increase efficiency and capacity.

I want to share an experience my board just went through with me. They were very supportive of all of my efforts and wanted me to keep doing what I was doing to help other nonprofit organizations. If anything, they wanted me to worry less about the day-to-day operations, and spend more time making sure the mission was accomplished. However, they were concerned that if I did not have the time, or maybe the skill, to do all I was doing to accomplish the mission and manage the budget, the staff, the relationships with all the board and the relationships with our Partners, (members). They suggested that we needed to adjust our internal staff structure. I must say that without my consent, and with some opposition, they eliminated two positions and created a new one, that of COO. It was their belief that they needed more assurance that the day-to-day operation was happening. They realized that they were asking for too much for one individual to do well. While I was opposed to the idea at first, it was forced on me and now I am glad. I am free to do what I am best at and what interests me most. They are getting better data and management as a result. While I do not usually recommend that boards and their CEO's have such different agendas, I know now that it was done for the best reasons--Foraker's sustainability. The board wanted someone that had the skill I did not have to run the organization so that I could work with the skills I do have, which are to accomplish the mission.

We suggest that Commonwealth North look at its current staffing structure. You may need to secure additional funding for staff, however you do not need to add additional staff. We would encourage you to see if by eliminating some positions and creating a higher level office manager/COO position, a true high level assistant for your CEO (like the assistant to the president of a large corporation), you may create efficiencies as well as increase the capacity of all staff to get the job done. We would not expect that such an individual would work for a \$30,000 salary. We would suggest you fund such a position at an appropriate level, say in the mid-\$40,000's or higher. It is our experience a person at that level could accomplish more than two people in lesser positions.

If the board were to compensate its CEO at an appropriate level, and employ a true administrative assistant/COO at the appropriate level to run the day-to-day operations including member relations, budgeting, board relations and CEO support, we think you would enhance your ability to become sustainable.

In addition, we would like to suggest that CWN look into using the financial shared services through Foraker Group. Cook Inlet Tribal Council is now providing such service to over thirty Foraker partner nonprofits and has recently increased its capacity to

provide high-level financial support. Many nonprofits have also found that through CITC, they save money.

Conclusions

Commonwealth North is one of Alaska's premier nonprofit organizations. The impact it has had on public policy in this state is important and appreciated. I applaud the board and staff for studying how to increase its sustainability. The Foraker group would recommend that the study group look into some, or all, of the suggestions made as ways to increase its sustainability. We wish you the best in your efforts.