

DATE: December 21, 2011

TO: Children and Families Commission of Orange County

FROM: Michael M. Ruane, Executive Director



SUBJECT: Executive Officer's Report

The Executive Officer's Report for January 5, 2011, will include the following items.

A. Informational Items (Report)

1. Financial Highlights (included in Attachment 1)

B. Launch of GroundWork Group Orange County

The Commission was one of several local grant makers that helped launch the GroundWork Group Orange County to address the information technology needs of nonprofits (including Commission funded organizations). Last month, GroundWork Group was introduced to the Orange County funding community at a launch event. Family foundations and corporate funders were invited to learn about GroundWork Group and its goals to strengthen the ability of nonprofit organizations to achieve their missions.

The GroundWork Group model is to bring together funders, local businesses, IT professionals and nonprofit organizations to collaborate on the development and delivery of technology, education and information management solutions in order to enhance the ability of nonprofits to achieve their missions. GroundWork Group, a 501(c)(3) nonprofit based in Columbus, Ohio, launched an office in Orange County, California to serve nonprofit organizations in and around the area. More information is provided in the attachment.

C. Partnership with Urban Land Institute (ULI) Orange County District Council

The commission Executive Director and staff have taken an active role in the leadership of ULI. Over the past several years, the local ULI District Council has assisted the Commission in its Capacity Building Program, the annual Orange County Community Indicators Report and childhood obesity prevention (Healthy Community) efforts. Most recently, the Young Leaders Group of ULI have conducted two pro bono technical advisory panels for Commission grantees to assess their facility needs and building options. The clients were United Cerebral Palsy and OC Therapeutic Arts Center. We plan on continuing to seek ULI District Council technical assistance.

D. Grow Up Great Campaign

The new *Grow Up Great* campaign launched in January 2011 and recognizes the children and families that have been directly impacted by the programs and services funded by Proposition 10 through the Children and Families Commission of Orange County. The

campaign begins where the successful *10 People Making a Difference in the Lives of Young Children* campaign left off. Since February 2010, 10 people have been recognized for their leadership in programs that have improved the health, education and support of young children and families. The new campaign focuses on the importance and impact of early intervention programs, and begins with the story of Laila, a thriving first grader that was diagnosed with a life threatening metabolic condition before her first birthday. Laila's story and the stories of nine other children will be featured each month as part of the new *Grow Up Great* campaign. New profiles featuring these children and their families will be included on the OCFamily website and their magazine, presented at the monthly Commission meetings, and featured on the Commission's website and Facebook page.

ATTACHMENTS:

1. Financial Highlights
2. GroundWork Group Orange County Profile

FINANCIAL HIGHLIGHTS

November 30, 2010

Revenue Update

The Children and Families Commission of Orange County has received and recorded **\$8,342,897** in total revenues fiscal year to date.

- The Commission's total Tobacco Tax Revenues for October 2010 as reported by First 5 California is \$10,373,687. Prop 10 revenues for July through October 2010 are approximately 5.5% higher than the year to date estimated budget plan of \$9.83 million. As of November 30, \$8,060,767 has been received for July through September 2010.
- \$176,104 – Interest Earnings received for July 2010 through November 2010.

Expenditure Update

The total actual operating expenditures and encumbrances year to date are **\$61,552,110**.

The following is an overview of the actual operating expenditures and encumbrances for the year to date ended November 30, 2010:

- \$61,552,110 – Total Year To Date Actual Operating Expenditures and Encumbrances
 - \$58,746,757 for Children's Programs
 - \$36,900,341 – Healthy Children Programs
 - \$12,551,075 – Strong Families Programs
 - \$5,715,378 – Ready to Learn (School Readiness) Programs
 - \$3,579,963 – Quality Services including Capacity Grants, AmeriCorps/VISTA, POMS (Evaluation costs of \$1,525,160)
 - \$2,805,353 for Administrative Functions

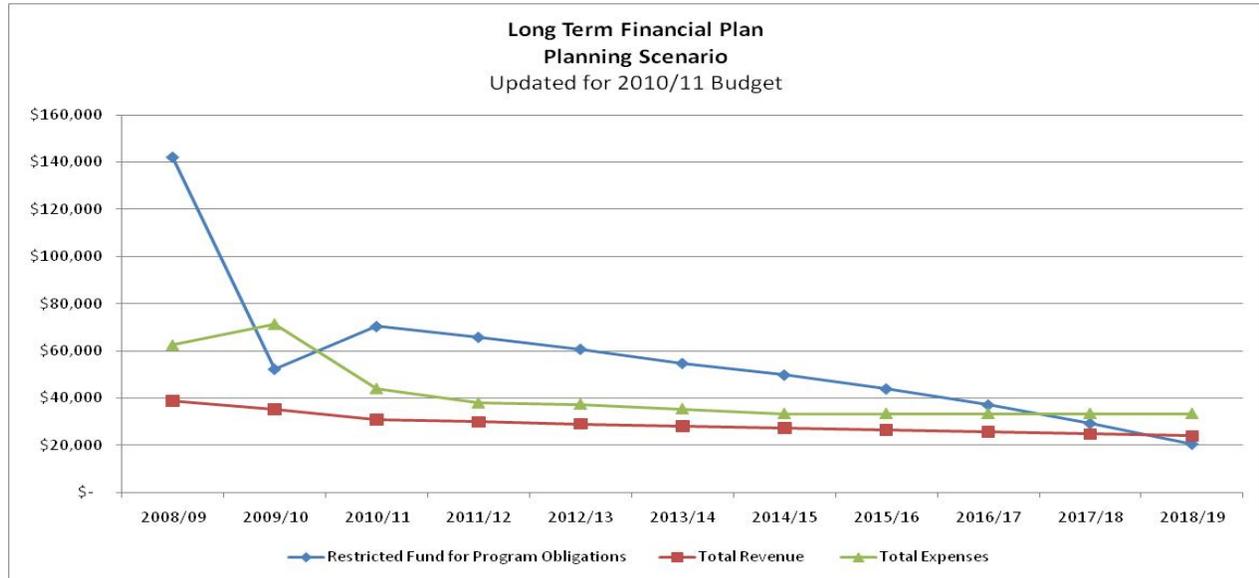
Administrative costs and functions are defined by State Commission guidelines (Fiscal Memorandum No. 05-01, dated April 14, 2006) pursuant to Chapter 284, Statutes of 2005 (AB 109). Actual Administrative expenditures and encumbrances of \$2,805,353 were 5% of the year to date ended November 30, 2010 Operating Budget of \$55,672,894.

Consistent with 10-Year Financial Plan

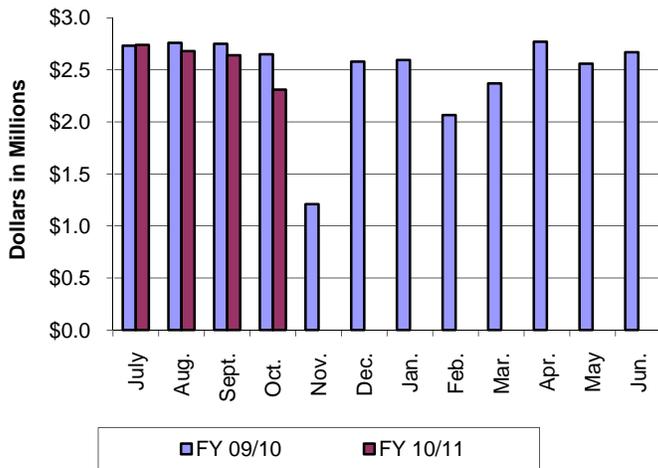
The Commission has dedicated funding for long-term support of programs consistent with the current Ten-Year Financial Plan.

Children and Families Commission of Orange County Snapshot Period Ended November 30, 2010

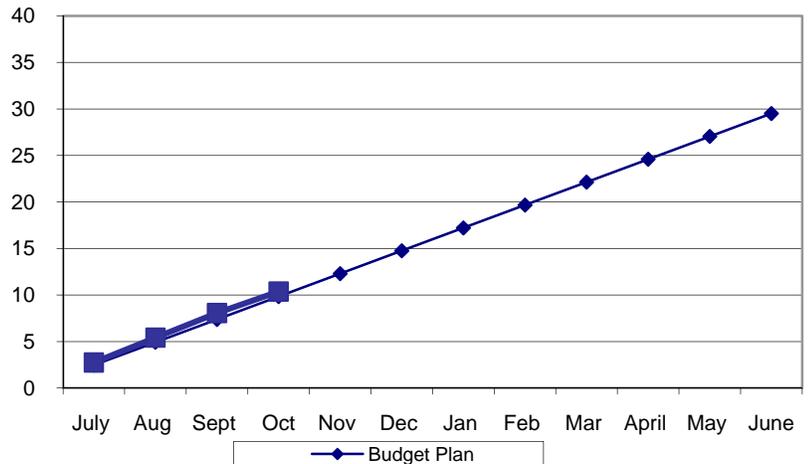
1) Long Term Financial Plan



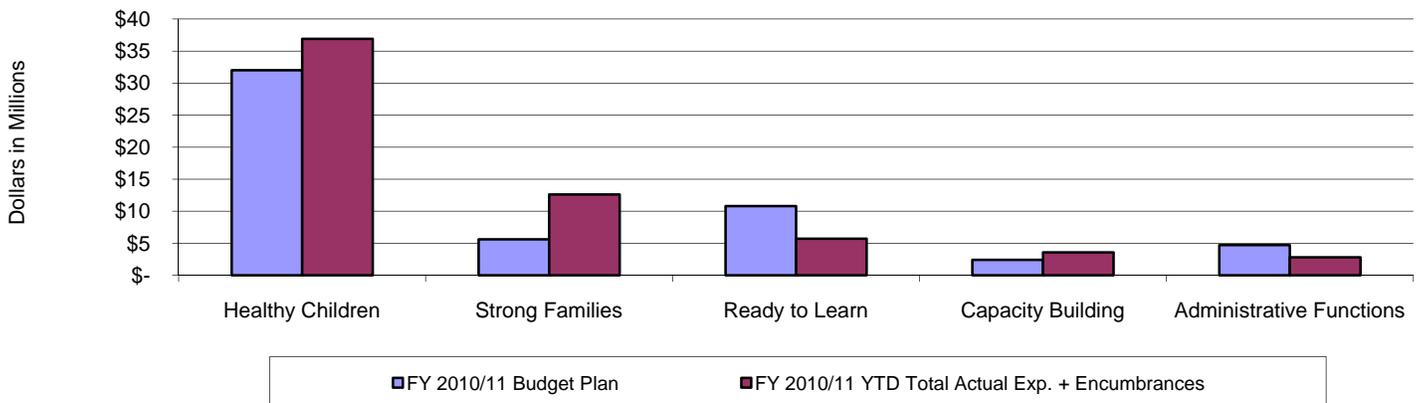
2) FYS 09/10 & 10/11 Tobacco Monthly Revenues *



3) FY 2010-11 Cumulative Tobacco Tax Revenue Budget Plan Vs. Actuals To Date *



4) FY 2010-11 Budget Plan Vs. YTD Total Actuals



*SOURCE: County Funds Distribution Report – First 5 California

**Children and Families Commission of Orange County
Comparison of FY 2010-11 Budget vs. Actuals - Unaudited
Period Ended 11/30/10**

FINANCING		
	FY 2010-11 Amended Budget	FY 2010-11 Actual Revenues
General Purpose Revenues	30,935,000	8,354,263
Special Purpose Revenues	450,000	(11,366)
TOTAL REVENUES	\$31,385,000	\$8,342,897
Other Financing		
From Capital Reserve	\$1,499,950	
Prior Year Encumbrance Released	1,109,640	
Fund Balance	21,678,304	
TOTAL FINANCING	\$55,672,894	

EXPENSES			
	FY 2010-11 Amended Budget	FY 2010-11 Actual Expenses	Encumbrances As of 11/30/10
Healthy Children	32,146,179	5,215,594	31,684,747
Strong Families	5,654,899	-238,952	12,790,027
Ready to Learn	10,796,575	-2,356,794	8,072,172
Capacity Building	2,386,193	540,454	3,039,509
PROGRAM SERVICES	\$50,983,846	\$3,160,302	\$55,586,455
Administrative Functions	4,689,048	1,562,591	1,242,762
TOTAL OPERATING EXPENSES	55,672,894	\$4,722,892	56,829,217

We can make our nonprofits stronger if we focus on these solutions:

Strategic Planning Solutions

- Boards should have an IT committee that will help link technology to strategic planning and budget plans.
- Staff, volunteers, service providers and funders need to encourage and foster a higher standard for IT integration.
- Funders can help by asking grantees how technology is woven into their strategic planning and encourage nonprofits to view technology as a strategic investment.

Marketing Solutions

- Nonprofits must explore and identify the best type of web presence to suit their unique business needs.
- Nonprofits need to carefully select and purchase only the web features that are truly beneficial for their organization goals.
- Funders need to be aware of how nonprofits are incorporating technology into their marketing efforts.

Constituent Management Solutions

- Nonprofits must make constituent management a priority.
- Education on the value of sophisticated applications to track client data, donor records, sales transactions and participation statistics.
- Funders can help increase access to sophisticated and secure information management systems.

Communications Solutions

- Funders and service providers can help nonprofits find cost effective ways to manage collaboration.
- Nonprofits must implement social media into communications strategies to increase communication reach.

Fundraising Solutions

- Nonprofits need sophisticated fundraising systems to track historical and current financial support.
- Security of transactions needs to remain a high priority and must be ensured with secure and customized applications.
- Continual improvements and high quality systems will allow for long-lasting relationships with donors and supporters.

Service Delivery Solutions

- Encourage nonprofits to make technology improvements to enhance their service delivery.

Reporting Solutions

- Encourage review of reporting methods and identify appropriate use of technology.

Day-to-Day Operations Solutions

- Funders should inquire as to how technology is used to manage nonprofit day-to-day operations.

Training & Education Solutions

- Vulnerability of nonprofits can be reduced by providing funding and expertise to boost the training & education efforts of the sector.

The Mission of Groundwork group

To strengthen the impact of nonprofit organizations by enhancing their ability to manage their business operations and achieve their missions through sustainable and affordable information management, education and technology solutions.

Our affordable and sustainable information technology solutions have been assisting nonprofit organizations for over 25 years. We foster community partnerships among nonprofits, funders, IT professionals and businesses to ensure the operational success of our charitable sector.

Groundwork group is using the results of this research project to develop unique technology solutions for the nonprofit sector as a whole and for individual respondents.

Join our efforts to advance nonprofit capabilities – contact us today.

Gene Elias
Chief Executive Officer
 GroundWork group Orange County
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Join our mailing list and stay up to date!
www.groundworkgroup.org/JoinEmail.jsp



A Report to the Orange County Community: The Impact of Technology on Nonprofit Organizational Effectiveness

We all know that technology impacts business, but how does it impact the nonprofit sector's ability to meet the needs of the community? How can we use technology to improve nonprofit organizations and their service delivery? Over the past six months, GroundWork group surveyed Orange County nonprofit organizations to answer these questions and more. The process took a close look at nine core business functions and how local nonprofits are using technology to support those functions. The results that were unearthed point to severe operational challenges, as detailed in summary form below.

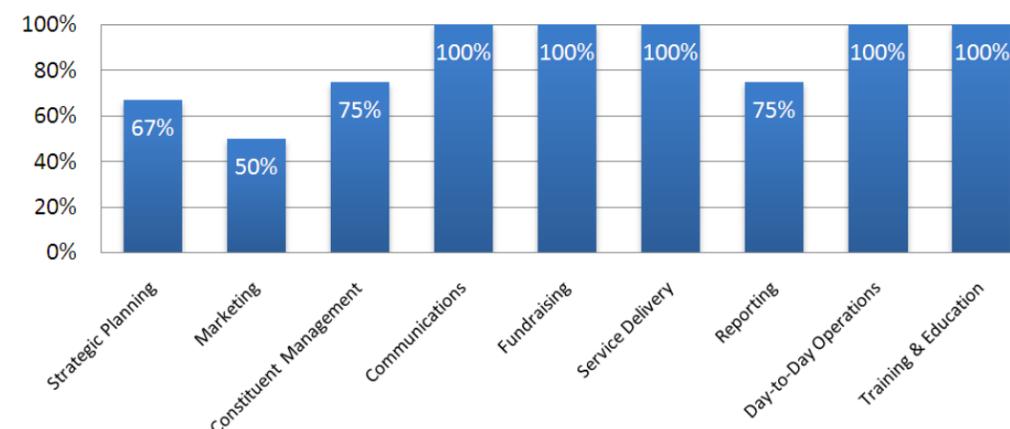
In 89% of the 44 elements measured, nonprofits rated Challenged.

In five business functions (Communications, Fundraising, Service Delivery, Day-to-Day Operations, and Training & Education) nonprofits are Challenged in every element measured.

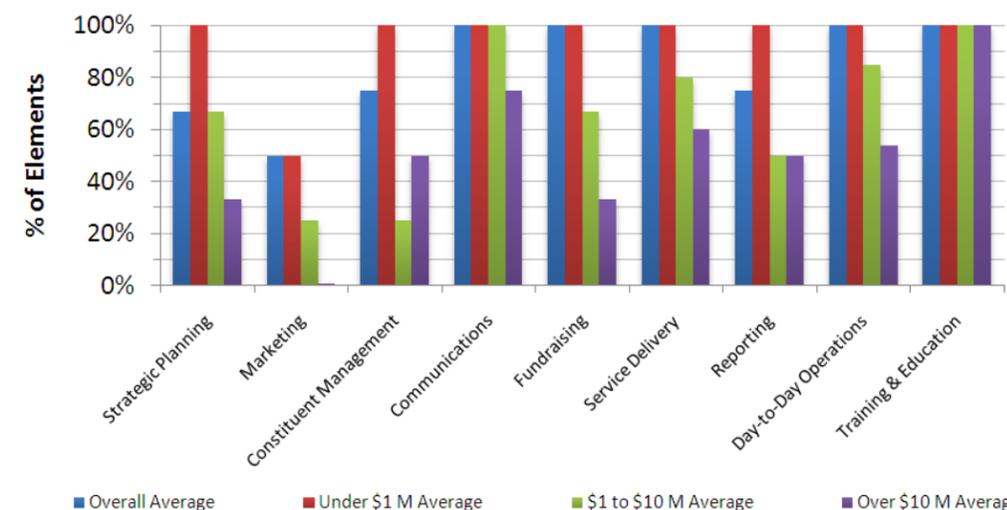
No OC nonprofits are rated Experienced in any of the nine business functions measured.

Not surprisingly, nonprofits with larger budgets are far less Challenged in performing their business functions due to their access to more advanced technology.

Orange County Nonprofits
 Business Elements Rated Challenged



Nonprofits by Budget Size
 Business Elements Rated Challenged



November 2011



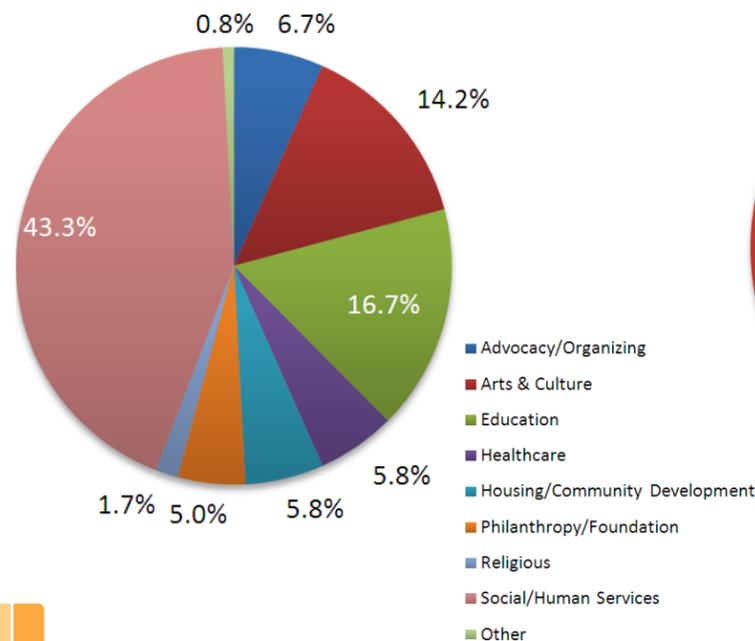
Research Process

Using our Continuum of Technology Maturity, we developed a survey that evaluates 44 business elements to measure how nonprofits use technology tools to manage and enhance these nine core business functions:

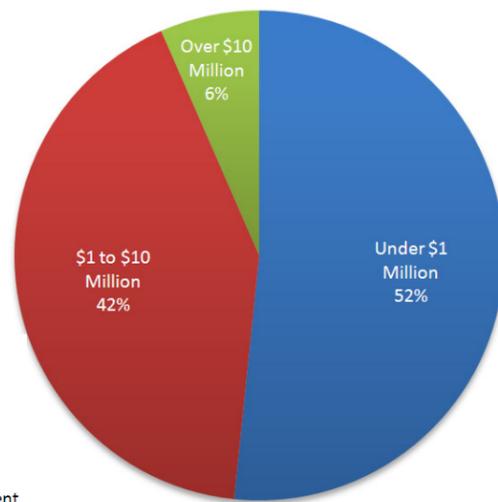
- **Strategic Planning.** Technology as part of the strategic plan that is regularly updated.
- **Marketing.** Technology as a marketing tool, interactive and updated websites and consistent messages among web and print communications.
- **Constituent Management.** Strategy for management of client, donor and constituent information and relationships and data collection standards.
- **Communications.** Electronic newsletters, blast e-mail and social media usage.
- **Fundraising.** Automated, integrated fundraising applications and event management.
- **Service Delivery.** Technology integrated into service delivery, mobile computing, research & development, advanced data security and service delivery continuity planning.
- **Reporting.** Meeting reporting requirements and conducting organizational, financial, management and board reporting with advanced tools.
- **Day-to-Day Operations.** Technology solutions to manage daily operations, including software applications, automated processes, business continuity & disaster recovery, network reliability & security, staffing needs, upgrades, data back-ups, capacity planning and policies, procedures & documentation.
- **Training & Education.** Technology training & education plan for staff, including documentation of skills and matching skills to job requirements.

Nonprofit respondents were rated **Challenged, Experienced or Advanced** for each element and for each business function, giving GroundWork group the ability to pinpoint exactly where a nonprofit can improve its usage of technology to increase organizational effectiveness. OC respondents self-identified across the following characteristics:

Nonprofits by Sector



Nonprofits by Budget Size



Findings

<p>STRATEGIC PLANNING Nonprofits are Challenged</p> <p>Our research showed that technology plays a strategic role for larger nonprofits and the Advocacy/Organizing sector, but for the most part small and medium sized nonprofits are quite challenged.</p> <p>Nonprofits have strategic plans, but they are not updated regularly.</p> <p>Very few nonprofits consider technology in their strategic plans.</p> <p>Technology is seen as an operational expense rather than a strategic investment.</p>	<p>MARKETING Nonprofits are Somewhat Challenged</p> <p>We discovered a low amount of variance among the sectors, and the differences were primarily in the web presence of respondents.</p> <p>Those sectors that are more customer-driven – Arts & Culture, Religious, Philanthropy/Foundation – spend more on technology tools for marketing and have sophisticated websites.</p> <p>Overall, though, nonprofits tend to be technology savvy in the area of marketing. They have marketing plans using the web as an effective marketing tool and are tying their web and print communications together.</p>	<p>CONSTITUENT MANAGEMENT Nonprofits are Challenged</p> <p>Nonprofits show they are doing well, using technology tools to formally manage constituent information, and they have high quality data.</p> <p>Challenges lie with inconsistent data collection standards, the usage of basic tools and the lack of inclusion of constituent management in strategic planning.</p> <p>Philanthropy and Social/Human Services are using technology in the most effective manner to manage their clients and other constituents.</p>
<p>COMMUNICATIONS Nonprofits are Challenged</p> <p>We found no significant difference among the nonprofit sectors in their application of technology to their communications efforts.</p> <p>Arts & Culture nonprofits don't struggle as much as others, due to a more creative nature.</p> <p>Nonprofits have communications plans, but they are not updating the plans regularly.</p> <p>Nonprofits are sharing their messages via electronic newsletters, but are using simple e-mail devices.</p> <p>Limited usage of social media by nonprofits results in a real challenge to get messaging out to younger audiences.</p>	<p>FUNDRAISING Nonprofits are Challenged</p> <p>We were surprised to discover that the aggregate of nonprofits were Challenged in the area of fundraising.</p> <p>Arts & Culture, Health Care and Social/Human Services sectors are doing a better job of leveraging technology to build their fundraising capabilities.</p> <p>Nonprofits have fundraising plans, but they are not updating the plans regularly.</p> <p>Organizations are still using simple applications such as Excel and Access to manage millions of dollars in contributed support and to manage their fundraising events.</p>	<p>SERVICE DELIVERY Nonprofits are Challenged</p> <p>Service Delivery is an area of great need as the aggregate rated Challenged for every element.</p> <p>Nonprofits are using basic office productivity tools to deliver services to their clients.</p> <p>Usage of mobile computing is not widespread and is inconsistently applied.</p> <p>Nonprofits have informal methods for research and development to determine how to use technology to enhance service delivery.</p> <p>We found minimal service delivery continuity planning which leaves clients at risk should an incident render an organization unable to provide services.</p>
<p>DAY-TO-DAY OPERATIONS Nonprofits are Challenged</p> <p>Advocacy/Organizing, Housing/Community Development and Health Care organizations are more challenged than other nonprofits, due in part to a lack of resources and proper attention.</p> <p>On the flip-side, Social/Human Services organizations have made good progress utilizing technology tools to manage their daily operations.</p> <p>A major improvement over recent years – nonprofits now have reliable networks and have centralized, secure data.</p> <p>Only Large and Medium sized nonprofits are no longer dependent on donated or refurbished equipment and use IT professionals for day-to-day operations, rather than relying on volunteers.</p> <p>The lack of full integration among applications is stalling day-to-day operations.</p> <p>With manual processes still in place, the extra time necessary makes documentation and information retrieval more difficult.</p> <p>A lack of business continuity planning negatively affects organizations' abilities to operate basic office functions and critical client services.</p> <p>IT policies, procedures & documentation are inconsistently updated.</p>	<p>TRAINING & EDUCATION Nonprofits are Challenged</p> <p>We discovered no significant differences among the sectors. Assistance with technology related to Training & Education is an area of great need across the board.</p> <p>Nonprofits surveyed, as an aggregate, rated Challenged for every element.</p> <p>Common practice in Orange County is that staff members receive limited training, the training that is received is not well documented, and technology Training & Education is not tied to the skill requirements for jobs.</p> <p>Staff turnover at nonprofits is costly as knowledgeable employees leave, and training new staff is difficult due to the lack of documentation.</p>	<p>REPORTING Nonprofits are Challenged</p> <p>We found no significant variances across the nonprofit sectors in the application of technology to support reporting.</p> <p>Nonprofits are meeting financial reporting requirements.</p> <p>Internal reporting, collaboration and outcome measurement are lacking.</p> <p>Data is not integrated.</p>

Steering Committee

Eric Boden
Retired Chairman & CEO of HireRight, Inc.

Susan Caumiant
Vice President, Community Investments & Marketing, Orange County United Way

Karen Francis
Director, Community Investments, Orange County United Way

Kim Goll
Director of Program Operations, Children and Families Commission of Orange County

Vijay Gurbaxani
Director, Center for Research on IT and Organizations (CRITO) & The Paul Merage School of Business, UC Irvine

Shelley Hoss
President, Orange County Community Foundation

Ed Kacic
President, Irvine Health Foundation

Dan McQuaid
President & CEO, OneOC

Anne Olin
Executive Director, Charitable Ventures of Orange County

William F. Podlich
Retired CEO, PIMCO

Mark Raymond
President, Luminys Inc.

Michael Ruane
Executive Director, Children and Families Commission of Orange County

Celeste Signorino
*VP, Investor Relations & Business Development
Orange County Business Council*

Dawn Trautman
Senior Vice President, IT and Strategic Planning, Pacific Life Insurance Company

An Invitation to Support

We invite you to participate in this effort to bring the GroundWork group model of building nonprofit capacity through effective use of technology to Orange County nonprofits.

We believe this initiative has the ability to support and streamline nonprofit business functions through advocacy, resource development and effective use of IT. By supporting effective use of technology, we also believe this initiative can increase nonprofit ability to drive effective programs into the community across the sector.

For more information on how to become involved, please contact:

Gene Elias
Chief Executive Officer
GroundWork group Orange County
gelias@groundworkgroup.org
714.585.7578

[Join our mailing list and stay up to date!](#)
www.groundworkgroup.org/JoinEmail.jsp

Our Mission

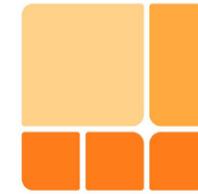
To strengthen the impact of nonprofit organizations by enhancing their ability to manage their business operations and achieve their missions through sustainable and affordable information management, education and technology solutions.

Our Vision

Affordable and sustainable information technology solutions which serve as a strategic enabler of nonprofit business success.



1505 East 17th Street, Suite 101, Santa Ana, CA 92705
www.groundworkgroup.org



GroundWork group Orange County

In early 2009, a consortium of funders, IT professionals and nonprofits in Orange County, California began working to identify a solution for local nonprofits who were struggling with the application of information technology to their daily operations. A chance meeting between an Orange County-based philanthropist and the CEO of an innovative nonprofit connected Orange County to GroundWork group (GWg), a nonprofit organization created to help nonprofits address their business challenges through better use of technology resources.

After a rigorous due diligence process conducted by both parties, GWg made the decision to bring their capacity building model to California. What follows is a discussion of that model, and how this initiative led to the creation of a new GWg office in Orange County.

Building Nonprofit Capacity Through IT

In today's environment, nonprofits face significant challenges as they strive to effectively operate the business functions of their organizations. **Technology is at the heart of these challenges.** While nonprofit leaders must effectively integrate information technology into all aspects of their business, that technology expertise typically lies outside their core areas of knowledge and experience.

GWg's overarching goal is to make technology a key strategic aspect of nonprofit's core operations and services, rather than an afterthought. In addition, GWg focuses exclusively on the unique needs of nonprofits, including donor and volunteer management, delivery of community services, and advocacy and community education.

The GWg model is unique in that it involves a) the education, assessment and training of nonprofits; b) the provision of services and products that nonprofits can access according to their specific needs; c) creating linkages between IT business leaders and local nonprofits; and d) a holistic approach to the business needs of nonprofits.



A Unique Model

By educating nonprofits about the critical role technology plays in achieving their missions, GWg helps nonprofits to do more with less, and to invest in technology in more effective ways.

More than 200 nonprofits served since 2006.

More than 100 IT professionals placed on nonprofit boards.

Significant cost-savings on hardware and software through cost-cutting programs.

Annual conferences attract over 200 IT and nonprofit professionals for cutting-edge discussions.

GWg enhances nonprofit operations through five core service lines, including Technology, Education, Information Management, Website and Event Management.



Business Challenges Faced by Orange County Nonprofits



The above graph demonstrates the results of more than 120 Orange County nonprofits surveyed using the GWg Continuum of Technology Maturity, which evaluates 44 business elements to measure how nonprofits use technology tools to manage and enhance these nine core business functions. A 100% demonstrates in aggregate the nonprofits who responded were considered challenged in that business function.

Assessing Orange County's IT Needs

A comprehensive assessment of the technology needs of Orange County nonprofits was conducted in early 2010 to gauge the market for service.

Through use of the GWg Nonprofit Technology Questionnaire, followed by focus groups and interviews with survey participants, a pattern of experiences emerged, including the following:

- While most nonprofits had access to either a vendor or a donated IT resource, services were focused on hardware and not on the effective integration of systems.
- Budget constraints, and the difficulty in finding funding for IT expenses, make it difficult for nonprofits to incorporate IT into daily operations.



The GWg Nonprofit Technology Questionnaire is a comprehensive technology assessment tool placing respondents along a proprietary Continuum of Technology Maturity, analyzing 44 elements of technology that impact nine core business functions. Nonprofit systems are rated as either Challenged, Experienced, or Advanced. More than 120 Orange County nonprofits participated to provide a comprehensive assessment of needs of the region.

Read further, A Report to the Orange County Community: *The Impact of Technology on Nonprofit Organizational Effectiveness*

“Our efforts in Central Ohio have made a substantial difference in the way our 200 nonprofit members use technology to support their missions. We know we can do the same for Orange County nonprofits.”

John Hrusovsky
CEO, GroundWork group National

A New Resource Comes to Orange County

GroundWork group, an Ohio-based 501(c)(3) nonprofit, was formed out of a community wide effort, initially led by The United Way of Central Ohio, the Tony R. Wells Foundation, and other community and nonprofit stakeholders in central Ohio. More than 200 community members volunteered their time to develop a service delivery model that addressed the business needs of nonprofits through information

management and technology services. The result was the formation of GroundWork group in 2005.

The group of Orange County individuals, funders and nonprofits that began the due diligence process with GWg have become the GWg Orange County Steering Committee, and continue to dedicate their time identifying local resources to support the launch of an affiliate GWg office in Orange County.

Initial funders of the expansion initiative include Orange County Community Foundation, Children and Families Commission of Orange County, Irvine Health Foundation, Pacific Life Foundation, Samueli Foundation, Orange County United Way, and individual donors, including William F. Podlich, retired CEO of PIMCO and Chair of the GWg Orange County Steering Committee and Eric Boden, retired CEO of HireRight, Inc.

Groundwork group will need additional philanthropic support to accomplish its expansion to serve the Orange County nonprofit community. After only five years in operation, GWg is already earning enough annual revenue to cover more than 95% of its

operating budget, demonstrating a sustainable model for supporting local nonprofit capacity. Based on GWg's experience in Ohio and an assessment of the Orange County marketplace, it is projected that the most significant need for philanthropic support of GWg Orange County will occur during the first two years of operation, shifting by the third and fourth years to an increasingly self-supporting model.

To support this process, a dedicated fund has been established at the Orange County Community Foundation for the purpose of receiving and distributing grants and contributions for this local effort while in its early stages.

Enter a New CEO

After a rigorous recruitment process among seasoned IT professionals, the GWg Orange County Steering Committee was fortunate to find Gene Elias. In October 2010 Gene was appointed as the CEO of GroundWork group Orange County, bringing with him over twenty years of experience in Information Systems, Manufacturing and Distribution, and Finance.

Gene shares, “What intrigued me about Groundwork group is that it is common sense in action; I couldn't believe that there wasn't some organization in the community doing this type of work already.”

Prior to coming to GroundWork group, Gene was a Senior Vice President at Quiksilver Americas, where he was responsible for their Information Systems and Technology and also served as the Global CIO for DC Shoes, located in Vista California. He previously spent many years consulting for IBM Global Services. Additionally, he worked several years with Deloitte & Touche, LLP as a manager consulting with mid-sized companies in Information Systems, Processes and Operations.

“I was convinced that GroundWork group was the technology solution for Orange County's nonprofits the moment I started speaking with John Hrusovsky [GroundWork group CEO].”

William Podlich
Retired CEO of PIMCO