



Assessment Report

Young Playwrights' Theater

March 23, 2007

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YOUNG PLAYWRIGHTS' THEATER

ORGANIZATION ASSESSMENT

MARCH 23, 2007

OVERVIEW

Young Playwrights' Theater (YPT) is one of five organizations selected to participate in Cohort A of the UPSTART program during 2007. The UPSTART Program, begun in 2006, was developed by The DC Commission on the Arts and Humanities (DCCA) to provide Washington, DC neighborhood community-based arts organizations with funding, intensive leadership education and training to assist with financial and operational capability.

The goals of the UPSTART program are:

- To help build greater capacity to achieve organizations' missions;
- To assist with expanding neighborhood/community cultural organizations' administrative and managerial resources so that they may better serve District residents and visitors;
- To address organizational challenges that inhibit growth and effectiveness and threaten sustainability, and
- To create a network of cultural groups to continuously learn and share knowledge within and among themselves so that they may emerge as leadership organizations.

As a first step in the program, UPSTART consultants Mary Ann de Barbieri and Bess Foley conducted an organization assessment to identify YPT's current critical issues and organizational challenges. This assessment establishes a context for the development of a work plan for the UPSTART program. Information gathered for the assessment included:

- a review of YPT's UPSTART application,
- a review of additional financial, organizational and other documents provided by staff,
- an analysis of organization assessment questionnaires completed by three staff, three board members and YPT's accountant,
- site visit interview with YPT's producing artistic director on February 21, 2007.

The assessment report that follows provides the UPSTART consultants' observations about YPT's operations at a particular point in time. It is designed to stimulate discussion among board and staff about key issues or challenges facing the organization and the long- and short-term action steps that can be taken to address them, including action steps to be taken during the UPSTART program in 2007. Please note that the suggested actions in this report are numbered for convenience in referencing. They are not listed in priority order, but adhere to the order of the following indicators of sustainable nonprofit organizations.

INDICATORS OF SUSTAINABLE NONPROFIT ORGANIZATIONS

The following indicators of organizational effectiveness, organized in the areas of planning and evaluation, organizational structure, finance and facilities and communications, were used to measure the effectiveness of YPT's current operations and identify organizational issues and challenges:

PLANNING AND EVALUATION

1. On-going strategic thinking, planning and evaluating that:
 - ensures that the organization has a clear vision and mission
 - provides clarity about organization's operating environment, its critical issues and challenges
 - assesses the organization's approach to achieving its vision and mission
 - ensures effectiveness of the organization's programs and services
 - produces written strategic plans with implementation steps supported by financial projections.

ORGANIZATIONAL STRUCTURE

2. Effective governing body that:
 - is committed to achieving the organization's vision, mission and values
 - makes good decisions that are in the best interest of the organization
 - consists of individuals who understand and are committed to upholding their board member responsibilities
 - is connected to and representative of the community/communities served by the organization
 - establishes clear, consistent policies for the organization and monitors their implementation
 - actively monitors the organization's finances and programs to ensure accountability and stewardship of resources
 - ensures that organization has adequate human and financial resources to support its work
 - ensures that the organization is open and responsive to the community/communities it serves.
3. Effective staff leadership that:
 - works in partnership with the board to achieve organization's vision and mission
 - facilitates and supports board decision-making
 - implements policy and directs operations
 - ensures that all employees and volunteers are clear about the organization's vision, mission and values and their role in achieving them.

4. Appropriate levels of human capitalization in order to:
 - provide for a well managed operation with adequate program support
 - produce regular financial statements with year-end forecasts and cash flow projections
 - ensure that all legal and regulatory reporting requirements are met
 - provide a consistent focus on resource development efforts and ensure stewardship of contributed funds
 - provide on-going and consistent administrative support.

FINANCE & FACILITIES

5. Appropriate levels of financial capitalization, including:
 - positive cash flow with appropriate working capital reserves
 - an annual resource development plan that outlines where earned and contributed operating funds will come from and sets implementation plans to achieve them
 - established targets for capitalization, including funds for program investment, equipment purchase, facilities, endowment or other capital needs.
6. Financial procedures are clearly understood and adhered to by staff to ensure accountability.
7. Financial reports are accurate, timely and highly contextual to provide maximum understanding of the organization's financial position and fiscal performance to internal and external stakeholders.
8. Financial and other organizational performance data are analyzed, evaluated and inform decision-making and planning.
9. Facilities, tools and equipment are kept up to date and are adequate to allow personnel to efficiently pursue accomplishment of the organization's mission.

COMMUNICATIONS

10. Effective and consistent public relations and marketing efforts that:
 - ensure clarity about target audience/customers and how to reach them
 - communicate organizational mission to the community
 - ensure visibility and community awareness
 - support fundraising efforts.

ASSESSMENT OF YOUNG PLAYWRIGHTS' THEATER

The following assessment is designed to pinpoint YPT's current organizational issues and provide suggestions for actions that can be taken to build its organizational effectiveness. This assessment does not attempt to evaluate the effectiveness of YPT's arts education program, but identifies organization improvements that can be taken to build its capacity to support achievement of its mission.

While this document focuses on organizational needs, it is important to recognize steps that have been taken to ensure YPT's sustainability. Since it was founded in 1995 by award-winning playwright Karen Zacarias, YPT has solidified its distinct niche in the community as a professional theatre organization dedicated exclusively to arts education. YPT's work with under-served, ethnically diverse inner city youth has garnered recognition and awards, including the Mayor's Arts Award for Outstanding Contribution to Arts Education. The YPT staff and board developed the organization's first strategic plan in 2003 to guide the organization through a founder transition and have made significant strides in completing this transition since the arrival of producing artistic director David Snider in August of 2005. YPT has been successful in developing support from local institutional donors and benefits from a quasi-endowment and cash reserve fund established by a large individual donation in 2000. With these important accomplishments, YPT is well positioned to take advantage of the capacity building resources that will be provided during the UPSTART program.

Planning and Evaluation

In 2003, the YPT staff and board embarked on a comprehensive strategic planning process that resulted in a board approved three-year strategic plan for 2004 – 2006. The planning process included the development of an action steps grid that articulated steps to be taken during 2004 and provided a mechanism for board and staff to evaluate progress and make periodic course corrections. At a planning retreat held in the spring of 2006, the staff and board created action steps for FY 2007. YPT is to be commended for its commitment to organizational planning. Given the solid steps that have been taken during its founder transition, it is important that the plan be updated to give board and staff an opportunity to evaluate their progress and articulate strategies to address current critical issues and challenges facing YPT at this point in time.

YPT recognizes the need to assess program outcomes and student achievement in order to maintain strong and effective programs. It currently uses pre- and post-program written assessments for students and conducts an assessment of teachers. Staff would like to institute a more in-depth evaluation process by engaging an expert outside evaluator to ensure that YPT has solid assessment tools to effectively evaluate both short- and long-term program outcomes.

The following are suggestions for actions in the area of planning:

Action # 1 Develop a new written three-year strategic plan.

- A. Review and evaluate YPT’s vision and mission statements, its core values and competitive advantage. Ensure that these statements provide a framework for evaluating programmatic and organizational goals and choices.
- B. Identify critical issues that must be addressed at this point in time in order to achieve YPT’s vision and mission and then agree upon strategies, goals and priorities for action during the next three years.
- C. Develop specific implementation action steps that will be taken during the first year of the plan; assign board and staff responsibility for each action and set a timeline.
- D. Develop multi-year operating and capital budgets to support the plan.
- E. Have the board vote to formally approve the final version of the strategic plan with action steps and budgets.
- F. Establish a timeline for board and staff to monitor, evaluate and make any necessary course corrections to the action steps on a regular basis.
 - 1. Charge the executive committee with periodically evaluating and updating the annual strategic plan action steps grid.
 - 2. Update the full board on the status of the annual action steps and evaluate plan implementation progress at least quarterly.
- G. Establish a time for an annual board discussion and evaluation of progress made in achieving the goals of the plan and to get consensus on priorities for action steps for the upcoming fiscal year.
 - 1. Determine a timeline for this discussion that falls in advance of the development of the annual budget so that any changes in the action steps that have a budget impact can be included.

Action # 2 Develop a comprehensive program evaluation process for YPT.

- A. Develop an effective process and tools to measure the effectiveness of YPT programs and track program outcomes.
- B. Incorporate a logic model into the YPT program planning process to facilitate evaluation of program outcomes.

Organizational Structure

YPT has four fulltime staff members who are responsible for programming and administrative operations (including fundraising and marketing and communications). The staff works efficiently as a team, meeting in a weekly roundtable to update each other on program and administrative details and to set and evaluate action steps. Questionnaire responses indicate that staff has a good understanding of YPT’s organizational goals and their role in achieving them. The producing artistic director evaluates each of the fulltime staff members. The board conducts

an informal evaluation of the producing artistic director. As was previously noted, YPT has made a successful founder transition as YPT's founding artistic director has transitioned to part-time employment and is no longer integral to YPT's daily operations.

Recently YPT staff has begun to organize its volunteers. YPT volunteers assist at all public events and usher at performances. Staff plans to continue to expand its volunteer recruitment, training and management to ensure the volunteer resources needed to support YPT's projected program growth.

YPT has a twelve-member board that meets every two months. It is clear from questionnaire responses that the YPT board is still in the process of making the transition from a founder-stage board into an active, effective governing body. Organizations that make successful founder board transitions put in place a solid governance structure and develop a strong board/staff leadership team.

The following are suggestions for actions in the area of organizational structure:

Action # 3 Ensure that YPT has the staff resources needed to support its programs and implementation of its organizational and strategic plans.

- A. Evaluate the staff resources needed to support achievement of long-term organizational and strategic goals.
- B. Develop a long-term staffing plan to ensure adequate staffing levels and set action steps to achieve them over time.
- C. Evaluate YPT's compensation and benefit levels and develop long-term plans to ensure that they are competitive.

Action # 4 Invest in staff development by funding attendance at workshops, seminars and conferences that will enhance their professional development and YPT program development.

Action # 5 Ensure that YPT has an effective governance structure to support current operations and the implementation of organizational and strategic plans.

- A. Charge the governance committee with establishing a proactive board recruitment process to ensure that YPT's board has the size, expertise, access and attributes needed to achieve its long-term organizational and fundraising goals.
 - 1. A written board recruitment process should be formally approved by the board to ensure that board members understand and are actively involved in the process that will be used for evaluating, recruiting and selecting new board members.

- B. Ensure that YPT has a clear, written statement of board member responsibilities and/or board member agreement that board members can sign or affirm annually. Charge the governance committee with oversight of individual board member participation.
- C. Ensure that YPT has an appropriate board structure with committees or task forces to support achievement of organizational and strategic plans.
 - 1. Create a written description for each committee or task force that outlines specific annual responsibilities and a timeline.
 - 2. Appoint non-board members to serve on committees to expand the YPT volunteer base and cultivate new board members.
- D. Continue with work to revise bylaws to ensure that YPT is in compliance with its stated operating procedures.
- E. Establish and implement specific board policies, including a conflict of interest policy. Additional policies, such as acceptance of gifts and investment and other finance related policies, are detailed in the relevant sections of this report.
- F. Provide orientation for all new YPT board members prior to their first board meeting. Both board and staff members should participate in this orientation to provide new board members with an understanding of how YPT operates to ensure that they will be ready to fully engage in the work of the board right away.
- G. Institute an annual board self-assessment process to provide board members with an opportunity to evaluate their work and set board goals for the upcoming year. Discuss the self-assessment results at a special board meeting or at YPT's annual board retreat.
- H. Establish a board leadership succession plan. Consider establishing a board chair-elect slot to provide for a continuity of board leadership.
- I. Set up periodic board education or training sessions (for instance, offer a board education session on fundraising, ask artists or teachers to speak about arts education issues etc.)
- J. Set up a formal and comprehensive annual evaluation process for the producing artistic director that includes a self-assessment component.

Finance and Facilities

Financial Analysis

This assessment includes a broad stroke trend analysis for Young Playwrights' Theater (YPT) using data from IRS Form 990 Information Returns for fiscal year 2003 (FY03) through FY05, audits for FY04 through FY06, and unaudited internal reports for FY07 to December 2006. YPT's fiscal year is July 1 through June 30, and the organization operates on an accrual basis.

Liquidity or working capital is the amount of unrestricted, liquid (cash or readily convertible to cash) net assets an organization can use for day-to-day operations. A working capital reserve or

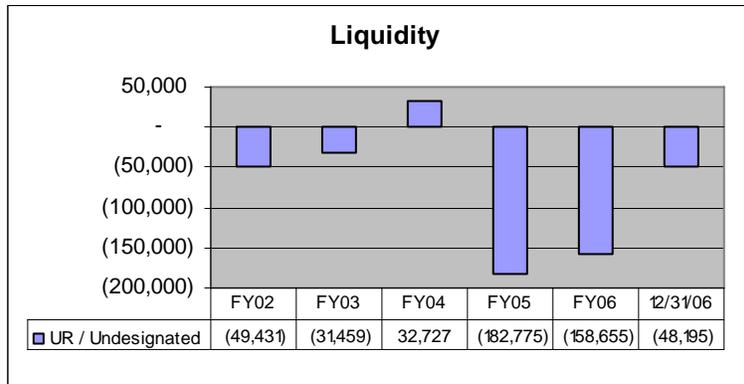
cash reserve increases the organization’s ability to take mission-related risks and to absorb temporary changes in its environment or circumstances. Organizations with limited or negative working capital by necessity focus on the short term, which occupies time and resources and hinders engagement in long-term planning and artistic ventures. Although an organization should design its capital structure (set its capital targets) based on an analysis of its own needs and plans, a minimal working capital balance of between 10-30% of annual expenses is usually considered appropriate, depending on the cash flow requirements or regularity of funding sources for the organization. (Restricted funds are not counted in the liquidity calculation since they are not available for operations until released.)

In 2001, YPT’s board established a quasi-endowment (a board designated endowment that is unrestricted as opposed to a donor restricted permanent endowment) of \$500,000, the income from which would support operations. Part of this quasi-endowment, \$50,000, was immediately designated as a cash reserve fund to be accessed to cover temporary cash flow needs. No documentation outlining the terms of use and replenishment of this reserve exists. YPT had borrowed \$50,000 from the fund by year end FY02. During FY05, according to a note in that year’s audit, the board officially released \$68,334 from the quasi-endowment to cover operations; there was no note regarding the quasi-endowment or the board designated reserve fund in the FY06 audit, leaving the status of the fund unclear. Internal FY07 financial statements indicate that the \$50,000 has not been replaced to date. For purposes of this analysis, an adjustment was made between liabilities and net asset balances to clearly show the \$50,000 as due back to the reserve fund. It should be noted that YPT’s IRS 990 Information Reports show the board designated quasi-endowment as permanently restricted, which is technically incorrect; board designated funds are unrestricted enabling the board to change the designation as it did in FY05. This would not be permissible if the fund were truly permanently restricted. Below is the status of board designated funds according to YPT’s internal financial reports and audit notes.

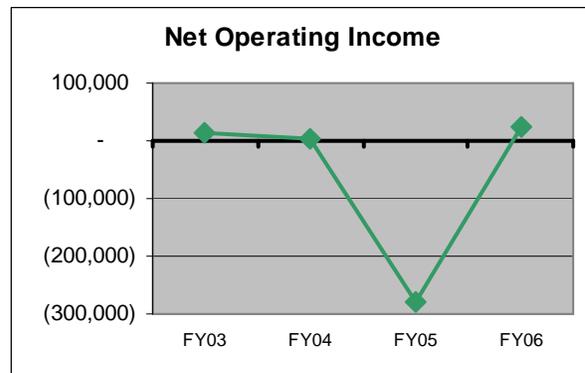
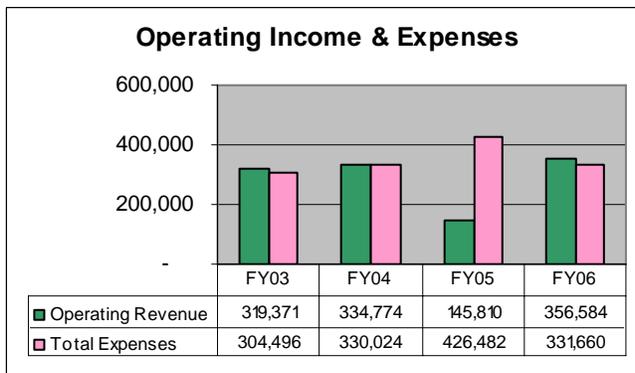
\$ 500,000	Quasi-endowment created 2001
\$ (50,000)	Borrowed for cash flow by year end FY02
<u>\$ (68,334)</u>	Used / released for operations FY05
\$ 381,666	Balance of quasi-endowment at 12/31/06 per internal reports

As shown in the chart below, YPT’s operating liquidity dropped significantly in FY05 when it sustained an operating deficit of over \$280,000. The loss resulted from a combination of circumstances including the loss of a previously committed grant, a staff restructuring, and the subsequent release of the then newly hired staff administrative leader who had proved to be unproductive at fundraising. Since then, YPT’s liquidity position has climbed from its low of negative \$182,775 to negative \$48,195 by 12/31/06, but still representing -12% of budgeted annual expenses of \$404,000 for FY07. It is clear from these numbers that during FY05 and FY06, YPT accessed the board quasi-endowment to a further extent than the original \$50,000 borrowing and beyond the \$68,334 that was officially released.

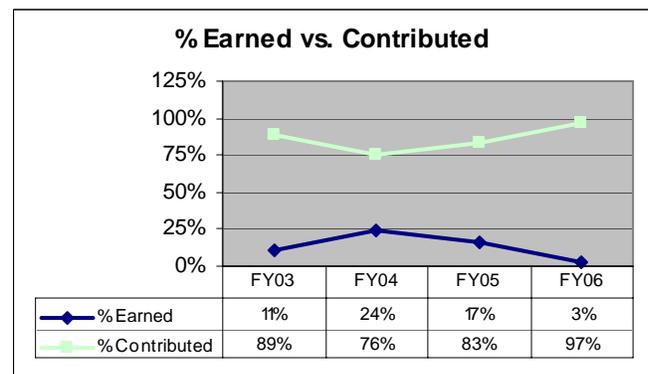
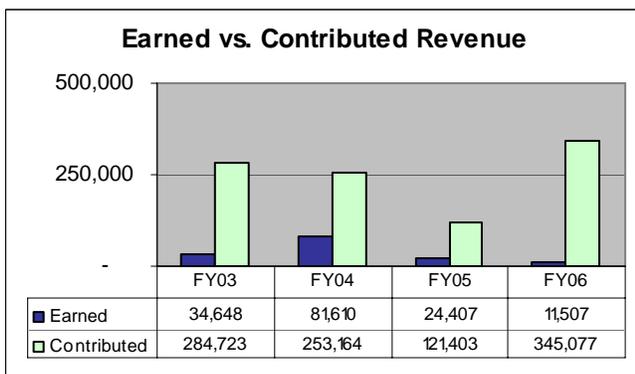
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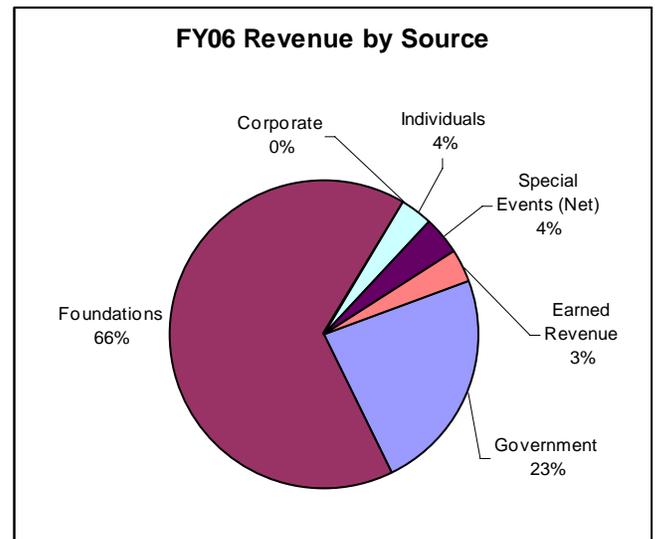
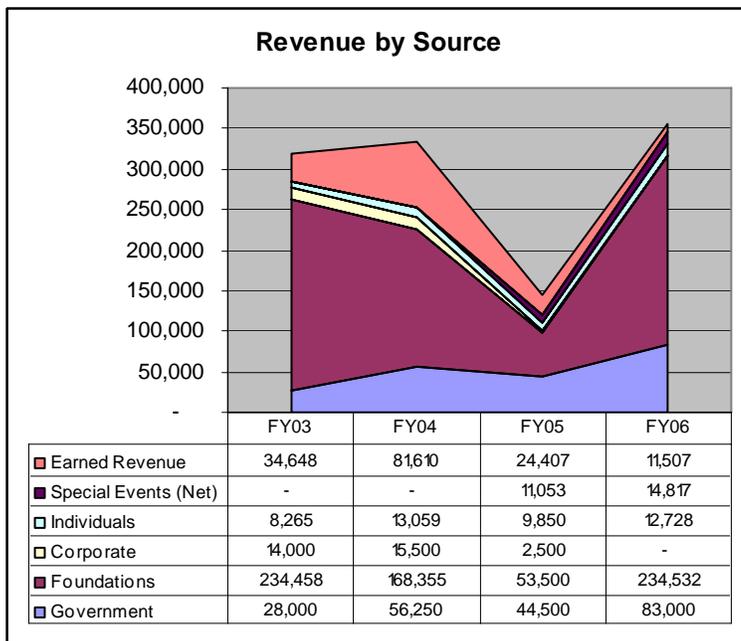
Income and expenses and net income for FY03 through FY06 are shown in the charts below. Expenses increased 29% between FY04 and FY05; however, revenue from operations fell short of expenses that year, the only year during this analysis period that YPT posted an operating shortfall. Internal financial statements show an operating surplus of \$143,152 as of 12/31/06, and projections for year end put the surplus at around \$73,000 at 6/30/07. A significant recovery has been accomplished during the past two years since the former administrative staff leadership was replaced.



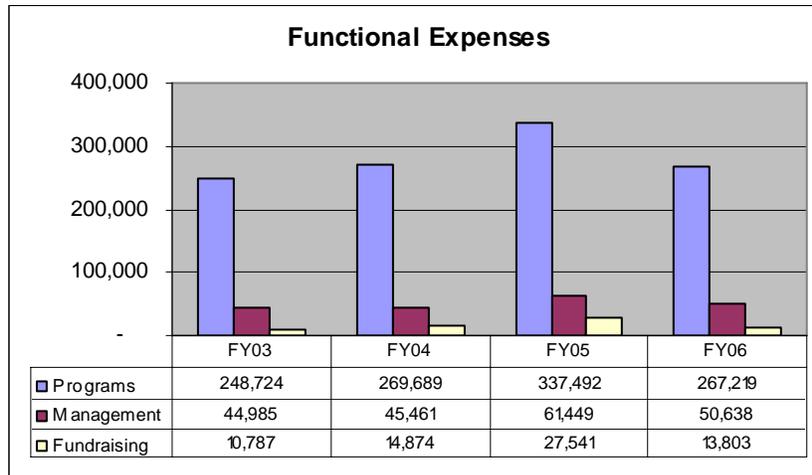
Over the past four years and half way through FY07, the percentage of YPT's revenue that derived from contributions has averaged 86% of total operating revenue. There is no substantial earned revenue stream associated with most of YPT's main program activities.



The following chart shows YPT's revenue by source over the past four completed fiscal years, with total earned or program revenue compared to categories of contributed revenue. Although it has already been noted that the nature of YPT's programming does not allow much opportunity for earned revenue, this deeper look at YPT's revenue sources reveals the extent to which YPT depends on foundation and government sources relative to other sources of contributed support. Over the four years, revenue from foundations averaged 57% and government 20%, together providing an average of 77% of total revenue during the period. Earned revenue averaged 14% over the four years, but this included an unusually high amount in FY04 resulting from a significant collaboration project. Contributions from corporations, individuals and special events have averaged between 3 to 4% each over the four years, indicating that YPT should seek to better diversify its revenue sources, maintaining those from government and foundations while building deeper relationships with corporate and individual donors. The recovery from FY05's year of low income is shown dramatically in the chart on the left. Revenue by source for FY06 is shown in the pie chart on the right.

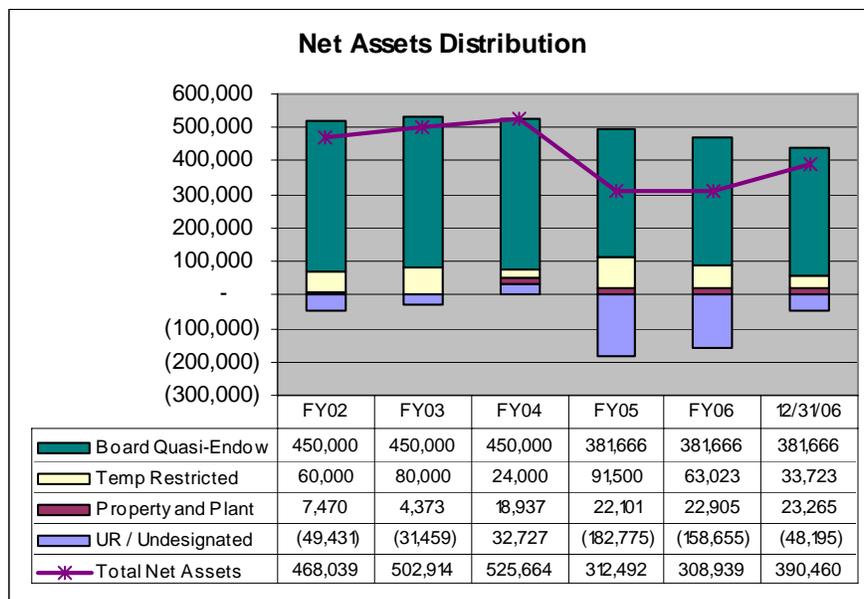


An organization reports its expenses by function, indicating what portion is spent on program activities vs. management and fundraising. For the past four completed years, YPT has reported its programs as comprising 82%, 82%, 79%, and 81% of total expenses for FY03 through FY06 respectively. Percentages of 75% or better are considered by many funders and nonprofit watchdog groups as ideal. Expenses by function are shown for the past five years on the chart below. Fundraising and management expenses spiked in FY05 due to the previously mentioned staffing changes.



The results of each fiscal year’s transactions accumulate to the Statement of Financial Position (formerly known as the balance sheet). The “balance sheet” equation that determines an organization’s net assets is: *assets* (what an organization has, such as cash, investments, inventories, furniture and equipment, what it expects to receive from others, and deposits held by others, etc.) minus *liabilities* (what an organization owes to others or holds on behalf of others such as advance or conditional payments). Simply, assets minus liabilities equals net assets, the “net worth” of the organization.

As seen in the following chart, YPT’s net assets consist of accumulated liquid surpluses or deficits (unrestricted (UR) / undesignated), board designated funds, net fixed assets (property and plant, furniture, equipment, etc. net of any related long term debt) and funds restricted by donors for use in a subsequent fiscal year. As mentioned previously, YPT’s board established a quasi-endowment in 2001. As of December 2006, net assets totaled \$390,460, down from its high of \$525,664 in FY04.



Financial Management

One of the most important financial indicators of a sustainable organization is the presence of adequate working capital or an operating cash reserve fund for which an appropriate amount has been determined and designated by the organization's board of directors. YPT has such a fund, which has sustained it through its significant operating loss during FY05. With this fund in place, there has been no need for YPT to maintain a commercial line of credit.

Staff and board have a clear understanding of YPT's financial position including awareness that there is an accumulated operating deficit. This deficit has been reduced in the past two years under new executive leadership via conservative budgeting and aggressive fundraising efforts, including renewing and improving relationships with lapsed donors and funders who had been alienated by the departed administrative leader.

Respondents to the questionnaire agreed that good financial controls were in place. Although there is no formal policy for handling budget variances, expense budgets have been monitored strictly and the board is involved with any necessary adjustments. The budget process is not formally documented and is in transition with the objective of introducing greater involvement by staff department heads. At present, a multi-year budget exists only for fundraising plans.

YPT's bookkeeping and payroll functions are outsourced. Senior staff does not have onsite access to accounting software but is in good communication with the bookkeeper. The accounting system is in alignment with budget categories and is set up to assign transactions by activity, but some respondents were unsure regarding the accuracy of these allocations. Staff members do not keep time sheets, and effort allocation of administrative staff is only done at year end in tandem with the audit process. Financial procedures are not formally documented.

At present, YPT's board receives an Income and Expense report and a Cash Flow report, but not a Statement of Financial Position (balance sheet). Senior staff and board treasurer receive additional and more detailed reports, including the balance sheet, and the treasurer makes a financial report to the board at its meetings. The Cash Flow report includes a year-end projection. The Income and Expense report calculates variances (year-to-date vs. annual budget) but does not include any historical comparison or narrative explanations. Questionnaire responses were mixed regarding the whether board and staff fully understand the implications of the financial reports. A finance committee exists in name but does not have an organized annual agenda. An annual audit is conducted to which the internal accounting system is reconciled each year, but the audit and management letters are not formally presented to or reviewed by the board. No trend analysis is performed for financial or other data at present.

Some questionnaire respondents were unaware or not sure of the existence of many policies, although most agreed that appropriate insurance was in place. Although there is not a written checklist, tax deposits and governmental filings appear to be accomplished and on time.

The following are suggestions for finance actions:

Action # 6 Formalize and document the budgeting process to ensure staff and board participation; include a specific timeline, and responsibility assignments; include a clear policy for handling budget variances;

incorporate the process into a comprehensive financial management handbook.

Action # 7 Budget for capital and operations on a multi-year basis in support of YPT's strategic plan.

- A. A capital budget might include target amounts and fundraising strategies for future purchases of equipment; replenishment of the cash reserve fund; funding for strategic/artistic initiatives; a building/equipment maintenance fund.
- B. Include depreciation in the operating budget. Including depreciation in a balanced operating budget will provide the cash needed to replenish depleted assets. Depreciation for FY04 through FY06 was \$11,735, \$11,890, and \$8,936 respectively. Although this may seem a small amount (around 3% of FY06 total expenses), not budgeting for depreciation has the effect of eroding net assets.
- C. Track financial and selected non-financial data in trend as a reference for making long-term financial and programming decisions.

Action # 8 Add context to board and management reports to give an even clearer indication of financial position; reformat reports to make them more reader friendly and readily understandable.

- A. Statement of Activities (income and expenses)
 - 1. Summarize more line items to reduce the report to one page;
 - 2. Include a column for a prior year look back for reference;
 - 3. Show restricted and unrestricted activity separately;
 - 4. Include a column for year-end projection amounts (taken from the cash flow report).
- B. Statement of Financial Position (balance sheet)
 - 1. Include a column for a prior year look back for reference;
 - 2. Show "Due to reserve fund" line in liabilities;
 - 3. Show separate net asset line for property and plant net of long term debt to distinguish non-liquid property and plant from liquid operating assets;
 - 4. Rename "Endowment" as "Board designated endowment" for clarity.
- C. Consider creating charts or graphs to show relationships among financial data in a visual way as part of the regular internal financial statement packet.

Action # 9 Update the balance and formalize rules for use and repayment of the board designated reserve fund and the board designated endowment.

- A. Since more than the original \$50,000 in the reserve fund has already been accessed, the board will need to make a decision regarding how much, if any, to release to operations vs. requiring replenishment.

Action # 10 Update and maintain the Temporarily Restricted Grants Schedule during the fiscal year to improve board and leadership understanding of restricted funds composition, purpose, and status, and to ensure funds are accounted for properly.

Action # 11 Refocus board-level participation in and knowledge of YPT's financial management.

- A. Include a board finance orientation annually for new board members (and as a review for current board members) to familiarize them with the organization's current financial position and to help them learn to better read and understand YPT's financial reports.

B. Improve the effectiveness of YPT's finance committee.

1. Set an annualized finance committee task list with a timeline; include review and presentation of audit and management letters to the full board among the tasks.
2. Consider eventually establishing a separate audit committee for increased accountability.
3. Invite non-board members to serve on either finance or audit committees.

C. Update or consider developing written policies and/or procedures for:

1. Capitalization Threshold (usually purchases of equipment or software that will be used over more than one year and that cost in excess of \$750 or \$1000, for instance);
2. Computer security and controls; backup routines;
3. Annual review of YPT's insurance schedule;
4. Investments Policy (to maximize interest income from cash on hand and eventually to manage a longer term investment portfolio);
5. Record Retention Policy;
6. Risk management checklist.

Action # 12 Organize documentation of financial policies, procedures and reporting requirements into a comprehensive financial management handbook.

- A. Create and adopt a comprehensive financial procedures manual for cash receipts, cash disbursements, and other finance related processes (petty cash, ticket sales, tuition revenue, reimbursement requests, inventory tracking, etc.) that can be followed by new or substitute employees and that incorporates good internal controls.

- B. Distribute the handbook to staff and ensure that staff is aware of and uses it. Review and update it regularly.
- C. Create and maintain a written checklist of annual, quarterly, and monthly financial tasks such as governmental reporting, filing of IRS 990s, payroll related reports, business registration and license renewals, insurance policy reviews, etc. with deadlines and responsibility assignments.

Action # 13 Access opportunities for staff training in nonprofit financial management and use of related software such as Excel and database software.

Fundraising/Resource Development

The YPT producing artistic director is responsible for implementing and supervising all YPT fundraising activities. The producing associate assists him with grantwriting, maintains the grant matrix and manages the annual appeal. YPT does not have fundraising software to assist with tracking and managing its donors.

Although it was noted that there is a board member give or get requirement of \$500 annually, questionnaire responses indicated that not all board members contribute annually to YPT. Staff and board are currently focused on recruiting board members with fundraising experience as they endeavor to expand both YPT's board and its individual donor base.

YPT relies heavily upon contributed revenue. As was stated in the financial analysis section, during the past four and one-half years contributed revenue has averaged 86% of its total revenue. A large percentage of YPT's contributed revenue is received from foundations. However, a review of a list of foundation funders indicates that YPT is not overly dependent upon one or two large foundation grants.

Building a broad-based resource development (contributed and earned revenue) strategy to support YPT's operations will be a consistent challenge because YPT's commitment of service to under-served urban youth limits its earned revenue from program fees. As the YPT staff and board think strategically about future sustainability, they should seek advice and input from other nonprofits that have had success addressing similar challenges. Developing and sustaining a broad-base of diverse contributed and earned revenue sources should be an organizational goal.

The following are suggestions for fundraising actions:

Action # 14 Strengthen YPT's ability to develop and sustain a broad-base of resources.

- A. Determine short- and long-term resource development goals by assessing the appropriate mix of revenues (percentages of earned revenue to contributed revenue and diversity of contributed revenue sources) needed to support YPT now and in the future.

- B. Determine strategies that will provide YPT with the potential to increase its earned revenue.
- C. Develop a comprehensive annual written fundraising plan. The fundraising plan should:
 1. Outline strategies to develop contributed funds from individual contributions, foundations, corporations and businesses, government grants, and other potential contributed revenue sources.
 2. Detail specific actions that will be taken, such as establishing an annual individual donor campaign for current and prospective donors with a schedule of multiple appeals, outlining specific donor cultivation and donor acknowledgement activities.
 3. Determine a schedule each year when funds will be requested from board members (with a goal of 100% of board members contributing). Establish a mechanism for board members to monitor their performance against this goal.
 4. Assign tasks/action steps (such as cultivation activities, prospect research etc.) to specific individuals.
 5. Set a timeline for each fundraising action step.
 6. Ensure that YPT has appropriate collateral materials to support fundraising plan implementation.
 7. Establish a process for staff and board to regularly monitor and evaluate progress in implementing the plan and make any necessary course corrections.
 8. Ensure that there are appropriate staff resources to provide a consistent focus on YPT's fundraising activities.
- D. Charge a board fundraising committee with overseeing and participating in the implementation of the fundraising plan and recruiting non-board members to serve on the committee as needed.
- E. Ensure that YPT has a comprehensive fundraising database to support its fundraising efforts
- F. Create a master fundraising calendar that details all fundraising deadlines. Incorporate the fundraising calendar in YPT's organizational master calendar to ensure staff and board are aware of fundraising activities and deadlines.

Action # 15 Ensure that YPT has a gift acceptance policy.

- A. As suggested for board action in the organization structure section, the YPT board should articulate a policy on acceptance of gifts. This policy should outline any restrictions on the type of donor or donations accepted by the organization. Organizations usually base any restrictions on the gift's relevance to or potential conflict with the organization's core mission (i.e., a youth group might decide not to solicit or accept a contribution from a tobacco company, liquor company or fire arms manufacturer.)

Facilities and Equipment

YPT's offices and some meeting spaces are located in the Josephine Butler Parks Center on 15th Street, in Northwest, DC, but for the most part, program execution is accomplished at client and partner school sites or other performance spaces such as the GALA Theatre at Tivoli Square, Woolly Mammoth Theatre, or Busboys and Poets. Questionnaire respondents believed YPT's current facilities to be adequate, especially having recently acquired access to additional adjacent meeting and workshop space. This space is currently empty and in need of furnishings and lighting to become fully functional. Although there is no written long term facility plan, senior staff expresses the desire for YPT to eventually have permanent space of its own.

Respondents agreed that YPT's phone system is critically inadequate. Computers are two to four years old and will need replacing in the near future along with related peripherals. Other technology needs include program evaluation and donor tracking software as well as enhancement of YPT's web site capabilities.

Below are suggestions for facilities and equipment actions for YPT:

- Action # 16** **Determine short- and long-term facility and equipment needs and develop a written facilities plan and budget to address them.**

- Action # 17** **Develop a cohesive technology plan and purchase integrated hardware items and database and other needed software packages to support program, fundraising and marketing objectives.**

- Action # 18** **Contract with an IT professional to perform enhancements to YPT's web site to enable streaming video and other interactive features.**

- Action # 19** **Research and purchase an appropriate phone system for YPT.**

- Action # 20** **Purchase needed furnishings and lighting for YPT's new workshop area.**

Communication

During the last few years, YPT has improved its communications activities and developed a bold new logo. The eye-catching, bilingual YPT website has content and resources designed to appeal to the young people it serves as well as those who want to learn more about YPT's work. YPT communications and marketing activities are the responsibility of the program associate under the supervision of the producing artistic director. YPT is in frequent email contact with its stakeholders, using Constant Contact for its e-newsletters and e-mail blasts. YPT does not have a bulk mailing permit and any bulk mailings are taken care of in-house by staff.

Although there has been improvement in YPT's communication activities, staff recognizes that continued improvements in its community relations and marketing techniques are essential in order to increase community awareness and engage stakeholders in experiencing and supporting

YPT's work. YPT needs effective database to support its ability to capture and manage information and facilitate its communication with stakeholders.

Below are suggestions for communications actions that need focus:

Action # 21 Strengthen communication with community stakeholders.

- A. Develop an annual written communications plan.
 - 1. Identify and set goals for reaching YPT's current and potential stakeholders.
 - 2. Determine specific methods to reach each stakeholder group, including:
 - a. Specific steps to take advantage of opportunities to increase YPT's recognition in the community through partnerships, collaborations and other entrepreneurial activities.
 - b. Methods (partnerships, collaborations, sponsorships, board participation) to involve YPT with the local business community, as partners from the business community have the potential to provide pro-bono community relations and advertising/marketing resources.
 - 3. Consider obtaining a bulk rate mailing permit and utilizing the services of an outside mail house to ensure that bulk mailings are more efficient and cost effective.
 - 4. Create a budget to support implementation of the communications plan, including funds to develop communications and resource development materials, such as brochures, a promotional video etc.
 - 5. Develop an action plan that assigns responsibility for each effort and sets a timeline for getting the work done.
 - 6. Establish a process to monitor and evaluate efforts, making any course corrections as necessary.
 - 7. Finalize a model for a communications plan for YPT that can be replicated annually.
- B. Purchase an effective database to support YPT's communication with its stakeholders.
- C. Ensure that YPT's communications plan is coordinated with its fundraising plan and incorporate communications deadlines and activities into the YPT master calendar.
- D. Utilize board expertise to assist with implementation of the communications plan.
 - 1. Recruit non-board members to serve on a communications committee or task force to help with plan implementation.
- E. Ensure that there are appropriate human resources to provide a consistent focus on YPT's communication actions.

RECOMMENDATIONS FOR UPSTART PROGRAM WORK PLAN

YPT staff and board should consider the following recommendations of measurable outcomes for the UPSTART program work plan in order to begin to address some of the issues and needs outlined in the preceding assessment:

1. Contract with an outside evaluator to create new program evaluation tools and student assessments for the In-School Program.
2. Contract with a consultant to assist staff and board with new board member and individual donor recruitment.
3. Contract with a consultant to upgrade YPT's website to enable streaming video and other interactive features.
4. Contract with a technology expert to conduct a technology assessment and make recommendations about appropriate hardware and software to be purchased for operational efficiency and to facilitate the implementation of recommendations for communications, fundraising, and program evaluation.
5. Research and purchase appropriate phone system and other equipment and furnishings to enhance efficiency for staff and administrative operations.
6. Schedule the following professional development opportunities:
 - a. Provide training for staff and teaching artists in Spanish.
 - b. Arrange for staff and teaching artists to observe Young Playwrights' operations in New York and Philadelphia and to participate in the Theatre Communications Group National Conference to attend the arts education sessions.
 - c. Arrange for staff to attend training sessions to become more proficient in using spreadsheet and database software programs.

NEXT STEPS

1. YPT senior staff reviews and discusses this assessment with the UPSTART consultants and clarifies details of the project to be funded by the UPSTART grant. The report and proposed work plan are presented to YPT's board or executive committee.
2. When there is agreement among YPT staff and board and the UPSTART program consultants about the proposed UPSTART funded activities, YPT will need to take the following steps to obtain the final UPSTART grant payment from DCCAH:
 - a. With guidance from the consultants, prepare a brief narrative summary of the proposed UPSTART funded activities. (No longer than one page.)
 - b. Create an UPSTART program work plan (using a format provided by the UPSTART consultants) that outlines specific actions to be taken and provides specific measurable outcomes that are expected for each action. The work plan includes a timeline for each action step.
 - c. Attach a budget for the UPSTART program components. This budget should include the total amount of the DCCAH UPSTART grant including the initial grant payment of \$50,000. (A suggested general format will be provided by the UPSTART consultants.)
 - d. If applicable, (for those groups with a cash reserve component) attach a list of new or increased contributions that comprise the cash reserve match.
 - e. If applicable, attach a budget and brief narrative for Capital Projects.
3. DCCAH reviews and approves the projects and budgets, sends the groups a second grant award letter (that serves as a contract or commitment to implement the work plan).
4. Consultants prepare a brief interim report for each organization, verifying progress on work plan items, and recommending that the 2nd payment be made. These reports are submitted to DCCAH and copies are sent to the groups.
5. Groups are then free to complete and submit to DCCAH the second payment request form (Form #803 available for download from www.dcarts.dc.gov web site) for the 2nd payment, the remainder of the grant total, as early as June 30, but no later than September 15. (Please note that funding requests can take up to 45 days to process.)
6. Throughout the grant period, participants periodically update work plan progress status via e-mail to consultants.
7. Groups submit final work plan updates to consultants by January 7, 2008.
8. Groups submit final reports to DCCAH no later than January 14, 2008.

UPSTART Consultant Team:
Mary Ann de Barbieri and Elizabeth Hamilton Foley

Both members of the UPSTART consultant team have extensive experience with capacity building programs for small and midsize organizations working on projects under the auspices of National Arts Strategies (NAS) as well as with individual clients in the Washington, DC area. Together they managed the first iteration of the DCCA UPSTART Program during 2006.

Between 1999 and 2004, working as a consultant with National Arts Strategies (NAS), **Ms. de Barbieri** was as a lead consultant for the Cleveland Foundation's Building Arts Strength in Cleveland (BASICs) capacity building program, as senior consultant and project director for the Arizona ArtShare Midsize Stabilization Program for the Arizona Commission for the Arts, as a senior consultant for the New Haven Arts Stabilization Program and conducted assessments and delivered workshops for the Arts Stabilization project in Baltimore. In addition, Ms. de Barbieri has provided capacity building consulting services to a broad range of arts organizations in the Washington, DC metropolitan area since 1994, including Woolly Mammoth Theatre Company, Cultural Alliance of Greater Washington, the Prince George's County Arts Council, Patricia M. Sitar Center for the Arts and Imagination Stage. She is currently working with GALA Hispanic Theatre and Chorus America on strategic planning projects. Ms. de Barbieri worked with Innovation Network to create the Learning Circles Project, a capacity building project, and served as consultant and trainer for the program for its first two years. A frequent speaker and trainer, Ms. de Barbieri designed the curriculum for Chorus America's three-day Chorus Management Institute, *Bridging the Gap: Putting Theory into Practice*, and has served as core faculty for this popular program since its inception in 2002.

Ms. Foley served as financial consultant for the NAS Cleveland BASICs capacity building program and continued to provide consulting services for the subsequent three-year Arts Advancement Program in Cleveland through December 2006. She also served as a consultant on the Arizona ArtShare Midsize Stabilization project, the New Haven Stabilization Project and the Baltimore Stabilization Project for NAS. Ms. Foley has provided assessments, work plans, strategic and business planning, and on-going coaching and technical assistance for small and midsize nonprofits in the Washington, DC area since 2000 including arts groups GALA Hispanic Theatre, Joe's Movement Emporium and Cathedral Choral Society, as well as human service organizations such as Young Women's Project, Developing Families Center, and Horton's Kids. She also served as finance trainer and provider of technical assistance for Innovation Network's Learning Circles Project from 2000-2003. Together with Ms. de Barbieri she has recently begun assessment and capacity building projects with Imagination Stage and Dance Place.