

Welcome to the Jones & Associates PLLC, CPAs August 2019 newsletter! Feel free to pass it along...

## Nonprofit Burnout

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We all know that our nonprofit organizations are continually under pressure to do more with less, which tends to create an internal culture of overwork and overwhelm. Sacrificing one's health for the cause is not only common, but expected in some cases. Focusing on the mission at all costs may lead to severe burnout, loss of production and, ultimately, staff turnover.



There is no question that overwork causes our bodies to break down. Numerous studies have shown that overwork has a marked influence on physical health. One study from the [University of Texas](#) showed an increase in health issues, including greater risk for cardiovascular disease, among workers clocking more than 45 hours per week. [Another article](#) added stroke to the health risks of working long hours. [Other research](#) shows that sleep deprivation, such as one might experience from overwork, negatively affects one's mood, ability to focus, and access to higher-level brain function.

We all know that having too much on our plate can become an issue but the International Classification of Disease has recently classified [burnout](#) as a medical diagnosis. They define burnout as characterized by three dimensions:

- 1) feelings of energy depletion or exhaustion;
- 2) increased mental distance from one's job, or feelings of negativism or cynicism related to one's job; and
- 3) reduced professional efficacy.

In her article, [Five Myths that Perpetuate Burnout Across Nonprofits](#), Ann-Sophie Morrissette believes it doesn't have to be this way. She lists the largest barriers to mind-set change in nonprofit organizations when it comes to identifying and addressing burnout.

**Myth #1: Paying people more won't make a big difference** – yes, people who work for your organization are there because they love the mission, but in the end they are still doing a job, not volunteering. Pay them what their work is worth.

**Myth #2: Health and wellness means more yoga classes** – the terms “self-care” and “wellbeing” are changing. Think in terms of making life easier for you and your staff, rather than telling them to take time off or go on vacation. You can implement things like ask a bakery to donate breakfast once a month, or give staff parking passes. Nonprofit organizations are generally quite creative and collaborative in coming to solutions that can make employee life easier. Look at what stresses your employees are under and find a way to make that better.

**Myth #3: External communications are more important than internal ones** – most organizations are extremely thoughtful in their external messaging, but rarely extend that same effort to internal communications. Think of cultivating your employees as thoroughly as you would your donors.

**Myth #4: Colleagues are like family** – nonprofit employees are professionals, even if their work in the team may feel like being in a “family”. There should be a clear distinction between professional and personal life of each employee.

**Myth #5: Nonprofit leaders have limited power** – it is important that our nonprofit leaders walk the talk when it comes to self-care. If your staff sees you working 50-hour weeks or answering emails late at night, they may feel obligated to do the same.

Identifying and addressing the possible causes of burnout in your organization can improve productivity, create a positive attitude and outlook in employees and make us all physically healthier.



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We are asked many questions related to financial best practices for nonprofit organizations. We thought we'd highlight a few:

Q: Our new Treasurer says that it is a best practice to change auditors every three years. However, we feel we have a very valuable and trusted resource in our auditor and don't really want to change unless we have to. Any guidance on what is best for our organization?

A: A few years ago, Sarbanes-Oxley rules required businesses to rotate their auditor (not the audit firm, but the lead auditor) every three years. Your Treasurer may be thinking of that. However, Sarbanes-Oxley specifically excludes nonprofit organizations from its requirements. That leaves the question on whether or not it is still a best practice to change your auditor periodically. For smaller nonprofit operations, the answer is generally "no." Auditor rotation is often costly and time consuming for staff. It is a good practice, though, to rotate the staff within the audit firm periodically (say 5-7 years) to ensure "fresh eyes" are doing the work (a practice we consistently do here at J&A), but changing firms is generally not a best practice. As one humorous writer questions, "Would you change your doctor every three years believing you'd get better medical attention?"

For more a more in-depth discussion, see our recent article on [How Often Should a Nonprofit Change Auditors?](#)

Q: I see that some of our fellow nonprofit organizations combine the Finance Committee with an Audit Committee. I seem to remember there are reasons not to combine the two. Do you know of any reasons why we should not?

A: There are certainly some differences in roles between the Audit and Finance Committees. Here's an excellent article from the Council of Nonprofits that you might find useful: [What is the difference between an audit committee and the finance committee?](#)

We generally recommend that you have two separate committees, since some of the work performed by the Finance Committee is actually reviewed or overseen by the Audit Committee. In smaller organizations, you frequently see these two committees combined. However, for organizations that are more complex, we recommend you retain two separate committees, if at all possible.

## Welcome Elizabeth Davis and Stacia Bulger!

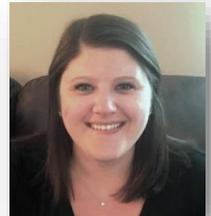
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Elizabeth Davis

We are pleased to announce that Elizabeth Davis, CPA and Stacia Bulger, CPA, have joined the Jones & Associates team.

Elizabeth has over 25 years' experience in public and private accounting with experience in both tax and audit. Originally from Michigan, she spent much of her life in the Southwest before relocating to Seattle several years ago.



Stacia Bulger

Stacia has over 3 years' experience in public accounting, including at Clark Nuber, where she developed a passion for working with nonprofits. She is a Seattle area local and when she is not hanging out at home with her dog, Maverick, she enjoys traveling, cooking, baking, and spending time with family and friends.

Welcome Elizabeth and Stacia!

## J&A Learning Opportunities

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Over the past couple years we have accumulated a library of webinar videos on various topics related to nonprofit financial health. See if any of these might be helpful to you. The cost is just \$25 for each 2-hour recorded webinar. To purchase, click on the program title:

- [Managing Restricted Net Assets](#) – learn how to capture and properly release restricted and designated funds
- [Internal Controls for Small Organizations](#) – how to develop and adjust internal controls in small operations
- [Nonprofit Finance Essentials](#) – covers the basic nonprofit accounting concepts, terminology and rules
- [Understanding the IRS Form 990](#) – using this public document to tell the true story of your organization
- [Revenue Recognition Standard](#) – how to properly identify and categorize revenue streams under the new standards
- [Board Member Basics](#) – from fiduciary duties to having adequate resources to advance your organization's mission, Board members play a large role in management. This session goes over the potential pit-falls and successes in their role
- [Preparing for the Audit](#) – how to successfully wrap your organization's year, closing the books, preparing for compliance reporting and audits and presenting the year in the best light

- [Nonprofit Expenses](#) – how to properly identify and classify expenses by natural and functional categories
- [Building Better Reports for Users](#) – creating meaningful and understandable financial reports for your organization
- [Budgeting](#) – how to develop a budget process plan and a monthly master cash budget model
- [Nonprofit Reporting Standard](#) – new GAAP guidance on disclosures for net asset classes, investment return, expenses, liquidity and availability of resources and presentation of operating cash flows
- [Financial Leadership](#) – focus on using leadership's role in sustaining sound financial health within your organization

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Should you have any questions about the content of anything in this newsletter, please contact us.

Your dedicated nonprofit team at Jones & Associates PLLC, CPAs,

*Judy, Jennifer, Doug, Adrienne, Elizabeth, Stacia and Debbie*

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