Dear Friends,

What a year! In the past year since Jan Masaoka joined the California Association of Nonprofits (CalNonprofits) as CEO, we are pleased to report:

We’re back. After four years of near-dormancy, we’ve burst back onto the scene with a new mission statement, new branding, a new website, new services, and most of all: a newly powerful voice for California nonprofits.

We’ve opened our first-ever Sacramento office, led by our new Policy Director and lobbyist Kris Lev-Twombly, who came to us from the Ella Baker Center for Human Rights and a great track record in lobbying for community nonprofits.

After four years of no office at all, we also opened our headquarters in San Francisco.

Our first statewide convention in four years was a smash success in Los Angeles with unusual perspectives and topics, such as a debate on the charitable tax deduction, a session on the new “hybrid” corporations, and former State Senator Sheila Kuhl on how to influence the state budget.

Our new CEO Jan Masaoka held “meet-ups” with nonprofits in 22 locations across California to hear about the issues concerning them and getting feedback on our tentative plans.

The Vote with Your Mission campaign challenged nonprofits to get 100% of their staff and volunteers to vote, resulting in hundreds of nonprofits finding a pathway to advocacy, and a re-framing of the nonprofit workforce as a voting bloc. — continued on page 3

Jan Masaoka
CalNonprofits, CEO

Linda Davis
CalNonprofits, Chair Board of Directors

Report on Recent Policy Work

Please see our new Policy Framework at www.calnonprofits.org that outlines our strategy, philosophy, and priorities. Here are some specific actions we’ve taken recently that reflect this approach:

Charitable tax deduction

• CEO Jan Masaoka testified by invitation at the U.S. House Ways & Means Committee
• Took stand supporting comprehensive changes in taxation including changes to the charitable deduction
• Held debate and discussion with Kim Klein, Danielle Brazell, Charmine Jefferson, Ashley McCumber and Cara Underwood
• Supported efforts of national nonprofit leadership organizations.

— continued on page 6
An Agenda with Philanthropy

The word “policy” tends to make people think about the legislature. But we’d like to expand that definition. First, influencing state government must mean influencing not only the legislature, but the executive/administrative and the judicial branches as well. Many policies are enacted as regulations and practices that never get to the legislature.

Second, within our nonprofit sector, we have a policy agenda with philanthropy. Collectively, California’s foundations have an impact far beyond their dollars as they champion or require management practices and as their individual grantmaking choices unintentionally have far-reaching impacts on the nonprofit ecosystem.

In particular, we will be working this year to generate dialog and call on philanthropy to:

- **Make more unrestricted, multi-year, core support grants**, to reduce transactional costs and so that the most important work can get done.

- **Pay the full costs of programs**: When funding a significant project or program, pay for a fair share of salaries and in-common costs such as rent and insurance.

- **Scale paperwork to funding amounts**: It’s neither efficient nor reasonable to have the same amount of paperwork required for a $5,000 grant as for a $5 million grant.

- **Support nonprofit advocacy**: Nonprofits don’t just serve communities; we represent communities. By supporting advocacy you support funding and policies that allow your grant dollars to be leveraged one hundredfold.

- **Take responsibility for building a healthy nonprofit ecosystem, not just funding a few standouts**. (In order to have healthy elk we also need healthy mountain lions, fieldmice, meadows and bats.) In particular, we believe that under-funded and overlooked segments include all-volunteer organizations and nonprofits embedded in marginalized communities: low-income communities, communities of color, and rural communities.

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I love the new nickname and am impressed with the new look!

— Nisha M. Gnanamuthu, California League of Conservation Voters
Assemblymember Holly Mitchell (left) is just one of the incoming class of California legislators with nonprofit backgrounds. In her keynote at the CalNonprofits convention, she challenged nonprofit leaders to run for office: “What if the person you were lobbying in Sacramento used to work for your organization? Wouldn’t that be great? So . . . that person should be YOU two years from now!”
Funders

Thank you to our 1,500 members, funders and Sustaining Members who made it possible to raise California nonprofit voices over this last year:

FOUNDATION FUNDERS
We are especially grateful to foundations that provided core, unrestricted support, marked with a star ★

California Consumer Protection Foundation ★
The California Wellness Foundation ★
The California Endowment★
David and Lucile Packard Foundation ★
Evelyn and Walter Haas, Jr. Fund ★
James Irvine Foundation ★
Philanthropic Ventures Foundation ★
Wallace Alexander Gerbode Foundation ★
Weingart Foundation ★
William and Flora Hewlett Foundation ★

SUSTAINING MEMBERS 2012
ABC Learn, Inc.
California Chamber of Commerce (CalChamber)
California State Parks Foundation
The California Wellness Foundation
Cars 4 Causes
City of Santa Monica
Frank H. and Eva B. Buck Foundation
Humboldt Area Foundation
Irvine Health Foundation
Josephine S. Gumbiner Foundation
Kidango
Kings Community Action Organization Inc.
MoveOn.org
Provident Credit Union
rbz, LLP
TechSoup Global
Turning Point Community Programs
UNUM Group
Valic
Wallace Alexander Gerbode Foundation
Walter and Elise Haas Fund
Wells Fargo Foundation

Our staff team

Jan Masaoka, CEO: In early 2012, Jan started as our first CEO in four years, and she has been sprinting ever since. Her background includes founder & publisher of the online magazine Blue Avocado, 14-year executive director of CompassPoint Nonprofit Services, and an 8-time designee as one of the “Fifty Most Influential People” in the nonprofit sector nationwide. Jan is an award-winning author of several books on nonprofit management and is a frequent contributor to nonprofit journals. Jan is currently a board member of American Nonprofits, a member of Independent Sector’s national Policy Committee and of Bridgespan’s Knowledge Advisory Board. She puts a lot of miles on her car driving through the beautiful landscapes of California.

Kris Lev-Twombly is Director of Public Policy and lobbyist for CalNonprofits. His background includes running his own lobbying firm, serving as Program Director for the Ella Baker Center for Human Rights, and being on the staffs of Friends of the River and the Planning & Conservation League. He works out of our Sacramento office which we share with the California League of Women Voters. Kris also taught 7th grade special education in Sacramento, and coincidentally, his stepfather Michael Twombly served as CalNonprofits Policy Director in the early 1990’s. Kris is a board member of the California Wilderness Coalition.

Edan Enriquez is a Project Manager at CalNonprofits; his responsibilities include our annual convention, regional town halls, the California Policy Forum, and general operations. His background includes a Masters in Public Affairs from USF and work at the California Budget Project, Project Homeless Connect, Valley Medical Center, and T-Mobile Corporate Giving. Edan is a competitive volleyball player and a volunteer volleyball instructor for the YMCA.

Christina Dragonetti is CalNonprofits’ newest staffmember: our Membership and Communications Manager. Christina’s background includes stints at TechSoup, the Center for Voluntary and Nonprofit Leadership, and the Berlitz Language Center. Christina can help you with accessing member benefits, understanding whether and why to become a member, and more. She’s also an active member in the Young Nonprofit Professionals Network (YNPN).

Four of our staff are shared with CalNonprofits Insurance Services (CIS):

Deborah Connors is CFO of CalNonprofits and its for-profit subsidiary, CAN Insurance Services, and has worked with the organizations since 1985. She oversees the annual budget and financial statements including the audit and tax form preparation. Prior to joining CalNonprofits, she worked in finance for the Santa Cruz Community Counseling Center.

Kim Patterson, receptionist, serves as the first point of contact for CalNonprofits’ general phone lines. Kim is an active volunteer for the San Lorenzo Valley schools and community.

Shannon Smith, membership services: Shannon answers questions about member benefits and everything else. Before joining CalNonprofits, she worked for Head Start of California and Home Support Services, and volunteers for the Muscular Dystrophy Association.

Cheryl Thompson, accountant, manages both financial transactions and our membership database. Prior to joining CalNonprofits, she worked for O’Neill Sea Odyssey, a nonprofit providing marine education programs in grade schools; she is a student of Odissi, a classical dance form from India.
Our vision

People come to the nonprofit sector to express and to act on their values. As a result, nonprofits are the vehicles through which communities care for one another, innovate for social change, thrash out and achieve acceptance for new ideas, and inspire us to be more than we are both individually and collectively.

We envision a regulatory, tax, civic, and philanthropic climate in which nonprofits can emerge, compete for leadership, thrive, fail, succeed, and change the world. Our vision is about nonprofits individually and collectively engaging their full missions: not just serving communities, but representing the interests and values of those communities.

We want California’s nonprofit community to have the clout it deserves and needs. We want cities to court nonprofits they way they court industry because they know nonprofits create jobs. When an idea comes up in Sacramento, we want the first question to be, “What will the nonprofit community think?” the same way people ask “What will the Chamber think?” We want candidates to seek out nonprofits because they know not only that nonprofit work is crucial to civic success, but because voters care about which candidates support nonprofits.

Why do we want clout? Because when nonprofits have clout, we use it to strengthen our communities. Nonprofits not only create jobs; we create communities people want to live in. Nonprofits represent the underdogs and the visionaries and we fight for legislation that reduces economic disparities, inspires the spirit, and drives social change.

Thus our mission: **to bring the full power of California’s nonprofits to strengthening communities.**

why do nonprofits join CalNonprofits?

- To be part of a voice for California’s nonprofit community
- To stay connected to statewide nonprofit advocacy issues
- To get health insurance and other insurances
- To get Office Depot and other discounts
- To use CalCPA (Calif Assn of CPAs) educational resources
- To get discounts on CalChamber HR resources
- To make use of the CalNonprofits platform for convening and advocacy

Won’t you join us today?

calnonprofits.org

In memoriam: Flo Green

Flo Green, long-time executive director and board chair of the California Association of Nonprofits, passed away in 2012 at the age of 71. She served as board chair from 1988 to 1994, as executive director from 1995 to 2008, and under her leadership the organization was influential in a large number of policy and capacity-building matters. Flo was known for her fiery championship of community nonprofits, her biting humor and her generous heart. In addition to her contributions to CalNonprofits, she was the first woman elected to the Ridgecrest City Council; she was a founding member and a play director of the Community Light Opera and Theatre Association, and on the national stage, she was a co-founder of the National Council of Nonprofits and the Alliance for Nonprofit Management. We miss you, and we carry on your work, Flo. Rest in peace.
Report on Recent Policy Work — continued from page 1

State requirements for nonprofits

• Worked with Assemblymember Nancy Skinner on development, passage, and implementation of AB 2641 to place compliance requirements for California nonprofits on a single webpage
• Published free How to Start a Nonprofit Organization in California by attorneys Gene Takagi and Emily Chan

“Hybrid” corporations

• Held a panel at our annual convention with authors of the legislation Todd Johnson and Rob Wexler
• Spoke on a panel at the Independent Sector’s national conference
• Testified before the San Francisco County Board of Supervisors
• Testified by invitation before the California State Senate Finance Committee

Unreasonable take-aways of exempt status from small nonprofits

• Worked with State Senator Lois Wolk to pass a bill that ensures that nonprofits will first be notified and then have 90 days to comply with paperwork completion rules before their exempt status is taken away

California state finances

• Held free webinar with 148 participants on implications of the fiscal cliff deal for California nonprofits
• Held a forum on “How to Influence the State Budget” with former state senator Sheila Kuehl
• Analyzed issues for our e- and print newsletters

Nonprofit voter mobilization and education

• Launched successful Vote with Your Mission campaign
  • Supported efforts of California Participation Project, California Calls, Latino Votes, and the California League of Women Voters
  • Published explanations and analysis of ballot propositions affecting nonprofits
  • Took and advocated for positions on six state ballot propositions affecting nonprofits
  • Held free, neutral webinar for nonprofits explaining “5 most confusing” ballot propositions, attended by 66 people
  • Supporting legislation to inform former prisoners of their right to vote upon completing their sentences and paroles.

State regulation of nonprofit earned income streams

• Worked with State Working Group to prevent unfair doubling of licensing fees to nonprofit fireworks sellers

Healthcare Reform

• Supporting nonprofit coalitions on MediCal expansion
• Monitoring and publishing regular updates on what nonprofits need to know about developments with the Affordable Care Act and the California healthcare Exchange

— continued on page 7
**Report on Recent Policy Work** — from page 6

- Developing 3-pronged initiative to launch mid-2013 with direct Exchange enrollment, educational materials, and advocacy campaign

**Look for these in 2013:**


- **CalNonprofits Healthcare Reform Initiative**: Using our legislative advocacy work, our educational reach, our insurance arm and our bully pulpit, we will be challenging California nonprofits to get 100% of their staff and their dependents onto health insurance in 2014. And helping them do so by serving as an Navigator/Assistor/Broker as well.

- **Nonprofit Advocates Caucus**: Our Public Policy Director and lobbyist Kris Lev-Twombly is working with with other statewide coalitions to convene a caucus of all the statewide nonprofit coalitions to provide a vehicle for information sharing and joint action.

- **Statewide convention and three Regional Town Halls**: Join us in San Francisco for our statewide convention. But California is a big state. If you can’t make it there, join one of the Regional Town Halls, this year to be held in
  — San Diego, with San Diego Nonprofits and San Diego Grantmakers
  — Fresno, with AFP Central Valley, Central Valley Coalition for Human Services, and the Fresno Regional Foundation
  — Fortuna/Eureka, with the Northern California Association of Nonprofits

- **Economic impact of California’s nonprofits**: we’re working with University of San Diego researchers to conduct this first-ever study documenting and profiling the scope and impact of our sector statewide.

**Finances 2012**

**STATEMENT OF ACTIVITIES**
Year Ended December 31, 2012
Estimated - Pre-audit

<table>
<thead>
<tr>
<th>Revenue</th>
<th>1,155,742</th>
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<tr>
<td>Memberships</td>
<td>387,377</td>
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<td>Grants and contributions</td>
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<td>Earnings from Investment in Wholly-Owned Subsidiary</td>
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<td>Other</td>
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<td><strong>Total</strong></td>
<td><strong>1,155,742</strong></td>
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<th>Expenses</th>
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<td>Program Services</td>
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<td>Management &amp; Administrative</td>
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<td>Fundraising</td>
<td>6,812</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>735,387</strong></td>
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**BALANCE SHEET**
December 31, 2012
Estimated - Pre-audit

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<thead>
<tr>
<th>Assets</th>
<th>3,093,579</th>
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<tbody>
<tr>
<td>Cash &amp; cash equivalents</td>
<td>661,344</td>
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<td>Grants receivable</td>
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<tr>
<td>Dividend Receivable from Wholly-Owned Subsidiary</td>
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<td>Other assets</td>
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<td>Investment in CIS</td>
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<td><strong>Total assets</strong></td>
<td><strong>3,093,579</strong></td>
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<table>
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<tr>
<th>Liabilities</th>
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<td>Accounts payable</td>
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<td>Accrued vacation</td>
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<tr>
<td>Deferred revenue</td>
<td>736</td>
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<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>49,723</strong></td>
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<table>
<thead>
<tr>
<th>Net assets</th>
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<tr>
<td>Restricted</td>
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<td>Investment in Wholly-Owned Subsidiary</td>
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<td>Unrestricted</td>
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<td><strong>Total net assets</strong></td>
<td><strong>3,043,856</strong></td>
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| Total liabilities & net assets | 3,093,579 |
California nonprofits need a voice.

You can be part of that voice.

By joining CalNonprofits, you’re part of a leadership network of nonprofits advocating for nonprofits and our communities in Sacramento, to philanthropy, and to the public at large.

Join now at www.calnonprofits.org/membership

Let’s Talk!

2013 CalNonprofits Conventions

Join us at one of these locations near you to hear prominent leaders from the sector provide their thoughts, points of view, and insight into the current wave of issues impacting our state’s nonprofits:

- **Fresno** Regional Town Hall - June 26
- **San Francisco** Statewide Convention - Nov 14
- **San Diego** Regional Town Hall - Sept (TBD)
- **Eureka/Fortuna** Regional Town Hall - Oct. 10

> check calnonprofits.org for updates

Because capacity is limited to 300, registration will be limited to 2 attendees per organization.