Organizational Effectiveness Assessment 2018-2020
November 2020

Background
In 2010, the Sierra Club Foundation Board of Directors adopted a policy to examine the Foundation’s performance and effectiveness in achieving its mission. The policy was designed to meet the Better Business Bureau’s Standards for Charity Accountability (Standard 6), which requires charities to “have a board policy of assessing, no less than every two years, the organization’s performance and effectiveness and of determining future actions required to achieve its mission.” The assessment identifies measurable goals and objectives for the Foundation and evaluates activities the Foundation undertook in the past two years to address them. The assessment concludes with recommendations for future actions based on findings.

Fundraising
The Sierra Club Foundation contracts with the Sierra Club’s Office of Advancement through a fundraising cost-sharing agreement to raise charitable 501(c)(3) funds. Raising unrestricted support was a high priority for the Foundation each year of this assessment, recognizing that large-sum donations continue to be highly restricted. 2019 was the first official year of a new major comprehensive fundraising campaign. While 2018 was spent building the case and foundation for the effort, much targeted donor engagement of the highest prospects was conducted in late 2018 through 2019 culminating in the briefing and solicitation of a handful of our top prospects. In 2019 we secured approximately $97M in new multi-year commitments and upgrades (toward our $300M five-year goal) utilizing the designed and finalized case statement. We knew that 2020 would be a building year similar to 2018 with the engagement and solicitation of our next layer of major prospects, and while this activity has continued to move forward, COVID-19 has prevented us from meeting with people in person, building close relationships, and conducting solicitations for the campaign specifically. However, we are continuing stewardship and engagement and have a host of major prospects we plan to solicit toward year-end and going into Q1/Q2 of 2021.

In 2019, the Foundation’s fundraising goal was $71.4M and this goal was surpassed by $44.6M, in part due to the new donors secured through the comprehensive fundraising campaign noted above. In 2020, the Foundation expected to receive $87M in revenue and as of September 2020, has raised $52.4M. Due to the COVID-19 pandemic and the upcoming presidential election, we, as do many in the nonprofit sector, expect some uncertainty in fundraising for the 2020 year end. Additionally, 2021 budget forecasting is underway but
is expected to be updated in early 2021 to reflect on market trends and donor giving patterns post election. As of September, the Foundation’s 501(c)(3) fundraising efforts were on track, and in some areas exceeding the budget expectations.

**Board Governance**

In February of 2019, the Board decided to sunset the Governance Committee and Fundraising Committee and have the majority of tasks absorbed into the Executive Committee. Directors were, and continue to be, invited to attend quarterly meetings held by Sierra Club’s National Advancement Council to learn about and provide feedback on the Sierra Club’s fundraising work.

Each year, the Board completes two surveys: the Director Experience Survey and a Board Effectiveness Survey. In 2019, the Board reported that they enjoy their work on the Board because their personal values align with the mission of the Foundation, they enjoy engaging with other Directors, and they feel empowered by the Foundation’s impact they see on the world. The 2020 Board surveys results are being collected at the time of this report and will be used to help form the 2021 Organizational Goals.

In 2020, the Risk Management Committee determined that it would be best practice to have all directors either participate in an anti-harassment training or sign a waiver to acknowledge that they have completed an anti-harassment training through another organization within the last two years. Staff is working with outside counsel to create a training that is applicable to their role as directors and intend to hold this training by year end. This is not a legal requirement, but was decided to be a best practice that the Foundation would institute.

In February 2019, the Organizational Goals and Priorities took on a new structure to frame the work of the Foundation under three strategic roles:

1. **Serve as** an effective 501(c)(3) **fiscal sponsor** of and **grantor** to the charitable programs of Sierra Club and **grantor** to partner organizations.
2. **Create and deepen relationships** of donors and influencers to **raise additional funds** that advance Sierra Club’s charitable activities at this crucial moment in environmental protection and social change.
3. **Steward our assets** to lead the shift of trillions in capital toward climate solutions, social justice, and land/water/wildlife protection.

These roles were then used to define the organizational goals for 2019 and were carried forward into 2020. With these roles defined, the Foundation worked with the Sierra Club on a shared strategic framework to identify where each organization’s strengths can be better aligned for maximum synergistic impact. The shared strategic framework discussions are ongoing with an expectation that a clearly defined set of strategies with associated measurable outcomes will be confirmed by May 2021.
Overall, the Foundation Board of Directors continues to be a high-functioning entity governing the professional staff and direction of the Sierra Club Foundation. As fiduciaries, directors are committed to adopting policies and best practices to ensure sound financial management, strategic decision-making, robust fiscal sponsorship and compliance oversight, and efficient and effective organizational functioning.

**Board Development**

The board of directors continues to have strong representation across a varied skill set, including legal, investment, financial management, and compliance expertise. Additionally, the Executive Committee continues to seek directors from states and regions not represented on the board for geographic diversity.

In late 2018, the board appointed Jessica Sarowitz. Director Sarowitz brings a passion for building authentic partnerships with communities in need, and works through her family foundation to expand clinic access in Central America, foster child education programs, and support for Indigenous culture continuity.

In 2019, Eva Kathleen Schulte, Robin Mann, and Paul Rissman joined the board. Director Schulte’s background is in bringing capital to underserved communities, by supporting migrant workers in Iowa, leading public policy gains in California for affordable housing, building and growing nonprofits and civic engagement campaigns in the heartland, and launching an impact investing fund for Indigenous communities across the country.

Director Mann is a long-time environmentalist and Sierra Club leader and has served on the Sierra Club board of directors, including terms as president and vice president. She resides in Rosemont, PA and is active locally in a variety of grassroots organizing efforts. Her depth of knowledge of the environmental movement and Sierra Club’s internal workings has been instrumental in the work on shared strategy.

Director Rissman co-founded Rights CoLab, a nonprofit that advances environmental and human rights through social enterprise, technology, and finance. He was formerly executive vice president of AllianceBernstein. Director Rissman has focused on helping the Foundation use its shareholder voice to promote the organization’s values.

In 2020, having previously served on the Foundation's board by virtue of her role as Sierra Club president, Loren Blackford was appointed to a three year term upon her terming off of the Sierra Club’s Board. Director Blackford is also a member of the Ceres President’s Council and the Rachel’s Network PAC Board and has used her networks to promote the Foundation’s work and find people and organizations to work with on impact investing.

Upon Director Blackford’s term ending on Sierra Club’s Board, Ramón Cruz became Sierra Club president and therefore a director on the Foundation’s board. Director Cruz has over 20 years of experience intersecting the
fields of sustainability, environmental policy, urban planning, energy and climate change, having worked in the public sector as the deputy director of the state environmental regulatory agency in Puerto Rico and has held senior positions at the Environmental Defense Fund, the Partnership for New York City, and the Institute for Transportation and Development Policy.

Later in 2020, Claire Broido Johnson, Rebekah Saul Butler, and Steph Speirs were appointed to the board. All three directors bring a wealth of knowledge and experience in clean energy, impact investing, philanthropy, public policy, and more.

Director Broido Johnson is a senior operations executive who runs the University System of Maryland Momentum Fund and has a proven track record in creating and managing successful businesses and driving operations, including as founder of SunEdison. Director Broido Johnson also guided the deployment of $11 billion in economic stimulus funds in 2009-2019 at the Department of Energy.

Director Saul Butler is co-executive director of The Grove Foundation, where she leads design and implementation of the Foundation’s 100% mission aligned investment portfolio. Additionally, Director Saul Butler also leads the environment program and provides overall co-management for all aspects of the Foundation and she is managing director of Grove Action Fund, an organization she worked with colleagues to launch in 2018 to more directly affect positive policy changes.

Director Speirs is the co-founder and chief executive officer at Solstice, which works to put community solar and clean energy in the hands of underserved Americans. She previously deployed solar microgrids, lanterns, and home systems in India and Pakistan. Prior to renewables, she managed field operations on the Obama campaign and developed policy at the White House National Security Council. She was selected as an Echoing Green Climate Fellow, Inc Magazine’s Female Founder 100, Elle’s US Woman Entrepreneur of the Year, a Renewable Energy World 40 Under 40 in Solar, and a Grist 50 Fixer.

In Fall 2020, the board held a one day equity, inclusion and justice retreat to begin to examine the role of the board and of individual directors to become more aware of the impacts of white supremacy culture in the United States and within the environmental movement, philanthropy, finance and investment, and within the Foundation itself and its relationship with the Sierra Club. The board and individual directors recognize the importance of building an inclusive board and organization and will continue the intentional examination through ongoing discussions and learnings, and they are open to suggested changes to practices or policies that may be harmful to Black, Indigenous, and People of Color (BIPOC) staff, volunteers, or partners. The board continues to undertake annual performance assessments to gather important feedback on directors’ experiences, which are used to inform organizational goal setting and priorities. As we start developing the 2021 organizational goals, the Foundation will continue to prioritize a commitment to equity, inclusion, and justice as key components of the board makeup and candidate selection process.
Fiscal Sponsorship, Grantmaking, and Legal Compliance

Throughout the review period, the Foundation maintained its core goal of effective fiscal sponsorship, grantmaking, and compliance oversight to both protect the Foundation’s charitable status and support the Sierra Club’s charitable environmental programs. The Foundation continues to provide compliance training for new Foundation staff and board members and new Sierra Club staff hired as gift officers with major donor and fundraising roles in the Sierra Club’s Office of Advancement.

In 2019, the Foundation implemented new anti-harassment training programs for all staff (supervisory and non-supervisory) as mandated by changes in California law. The training requirements were reviewed with the Risk Management Committee and will be periodically reviewed to ensure ongoing compliance.

During the review period, a select number of national Sierra Club charitable programs fiscally sponsored by the Foundation were reviewed by the Risk Management Committee for an allocation of the Foundation’s 501(h) lobbying expenditure limits. The Sierra Club’s Democracy Program and Building Support for a Living Economy Program, on recommendation of the Risk Management Committee, were approved by the Foundation’s Grants Committee for a 501(h) lobbying component that enables those programs to use limited charitable funds for legislative lobbying purposes pursuant to the Foundation’s 501(h) lobbying election as permitted by the IRS.

A periodic review of the Foundation’s Enterprise Risk Management Program was undertaken in 2019 by senior management staff and the Risk Management Committee. An updated landscape risk analysis and adjustments to the risk management program were completed as part of the review process.

In both 2018 and 2020, the Foundation implemented our Election Year Compliance Review Process, to ensure that any Sierra Club materials funded in part or entirely with 501(c)(3) funds are compliant with IRS regulations. We continue to maintain heightened standards of review for Foundation-funded materials and activities during election years to ensure the Sierra Club Foundation meets its charitable compliance oversight requirements.

Financial Management and Investment

The Finance, Audit, and Investment Committees continue to provide oversight over the Foundation’s financial management and investment portfolios. Finance Department staff provide regular monthly financial reporting and budget monitoring, with particular attention to liquidity and unrestricted reserves balances. Currently, reserves balances meet our policy of a six-month minimum for operating, fundraising and administrative costs. The Finance Team began the transition to a new accounting and financial system in 2018, and implementation was completed in early 2019.
The Foundation maintains its commitment to fossil fuel-free investing and is increasingly investing in climate and clean energy solutions. Notable sections of the Foundation’s Impact Investment Statement include the Foundation’s philosophy and approach to selecting opportunities in all asset classes and portfolios, a more explicit description of investment fiduciary responsibility taking into account a new focus on high impact investing that prioritizes mission impact over financial return, strategies for investment monitoring and reporting, and risk tolerance.

In 2020, the Foundation initiated a comprehensive review of its investment practices and priorities, in part to further clarify how the Foundation can use its assets, brand, and networks to help “shift trillions” towards just clean energy and climate solutions as an influencer of our philanthropic peers and capital markets more generally through our investments and shareholder advocacy (one of our three strategic roles described above). We became a signatory to the Belonging Pledge of Confluence Philanthropy, a commitment to advancing racial equity in our investment policies and practices. We also began developing a theory of change that will guide the development of impact investment management policies and processes, as well as clarify SCF’s impact thesis, strategy and performance. The theory of change will be developed to align with impact investment norms and conventions, including the United Nations’ Sustainable Development Goals (SDGs). When the theory of change is completed, the Foundation will integrate impact considerations into its approach to sourcing, diligencing, structuring investments, managing its portfolio, and evaluating ongoing impact across all of its investment portfolios.

High Impact Fund
The Foundation formally established a High Impact Investment Fund in 2018. The Fund is an allocation for investments in organizations with the potential to achieve high positive impact by (1) empowering people and their communities and/or (2) developing and implementing innovative and disruptive technologies or business models. The Fund’s investments may include (a) deploying and scaling clean renewable energy, energy storage, and energy efficiency solutions; (b) enhancing equitable access to affordable clean energy and to clean air and clean water; (c) protecting natural resources; (d) creating good jobs and adjusting to and benefiting from the transition to a low carbon economy; and (e) improving resiliency and ability to adapt to climate change.

The High Impact Fund is an impact-first investment vehicle; the primary intent of the Fund is to accomplish the charitable purposes and programmatic goals of the Foundation first rather than the production of income or appreciation of property. However, to meet fiduciary obligations and to redeploy funds into future opportunities, we still hope to achieve a portfolio-wide positive return on capital.

Since its establishment, the Fund has made early-stage, catalytic investments in Native American-led utility scale renewable energy projects; invested in a fund that helps provide financing for transformative,
climate-focused technology companies at the earliest stages; and invested in a solar bond fund that invests in small-scale rooftop solar installations serving nonprofits, schools, houses-of-worship, commercial buildings, municipalities, multi-family/multi-unit housing developments, and low- and moderate-income homeowners.

Marketing and Public Relations
The Foundation continues its commitment to achieving the highest standards of accountability and transparency in the nonprofit and philanthropic sectors. 2020 marked the twelfth consecutive four-star rating for the Foundation from Charity Navigator, the highest possible score. Only 1% of U.S. public charities have achieved this score for as many consecutive years. We continue to meet all 20 standards of the Better Business Bureau’s Wise Giving Alliance and are an “A” rated organization by Charity Watch. These ratings not only acknowledge the Foundation board and staff’s dedication to accountability, they also increase our ability to fundraise as donors know their funds are being put to good use and managed responsibly.

We continue to work with the Sierra Club’s Office of Advancement (the Advancement Communications Team in particular) to put out regular reports on our work and progress. The most significant of these is our annual report, which is our most comprehensive document highlighting achievements and growth each year. The 2018 Annual Report, entitled Forward Faster, highlighted the work we supported to accelerate just and equitable climate solutions in light of climate studies showing that climate change is intensifying with only ten years left to avoid irreversible catastrophic ecosystem disruption. The recently released 2019 Annual Report, entitled Powering Our Future, highlighted our growing focus on how we are fundamentally shifting our power systems - from how we generate electricity to turn on the lights to the way we generate momentum and people power to make systemic change. These reports are key public relations resources for donors, reporters, and more.

We continue to regularly publish news and blog posts on our website and publish our board of directors alumni newsletter on a quarterly basis. These communications are keeping our community of directors, donors, and stakeholders more engaged in our work and ensuring that the Foundation maintains its own brand and identity.

Innovative Approaches to Achieving Mission
With the adoption of a new structure defining our three strategic roles as described in the board governance section above, the Foundation continues to influence the philanthropy and impact investing sectors, and our peers. As a result of our mission-aligned investment practices, the Sierra Club Foundation won the 2018 Chief Investment Officer (CIO) Industry Innovation Award for ESG investing. Foundation staff had influential thought pieces published by Green Money, Confluence Philanthropy, and Mission Investors Exchange. Additionally, staff spoke about our impact investing practices at national conferences sponsored by Confluence.

The Foundation engaged in strategic shareholder advocacy, partnering with the Sierra Club’s Financial Institutions Advocacy Campaign (fiscally sponsored by the Sierra Club Foundation) and the Gwich’in Steering Committee (GSC), to demonstrate widespread opposition to drilling in the coastal plain and elevate the defense of the Arctic Refuge as a seminal human rights and environmental issue that impacts us all. We worked with the Gwich’in Nation to identify key opportunities for us to assist in amplifying its voice, successfully pushed back on every administrative move intended to streamline the process for drilling, and launched a coalition-wide corporate campaign targeting companies and financial institutions that are poised to move into the Refuge. The Foundation made a grant to First Peoples Worldwide at the University of Colorado, Boulder to develop and implement an international human rights campaign in partnership with the Gwich’in Steering Committee. With the Foundation’s grant support, First Peoples was able to meaningfully activate the student attorneys in the American Indian Law Clinic, provide direct support to the GSC, and elevate the Gwich’in’s human rights in collaboration with the Sierra Club’s corporate campaign.

Management and Administration
In Summer of 2019, the Foundation welcomed Kevin McGahan as the new chief financial officer after an extensive candidate search and rigorous interview process with members of the Sierra Club, the Foundation’s board, and all Foundation staff members. McGahan brings with him significant experience in non profit finance, with his prior role as senior executive of finance at the Energy Foundation. Also in 2019, Agana Moreno was promoted from director of finance to senior director of finance. The Grants and Compliance team was updated to Programs and Compliance to more accurately describe the scope of programs (project fiscal sponsorship, domestic and international grantmaking, donor advised funds management, program-related high impact investments), and legal compliance responsibilities that fall within its purview, and both team members also received promotions; Henry Holmes was promoted from grants and compliance director, to senior director, programs and compliance, and Ting Lee was promoted from grants and compliance manager to assistant director, programs and compliance. In 2020, Michelle Arellano joined the Foundation’s team as the administrative coordinator and brings with her a passion for the environment and experience in environmental non-profits.

With the move to a cloud-based constituent relationship management (Salesforce) and accounting (NetSuite) systems, in 2020 the Foundation initiated a review of its core business process for project fiscal sponsorship and grantmaking with the goal of selecting a grants management system to replace the current proprietary system. Working with an outside consultant (GrantBook) and Sierra Club stakeholders, a Business Requirements Document was completed that will serve as the basis for engaging prospective vendors and evaluating prospective grants management systems for selection and implementation in 2021.
Additionally, the Foundation's Finance Team successfully transitioned from PeopleSoft to NetSuite at the start of 2019. NetSuite and Salesforce have integration capacity that the Foundation hopes to tap into in the future to lead to greater efficiency and data integrity, including integration of a new grants management system (for the Foundation’s Programs and Compliance Team and relevant stakeholders on the Sierra Club’s Advancement Grantwriting Team, and in Sierra Club’s Operations and Finance Department) in 2021 to the greatest extent feasible.

The Foundation remains committed to the staff that supports its daily operation. In 2020, the COVID-19 pandemic and subsequent shelter-in-place directives from city and state officials forced the closure of the Foundation’s physical office. Despite the challenges of working from home, the Foundation’s staff has been able to continue its operations at full capacity due to the hard work and dedication of all nine members of the team. The Foundation continues to monitor the pandemic and prioritizes the safety and wellbeing of the staff. Additional support has been offered to ensure staff have the resources they need to be healthy and appreciated members of the team.

Overall, the Sierra Club Foundation in 2020 is operating efficiently, cooperatively, and with increased capacity due to these staff and technology platform changes. Our commitments to innovative mission-aligned investment strategies, compliance accountability, sound financial management, and growing our fundraising and donor base are well supported by our staff and board, and we are excited to continue these commitments in the coming years.
Recommendations for Future Actions

This report outlines major successes and outcomes for the Sierra Club Foundation for the past two years. In alignment with our annual organizational goal setting document, these future actions are suggested to continue the growth and success of the organization:

- **Fundraising:** Assist in the hire of a new Chief Advancement Officer (CAO) for the Sierra Club. The new CAO will be responsible for fulfilling the annual fundraising agreement. Priority is given to candidates for the position that have a proven record of expanding and diversifying the base of support of funders and individual donors. Also, financial modeling indicates potential for growth in revenues from the planned giving program with additional investments in prospecting and donor stewardship.

- **Board Governance:** Continue working to ensure the board meetings reflect an equitable space that is welcoming to all Directors, and continue to engage with the Sierra Club’s Board of Directors for shared learning;

- **Board Development:** Work to further diversify the board in race, geographic location, and experience working with frontline community groups to better meet the needs of a movement building and equity-based organization;

- **Fiscal Sponsorship, Grantmaking, and Legal Compliance:** Maintain critical protocols and compliance guidance to inform complex decisions as fiscal sponsor for the charitable programs of the Sierra Club and as an independent grant-maker and impact investor;

- **Financial Management and Investment:** Monitor the outcomes of initial high impact investments and continue commitment to a fossil fuel-free portfolio while encouraging other foundations and peers to enter the impact investing space; complete and implement theory of change regarding impact across all investment portfolios; incorporate racial and social justice criteria into investment policies and practices;

- **Marketing and Public Relations:** Invest in the continued development of an independent voice and brand for the Foundation and retain highest ratings on charity watchdog reviews;

- **Innovative Approaches to Achieving Mission:** Consider transitioning the Forward Faster Fund to the Movement Forward Fund and continue commitment to alternative vehicles to advance the Foundation's mission such as recoverable grants, other mission-aligned high impact investments, and monitor, track, and report on efforts in these new endeavors; and

- **Management and Administration:** Accelerate wherever possible the transition to modern platforms for grantmaking while continuing to support staff needs as fully as possible and continue to examine areas of unconscious bias to ensure the organization is welcoming and inclusive for all.