There are also commercially available software packages that enable nonprofits to monitor programs and measure outcomes.

The balanced scorecard seeks to integrate internal, external, and program variables to provide a comprehensive picture of an organization's performance. Many organizations using a balanced scorecard approach prepare a dashboard, a simple and often graphic portrayal of key variables that is used to monitor and communicate performance. Some venture philanthropists and scholars have adopted the tools of cost–benefit analysis and social return of investment (SROI) to measure social impact. Others have developed concepts of blended value, incorporating financial, social, and environmental impacts, which they would apply to both nonprofit and for-profit entities. The concept of blended value is the basis for *impact investing* and recent establishment of social stock markets.

All methods of measuring nonprofit performance offer advantages as well as disadvantages. There is a continuing debate about the best methods to use and the appropriate emphasis to give to measurement. Nonprofit managers must be committed to performance measurement but should not become focused on it to the detriment of delivering their mission's programs. But the failure to measure results altogether is an abdication of management responsibility. There are a growing number of online tools available that offer nonprofits standardized indicators and formats for measuring and reporting results.

KEY TERMS AND CONCEPTS

accountability
accreditation
activity-based profitability model
balanced scorecard
benefit–cost analysis
blended value
charity watchdogs and raters
common indicators
corporate-style benchmarking
dashboard
effectiveness
efficiency
e-Postcard
Form 990
impact investing
inputs
logic model
outcomes
outputs
Pension Protection Act of 2006
performance
performance management
Sarbanes-Oxley Act
shared value
social return on investment (SROI)
social stock market
statistical benchmarking

CASE 6.1 Greg Mortenson and the Central Asia Institute

Greg Mortenson founded the Central Asia Institute (CAI) in 1996. As it evolved, CAI's mission focused on education, and it became known for building and supporting schools in Afghanistan and Pakistan. Mortenson was a charismatic leader of CAI, who gained wide visibility with the publication of two best-selling books, *Three Cups of Tea* and *Stones Into Schools*, which recounted the organization's work and his travels in Central Asia. Gifts poured into CAI, totaling $72 million between 2003 and 2011, and sales of Mortenson's books mushroomed as a result of his many speaking engagements (Gose, 2012).

Mortenson was a dominant figure as the leader of CAI. But some board members and staff began to express concerns about financial management and record keeping. Three members of the board resigned in 2003, and the financial manager left in 2006. This left Mortenson and two close associates as the remaining members of the board (Gose, 2012).

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One concern involved expenses by CAI to promote Mortenson's books and travel. CAI purchased multiple copies of the books and distributed them for free, but Mortenson was personally receiving royalty payments. In some cases, CAI paid for his travel to promote the books even when the hosts paid expenses and an honorarium to Mortenson (Volz, 2012). In 2008, Mortenson signed an agreement with CAI to split book promotion costs and to give the royalties on books purchased by CAI back to CAI, but it was later reported that he had not followed through on the agreement (Volz, 2012).

Issues about Mortenson and CAI gained national attention in 2011, when the television program *60 Minutes* aired an expose and author Jon Krakauer wrote a critical book. One set of allegations challenged the veracity of accounts in Mortenson's books, but it was the possibility of inappropriate financial transactions that caught the interest of Steve Bullock, the attorney general in Montana, where CAI is chartered. Mortenson asserted that *60 Minutes* had presented a "distorted picture using inaccurate information" (Mortenson, 2011). But Bullock launched an investigation that lasted a year.

Bullock found that Mortenson had not engaged in criminal wrongdoing, but a settlement was reached that required him to repay $1 million to CAI from his personal funds. Mortenson remained as an employee of CAI, but he was prohibited from serving as executive director or serving on the board as long as he remains an employee. CAI also agreed to expand its board from three to seven members (Volz, 2012).

In his report, Attorney General Bullock said that Mortenson "may not have intentionally deceived the board or his employees" but found that Mortenson had not maintained documentation or receipts showing how CAI money had been spent (Volz, 2012). Many blamed CAI's board. "Despite consistent and repeated warnings about a lack of financial controls . . . the board of directors failed to close those gaps over a period of nearly 10 years," Bullock said. Douglas Mancino, a lawyer, added that "When you have an organization that is controlled by a strong personality . . . the board has almost a heightened responsibility to be very scrupulous in its dealings" (Gose, 2012). Mortenson and CAI voiced disagreement with points in the attorney general's report (Gose, 2012).

Following the public controversy and the attorney general's report, Mortenson remained an employee of CAI and drew a salary, but he maintained a low profile for the next two years. Meanwhile, contributions to CAI declined, from $22 million in 2010 to $2.7 million in 2013 (CBS News, 2014). But CAI remained one of the largest education nonprofits in South and Central Asia, and thousands of children, many of them girls, were attending schools built by CAI (Sieff, 2014). By 2014, Mortenson was back in Afghanistan, visiting communities and schools. CAI's new board was asking him to return to a more active role of speaking and fundraising (CBS News, 2014). He was said to feel "guilty and angry" about past events, but he was considering a return to public life (Sieff, 2014). Meanwhile, "the Montana attorney general [was] keeping a close eye on CAI's expenditures . . . (Sieff, 2014).

Questions Related to Case 6.1

1. Are the issues and questions raised in the Central Asia Institute case related to the concepts of accountability or performance? To which of those terms is this case most relevant?
2. Think back on the legal requirements placed on nonprofit organizations discussed in Chapter 2. What legal concepts might be related to the issues discussed in the case of Greg Mortenson and the Central Asia Institute?
3. Think back on the responsibilities of governing boards discussed in Chapter 3. How do they relate to the case of Greg Mortenson and the Central Asia Institute?