



DHPS | NY

DOCUMENTARY HERITAGE
& PRESERVATION SERVICES
FOR NEW YORK

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Board Governance: Fund Development for Boards


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Documentary Heritage and Preservation Services for New York is a five year initiative to deliver collections-related training, preservation surveys, archival assessments, and other services to the historical records community in New York.



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About the New York Council On Nonprofits

NYCON develops and promotes an effective and vibrant charitable nonprofit community throughout New York State. We strengthen organizational capacity, act as an advocate and unifying voice, help to inform philanthropic giving, and conduct research and planning to demonstrate relevance and impact.

NYCON is a statewide association of more than 3,000 diverse charitable nonprofit organizations.

- We provide our members with a wealth of quality, cost-saving group purchasing and discounted programs, from insurance and employee benefits to payroll outsourcing and publication discounts.
- We offer a wide array of customized, comprehensive training and specialized technical assistance services
- We provide legal and financial assistance
- We offer fiscal sponsorship and nonprofit incubation
- We provide community stakeholders with needs assessments, applied research, consortium and coalition development, program development and evaluation, grant management, and act as a lead agency.

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Key Learning Objectives

- Explore fund development roles and responsibilities
- Learn the components of a development plan and the responsibilities of the board, development committee, and staff
- Explore different strategies

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FUNDRAISING

Who's Job Is It Anyway?



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Fundraising: It's A Team Effort

Everyone Has a Role!

- The Board
- The Development Committee
- The CEO
- Development Staff
- Finance Director & Committee
- Program Staff



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Fund Development Responsibilities of an Effective Board

1. **Accountability:** Awareness of and ensure compliance with laws and regulations (Attorney General, IRS, Gaming Commission- raffles)
2. **Ethical Principles:** Ensure donor privacy, ensure raised funds go to mission and overhead is reasonable
3. **Oversight:** Ensure efforts are in line with budgetary needs, good stewardship, comply with board and fiscal policies, and board and organizational capacity
4. **Participation:** *As defined by organization.* Identifies and cultivates relationships, supports efforts, solicits contributions


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Role of the Development Committee

- **Prepares** development plan for board approval
- **Models** and encourages full board involvement in implementation
- **Monitors** and reports progress and accountability
- **Evaluates** efforts
- **Revises** plan
- *Note: Committee functions best with staff support and/or leadership, if available*

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What Does Staff Typically Do?

- Ensure marketing supports fund raising
- Research prospects and identify volunteer relationships 
- Plan, track and evaluate the cultivation process
- Monitor action plans—keep to the timelines
- Manage resources
- Maintain database
- Coordinate events
- Motivate volunteers



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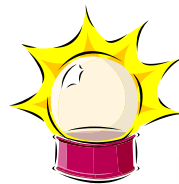
What's in a Plan?

GOALS
+ PLANS
= SUCCESS

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Why have a Plan?

- Challenges & replaces magical or wishful thinking
- Coordinates Board, fund raising & marketing efforts with the organizational strategic plan
- Gets “buy-in” from participants regarding:
 - Goals
 - Roles
 - Priorities
 - Accountability



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Why have a Plan? (cont'd)

- Helps to pace your annual efforts
- Great orientation tool for new Board Members & Committee Volunteers
- Creates understanding of everyone's fund raising roles & responsibilities
- Is outcome-based & measurable which helps you learn & measure your success

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Strategic Fundraising Questions to Ask



- Where have the resources come from in the past?
- Are current funding streams diversified?
- What would be the impact of a funding cut from any source?
- What are the funding trends now and in the future?
- What are the organization's real needs?
- What would we do with more money and what kind of money do we want?
- Would funds raised effect existing funding streams?
- What are we really good at?
- How much does it cost to deliver services?

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What is a Development Plan?

A detailed plan of how needed resources will be obtained including:

- The case for support
- Environmental analysis and capacity assessment
- Goals
- Strategies
- Budget and human resource needs
- Timelines
- Accountability
- Evaluation



(taking the gamble
out of fund
development)

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What is a Case for Support?

- Mission and values
- Programs and services
- Accomplishments
- Plans for the future
- Budget: What do you need money for and how much do you need?
- Why would someone want to invest in your organization?
 - Benefits to clients/consumers
 - Benefits to the donor
 - Benefits to the community

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We ALL Want to Make A Difference!



Stop being a not-for-profit.

Why do we define our selves in the negative? It makes no sense.

Does your organization exist to 'not make any money?'

Or, does it exist to save lives, change lives and **impact lives.**

Connection to Impact Drives Potential for Income.

Source: www.forimpact.org



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Nonprofit Marketing Cycle

Typical

- Us
- Here's what we're doing
- Send us money
- Us
- Here's what we're doing
- Send us money
- Us
- Here's what we're doing
- Send us money

Effective

- Here are results
- Here's how it affects you
- Send us money
- Here are the results from your money
- Here's how it affects you
- Send us money



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Analysis of Fund Development Capacity

- Knowledge, capacity, and experience
- Staffing allocated to fund raising
- Budget availability for development efforts
- Volunteers' commitment to fund raising
- Donor database
- Ability to identify prospects
- Marketing materials
- Ability to generate thank you notes
- Evaluation of previous efforts

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Analysis of Fund Development Environment

- Competition
- Community awareness
- Perceptions of organization and activities (quality & need)
- Economy



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Sample Benchmarks

- Total mailing list and active donors (#, %, ROI, retention, new)
- Giving by method (mail, online, website, face to face)
- Giving levels (#, %, movement)
- Board giving, getting, new names (ind. &/or collective)
- Events (attendance, gross, net, media, time)
- Types of gifts (annual, capital, reserve, planned)
- Demographic and other profile of donors (sex, age, race, geography, members, alumni, family, business)
- Contacts with potential donors (staff, board, volunteer)
- Impact of incentives
- Volunteers (new, hours, etc.)

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Income-generating Strategies:

- Grants: government and private
- Earned revenue, entrepreneurial activities
- Fund raising activities
 - Special events
 - Direct mail
 - Email solicitation
 - Text giving
 - Phone-a-thons
 - Planned giving (wills, bequests, annuities)
 - Face-to-face solicitation
 - Online (web, facebook, crowdsourcing)
 - Membership/Affiliation campaigns

Securing Your Organization's Financial Stability



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Earned Revenue vs. Contributed Revenue

- **Earned Revenue**
 - The direct exchange of a product, service or privilege for money from the customer (or funder)
- **Contributed Revenue**
 - Grants & contributions (from donors & funders, including government)
- Requires a “transactional” culture & systems
 - TIP - To be successful, know the full costs of the services or products being provided.*



Being Entrepreneurial

- Having the willingness & capacity to develop, organize, & manage a business venture either within or outside nonprofit entity in order to make a [profit](#).
- “*The Entrepreneur*” organizes & manages any enterprise, especially a business, usually with considerable initiative & [risk](#).
- *Key Characteristics:*
 - Profit-motivated
 - Innovative
 - Competitive
 - Willingness to exploit opportunity
 - Accepting & being accountable for the risks

Myth Bust #1

Nonprofits cannot make profit
on mission-based activities.

Wrong:

Nonprofits can make “revenue over
expenses”
(i. e. profit) on mission related activities.



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**Your purposes as stated in your COI
or
Charter and as approved by the IRS
defines *what is* and *what is not*
tax-exempt for your charitable
organization**



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Myth Bust #2

Nonprofits cannot conduct nor make profits on activities unrelated to mission.

Wrong:

You can conduct unrelated activities within your corporation, but may need to pay taxes on any profit made.



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Myth Bust #3

For-profit tax activities are a bad thing for a nonprofit.

Wrong:

As long as you manage the venture carefully & stay within the IRS regulations & filing requirements, there are no inherent risks in paying taxes on profits made with the exception of possible property taxes (renting to or allowing a for-profit on tax-exempt property).



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Myth Bust #4

Nonprofits cannot invest in or own
a for-profit business.

Wrong:

Businesses can be an investment & like
all investments by nonprofits, should be
prudently made & with appropriate due
diligence.



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Unrelated Business Income Tax (UBIT)

- Tax on the profit (*income less qualified expenses*) from an activity that is:
 - A “trade or business”, pursued in a manner similar to commercial businesses
 - Is regularly carried on with frequency & continuity
 - Not “substantially related” or is “important” to the exempt purposes that is the basis for the IRS granted exemption
 - If over \$1K in gross revenue, reported on the IRS Form 990-T & NYS Form CT-13



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Assessing Strategies: Consider Your Capacity

- Who is responsible? Staff and/or volunteer?
- How much effort? Staffing? Time?
- What will it cost? What will it raise?
- How does your Board like it? Why?
- What are the non-financial benefits?

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Be Clear.... Each Strategy Serves a Purpose

If your goal is to raise money, the activity should raise money per your goals.

If your goal is to cultivate friends, then while the activity may not offer the greatest financial return, it may:

- Establish credibility
- Generate positive public exposure for organization
- Reach out to potential new donors
- Involve new volunteers--your best ambassadors in the community

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Master Timeline: Space out major events & asks

Strategy	July	Aug	Sept	Oct	Nov	Dec
Media	X	XX				
Volunteers Recruited	XX					
Newsletters		XX			XX	
Special Event			XX			
Direct Mail Campaign						XX
Follow-up Solicitation				XX		

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Prepare a Written Action Plan

TASKS	RESPONSIBILITY	RESOURCES	TARGET DATE
Draft and Print Marketing Materials	Executive Director	\$500	6/1 to printer
Sell Event Tickets	Every Board Member sells or buys 10	Event focused pitch	7/1-8/20
Obtain 25 Sponsorship Ads	Executive Director (15) Development Committee (10: 2 each of 5 members)	Last Year's Brochure	7/1-8/20

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Activity and Master Budget

- It takes money to raise money—but how much can you afford?
 - ✓ Costs up to 30% of anticipated revenue
- Remember to include all costs (direct or hidden)
- Remember: Time is money—if it takes time, there is a cost
- Even volunteer-driven fundraising efforts require adequate staffing to support volunteers



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Budgeting for Events/Activities

Income	Expenses
<ul style="list-style-type: none"> • Individual ticket sales • Table or group sales • Benefactor, patron, and sponsor donations • Sponsorships of event participants (pledges) • Food and/or beverage sales • Sales of goods and/or services • Advertising sales (programs, banners) • Raffles and door prizes 	<ul style="list-style-type: none"> • Building/facility/location • Advertising and promotion • Production (stage, equipment, labor) • Travel and per diem • Insurance • Food and beverages (+ permits) • Decorations • S.W.A.G. • Office expenses (letter writing, mailing list management, detail coordination) • Staff expenses

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So How Did We Do? Evaluating the Plan



- Review and fine-tune the plan after each initiative and annually
- Were costs reasonable?
- Were revenue targets and outcomes realistic?
- Consider the non-financial benefits of each effort
- Are you moving toward your long-term goals?
- Are you willing to let go of activities no longer successful?

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How To Get the Board “On Board”

- Make it easy for them.
- Get buy-in and establish champions on the board
- Identify skill gaps among current members
- Recruit new members with needed skills
- Invest in board training
- Set an example
- Establish coaching relationships
- Set reasonable goals that build confidence
- Provide tools: marketing materials, elevator speech, etc.

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Charitable Giving Updates



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Charitable Giving Data

- The Treasury Department celebrated that [American Charitable Donations Highest on Record for Past 3 Years](#), based on the latest *Giving USA* report. The Treasury Secretary boasts, “President Trump’s pro-growth economic policies have provided hard-working Americans with robust opportunities, including the opportunity to give back to their communities, organizations and causes that strengthen our country.” The truth is less rosy. Adjusted for inflation, giving was lower than in 2017, according to [Giving USA](#). Further, 2018 and 2019 are the only two years on record in which individual donations were less than 70% of total charitable giving. Also, charitable giving fell below combined Gross Domestic Product growth for 2018 and 2019. While charitable giving growth generally moves up and down with the economy, that wasn’t the case in 2018 and 2019.



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Charitable Giving Data

Giving by Individuals is Down.

- The Giving USA report reveals trends for individual donors, who are responsible for a vast majority of giving (versus foundations and corporations). While Giving USA shows giving by individuals rising in 2019 by 2.8%, that follows a drop in giving by individuals of 3.4% in 2018. The increase in individual donations in 2019 fails even to offset the drop in 2018.
- Inflation adjusted giving by individuals:
 - 2017 = \$315.83 billion
 - 2018 = \$301.21 billion
 - 2019 = \$309.66 billion
- Giving by individuals in 2019 was \$6 billion less than giving in 2017. In light of the strong economy and the level of GDP growth, both overall giving and individual giving in 2019 should have outpaced individual giving in previous years.



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Charitable Giving Data

An April 2020 [Gallup poll](#) confirms the number of households donating in the past 12 months has reached a historic low, approximately 6% fewer than the previous low recorded during the 2009 recession. Since 2017, the number of donors across all income levels have declined substantially, with low-income households experiencing the greatest decline (17% fewer households giving).

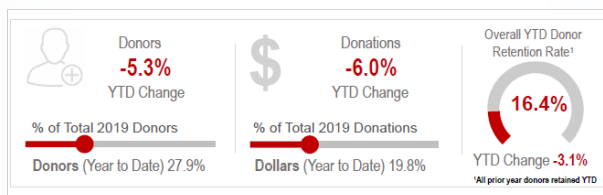
Additionally, the 2020 [Nonprofit Employment Report](#) released by Johns Hopkins Center for Civil Society Studies estimates 1.6 million job losses at nonprofits between March and May 2020. This represents roughly 13% of all nonprofit jobs in the U.S.



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New Giving Data

- The [Fundraising Effectiveness Project](#) has released troubling data about giving in the first quarter of 2020.
- Donations are down 6% and the number of donors is down 5.3%.

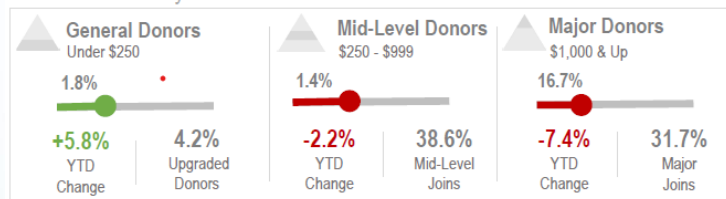


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New Giving Data continued

- Donations under \$250 have increased 5.8%.
- Donations from major donors (\$1,000 and up) have declined 7.4%.
- See [Giving Plunges 6% in First Quarter, Signaling \\$25 Billion in Lost Revenue for Nonprofits](#), Michael Theis and Dan Parks, *Chronicle of Philanthropy*, June 22, 2020.

Revenue YTD by Donor Level



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Universal Giving Pandemic Response Act

- Lankford/Coons Charitable Giving Bill: Senators Lankford (R-OK) and Coons (D-DE) have introduced the Universal Giving Pandemic Response Act (S. 4032). The news release explains, “Specifically, the bill would make available — for tax years 2019 and 2020 — an above-the-line deduction for charitable giving on federal income taxes valued at up to one-third of the standard deduction (around \$4,000 for an individual filer and \$8,000 for married joint filers).”
- The bill would ensure that Americans who donate to charities, houses of worship, religious organizations, and other nonprofits are able to deduct that donation from their federal taxes at a higher level than the current \$300 deduction.



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Payment Protection Program (PPP) and Economic Injury Disaster Loan (EIDL) Updates



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PPP Round 2 Extended to August 8th

- The PPP was to expire at midnight on 6/30, but is extended to August 8th.
- As of June 30th, 323,903 organizations have received \$38,349,280,077 in NY.
- Funding left \$131,914,229,876 (6/30)- First come, first served



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PPP for NY Nonprofits

- SBA released organization names for loans \$150,000 and above
 - There were 3,403 nonprofits.
- The other SBA list is all organizations under \$150,000, which do not include organization names, but general location info on location and sector classification.
 - There were 7,632 nonprofits.
- Total NY Nonprofits receiving the PPP were 11,035.
- Overall, the NY nonprofit jobs “saved” were 322,256.



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EIDL Reopened

Applications are being accepted again by SBA

- <https://covid19relief.sba.gov/#/>



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