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Fundraising Responsibilities of Nonprofit Boards

Presented by

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Not-for-profit Services Group

A decorative graphic at the bottom of the slide consisting of a dark green, textured, wavy shape on the left side, transitioning into a thin black horizontal line, and then into a light gray wavy shape on the right side.

The first step to effective Board Service is to reduce the many ambiguities that inevitably accompany it.

The Board oversees all the actions and decisions required for financial security.

This includes participating in fundraising efforts and...

..making a personal donation to
underscore his or her commitment to
the organization and encourage
others to give.

**The level of fundraising effort
required of a Board member varies.**

If the organization is highly dependent on fundraising for its revenue, individual Board members are likely to be directly involved in solicitation.

In larger organizations with multiple revenue sources some Board members are involved in fundraising while the time and expertise of others is directed toward other roles.

This seminar is directed toward the Board member who is required to take an active role in fundraising.

Agenda

- ▶ Board Roles and Responsibilities
- ▶ Basic Fundraising Concepts
- ▶ Basic Fundraising Principles
- ▶ The 3 Stages of Fundraising
- ▶ Evaluating a Potential Board Candidate in Light of his or her Fundraising Abilities
- ▶ Evaluation of Fundraising Efforts

Board Roles and Responsibilities

Board Roles and Responsibilities

- ▶ Primary role is strategy and oversight
- ▶ Board members help the organization move forward by providing guidance and direction.

Board Roles and Responsibilities

Strategy:

- ▶ Be sure the organization has a clearly defined mission, vision, and values
- ▶ Relate these to programs and services
- ▶ Relate programs and services to the costs required to deliver them

This provides justification for the contributions sought

Board Roles and Responsibilities

Oversight:

- ▶ Be sure the fundraising effort is implemented as planned
- ▶ Be sure all Board members participate as envisioned in the plan
- ▶ Be sure all solicitation ethical rules and laws are followed

Basic Fundraising Concepts

Basic Fundraising Concepts

We will discuss the concepts in three areas:

1. Annual Giving
2. Major Gifts
3. Planned Giving

Basic Fundraising Concepts

Annual Giving

- ▶ Fundamental fundraising
- ▶ Goal: finding, retaining, upgrading donors
- ▶ Annual goals increase as the budget increases

Basic Fundraising Concepts

Annual Giving

- ▶ **Direct Mail:** expensive way to acquire donors; renewals are profitable
- ▶ **Membership Programs:** involves donors as participants; specific gift levels; donor benefits

Basic Fundraising Concepts

Annual Giving

- ▶ **Donor Clubs:** higher giving levels than membership programs; cultivate candidates for major and planned gifts
- ▶ **Telephone Contact:** direct interaction; most beneficial with prior donors

Basic Fundraising Concepts

Annual Giving

- ▶ **Groups, Guilds, Associations:** combining membership with volunteers; personal involvement with the organization
- ▶ **Web-based giving:** newest fundraising vehicle; ultimate effectiveness is unknown

Basic Fundraising Concepts

Annual Giving

- ▶ **Activities and Special Events:** popular but least cost-effective fundraising
- ▶ **Volunteer-led Solicitation:** personal face-to-face contact; most effective; difficulty finding qualified, energetic solicitors

Basic Fundraising Concepts

Major Giving

- ▶ To meet long-term needs: endowment, capital or special campaigns; the result of time and attention given to qualified donors

Basic Fundraising Concepts

Major Giving

- ▶ **Corporations:** giving is based on corporate objectives; may be eliminated in “tough times”
- ▶ **Foundations:** must meet foundation objectives; very competitive

Basic Fundraising Concepts

Major Giving

- ▶ **Individuals:** provide 85% of large gifts to charity; extensive personal involvement; cultivation and solicitation by Board is needed
- ▶ **Capital Campaigns:** most productive, efficient, cost effective; requires much planning and execution

Basic Fundraising Concepts

Major Giving

- ▶ **Special-Project Campaigns:** invites immediate support due to the urgency linked to the benefit; can be designed for one individual, a family or class of donors, several companies or foundations – or a combination of all

Basic Fundraising Concepts

Planned Giving

- ▶ Bequests, charitable trusts, annuities
- ▶ The gift is either made today or in the future
- ▶ Tax savings is **NOT** the motivation behind a planned gift

Basic Fundraising Concepts

Planned Giving

- ▶ **Current:** donors financial needs are met over his or her lifetime from income derived from the gift – residual goes to the charity
- ▶ **Future:** bequests usually made in the Will of the donor

Basic Fundraising Concepts

Planned Giving

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Basic Fundraising Principles

Basic Fundraising Principles

- ▶ Board Introduction to Fundraising
- ▶ Conduct a workshop for new Board members about 6 months into their initial term
- ▶ Conducted by development personnel and key volunteers

Basic Fundraising Principles

- ▶ Include specific details regarding Board members current assignments to help Board members put training into context

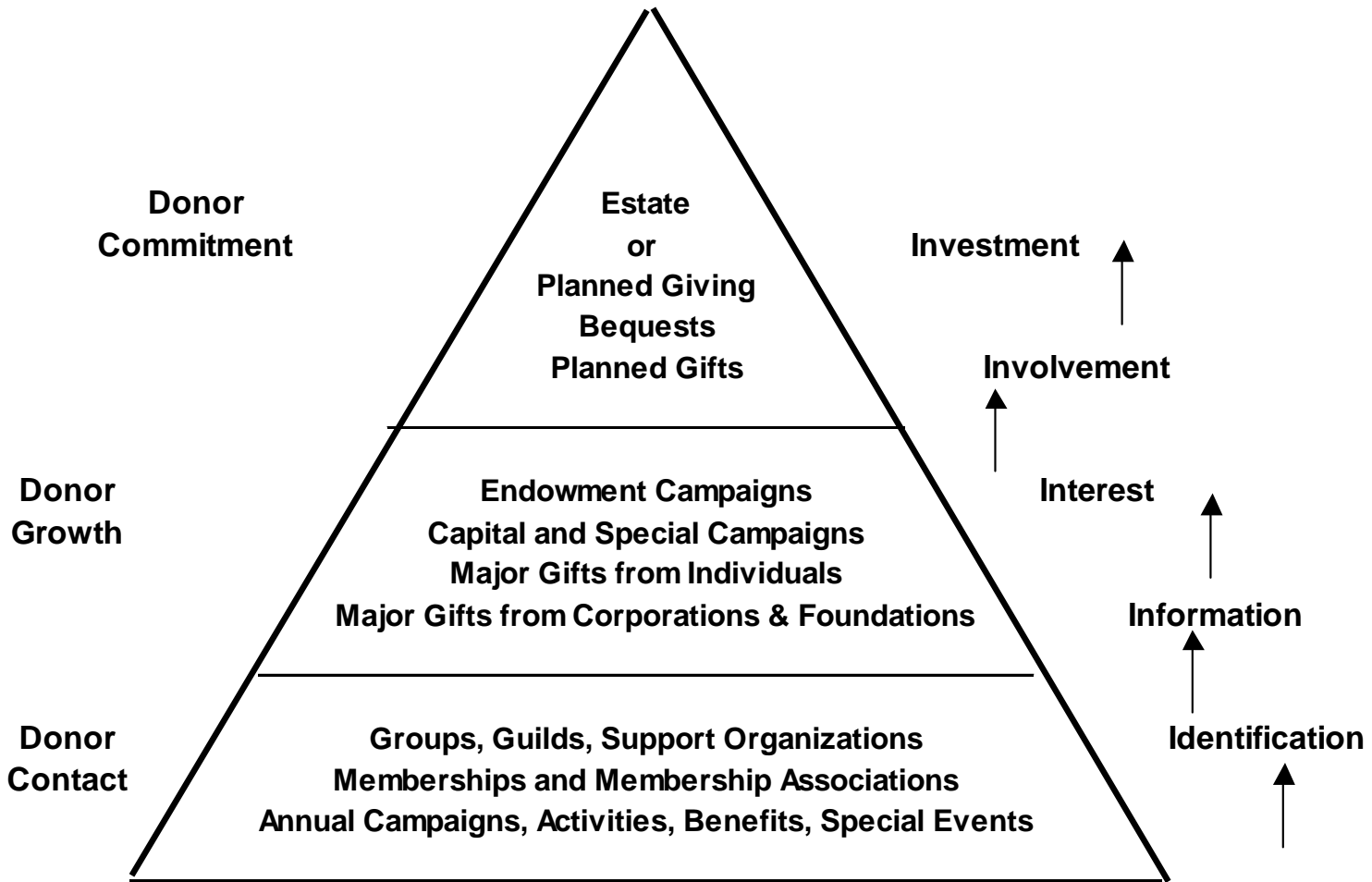
Basic Fundraising Principles

Fundraising 101

Investing time and Money

- ▶ Successful fundraising requires time, a budget and an expected profit
- ▶ Fundraising programs are designed to aid in the fulfillment of each donor's aspirations

Basic Fundraising Principles



Basic Fundraising Principles

Basic Fundraising Principles

What is YOUR responsibility as a Board Member?

- ▶ If the Board doesn't lead, it is very difficult to get the needed funds
- ▶ A policy of Board personal giving sends a message that it believes in the cause

Basic Fundraising Principles

Basic Fundraising Principles

What is YOUR responsibility as a Board Member?

- ▶ All Board members should make an annual gift in line with their means
- ▶ The Board's personal giving policy should be clearly stated in the job description given to board candidates

The 3 Stages of Fundraising

The 3 Stages of Fundraising

1. Cultivation
2. Solicitation
3. Stewardship

The 3 Stages of Fundraising

Cultivation

- ▶ Successful solicitation begins with prospect identification and qualification
- ▶ After potential donors are found, a cultivation plan is developed

The 3 Stages of Fundraising

Cultivation Plan

- ▶ Inform potential donors of:
 - the organization's worth
 - the need for the donor's involvement
 - details on how the funds will be used
- ▶ Remember, giving is *voluntary*

The 3 Stages of Fundraising

Cultivation – Board members can...

- ▶ Make direct contact with prospective donors
- ▶ Host social occasions to provide a venue for sharing information about the organization
- ▶ Act as a spokesperson regarding the organization's needs

The 3 Stages of Fundraising

Solicitation

- ▶ Board members involved in solicitation receive respect and donors appreciate the personal attention
- ▶ Board members may need education and training in solicitation – senior Board members can bring new Board members along

The 3 Stages of Fundraising

Solicitation Preparation

- ▶ Research and verify the prospects interest in the project
- ▶ Determine the donor's inclination to give
- ▶ Determine the range of potential gift amounts
- ▶ Decide who the key members of the solicitation team will be
- ▶ Decide on the best time and place to meet
- ▶ Determine donor recognition options to offer

The 3 Stages of Fundraising

Solicitation Preparation

- ▶ Conduct a rehearsal prior to the meeting
- ▶ Decide who will address what
- ▶ Decide who will answer questions
- ▶ Prepare for a “No” response

The 3 Stages of Fundraising

Solicitation Preparation “No”

- ▶ The “No” response is not a personal rejection
- ▶ It may mean: not yet; not for that amount; not in cash; not for that program; not until I become more comfortable
- ▶ Keep the conversation going – find out what “No” means.

The 3 Stages of Fundraising

Solicitation - Staff Responsibilities

- ▶ Donors are an organization's investors
- ▶ They need attention and service just as an investor in a for-profit corporation
- ▶ Donors do not give because they are asked – they invest in quality programs for beneficial services

The 3 Stages of Fundraising

Solicitation - Staff Responsibilities

- ▶ Board members introduce staff and volunteers to prospects
- ▶ Staff build the relationship that lasts a lifetime

The 3 Stages of Fundraising

Stewardship

- ▶ The Board member who first introduces a prospect to the organization starts the stewardship function after the donation – sending a thank you note
- ▶ While the staff takes over, the Board member is still important

The 3 Stages of Fundraising

Stewardship

- ▶ Board member(s) should appear at recognition events
- ▶ Send “thank you again” notes for subsequent donations

The 3 Stages of Fundraising

Stewardship

- ▶ Boards main role is to establish policy and evaluate fundraising performance
- ▶ Board should work with development staff – not in addition to them

Evaluating a Potential Board Candidate in Light of his or her Fundraising Abilities

Identifying Potential Board Members

- ▶ Ideally at least one member of the Board should have fundraising experience
- ▶ Look at prior experience at giving and getting gifts for other organizations

Identifying Potential Board Members

- ▶ Candidates respond better when...
- ▶ The task they are asked to assume is presented with a clear explanation of
 - Its goals
 - Its timetable
 - Its budget and support
 - Its expectations for personal giving

Evaluation of Fundraising Efforts

Evaluation

- ▶ You can not manage what you do not measure
- ▶ You can not manage much if you measure only totals
- ▶ Counting total revenue fails to disclose whether each fundraising method was effective or efficient in producing its share of contributions

Evaluation

- ▶ Planned giving is unpredictable
- ▶ But just because it is difficult to measure, does not mean you should not manage the activities that lead to planned giving opportunities
- ▶ Setting goals based only on prior-year results is misguided -- not all prior year gifts can and will be repeated

Evaluation

Tracking Growth

- ▶ Measure:

- New members added

- Current donors who have renewed

- Donors who have increased their gifts

Evaluation

Tracking Growth

- ▶ Measure:

- Which solicitation programs recruit new donors

- Which solicitation programs result in renewed and upgraded donors

Evaluation

Tracking Growth

- ▶ Measure:

 - Percent participation

 - Average gift size

 - Average cost per gift

 - Total fundraising cost

Evaluation

Performance Guidelines

- ▶ Direct mail acquisition: \$1.25 to \$1.50 per \$1.00 raised
- ▶ Direct mail renewal: \$0.20 to \$0.25 per \$1.00 raised
- ▶ Membership associations: \$0.20 to \$0.30 per \$1.00 raised
- ▶ Special events: \$0.50 per \$1.00 raised
- ▶ Donor clubs and support groups: \$0.20 to \$0.30 per \$1.00 raised

Evaluation

Performance Guidelines

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Evaluation

Performance Guidelines

- ▶ Corporations: \$0.20 per \$1.00 raised
- ▶ Foundations: \$0.20 per \$1.00 raised
- ▶ Special projects: \$0.10 to \$0.20 per \$1.00 raised
- ▶ Capital campaigns: \$0.10 to \$0.20 per \$1.00 raised
- ▶ Planned giving: \$0.20 to \$0.30 per \$1.00 raised

Fundraising Fundamentals: A Guide to Annual Giving for Professionals and Volunteers by James M. Greenfield 2nd Edition, John Wiley & Sons, Inc. 2002

Evaluation

Performance Guidelines

- ▶ Public solicitation methods require an average investment of three years of continuous operation to achieve net income levels at reasonable cost

Summary

It's not just asking for money

- ▶ Gift processing, reporting and accounting
- ▶ Donor relations
- ▶ Cultivation activities
- ▶ Committee meetings
- ▶ Management and investment of funds raised
- ▶ Prospect research
- ▶ Staff & volunteer training
- ▶ Budget preparation
- ▶ Evaluation

Thank you

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