

Fast Fundraising Facts for Fame & Fortune

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Handouts:

1. Jean Block PowerPoint slides
2. Rachel Spears PowerPoint slides
3. Christina Sieber PowerPoint slides

Fast FUNdraising Facts for Fame & Fortune!



Presented by Jean Block
Jean Block Consulting, Inc.

Let's Start With Marketing

What does *Marketing* have to do with
successful fundraising?

Everything!

Marketing - Definition

Marketing means Finding a Need and
Filling It...*if you can!*

- One size does not fit all – match your request to the funder's needs.
- Shift from Charity to Partnership.
- Shift from Funding to Investing.
- Teaspoons or ladles?

A PARADIGM SHIFT

Selling vs. *Opportunity*

You hold the opportunity for the funder/donor.

No begging and no whining!

The You : Me Ratio

It's not about you!

Homework and **Colored Pens**

Diversification

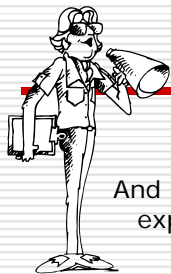
- Especially in today's economic climate.
- Where are the eggs in your basket?
 - Traditional sources: grants, sponsorships, fees, donations, events, etc.
 - Social Enterprise – Earned Income
 - Are you doing it already?
 - Some examples – leveraging what you already have, do and know.
 - Learn more:
www.socialenterpriseventures.com

The Secret of Money ...

All sources of money have one thing in common - to get it, you have to ASK for it.

With rare exceptions, will money jump up and say,

"Take me, take me, I'm yours ... and wouldn't you like a little more?"



And now...from the field of experience...\$50 Million+

Jean's 10 Rules for Fundraising Success!

Jean's 10 Rules – Rule #1

Ask for What You Want...or Take What You Get.

- Be specific
- "Can you help us" Ouch!
- "Anything you can do" Ick!

Jean's 10 Rules – Rule #2

YES!



Assume a Yes!

- Leave plenty of white space
- Nod and smile
- It's all about *Attitude!*

Jean's 10 Rules – Rule #3

If Your Prospect Says Yes
Immediately...

- You can always negotiate down
- Don't undervalue your opportunity

Jean's 10 Rules – Rule #4

Create Opportunities

- Have several options ready, but...
- Don't deliver them all at once

Jean's 10 Rules – Rule #5

People Give to People

- Ask in person
- Know your donor
- Send the right one to ask

Jean's 10 Rules – Rule #6

Never Talk to the Person
Who Can Say No!



Jean's 10 Rules – Rule #7

No Won't Make You Shrivel and Die

- The beginning of a long and fruitful conversation
- An opportunity to build a relationship
- Four things to do:
 1. *Thank you*
 2. *What do I need to know...*
 3. *Who else...*
 4. *What else...*

Jean's 10 Rules – Rule #8

People Want to Back a Winner

- No whining
- No begging
- Sell what's working!

Jean's 10 Rules – Rule #9

You Can't Ask Others to do What
You Haven't Done

- Make your gift first
- Ask others to join you
- Buy your ticket...etc.

Jean's 10 Rules – Rule #10

Thank you!
Gracias! Merci! Danke!

- Timely and meaningful
- Thanking vs. acknowledging
- 3 times

Resource

Fast Fundraising Facts for
Fame & Fortune©
www.jblockinc.com





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How Not to Break the Law While Fundraising

Rachel Epps Spears
Executive Director
Pro Bono Partnership of Atlanta



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What is Pro Bono Partnership of Atlanta?

- Free legal assistance for nonprofit organizations in Metro Atlanta
- To be eligible, the organization must be:
 - Nonprofit and 501(c)(3) tax-exempt
 - Primarily serving the poor & disadvantaged
 - Unable to pay for legal services without significant impairment of program resources
- Visit us on the web at www.pbpatl.org



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Overview

Fundraising is subject to:

- State Regulation (varies by state)
- Federal Regulation (IRS)



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State Regulation

- **Charitable Solicitation Registration**
 - Required in most states
 - Charities and professional fundraisers
 - Includes filing fee, financial statements, information on Board Officers
 - Exemptions
 - In Georgia, File Form C-100
- **Registration in Other States**
 - Donate Now button
 - Multi-state filing form <http://www.multistatefiling.org>



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State Regulation

- **Commercial Co-Venture/Cause Marketing**
 - *as part of sales promotion, for-profit company uses charity's name to sell its products or services and makes a charitable donation based on sales*
 - *a few states require registration, about half regulate contracts*
 - *Importance of contracts*



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State Regulation

- **Sales Tax**
 - *Varies by state*
 - *"Sales at Retail" of "tangible personal property" are subject to tax unless there is a specific statutory exemption provided*
 - *First determine whether there is an available exemption, then register with the state*
 - *Must pay and collect sales tax (auctions)*
 - *Georgia is not favorable to most nonprofits*



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State Regulation

- **Alcohol**
 - License to serve alcohol at an event, and to auction wine
 - May need to pay excise tax in addition to sales tax



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State Regulation

- **Gaming**
 - Gambling requires 3 elements:
 - Chance
 - Prize
 - Consideration
 - Casino nights, poker tournaments, raffles, bingo, door prizes
 - May require license



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IRS Regulation

- **Unrelated Business Income**
 - Trade or business
 - Regularly carried on; and
 - Not substantially related to mission
- **Exceptions and Exclusions to UBI**
 - Volunteers, Contributed Property
 - Qualified Corporate Sponsorships

www.stayexempt.org; www.irs.gov



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IRS Regulation

– Revised Form 990

- *Trigger: \$15,000 or more in professional fundraising services, event income or gaming*
- *Requires disclosure of:*
 - Paid fundraisers and fundraising expenses,
 - charitable solicitation registration,
 - revenue and expense breakdown for events and
 - gaming, including licenses.



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IRS Regulation

– Acknowledgments should include:

- *Name of charity and date of donation,*
- *Amount of cash contribution or description of non-cash contribution (don't estimate value), and*
- *One of the following:*
 - Statement that no goods or services were provided (if that is the case), or
 - Description and good faith estimate of the value of goods provided in return for the donation (*quid pro quo*), or
 - Statement that goods or services provided consisted entirely of intangible religious benefits



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IRS Regulation

- **Quid Pro Quo**
 - *Donation will be reduced by fair market value of items provided in return for donation*
 - *Exception for token items*
 - *Auction sales are not donations*
- **Services are not deductible**
- **Vehicle Donations**

www.stayexempt.org; www.irs.gov



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IRS Regulation

- **Gaming**
 - **UBIT**
 - *Exceptions for Bingo, volunteer labor and North Dakota*
 - **Internal Controls and Recordkeeping**
 - **Filings and Taxes**
 - *990, 990-T, Form W-2G and Form 1096*
 - *Form 945 for withholding on gambling winnings*
 - *Organization is responsible for paying withholding*

www.stayexempt.org
IRS Publication 3709

Where to Next in Fundraising?

Learning from a Decade of Experience in Community Action

CAPLAW ♦ Savannah ♦ 2010

10 Years Ago

- Relatively few CAAs had fundraising capacity
- “Starting from scratch” was the most common situation
- Principal need was for basic information
- High levels of concern about instability of public funding drove exploration of traditional fundraising

Progress—and Challenges

More CAAs have become involved in fundraising:

- Identifying a need to fundraise
- Hiring fundraising staff
- Running traditional fundraising activities
- Becoming familiar with fundraising tools

BUT...Fundraising revenues still represent less than 10% of the average CAA budget. WHY?

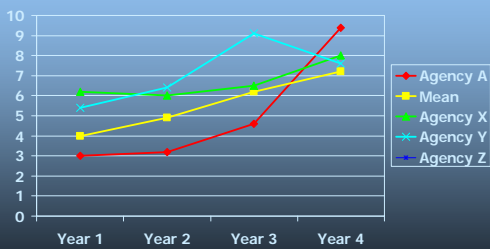
What we need to know

- **Are individual agencies persisting?**
Why or why not?
- **Are their fund-raised revenues growing?**
Why or why not?
- **What are they learning?**
Is learning being shared?
- **What are characteristics of successful agencies?**
Can they be taught or acquired?
- **What are the obstacles being experienced?**
How can they be reduced?

A Beginning

- Pilot survey of 14 CAAs
- All involved in fundraising
- All relatively new to fundraising (<5 years)
- Range of sizes
- Range of geographic locations


Fundraising as a Percentage of Total Revenue for Sample Agencies



Bottom Line Results

- The majority of CAAs are engaged in—or seriously considering—fundraising programs. They are making progress!
- But many agencies which began fundraising in this decade feel “stuck”.
- They feel frustrated by internal and external obstacles.
- The internal obstacles are perceived as more severe.

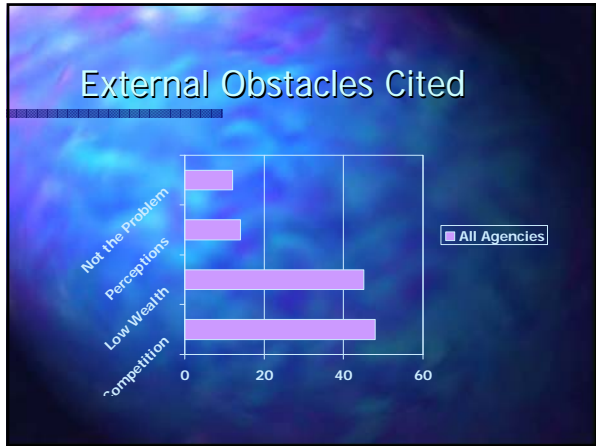
Take the Quiz!



Recognizing External Obstacles

What external factors hold us back?

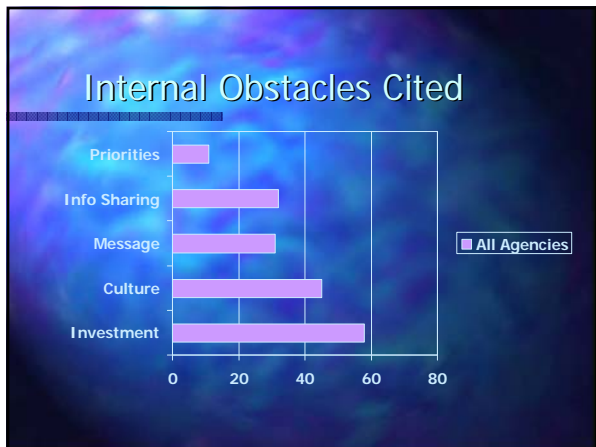
<u>Opposition/competition</u>	
from other non-profits	(48%)
<u>Limited wealth</u> in our community	(45%)
<u>Negative or inaccurate perceptions</u> of Community Action	(14%)
External factors are not the problem	(12%)



Recognizing Internal Obstacles

What internal factors hold us back?

- The need for new investment (58%)
- The need for culture change (45%)
- The need for clear marketing messages (31%)
- The need for more information-sharing (32%)
- The need to set clear priorities (11%)






The Need for New Investment

- "A real development professional costs more than we pay our Executive Director"
- "We can't afford Raiser's Edge"
- "We don't have unrestricted funds to pay for fundraising"


An Investment Story


- The very big hare and the very tiny tortoise
- The tortoise's first twelve months
- Tortoises can grow. Hares can learn.




Keys to Investment

- Calculating payback period
- Finding internal resources
- Finding allies
- Accepting a modest beginning
- Not "starting with what will stop you"





The Need for Culture Change

- "Fundraising ideas get shot down"
- "We don't have a fundraising Board"
- "We don't have buy-in across the agency"
- "People expect too much, too fast"
- "Leadership doesn't see it as crucial"
- "People want a guarantee of success."


A Culture Change Story

If you want a guarantee, buy a toaster.




Keys to Culture Change


- Plan for the long haul
- Create positive incentives
- Reinforce in many contexts
- Find and reward cheerleaders and champions
- Create positive feedback loops





The Need for Clear Messages

- "We don't know what we're selling"
- "We try to be all things to all people"
- "We aren't perceived as a charity"
- "There's no way to fit what we do into an 'elevator speech' "


A Message Story



- We do everything.
- We serve everybody.
- Why isn't that enough?


Keys to Clear Messages

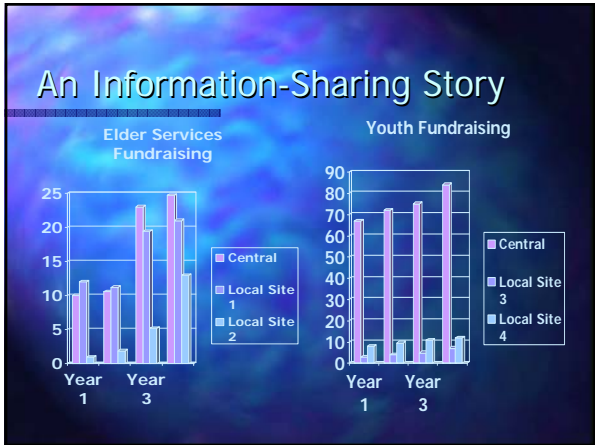
- Use authority to ensure control over communications
- Involve stakeholders
- Focus on the mission
- Boil it down
- Seek the concrete and personal





The Need for Information-Sharing

- “Program managers won’t share”
- “There’s no data base”
- Public Relations doesn’t talk to the Development Officer”
- “Everyone has a ‘private’ list of supporters”





Keys to Information-Sharing

- Lead with win-win examples
- Create rewards
- Protect relationships
- Establish transparent systems
- Avoid complexity
- Allow for shared control






The Need to Set Priorities

- “There is constant internal competition for funding sources”
- “Our fundraising isn’t tied to the Strategic Plan”
- “Nobody wants to prioritize program needs because it causes conflict”

A Priority-Setting Story





Keys to Prioritizing

- Use existing strategic plans
- Emphasize mission
- Involve stakeholders
- Promote fairness
- Create opportunities at multiple levels
- Grow the pie



Where are you?

Like any organizational development task, learning how to fundraise requires commitment, self-assessment, hard work in areas of weakness, and continued measurement of key variables.

It requires discipline.
