




NEWLEVEL GROUP
Take The Next Step.

COMMUNITY FOUNDATION
OF JACKSON HOLE
INSPIRE. INVEST. ENRICH.

Strategic Approach to Finance & Funding

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Supporting the work of social impact organizations and their leaders



Purpose

Introduce the principles and practices of a strategic approach to finance and funding in nonprofit organizations




Agenda

- The Challenges of Fundraising Today
- A Strategic Approach to Fund Development
- Considerations for Financial Sustainability
- Fundraising Theory & Practice



Logistics and Ground Rules

- Contribute
 - ✓ Share experience, expertise, questions
- Balanced participation
- Honor timeframes
- Misery is optional
- Cell phones off
- D.W.Y.G.D.

Introductions

- Name, organization, and role
- One thing you'd like to learn today

~1 minute



Building An Effective, Sustainable, Impactful Organization

“To make the greatest impact on society requires first and foremost a great organization, not just a great program.”

- Jim Collins, *Good to Great and the Social Sectors*

Attributes of Effective Nonprofits

- Clear and Compelling Vision
- Passionate and Engaged Board of Directors
- Effective Communications and Marketing
- **Strategic Approach to Funding & Finance**
- Motivated, Professional Staff

Strategic Approaches for Funding

- Strategic fundraising plan
- Demonstrated support from the board
- Balanced portfolio of funding sources
- Proactive relationship management
- Sufficient capitalization

Financial Sustainability

Strategic Considerations

Social ventures are not the same as for-profits:

- Inefficiencies inherent in the structure
- What is your key business driver?
- What is the right mix of revenue sources?
- How should your organization be capitalized?
- How do you present financial information?

Strategic Considerations For Financial Sustainability

What is the right mix of revenue sources?

- Earned Income (RBI/UBI)
- Contributed (donations, grants)
- Investment (PRI/MRI)

Strategic Considerations For Financial Sustainability

How do you present financial information?

Financial Management

External – Funders / Public:

Benchmarks: $\frac{\text{NPO Median}}{80\%} \quad \frac{\text{Fed. Gov't}}{75\%} \quad \frac{\text{A.I.P.}}{60\%} = C$

External – IRS:

- Transparency
- Board oversight
- Impact for public benefit
- Conflicts of interest

Financial Management

Internal – Analysis:

- Costs and Allocations
- Cash Flow
- Funding Priorities
- Generating Net Operating Surpluses

Internal – Capitalization:

- Operating Funds
- Reserve Funds
- Capital Improvements
- Innovation

Challenges of Fundraising Today

- Gov’ t programs ↓ Gov’ t Funding ↓
- # of NPs ↑ a 50% increase in 9 years (1.6 mil)
- How many NPOs can a community support?
- Public confidence in nonprofits at an all-time low
- No such thing as public schools anymore

Nonprofit Challenges
U.S. Nonprofit Sector Statistics

\$2.7 Trillion in assets controlled, **\$1.5 Trillion spent**

- would be 11th largest economy (just after India)
- > GDP of 94% of world’s nations combined

According to *Giving USA, in 2015*:

- Americans donated more than **\$373 billion** to charitable causes
 - a **4 % increase** over the prior year
- **72%** of total giving (\$265 billion) comes **from individuals**
- **Foundation** grantmaking up 6.5% to **\$55 billion**
- Giving by **Bequest** increased 2.1% to **\$32 billion**
- **Corporate** giving increased by 3.9% to **\$19 billion**

2015 Giving by Sector

▪ Religion	32%	(\$119b)
▪ Education	15%	(\$57b)
▪ Human Services	12%	(\$45b)
▪ Operating Foundations	12%	(\$42b)
▪ Health	8%	(\$30b)
▪ Public society	7%	(\$27b)
▪ Arts/Culture/Humanities	5%	(\$17b)
▪ International	4%	(\$16b)
▪ Environment/Animals	3%	(\$11b)

2015 Funding Trends

- Gifts from individuals rose by 3.8%
- Independent, community, and operating foundations increased giving by 6.5%
- Increase in gifts artwork and other “appreciated assets”
- Religion donations continue a decades-long downward trend, but still make up the largest slice
- Giving to foundations was down 3.8%
- Giving to human services up 5%
- International affairs increased 17.5% after 2 years of decline 7%

In the last decade, giving has increased by >\$100bb

For more information: givingusa.org

Break



10 minutes

10 Important Things About Fundraising

Working in groups:

- Read assigned sections of article (handout)
 - Group 1: Sections 1, 2, 3
 - Group 2: Sections 4, 5, 6
 - Group 3: Sections 7, 8, 9, 10
- Discuss key points with your group
- Be ready to report key points in 10 min.



Board Role in Fundraising

Fiduciary (Duty of Care)

- Demonstrated commitment
- Staff can't do it all
- Time \neq Money
- Cultural handicaps & fear factor

Understand choices for soliciting private donor funds:

- Events
- Personal asks
- Annual and special campaign asks

Board Role in Fundraising

Cultivation

- Building relationships ("friend-raising")
- Romancing donors
- Thank yous
- Reporting "nos"
- Follow-up (letters, notes, frequency)

Staff Role in Fundraising

- do research
- support board efforts w/program knowledge
- write grant proposals
- prepare correspondence
- keep files, records, mail lists

Fundraising

- What is an "A" grade in fundraising?
- 4:1 rule – What is it and what does it mean?
- "No" is not a personal rejection
- Asking for time vs. money
- Definition of grassroots fundraising



Fundraising


- What reason do 7 out of 10 people cite for why they give?
- What charity collects more \$\$ than all others?
- You don't have to ask everyone
- You don't have to ask all the time
- Give people a chance to sit on the bench
- Know your strengths
- Everyone can contribute in a meaningful way

Putting Theory into Practice
Prepare – Ask – Close

Working in groups of 3:

- Decide who will read which of 3 articles
- Read assigned article
- Share learnings from articles in your trio in the following order:
 - ✓ Prospect Research
 - ✓ The Ask
 - ✓ The Close

(25 min.)



Fundraising – 3 Steps

Prepare

- Research issues and history of giving
- Know and practice talking points

Ask

- Get to the point
- Ask for something specific
- Tell them what you have given
- It's ok for someone to say "no"

Close

- Finish talking and *finish talking!*
- Keep quiet and listen carefully
- Verify your agreements & follow-up

Audience Profile

- Who are they?
- Why do they care?
- What is their interest level?
 (*general, aware, active*)
- What do they need to know?
- What do we want them to do?

Making the Case

An effective case statement contains:

- a fact statement
- a benefits statement which personalizes the facts
- an appeal

What do prospective donors want to know?


- What does the organization do? What is its mission?
- Why is the organization necessary?
- How is the organization addressing the problem?
- What makes it unique or different?
- How long has the organization been in existence?
- How many people does it serve? What is its impact?
- Why is this organization important to you?

Strategic Approach to Fundraising

In same groups of 3:

- Develop a case statement and "ask" scenario appropriate to your organization
- Assign roles (donor/asker/observer)
- "Asker": take a few minutes to develop your talking points
- Practice your "Ask"
- Observers give feedback
- Change roles

(30 min.)



Next Steps

- How will you communicate what you've learned to your board and other staff members?
- What is the very first action step you will take based on today:
 - as a Board member?
 - as the ED?
- CFJH Evaluation Form

