

# ***Strengthening Your Revenue Mix***

Host



Presenter

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*A reminder . . .*

*Please turn off  
the ring on  
your cell phone*



# Session Goals

- ✓ *Review current giving trends*
  - ✓ *Consider strategies for strengthening a resource development plan*
  - ✓ *Determine when and why to add planned giving and endowment programs*
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# The Situation Today

- Reduced government funding
- Demand for services is growing
- Cost of providing services has increased
- Reduced corporate giving
- Foundation giving expected to decrease in 2010



# Fund Raising Today

- NPs who rely on donors of modest means struggle to meet goals
- Declines in new donor acquisition / direct mail
- 1 in 4 wealthy Americans reduced giving in 2009
- Special events having mixed results




# Defining Sustainability



# Your Organization's Revenue Mix Today

## EXAMPLE – GOODWORKS ORGANIZATION

• Individuals (annual campaign, direct mail, membership)	25	%
• Program revenue	21	%
• Grants	18	%
• Government	13	%
• Special events	17	%
• Planned gifts	1	%
• Earned income	5	%
• Endowment	0	%
• Other _____	_____	%
	100	%



# Sources of Income

## San Diego

miscellaneous other income).

**Table 12**

Program Revenues are the Largest Contributor to Total Nonprofit Income  
Revenue Sources, San Diego County Operating Public Charities, 2004

	Program Revenue	Earned Income			Donations	Investments
		Dues	Sale of Goods	Other Income		
Arts, Culture, and Humanities	34.5%	2.8%	1.2%	1.2%	53.8%	6.5%
Education	49.1%	2.1%	6.0%	3.2%	37.7%	1.9%
Higher Education	80.9%	0.0%	0.1%	3.3%	15.5%	0.1%
Environment	37.1%	8.2%	15.0%	0.4%	36.8%	2.6%
Health	33.3%	0.1%	3.4%	0.8%	60.1%	2.3%
Hospitals	96.4%	0.0%	0.0%	1.1%	1.5%	0.9%
Human Services	35.9%	2.3%	1.7%	2.0%	54.9%	3.3%
International	4.0%	0.3%	0.1%	0.1%	95.2%	0.3%
Public and Societal Benefit	54.9%	0.7%	0.5%	0.3%	40.1%	3.5%
Religion	14.3%	0.1%	5.7%	1.1%	78.0%	0.9%
<b>TOTAL - Operating Organizations</b>	<b>67.1%</b>	<b>0.8%</b>	<b>1.6%</b>	<b>1.4%</b>	<b>27.3%</b>	<b>1.8%</b>

Data: NCCS Core Files

# Building a Stronger Organization



# Strategic Planning

Your planning  
needs to focus  
on mission and  
vision

The plan answers . . . .

- ✓ Where are we? (situation today)
  - ✓ Where we are going? How we got here?  
(direction and momentum)
  - ✓ Where should we be going?  
(desired direction)
  - ✓ How will we get there?
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# The Annual Development Plan

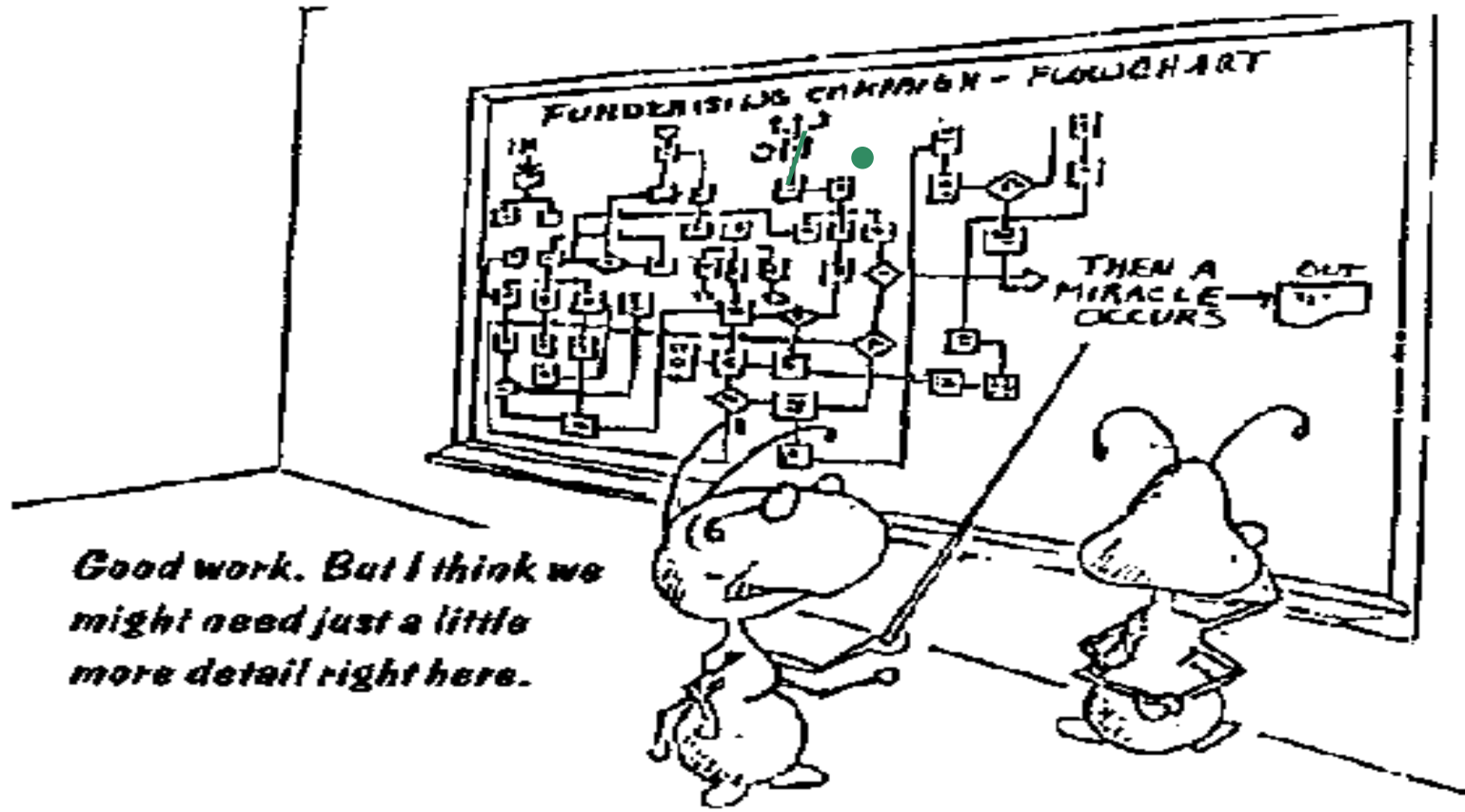
- Based on strategic goals
- Realistic budget requirements
- Establishes timelines and responsibilities
- Outlines resources needed to complete each activity
- It needs to be in writing!!

*It's a living document –  
don't put it on the shelf!*

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# Development Plans

## Fund Raising / Development



# Development Strategies

- Individual donations
  - Special events
  - Government
  - Grants
  - Corporate
  - Fees (program or services)
  - Earned income -
    - Social enterprise
  - Social media
  - Planned gifts
  - Endowment
  - Other
-

# Individual Donors

- Who are your primary donors?
- Are you targeting your ask for various groups of donors?
- Are you attracting new donors from various generations?



# Donor Development

What characteristics would you look for if you want to move a donor from annual giving to a major gift?



# Donor Development

## Six Rights of Fund Raising:

- ✓ The **Right volunteer** asking the
  - ✓ **Right person**
  - ✓ For the **Right gift**
  - ✓ In the **Right amount**
  - ✓ At the **Right time**
  - ✓ In the **Right way**
-

# Donor Development



“Dear Dean Vande Clyde: I was flattered by your invitation to join this year’s Leader’s Circle until it occurred to me that you were talking about my giving money.”

# Special Events

- ✓ Can the organization effectively implement the event?
  - ✓ Will the event provide good visibility?
  - ✓ Is the event likely to bring in sufficient revenue for the staff and volunteer effort?
  - ✓ Is the event likely to attract new money and new donors?
  - ✓ Has the event been carefully reviewed by the staff and board?
  - ✓ Is the planning timeline realistic?
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# Social Enterprise

“An organization or venture that advances its social mission through entrepreneurial earned income strategies.”



# Social Enterprise

## Thrift Stores



Goodwill Industries of Orange County has a successful paper shredding business at the Goodwill warehouse in Santa Ana. They employ workers with various degrees of disabilities.

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# Considerations – Social Enterprise

- Is our organization (board and staff) aware of social enterprise ventures?
  - Has the organization looked at resources available about social enterprise?
  - Does social enterprise make sense for our organization?
  - Should the organization form a task force to explore this further?
-

# Planned Giving

*“A strong annual giving program is essential to creating an effective gift planning program.”*

National Committee on  
Planned Giving



# Planned Gifts

## Legacy Society



The **ABC Organization** recognizes individuals who have named the organization through a planned a gift through a bequest, insurance policy, retirement plan or trust. The Legacy Society acknowledges and thanks donors during their lifetime.

Membership is eligible to anyone Who has informed the **ABC Organization** of a planned gift. Legacy gifts may be designated for programs, operations or for an endowment fund.

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# Endowment Development

## Endowment Definition

A gift where the principal is maintained intact in perpetuity and invested for growth. Income from the earnings support a charitable organization or program



# Endowments

## Reserve funds

Money set aside for emergencies and unanticipated needs



## Endowment funds

Permanent funds are used to benefit the organization



# Endowment Readiness

Does your organization have . . . stable income, donors, reserve



" NOW HERE'S A GRAPH THAT GOES UP, FOR A CHANGE. IT'S OUR CASH OUTFLOW "



# Endowment Building is Long Term

- Clear understanding of why the organization wants to build an endowment
  - Requires . . .
    - Financial stability
    - Individual donors
    - Operating reserve
    - Board commitment
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# Endowment Planning

Purpose of the endowment



Endowment goals

# Considerations for Endowment

## Investment Options

- 1 - An investment committee selects and oversees an investment manager
  - 2 - Fund at a community foundation
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# Budgeting for Planned Giving Endowment Development



- Materials
- Personnel
- Marketing



# Development . . . An Important Policy

*Goodworks Organization  
Gift Acceptance Policy*



# Next Steps



***“The wise know what needs doing.  
The proficient know how it can be done.  
The successful do it.”***

- Unknown

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