



Raising Money for operations...

Do What Many Say is Not Possible

Michele R. Berard, MBA, CFRE
Director of Funds Development
Butler Hospital, Providence, RI



EXERCISE



Why can't we raise money for operations?

By 10:00AM You Will...



- ...have an increased understanding of the nonprofit sector and where it is heading in the near future
- ...be able to employ tactics to achieve greater human resource integration
- ...be able to communicate more effectively to donors
- ...be able to identify fundable components of your organization's mission
- ...understand the importance of a diverse network

...from 865,096 to 1,280,739 in 10 years



Giving USA: The Numbers **GIVING USA ESTIMATES**

The number of 501(c)(3) organizations, 2001-2010

Year	Number of Organizations
2001	865,096
2002	868,574
2003	884,418
2004	1,010,265
2005	1,045,979
2006	1,064,391
2007	1,128,267
2008	1,188,915
2009	1,238,201
2010	1,280,739

- The Internal Revenue Service annually reports the number of nonprofit, charitable organizations registered under Section 501(c)(3) of the Internal Revenue Code.
- Most tax-exempt nonprofit organizations with gross receipts of at least \$5,000 are required to register with the IRS (Form 1023) by the close of the 15th month after establishment, or within 90 days of the end of the year in which it exceeds this threshold. Most religious-related organizations, such as churches, synagogues, and mosques, are not required to file for tax-exempt status, although many choose to do so.¹⁴
- In June 2011, 275,000 nonprofit organizations lost their tax-exempt status for failure to file legally required documents for three consecutive years. This decreases the number of tax-exempt organizations by around 14 percent. Organizations may apply to restore their tax-exempt status for a fee.¹⁵

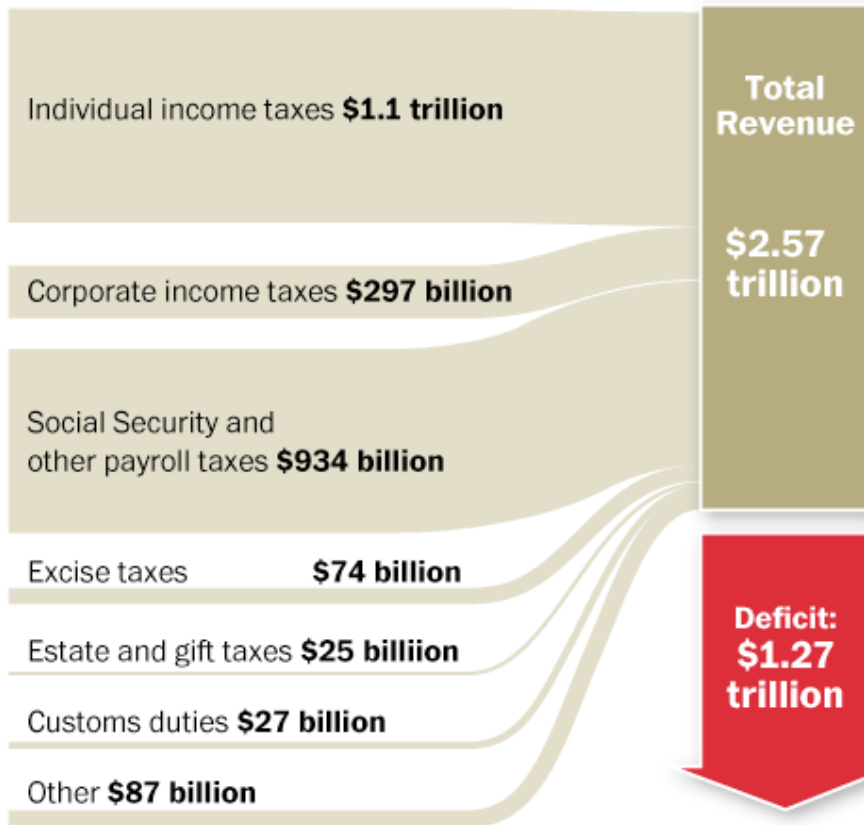
¹⁴Applying for 501(c)(3) Tax-Exempt Status, IRS, <http://www.irs.gov/pub/irs-pdf/p4220.pdf>.
¹⁵L. Chis, 275,000 Nonprofits Lose Tax Exemptions, *The Chronicle of Philanthropy*, June 8, 2011, www.philanthropy.org.

Giving USA Foundation™ 19 GIVING USA 2011 EXECUTIVE SUMMARY

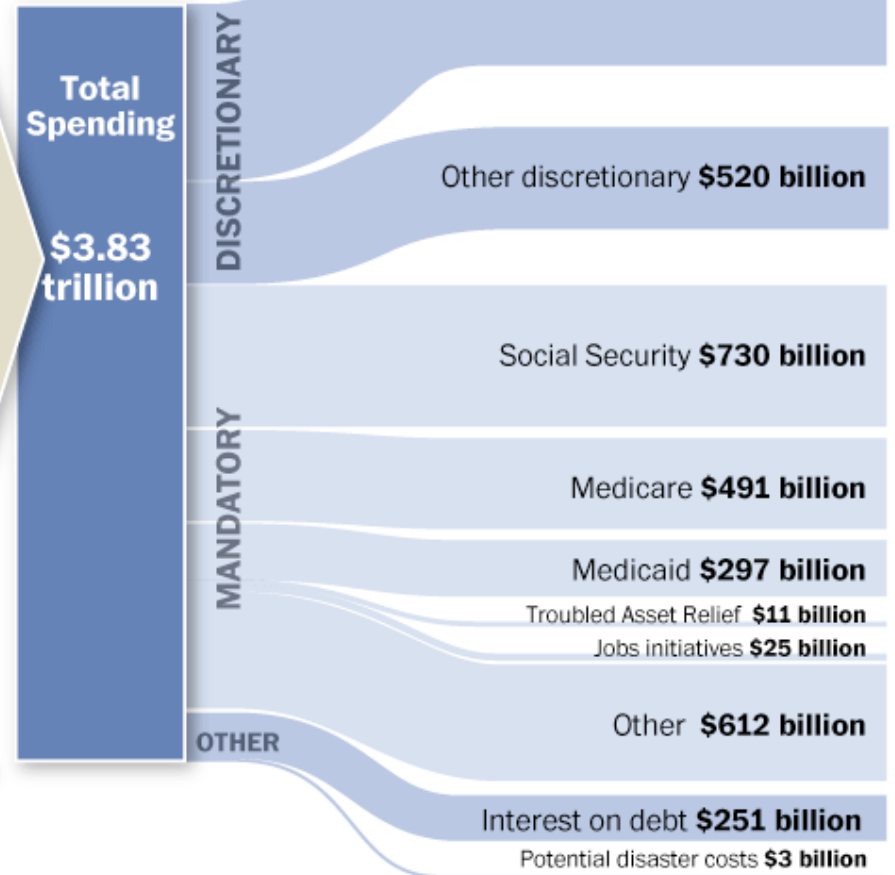
Source: Giving USA 2011 The Annual Report on Philanthropy for 2010, Executive Summary

Government Spending *(note: up from \$3.55 Trillion in 2010)*

Where the money comes from:



Where the money goes:



Deficit: \$1.27 trillion

Lesson #1

Operations = Your Organization's Purpose

Nonprofits exist to fill the gaps in services that public and private sectors do not provide

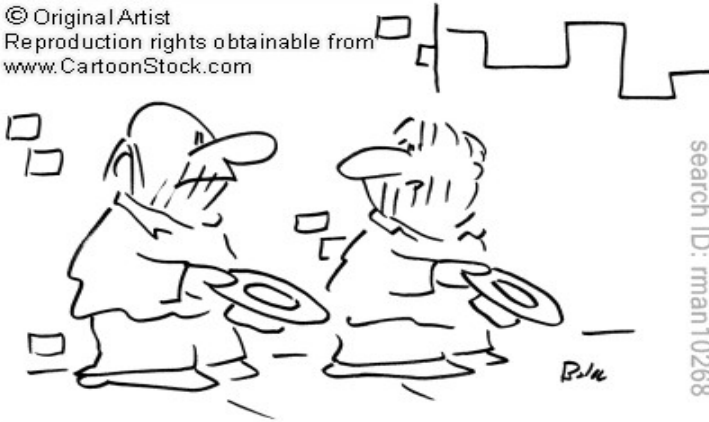
- ✦ The trend of increasing non-profits provides evidence that unmet needs are increasing
- ✦ Recent attention to reducing the Federal deficit will result in:
 1. Less government funding for non-profits
 2. More gaps in services; smaller government
 3. Opportunities for Private and Nonprofit Sectors...eventually

Organization's Purpose = Mission = Operations

Lesson #2

Integration, Integration, Integration

© Original Artist
Reproduction rights obtainable from
www.CartoonStock.com



"Are you sure this is how Jerry Lewis got started?"

Integrate Human Resources

- Count allies first (*the \$\$ will follow*)
- Development (...or *Philanthropy...or Fundraising*) is about motivating others

Tactics:

- ✦ Staff Campaign
- ✦ Volunteer Campaign
- ✦ Grants Think Tank
- ✦ Board Match
- ✦ "Friends of..." Group
- ✦ Executive Team Membership
- ✦ Coach Your E.D.
- ✦ Benchmarking
- ✦ Recognition/TYs

Lesson #2

Integration, Integration, Integration

Integrate Program Components

Connect everything to the organizational mission

- ✦ When we silo our mission into fundable parts to align with donor interests, the trade-off is diluting the mission
- ✦ Donor stewardship is easier when mission components are related to the mission; donor pyramid

Homework:

Is your Organizational Case of Support at the forefront of all your requests?



Lesson #2

Integration, Integration, Integration

Integrate Financial Components

Three ways organizations make money:

- Earn it
- Borrow it
- Raise it

EXAMPLE: \$19M Building Project

- Earn it - \$6M
- Borrow it - \$10M
- Raise it - \$3M

“...Every donor \$ is being match 6.3x by the Hospital..”

“...the Return on that investment will benefit you and your family when you need our services...”

Homework:

How is your organization leveraging donor “investments”?

Note: the statement above works better for unrestricted donations

Lesson #2

Integration, Integration, Integration



Integrate Community Perspective

Windows not Mirrors – benefit to the community vs. internal need of your nonprofit

- ✦ E.g. Butler PAS Building Case:
 - *To meet the increasing demand for our services...*
 - *Increase access to emergency healthcare in RI...*

SWOT Analysis = 360 degree evaluation

- ✦ Strengths & Weakness = internal
- ✦ Opportunities & Threats = external





EXERCISE



SWOT Analysis :

1. Identify general operating expenses that are taboo
2. Conduct a SWOT Analysis for each one

Strengths

Opportunities

Weaknesses

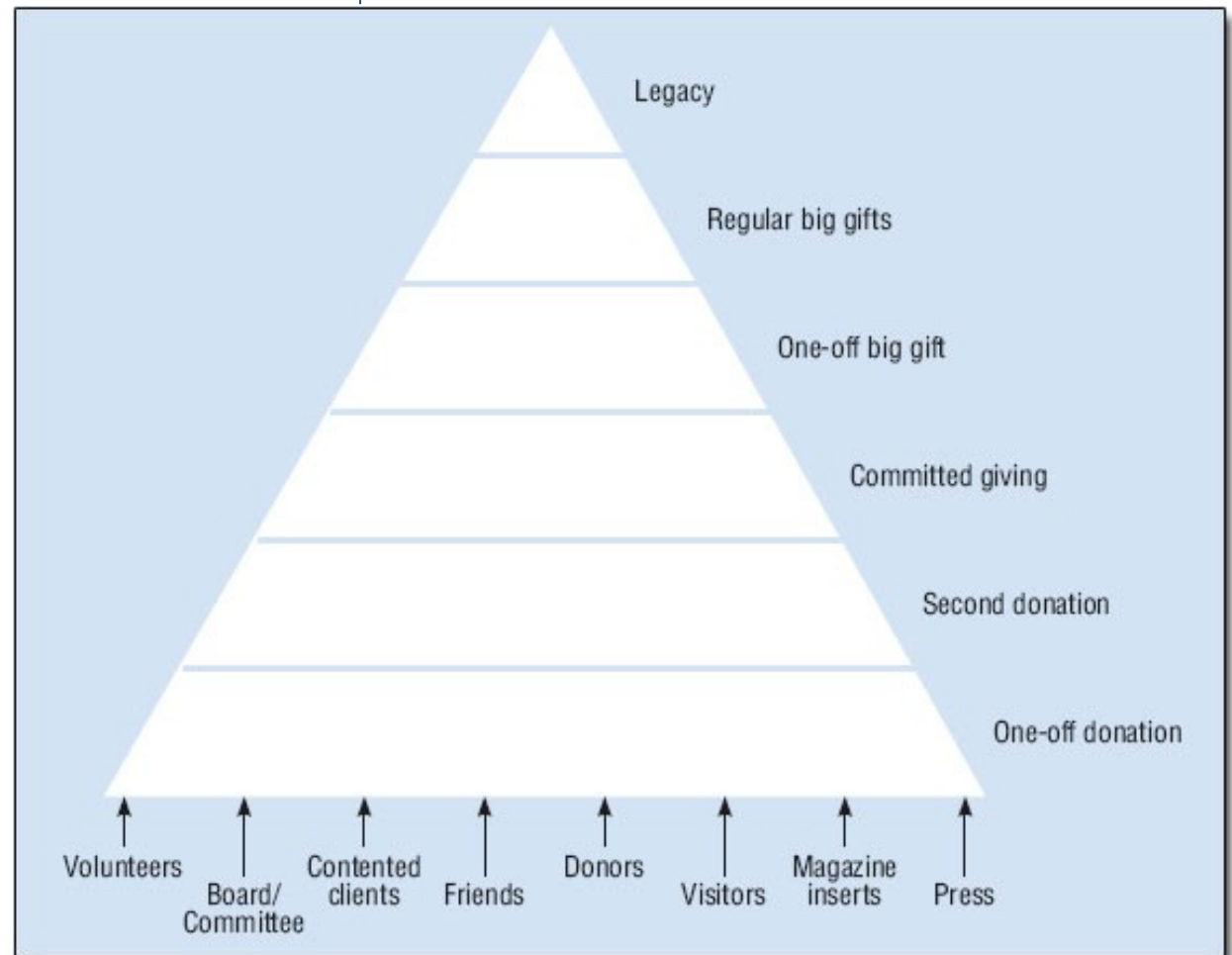
Threats

Lesson #3

Identify Your “Fundable” Initiatives

Objective: to match donor wishes with funding needs of the organization

- Donor [↑] depends on [↑] relationship to the organization
- Multiple initiatives provide multiple opportunities:
 - discussions
 - Allies
 - Feedback
 - investment



Lesson #3

Identify Your “Fundable” Initiatives



Quick Review: Case for Support vs. Case Statement

- ✦ **Case for Support** – Why your organization exists; why people/donors should support your organization; what would happen if your organization did not exist
- ✦ **Case Statement** – Aligns a specific population to a specific program/project

EXAMPLES

Corporate Campaign for Butler PAS Building

Foundation Case Statement for PAS Building

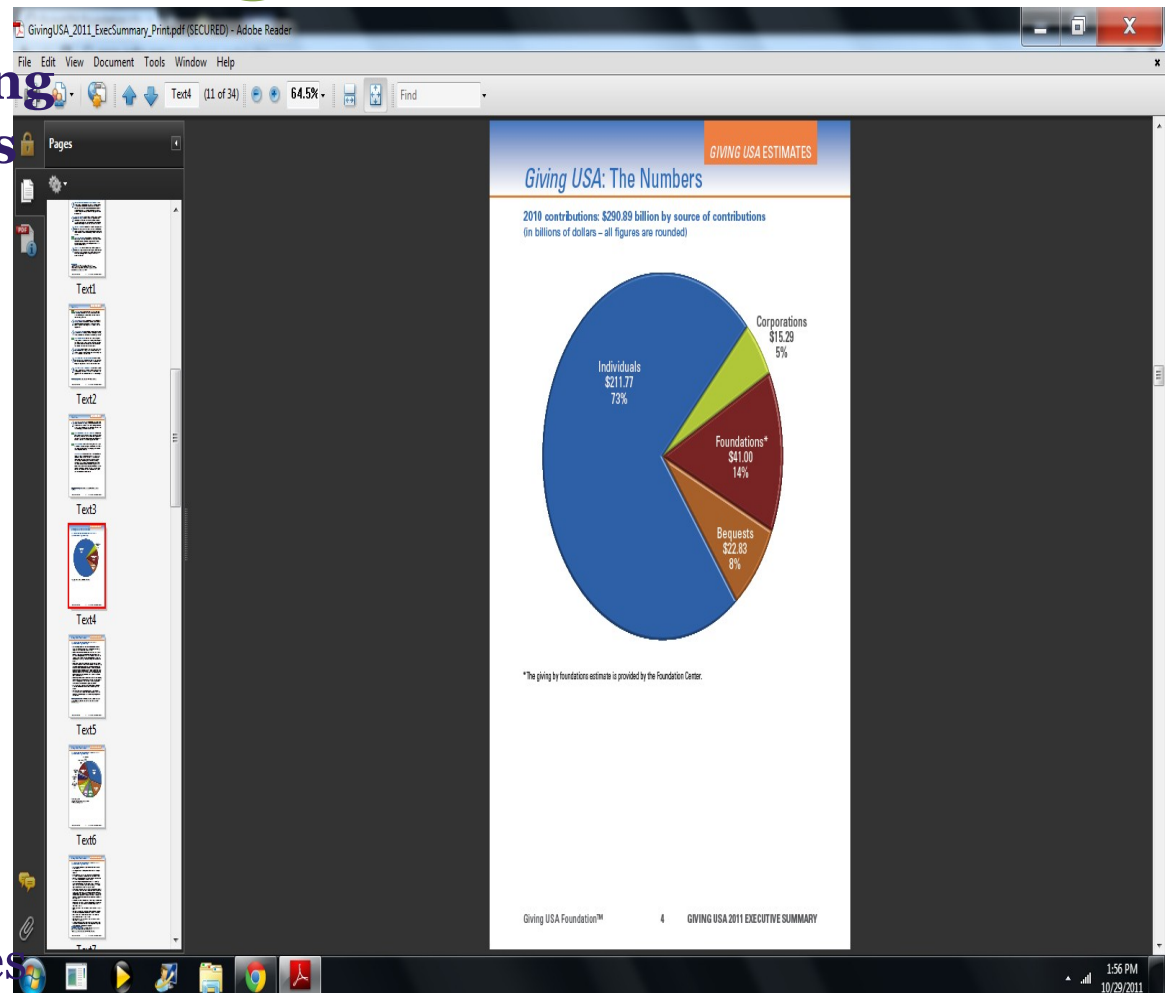
Lesson #3

Identify Your “Fundable” Initiatives

**2010 Contributions:
\$290.89 billion by giving
source of contributions**

Different funding streams
contribute (or invest) for
different reasons

Hint: start with funding
needs of the organization,
then work to align those
needs to your constituencies



Lesson #3

Identify Your “Fundable” Initiatives



- Identifying Funding Needs of the Organization
 - ❖ **Budget** – look at the expense lines
 - ❖ **Strategic Plan** – what does your organization want to do in the future to enhance your mission
 - ❖ **Money Losers & Money Winners** – do you have programs that are expensive/make money?
 - ❖ **Unmet Community Needs** – are there things your organization should be doing, but isn't due to resources
 - ❖ **Talk with CFO, Program Directors, ED, Etc.**
- Identify your Constituencies
 - ❖ Individuals – identify all the entry points and relationships to your organization
 - ❖ Foundations
 - ❖ Corporations
 - ❖ Government

Lesson #4

Diversify your Network

- Your skills of aligning funding needs to your prospective constituencies depends on your knowledge of external and industry factors (*note: SWOT analysis will help with this*)
 - ✦ Get feedback from people outside of your organization; ***objective feedback***
 - ✦ Get involved in diverse networks; provides credibility to you as a professional and to your organization (*where you are not the paid “mouth-piece”*)
 - ✦ Access to Best Practice information; use in your own organization; use to provide leverage for new idea implementation
 - ✦ Embrace Opportunities for Peer Learning

Lesson #4

Diversify your Network

Get out of the office and interact with others

- ✦ AFP, CASE, AHP, PPP gatherings – Professional Associations
- ✦ Alumni Groups – Not only for Colleges (e.g. LRI)
- ✦ Chamber of Commerce Events – membership is not required
- ✦ Civic Clubs (Rotary, Lions, etc.)
- ✦ Sports – golf leagues, tennis, etc.

The Internet provides other opportunities

- ✦ Social Networking - LinkedIn – Groups, Facebook, Twitter
E.g. Lenny Silva
- ✦ AFP Open Forum (and other listserv groups)



EXERCISE



Why can we raise money for operations?

- ✦ Provide counters to the reasons on the posters
- ✦ Report out
- ✦ Hang in the hallway after the session is complete



Your organization exists for a very good reason ...your job is to find those individuals and stakeholders who need to see it continue

Fortune Cookie Saying:

“The greatest pleasure in life is doing something that others say is impossible”

Michele R. Berard, MBA, CFRE
Director of Funds Development, Butler Hospital
(401) 455-6565 – mrberard@butler.org

The Sharp Experience

