

# Fund Development for Mature Villages

Presented by

**Cele Garrett**, Jan  
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**“The Alexandria Village”**



**1) Clarify what it means to be a financially sustainable organization**

**2) Help you assess your village's opportunities transitioning to a revenue model for more financial stability**

**Our 4 goals today**

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**3) Discuss first steps to launch a major gifts and planned giving program**

**4) Understand the essential building blocks toward a sustainable future**

**Our 4 goals today**

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- **Fundraising...an activity**
- **Fund development: a process** by which an organization uses fundraising to build capacity and... ***financial sustainability***

**What is a Financially Sustainable Organization?**

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The ability to generate resources to meet the needs of the present without compromising the future.

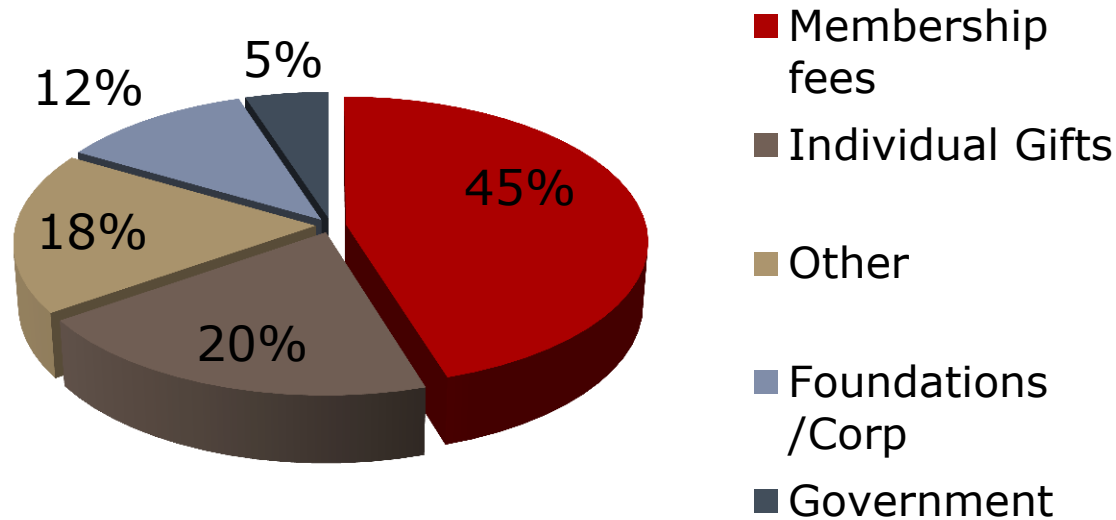
It's an ***orientation***, not a ***destination***.

**Financial Sustainability is...**

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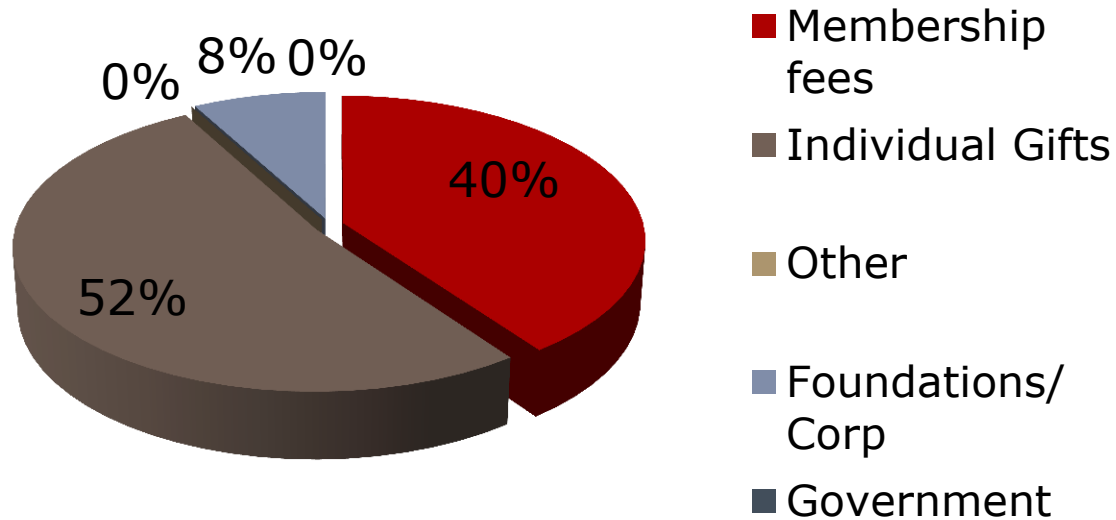
# Revenue



## Village Revenue Mix

(Source: Sustaining the Village Report, Capitol Impact Partners, 2015)

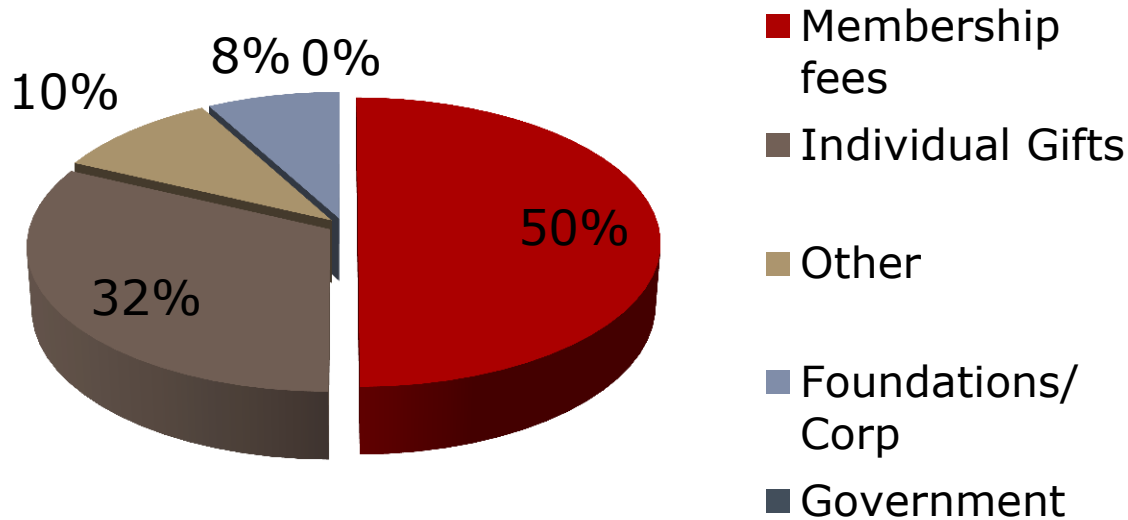
# Revenue



## AHA's Revenue Mix (Source: 2016 Budget-- Actual)



# Revenue



“Pie in the Sky”

Revenue Mix

(Source: AHA’s imagination 😊)

- **Where are your opportunities?**
- **What are your particular strengths?**

**Take Stock of Your Village**

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**It Doesn't Happen Overnight!**

**But you can begin the process of building your organization to be financially sustainable.**

**Small Steps...Great Results**

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## Objectives Two and Three:

- Help you **assess your village's opportunities transitioning to a revenue model for more financial stability**
- Discuss first steps to launch a **major gifts and planned giving program**

# Our 4 goals today

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- **Major Gifts are annual gifts at least equal to annual membership and used for annual operating expenses/activities**
- **Separate recognition for each program**

## **Context for Major Gifts & Planned Giving**

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## Planned Giving

**Involves *planning, timing*, and, most often, a third-party to facilitate the gift (attorney, financial planner, realtor, broker)**

# Context for Major Gifts & Planned Giving

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- **Planned Gifts often designated for investment purposes to generate income for SUSTAINABILITY**
- **Separate recognition program from annual gifts**

## **Context for Major Gifts & Planned Giving**

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# **OPPORTUNITY for a new fund development model**

**Building a Financially  
Sustainable Organization**

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**Will your organization be  
“endowed” or “extinct” ?  
?**

**Building a Financially  
Sustainable Organization**

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# External Scan...the Facts

- **Research on retirees and boomers**
- **Where is the wealth?**
- **Wealth transfer**

**Building a Financially  
Sustainable Organization**

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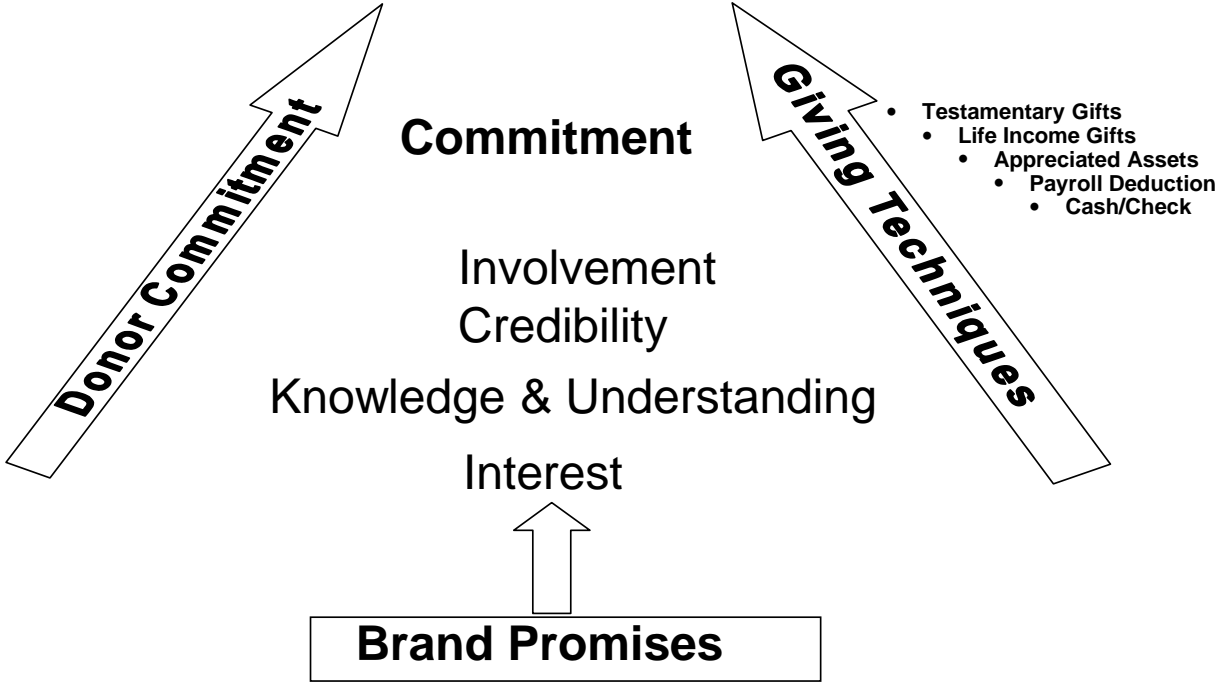
**Are You Ready?**

**Building a Financially  
Sustainable Organization**

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# Donor Development



# Donor Development

# G- I- F- T -S

**G**ift Attrition

**I**nflation

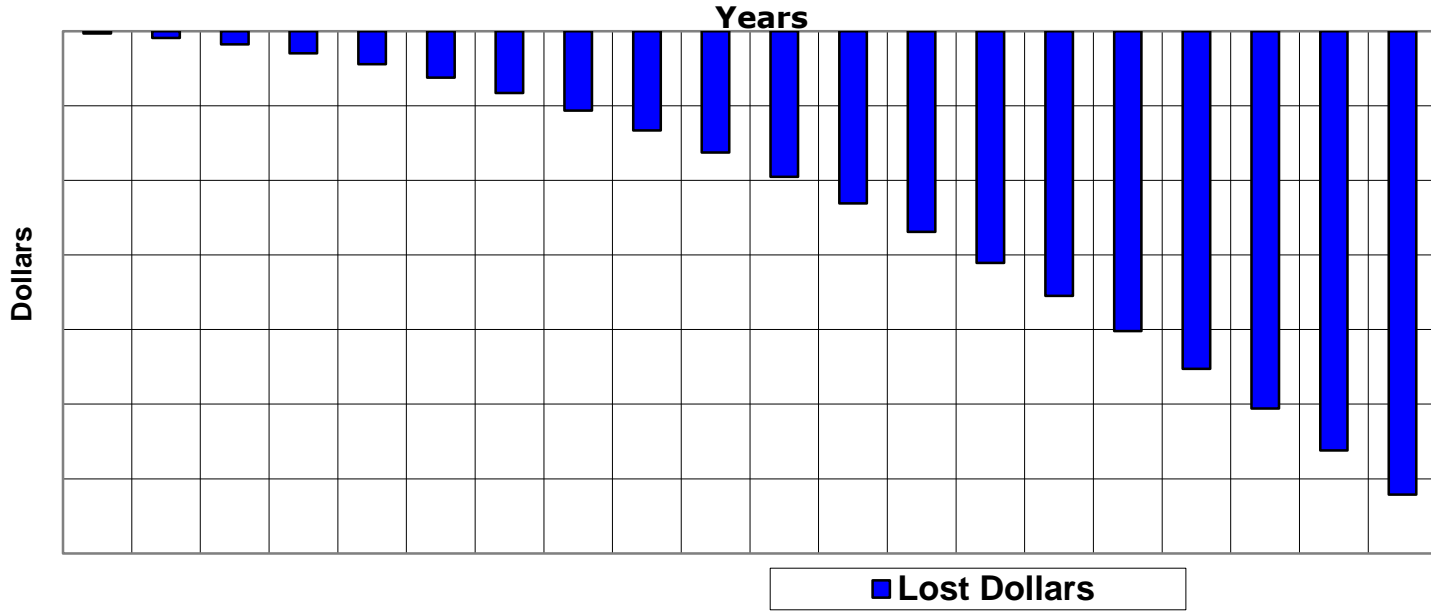
**F**luctuations

**T**ax advantages for donors

**S**trategic growth and *Sustainability*

## The “WHY”

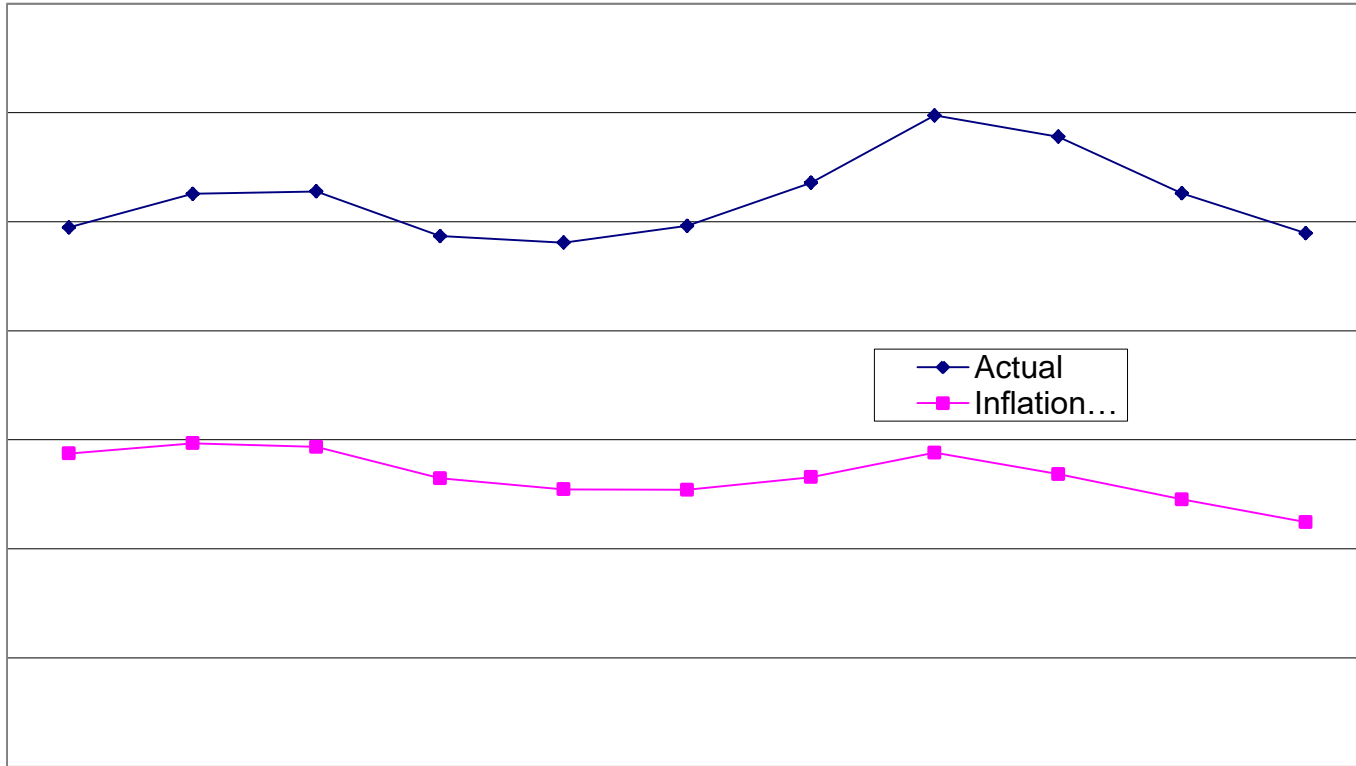
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# Gift Attrition



Dollars



Year

# Inflation



# G- I- F- T -S

**G**ift Attrition

**I**nflation

**F**luctuations

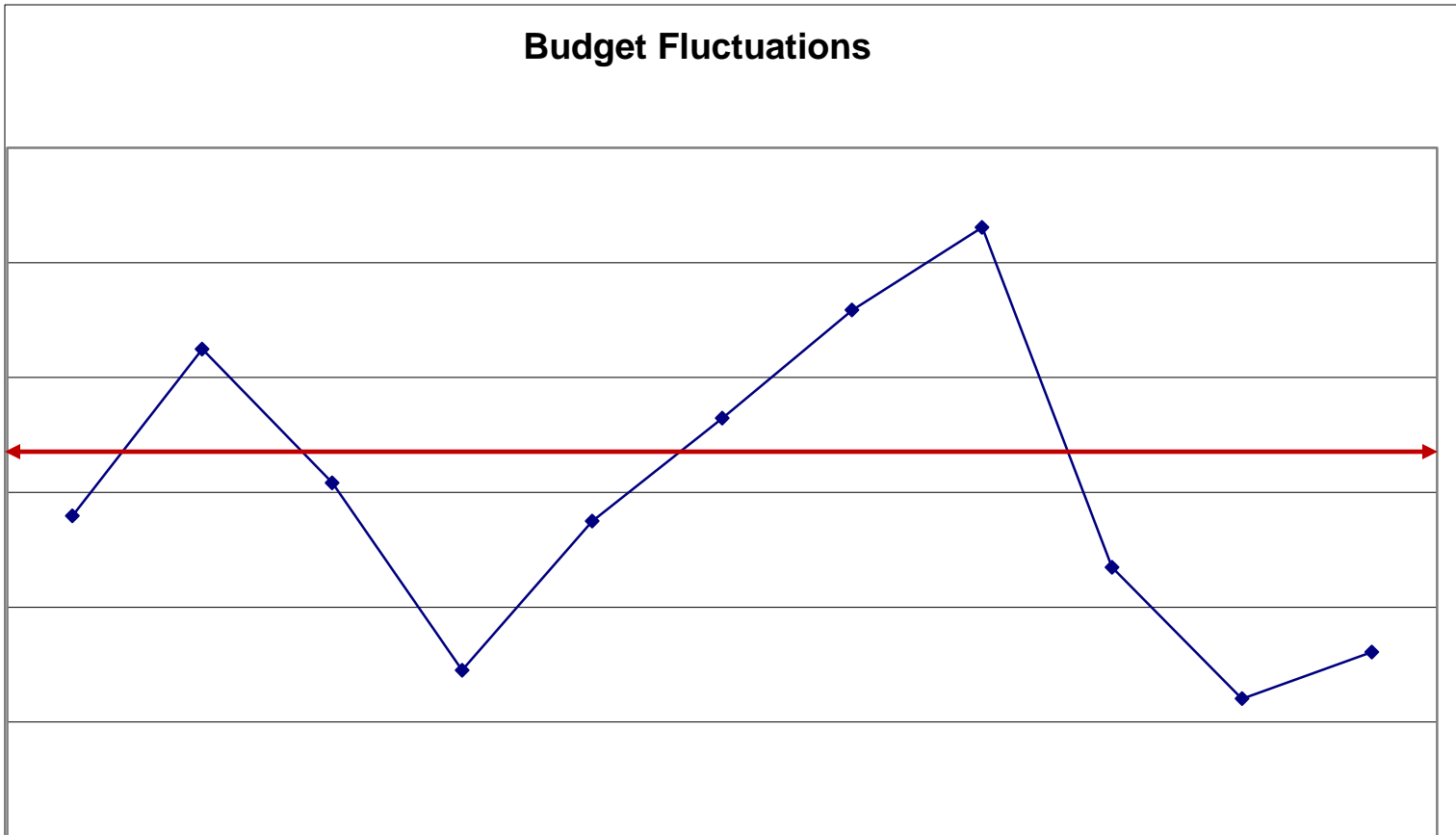
**T**ax advantages for donors

**S**trategic growth and **SUSTAINABILITY**

## The “WHY”

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## Budget Fluctuations



# Fluctuations

- **Research**
- **Romance/Cultivate**
- **Request**
- **Recognize**

It's not a check...It's a STOP AND THINK  
*GIFT*

**Moving from Transactional to  
Donor-Centric fundraising**

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# Top Prospects (and you know who they are!)

- **Affinity to your mission**
- **Consistency of giving**
- **Capacity**

## Where Do We Start?

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- **Focus on bequests, designations on IRA's etc, Endowment commitments (20x annual membership), IRA Distributions**
- **Put in your workplan**
- **If a member passes away, encourage a Memorial Fund for investment purposes**
- **Remember, you are selling your mission, not the gift**

**JUST DO IT!**

**Small Steps...Great Results**

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## **NOW!**

- **Identify Top Prospects**
- **Visit and define the impact of a gift**
- **ASK! (Remember...a No is not Necessarily a No!)**
- **Recognize and nurture (it is revocable...could change their mind!)**

**YOU MISS 100% OF THE  
OPPORTUNITIES YOU NEVER TAKE!**

## **When Do We Start?**

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# The Board???

- **Sense of immediacy – getting commitments not dollars**
- **Risk Adverse**
- **Fear/perception of planned giving (It's only for the Big Boys)**
- **It DOES NOT affect the annual giving!**

## Show Stoppers

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# The Reward!

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Member fee 6 yrs (@\$500)	\$ 3,000
Annual Gift is \$200 for 3 years =	<u>\$ 600</u>

Donor Investment in Your Mission	\$ 3,600
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<b>Commitment= (20x member fee)</b>	<b>\$10,000</b>
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<b>Earnings (20 years)</b>	
<b>\$10,000</b>	<hr/>

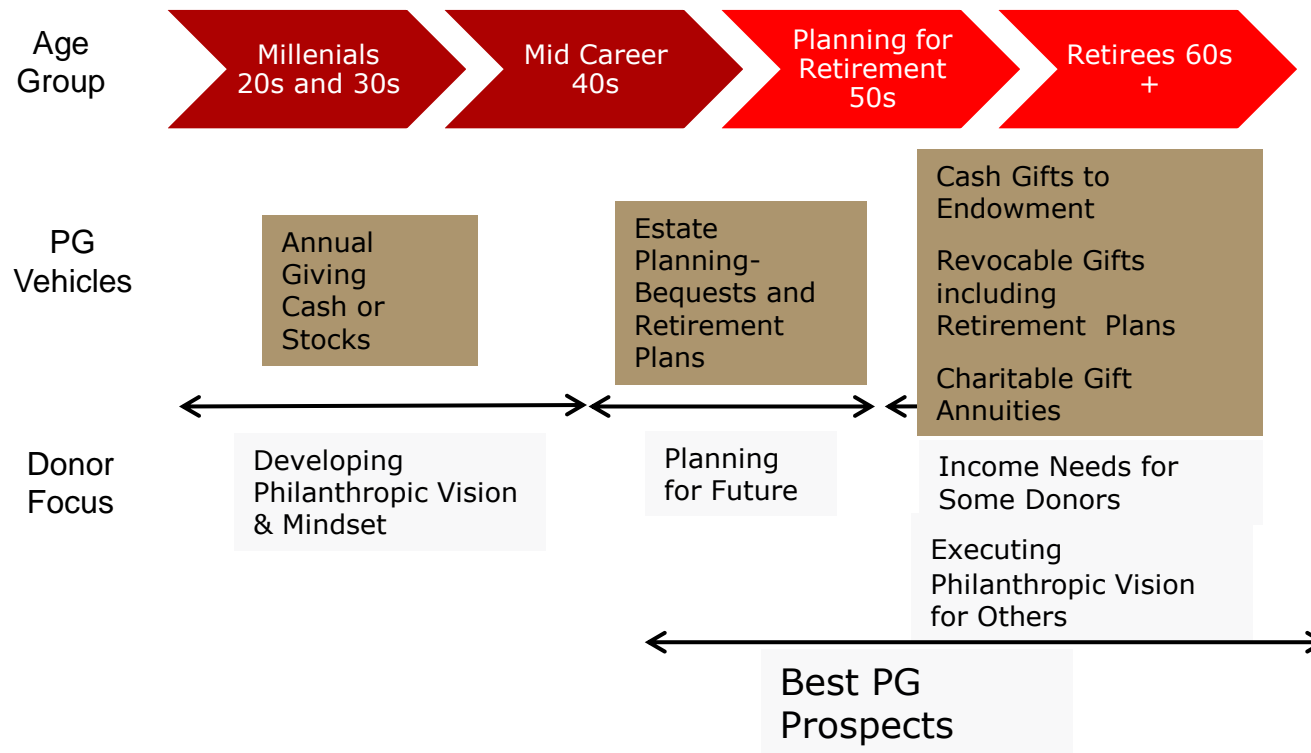
<b>Giving in Perpetuity =</b>	<b>\$23,600</b>
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**Lifetime Donor Value**  
**"Giving in Perpetuity"**

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# Planned Giving Tied to Multi Generational Donor Life Cycle



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The ability to generate resources to meet the needs of the present without compromising the future.

# Financial sustainability

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- Clarify what it means to be a financially sustainable organization
- Help you assess your village's opportunities transitioning to a revenue model for more financial stability
- Discuss first steps to launch a major gifts and planned giving program
- **Essential building blocks towards a sustainable and successful future**

**Our four goals today**

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- What does sustainability really mean to the board, the staff and the constituents of an organization? How does a village create an overall framework for achieving its sustainability goals?
- Why are gifts from individuals (especially major and planned gifts) so critical to the goal of sustainability?
- What role do board members play in achieving financial sustainability? How can board policies and duties help to achieve fundraising goals?

## Essential building blocks (1-3)

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- What donor relations policies are critical to nurture, thank and manage gifts, especially major and planned gifts (such a donor recognition, confidentiality, anonymity and substantiation policies)?
- What are the specific issues related to gift acceptance policies that can are needed to successfully administer major and planned gifts (such as when to turn down gifts that do not enhance the organization's mission, priorities and/or reputation)?
- What tools and resources are resources are available on the Internet and elsewhere for villages to use to achieve their sustainability goals?

## **Essential building blocks for a sustainable and successful future (4-6)**

- What does sustainability really mean to the board, the staff and the constituents of an organization?
  - Business model & business strategy
  - Leadership
  - Resources
  - Culture

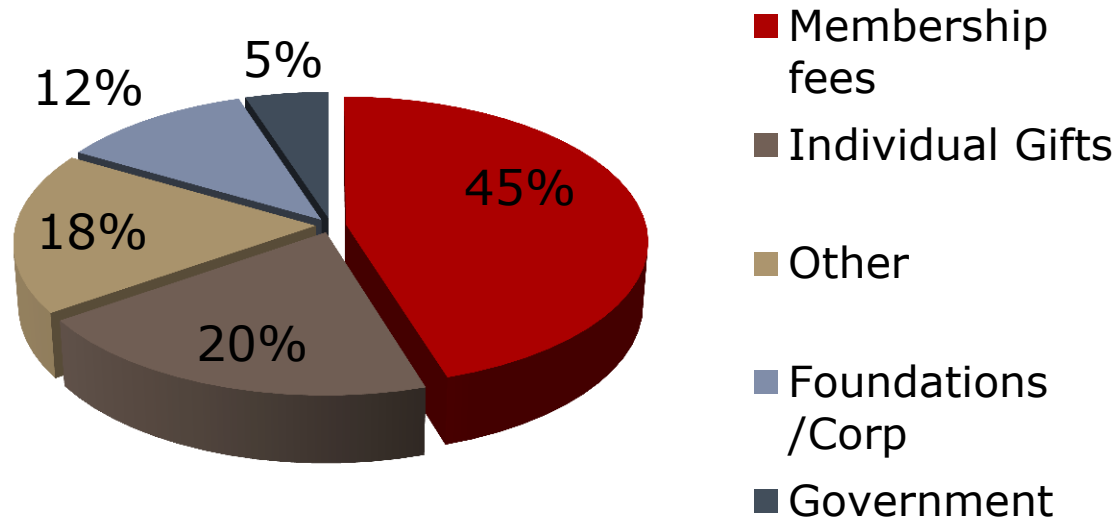
# Priming the Pump

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# Revenue



## Village Revenue Mix

(Source: Sustaining the Village Report, Capitol Impact Partners, 2015)

- **How does an organization create an overall framework for achieving its sustainability goals?**
  - Embrace money as a tool to achieve your mission
  - Know actual costs of programs
  - Have a financial model
  - Assure board understands AND contributes to that financial model
  - Ask funders to support the effective execution of your financial model

# Priming the Pump

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- **Why are their gifts--espec. major and planned gifts--so critical to sustainability?**
  - Audit of board, staff and donors
  - SWOT: strengths, weaknesses, opportunities and threats
  - Soundness of finances and mission statement
  - Training
  - Model: staff AND board/volunteers
  - Committee for accounting and accepting gifts
  - Chair
  - Favored vehicles: which type of donations to promote (bequests, life insurance and/or life income plans)

**Focus on your individual donors**

- **What role do board members have in achieving financial sustainability?**
  - True sustainability includes both financial AND programmatic sustainability (ability to develop, mature and cycle out programs to be responsive to constituencies over time).
    - Challenge of artificial silos because of committees
    - Need for financial literacy of all board members (understand financial statements)
    - Consider renaming = Finance and Sustainability Committee
    - Normalize profit
  - Boards' financial focus can no longer be just on the past but must pursue sustainability through real-time analysis and focus on answering the complex business-model questions we face today.

# Focus on your board

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- **What should board policies and duties help an organization achieve its fundraising goals (such as defined fundraising job descriptions, etc.)?**

- Identification
- Qualification
- Development of strategy
- Cultivation
- Solicitation and negotiation
- Acknowledgement
- Stewardship
- Renewal

# Focus on your board

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- **What donor relations policies are critical to nurture, thank and manage gifts, especially major and planned gifts (such a donor recognition, confidentiality, anonymity and substantiation policies)?**
  - Board resolution
  - Donor bill of rights (from AFP)
  - Gift acceptance policies
  - Investment policies (fund categories, objectives and authority)
  - Stock brokerage account
  - Pool of prospects with diverse age range
  - Professional gift planning assistance (policy and linkages)
  - Communication on regular basis

# Donor Relations

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## **Gift Acceptance Policies: Specific issues to consider?**

**(Example: do you know when to turn down gifts that do not enhance your mission, priorities and/or reputation)?**

- Board acceptance policy
- Philanthropic intent/ethics
- Legal arrangements
- Unacceptable gifts
- Stewardship
- Conflict of interest
- Gift valuations
- Reporting of gifts to IRS

# **Gift acceptance policies**

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## Tools and resources available on the Internet and elsewhere

- Village to Village network (models in the Village world)
- Boardsource.org (board)
- Guidestar.org (fundraising, transparency)
- Blueavocado.org (strategy, fundraising)
- Socialvelocity.net (strategy, fundraising)
- Lapiana.org (strategic planning)
- Plannedgiving.com

**Great tools and resources**

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# Questions?

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**AAA!**  
— AT HOME IN —  
ALEXANDRIA

Thank  
you

