Boards

Ten Basic Board Responsibilities

1. Determine the Organization's Mission and Articulate its Vision and Values
The board, in collaboration with the chief executive(s) — artistic director, executive director, producing director, managing director — should periodically review the organization's mission, revising it when necessary. The mission statement should be clear and concise, and each member of the board should understand and support it. The organization's leadership also needs to articulate a shared vision — an image of the desired future — accompanied by realizable goals and agreed-upon values that guide its planning and operations.

2. Understand the Relationship Between the Board and the Staff
Board and staff share joint custody of the organization's mission. Effective boards are involved without micromanaging. Everyone should remember that the vision and energy of the artistic leadership are the soul of the organization.

3. Choose, Support, and Evaluate the Chief Executive
The board is responsible for ensuring the continuity of the organization's leadership. It should have a clear job description outlining the duties of the chief executive, conduct a methodical search when the position is open, and provide constructive feedback through regularly scheduled performance evaluations. The board should provide the moral and substantive support that is crucial to the executive's success.

4. Ensure Effective Fiscal Management and Accountability
The board should approve and monitor an annual operating budget and authorize material transactions. Exercising fiduciary responsibility also includes adopting and reviewing policies and procedures addressing risk management and insurance, internal controls, investment of the organization's assets, and compliance with ethical standards and legal and regulatory requirements.

5. Raise Money
The board should approve an overall fund-raising plan. Board members should personally support the organization at a level that is significant relative to their own financial situation. They should actively ask others to support the organization and should identify new prospects for financial support.

6. Monitor and Evaluate the Organization's Programs and Overall Performance
The board is responsible for assuring that programs are consistent with the organization's mission and values and for monitoring the programs to ensure their quality and cost effectiveness. The board also should set policy and provide direction in operational areas such as personnel, marketing, facilities, intellectual property, technology, and collaborations. It should approve all significant transactions.

7. Engage in Strategic Planning
The board should periodically engage in the strategic planning process to examine the environment in which its arts organization is working and to consider how the organization will meet opportunities and challenges.

8. Enhance the Organization's Public Standing
The board is a primary link to the community — audiences, the immediate neighborhood, government, the public, the media, donors, and funding sources. Clearly articulating the organization's mission and speaking credibly and positively about the organization's accomplishments and priorities are important components of a comprehensive public relations strategy.

9. Carefully Select and Orient New Board Members
The board should be composed of committed individuals who can contribute needed skills, experience, clout, sound judgment, business acumen, and time to the organization. A board should have a plan to recruit prospects and orient new members to the organization. To ensure the infusion of new ideas, an organization should rotate members off the board and determine how board membership should reflect the diversity of its community.

10. Organize Itself to Operate Efficiently
Board meetings, held at least quarterly, provide a crucial forum for conducting business, educating board members, and consensus building. Well-planned and facilitated board and committee meetings allow participants to contribute their best thinking and inspire them to take action. By periodically evaluating its own performance in fulfilling its responsibilities, the board can take pride in its accomplishments and identify areas that need to be improved.

Source: VLAA's Guide to Board Duties and Liabilities

Nonprofit Board Legal Responsibilities

Legally, nonprofit board members have two duties: the duty of care, which requires directors to act as an ordinarily prudent person would under similar circumstances, and the duty of loyalty, which requires them to act for the benefit of the corporation rather than for personal gain.

- Duty of Care. A director is not required to process specialized skills, but is expected to use practical knowledge and common sense. They key to the duty of care is that every decision must be an informed decision. Directors should attend regularly scheduled meetings, read minutes, approve an annual budget, understand financial statements and audits, and have a general knowledge of how the organization is functioning. When making decisions, they should exercise independent judgment.

- Duty of Loyalty. Directors are required to act in good faith and in the best interest of the corporation. They should aware of potential conflicts of interest and should disclose them with candor. The duty of loyalty also requires directors to treat matters involving the nonprofit corporation confidentially, unless they are already common knowledge.

Rights of Directors
Each Director has the right to:
- Adequate orientations materials, including a written description of what is expected of board members
- Receive notice of meeting, agendas, minutes, financial statements and other materials
- Attend meeting, ask substantive questions, disagree and vote
- Access to management
- Leadership from staff
- Examine the organization's books and records

Arts and Education Council Board of Director Responsibilities

- Be an educated and positive spokesperson throughout the bi-state region for the Arts and Education Council
- Know the mission of the Council and support it and articulate it to the public
- Make a personal annual gift in an amount that is significant to each individual board member – a minimum contribution of $1,000 is suggested – realizing that not everyone can do that, 100% participation is expected.
- Actively participate in at least one of the Committees of the Board
- Ensure effective administrative and fiscal management of the Council through careful oversight and attendance at bi-monthly Board meetings
- Assist with fundraising as requested by the Development Committee and attending major fundraising events such as the Arts Awards
- Understand the relationship of the Board and the committees with the staff and be familiar with staff functions
- Participate in the growth of the Board through your recommendation of new Board members in line with the mission and the strategic plan and participation in the orientation of those new members.
- Select, support and annually review the performance of the President of the Council

VLAA Board Member Duties and Responsibilities

Board members of nonprofit organizations:

- Articulate the organization's mission, vision and values
- Set policy
- Oversee programs and strategic planning
- Approve budgets and review financial statements
- Ensure adequate financial resources
- Monitor organizational effectiveness
- Hire and evaluate the top administrator
- Present the needs of the community to the organization
- Represent the organization to the community

To this end, VLAA board members are expected to:

- Attend monthly board meetings, ask questions, share expertise and follow through on assignments
- Be informed about VLAA's mission, programs, services and policies
- Actively assist with raising funds, including making an annual personal cash contribution
- Attend VLAA's special events and at least one educational program annually
- Review and understand budgets and financial statements
- Serve on at least one committee
- Avoid conflicts of interest
- Enhance VLAA's image in the community

Responsibilities of Board and Staff

BOARD

Manages Policy

Determines overall artistic, fiscal and management policies.

Advises on Operations

Assists as a volunteer staff to help the CEO manage programs or administration.

Accountable to Members, the Public, Law and Organizational Bylaws

Submits annual reports to IRS, state, and members; observes federal, state and local laws and organizations bylaws

Responsible for Ideas

Provides vision, shapes organizational character

Determines Organizational Purpose, Goals and Objectives

Regularly evaluates mission, sets long-term goals and annual objectives

Makes Long-Term Commitment of Resources for Organization

Maintains financial solvency through fiscal planning, management, and fundraising; plans for facilities and staff.

Selects the CEO

Hires and evaluates the chief executive officer.

Perpetuates the Organization

Maintains continuity of board, leadership, and organization, or dissolves if mission is fulfilled.

CHIEF EXECUTIVE OFFICER

Manages Operations

Oversees day-to-day operations that implement board policies.

Advises on Policy

Researches policy decisions and advises board; i.e., drafts budget for board approval

Accountable to Board

Reports to board progress on objectives, staff and volunteer activities, finances, results of programs

Responsible for Organizational Behavior

Makes vision tangible, supervises daily activities, represents organization to the public

Implements Board Objectives

Determines strategies and implements planned tasks to fulfill the objectives set by the board.

Makes Short-Term Commitment of Resources

Operates within the approved budget, generating funds, committing expenses, allocating staff time and physical resources.

Hires and Manages Staff and Volunteers

Coordinates activity of subordinate staff and volunteers.

Provides Administrative Support

Maintains board and organizational records; maintains communication between board, committees and staff.

10 Tips for Success With Your Board

1. Remember Why People Join Boards.
Board members agree to serve because they want to work for a cause in which they believe; to learn new skills; to develop business or social contacts; and/or to enhance their prestige in the community or at work.

2. Remember Why They Resign.
Board members rarely resign because they are overworked. They resign when they are bored or frustrated. Meet regularly with each board member and listen carefully. Involve your board in setting attainable goals and methods for achieving them by holding action-oriented meetings. Provide regular updates on important issues, events and needs. Give board members tasks they want to do.

3. Recruit With Care.
Be creative and practical in your choice of board members. Look at personal qualities such as judgment and kindness as well as at skills and experience. Recruit in person. Welcome by letter.

4. Distribute a Board Manual.
Tell members what is expected of them. Provide an orientation packet.

5. Talk About Your Art at Meetings.
Educate your board. Your mission is your treasure; they'll be reminded that it's something worth supporting. Share a success story at every meeting.

6. Insist on 100% Participation in Fundraising.
Because your board members set the tone for your organization, each member should be expected to contribute some cash each year. The amount of the gift is not as important as 100% participation. Remember that some board members will be reluctant to solicit contributions. Involve them in some other fundraising activity such as planning special events.

7. Reward Good Performance.
Board service should be FUN and fulfilling. Remember that board members are volunteers. Seize every opportunity to make them aware of the good work your organization is doing and the importance of their participation. Show your appreciation with thanks and recognition. Share the spotlight. Provide opportunities for board members to get acquainted outside of the boardroom.

8. Avoid Stagnation.
Limit membership terms to generate fresh ideas and to politely purge the board of ineffective members. Change officers on an annual or biannual basis. Good leaders using effective management practices know they are not indispensable.

9. Maintain the Delicate Balance Between Staff and Board.
Board and staff share joint custody of the organization's mission. Effective boards aren't passive, but they don't dominate the staff, either. Everyone should remember that the vision and energy of the artistic leadership are the soul of the organization.

10. Plan for the Future.
Conduct periodic evaluation sessions. Draft a written, long-range plan outlining goals, strategies and timelines.

Source: VLAA's Nonprofit Incorporation Workbook

Promising Practices of Effective Boards

- Prepare an annual plan of board work, identifying the top critical issues for the year and mission-related topics for board education throughout the year
- Identify and stay focused on priorities, both in full board and committee or task force work
- Board and staff management team dialogue on strategy and big issues, not just board and CEO

Board Meetings

- Reduce committee reports, emphasize policy, strategic issues, organizational performance, and community impact/advocacy topics
- Have an educational segment frequently at meetings
- Assess meetings (e.g., provide means for feedback on how we act and work, not just what we do, at the end of each meeting)
- Prepare action summaries to guide follow-up actions after each meeting

Board Culture

- Board has a sense of itself as a "team", i.e., the members have a sense that they know and can count on one another
- Board has a climate of trust and candor, willingness to share information openly and on time, a tolerance for members challenging one another's positions in the discussion of issues
- Board experiments with the ways it conducts its Board, Committee, and other working groups
- Board evaluates itself formally, using feedback from a variety of sources and reflecting together on the implications of what they learn from the feedback and evaluation

Board Expectations

- Clear expectations for service for board as whole and for individual board members
- Policies that are actually applied and revisited
- Board actively involved in two-way communication with the NPO's constituencies and public, not just through the CEO

Source: John McClusky, former Director, Nonprofit Management and Leadership Program, University of Missouri – St. Louis. Compiled from various academic literature sources, including Chait, Holland, and Taylor, Murray, and Herman and Renz

Ten Financial Questions Board Members Should Ask

1. Do we have a sound financial plan?
Realistic plans are based on experience and reasonable expectations. They are consistent with the organization's strategic plan and are presented in an understandable format.

2. Are our key sources of income rising or falling?
Although they dream of a stable environment, year after year, arts organizations piece together their budgets from a variety of earned and 'unearned' sources. When public subsidies fluctuate and private grants become more difficult to obtain, the pressure to reach new audiences and generate additional earned income increases.

3. Are our key expenses, especially salaries and benefits, under control?
Salaries and benefits (small as they may be) generally are the largest line item under expenses, so they are often the first place to look when overall expenditures rise more quickly than earned income.

4. Do we have sufficient reserves?
Experts say that when organizations have one year's operating expenses 'in reserve' they are in a strong financial position. Few arts organizations are in this enviable position, but many set aside some money every year in a 'rainy day fund.'

5. Is our cash flow projected to be adequate?
The availability of sufficient cash can be a critical problem for major cultural institutions and emerging arts organizations alike. Preparing cash-flow projections may help your organization cope with this chronic concern.

6. Where are we compared to budget?
Budgets are important planning tools that help assure effective management of financial resources. By monitoring variances from anticipated income and expenses, board members can measure the organization's financial performance – both successes and failures.

7. Is our staff satisfied and productive?
The arts are labor-intensive enterprises that generally rely on the energies and talents of highly motivated people. Too often they are overwhelmed and under paid. Enough said.

8. Have we assessed our risks and taken adequate measures to manage them?
Risk management is more than buying insurance. It includes identifying, evaluating and controlling risks as well as monitoring risk management strategies and revising them when necessary.

9. Are we filing on a timely basis all the reporting documents we are supposed to be filing with the government and grantmakers?
The fines and penalties for not filing your 990 Form with the IRS on time or failing to make required deposits of withheld payroll taxes are severe. Future funding can be jeopardized when grantmakers do not receive invoices and final reports on a timely basis.

10. Are we fulfilling our tax-exempt purpose, as granted by the IRS?
Arts organizations rarely stray far away from their missions. Instead their challenges include avoiding self-censorship, resisting quick fixes that compromise artistic integrity (especially when there are signs of financial trouble), and remaining open to change.

Source: adapted from The Financial Responsibilities of Nonprofit Boards by Andrew S. Lang

Board Diversity

Celebrating a culture of inclusion that celebrates and leverages diverse perspectives – from race, gender, age, language, country of origin to educational background, sexual orientation and physical abilities – is a central objective to forward-thinking nonprofits. Savvy organizations know it is a matter of survival.

Guiding Principles

1. Leadership on diversity must come from the top. Effective leaders "walk the talk" by demonstrating a sense of fairness and respect. They have a clear understanding of the issues and can articulate their can-do vision. Effective leaders have a commitment to diversity both on the organizational level and on the societal level. They are willing to take risks, approach new people and try different methods. Moreover, they have confidence in the people they lead.

2. A clear definition of diversity is essential. Look beyond race and ethnicity. Diversity should be broadly defined to include age, gender, religion, linguistic identity, geographic origins, sexual orientation and the differences in physical ability. This approach makes the diversity/accessibility discussion applicable to every nonprofit organization.

3. Examine your motives. Reasons for pursuing diversity initiatives vary. Externally precipitated efforts – legal compliance, response to a complaint, or counting heads for public funding agencies – are likely to add stress, cynicism, frustration, resentment, and resistance to the process. Internally focused efforts, such as addressing the needs to engage a changing clientele demographic, may entail a variety of bold and innovative strategies.

4. Make the mission central. The heart and soul of any nonprofit organization is its mission. Remember in all you do – keep the mission central. Look for practical ways to incorporate diversity initiatives into the organization's planning and operations. You may find that the added diversity helps to enrich your fulfillment of the organizational mission.

5. Make a long-term commitment. Diversity initiatives should adhere to all the components of the strategic planning process, including setting specific objectives with measurable outcomes, and evaluation of those expected outcomes. Remember, it takes time and effort to build relationships and trust, cooperation, overcome reluctance and change organizational culture. When efforts fail, re-examine both your motives and your actions. Failure is most usually attributed to some combination of involving the wrong people, not doing enough to overcome real and perceived barriers, inadequate planning and poor follow-up. Above all, keep trying. It's a marathon, not a sprint.

Source: BoardLink

The Board Treasurer

As outlined in most by-laws, the treasurer is the organization's principal financial officer. The treasurer's duties may include: making regular financial reports to the board; overseeing the preparation of the annual budget and monitoring its implementation; chairing the finance committee; ensuring that all federal, state and local financial reports are filed on a timely basis; contracting with a CPA to conduct an audit; ensuring the safety of principal, liquidity and diversification of investments; and monitoring and evaluating the work of the chief financial officer.

In small organizations, particularly those operated by volunteers, the treasurer typically keeps the books and assumes responsibility for other fiscal management activities. This arrangement works well for many arts groups, assuming the treasurer's system of record keeping can be easily replicated by his or her successor.

As a nonprofit organization grows, the treasurer's role changes dramatically. Most, if not all, of the day-to-day matters are delegated to paid staff with the treasurer providing guidance when needed. In larger organizations, the office may even appear unnecessary because the treasurer receives a briefing from the CEO or CFO before the board meeting and simply recapitulates what he or she has been told. This ritual provides a sense of security (sometimes false) for board members. John Carver, the nonprofit governance guru, calls the treasurer of such an organization a "vestigial organ."

Too often, boards are grateful to be freed of the dreaded task of monitoring the finances, and fail to hold the treasurer to a reasonable standard of performance. Even more dangerous is the tendency for treasurers to hold the position for a long time. As Maureen K. Robinson notes in *Nonprofit Boards That Work*, this can result in "a loss of rigor and an idiosyncratic, personality-driven perspective of the organization's finances." Clearly, the treasurer's position often is not what it should or could be.

How to Make the Treasurer's Role More Meaningful

- Acknowledge that the board, as a whole, is responsible for the financial oversight of the organization and should not relinquish this responsibility to anyone, including the treasurer.
- Adopt a policy limiting the term of the treasurer.
- Prepare a written job description outlining the treasurer's duties.
- Recognize that the treasurer's job description can change and should be designed to meet the evolving needs of each organization.
- Encourage questions.
- Choose a treasurer who has the ability not only to analyze and interpret budgets and financial statements but also to teach fellow board members how to assess the organization's fiscal health by looking at the reports and audits.
- Conduct a short educational session annually to make sure the board members understand the basics of nonprofit accounting.
- Create an environment in which it is not only acceptable but also expected that the treasurer will ask for help early and loudly when trouble looms. One option is to contact VLAA for a referral to an accountant, a mediator or another service organization.

Source: VLAA Guide to Financial Oversight

What Goes in a Board Manual?

The foundation of a committed, knowledgeable, and effective board is orientation and education. As an essential companion to orientation and education, every organization should have a thorough, easy-to-use manual that board members can use throughout their terms.

A board manual serves two functions. For the new board member, it is an orientation handbook that provides useful information about the organization, board structure and operations, and fellow board members and staff. For the balance of a member's board service, the manual then becomes an indispensable working tool and a central resource about the organization and the board.

Manuals are often given to board members in a durable, attractive loose-leaf notebook with a table of contents and clearly divided and labeled sections. But a dated PDF may be a better option.

To develop a working manual that board members use and rely on:

- Don't overwhelm new board members with too much information. When several examples are available, include only one.
- Keep each item brief. For example, a two-paragraph biography of the executive director is preferable to a four-page resume, for example.
- Use the handbook as a "textbook" during board orientation.
- Encourage board members to read and ask questions about the material.
- Ask board members to evaluate the usefulness of the manual each year.
- Revise the contents or format based on their comments.

Sample Board Manual Contents

- Board roster
- Job descriptions
- Board members terms
- Board statement of responsibilities
- Committee list with descriptions
  Brief history and/or fact sheet
- Articles of Incorporation
- Bylaws
- Mission statement
  Strategic plan
  Policies
- Prior-year annual report
- Current operating budget
- Current funder list
- Staff list
- Annual calendar
- Promotional material

Board Mentors

Many effective boards extend the impact of orientation by appointing a mentor or coach, an experienced board member, to guide the new board member during his or first year on the board. This practice sends a strong message to board members: "We want you to feel welcome. We want you to learn what you need to know in order to become, as quickly as possible, a fully contributing member of the group." Mentors are particularly helpful to unravel the intricacies of institutional history and to interpret the organizational culture to a new trustee.

What is the mentor system?
It is a practice whereby each new member of the board is paired with an experienced board member who serves as a mentor during the new member's first year on the board.

Why does the organization use the mentor system?
The mentor system is one way to help welcome and orient new board members and to incorporate them into the fabric and work of the board. It accelerates the process by which new board members come to be comfortable and effective members of the board.

Who makes the "match" between the mentor and the new board member?
It is done by the Board Development /Nominating Committee, which invites experienced board members to serve as mentors to newcomers on the board.

What criteria are used? The committee tries to choose a mentor who has prior acquaintance with the new board members and/or common interests.

What is expected of a mentor?

- Co-conduct orientation
- Phone or, if possible, visit the new board member to extend a welcome prior to his or her first meeting.
- Introduce the new board members to other members of the board at the beginning of the newcomer's first meeting.
- Whenever possible, sit next to the new board member during board meetings to answer any questions that may arise, to provide background briefings, or to direct the newcomer to an appropriate source of information or expertise.
- Contact the new board member at least once between board meeting during the first year, just to touch base and to offer assistance.
- Encourage phone call or e-mails from the newcomer at any other time that he or she may have a question, a concern, or a need for advice.

Source: Improving the Performance of Governing Boards by Richard P. Chait, Thomas P. Holland and Barbara E. Taylor

Guide to Policy Making

Although setting policy is a primary board responsibility, in all but a few situations, staff input into board decision-making is essential because successful implementation depends on involving the organization's key employees in the entire process. Policies reflect an organization's values, ensure continuity of management, and delineate parameters that serve as guidelines for action or decisions. They help build and sustain public trust and the reputation of the organization. Policy-making is a multi-step process.

Step 1: Define the Issue or Problem
The process begins with recognizing the need for written policy. Remember, the board is not alone in identifying policy needs. Staff, volunteers, donors, grantmakers, service organizations and government agencies are all sources of policy-related priorities.

Step 2: Research
Gather the necessary information on the issue. Helpful resources include the experience of other organizations, articles and books and state or federal laws and regulations. It may also be appropriate to involve a lawyer throughout the development and adoption process. Sample policy language can streamline the process and is a good starting point. But it is never a good idea to simply insert your organization's name and present the document to the board for approval. The policy MUST be discussed and tailored to reflect your organization's culture, to conform with your other policies and to ensure that it will be embraced by everyone involved in its implementation.

Step 3: Discuss and Debate at the Board Level
To set the stage for informed dialogue, consider assigning one board member to educate the board on the key issues to be addressed in the policy. A first step could be to examine your current practices in light of the contents of a model policy. Ask, "What changes should be made due to our special circumstances?" Encourage lively debate.

Step 4: Draft the Policy
After the board has reached consensus on policy content, the board's policy writer goes to work. This person must be able to write clearly, directly and succinctly. Pomposity, verbosity, jargon and "legalese" should be avoided.

Step 5: Read and Revise
The draft policy should be placed on the board's agenda. Be sure to distribute the draft in advance of the meeting. Again, begin with a presentation that summarizes the content. Then ask:

- Is the policy limited to one topic?
- Does it adequately cover the subject?
- Is it written in plain English? Is it brief and unambiguous?
- Does it support the organization's mission and goals?
- Is editing needed so that anyone who must comply will easily understand the policy?
- Is it practical?
- Is it consistent with local, state and federal law?
- Is it sound business practice?
- Is it consistent with existing policies?
- Does it have the full support of the CEO and/or those who will be responsible for carrying out the policy?

Revise the policy based on the information gained from the questions, comments and suggestions obtained after the first reading.

Step 6: Adopt the Policy
Be sure the board understands what has been revised. Discuss what steps need to be taken to ensure that the policy accomplishes its goal.

Step 7: Implementation
Policies should be centrally available. They should not be scattered about, discoverable only by scouring years of board meeting minutes. They should be disseminated to the staff and made available, on request, to the public and media. Above all, the policy — and the spirit of the policy — must be embraced and lived by everyone involved with its implementation or the policy will be meaningless.

Step 8: Policy Evaluation and Revision
Up-to-date policies are the only ones that work. They can become out of date, unclear or even contrary to the way in which the organization is operating. Policies should be reviewed on a regular basis to ensure that they comply with applicable laws and the ethical guidelines established by professional and service organizations. The policy modification process is the same as the policy adoption process.

VLAA's Sample Nonprofit Policies

The following policies are posted here: https://vlaa.org/resources/sample-policies/

Sample Conflict of Interest Policy
Sample Board Giving Policy
Sample Document Retention and Destruction Policy
Sample Whistleblower Policy
Sample Gift Acceptance Policy
Sample No-Harassment Policy
Sample CEO Evaluation Policy

How's your board doing? A Self-assessment Guide

What does effective board performance look like? Is your board of directors performing at the highest possible level? Does it openly and regularly evaluate its successes, failures and overall effectiveness? How can your board do better? Taking the time to step back from routine matters to conduct a self-assessment can motivate board members — both as a group and individually — to work smarter.

Context
Board self-assessment is not a stand-alone activity. Rather, it should be part of your organization's overall commitment to accountability, compliance with applicable laws, adherence to ethical standards and dedication to learning. Neither individuals nor nonprofit organizations can improve without regular, critical reflection — without evaluation. At first glance, developing a comprehensive evaluation system can seem like an overwhelming task. But it doesn't have to be overly complex. Critical components include an annual review of the executive director, program evaluation that identifies key indicators of success and data collection activities before the program or project is launched, thoughtful fiscal oversight and board self-assessment.

Value
More than one academic study, including research conducted by David O. Renz, director of the Midwest Center for Nonprofit Leadership at the University of Missouri-Kansas City, has determined that effective boards are more likely than ineffective boards to attempt to assess their own performance at regular intervals.

The assessment process offers both tangible and intangible benefits. Too often, boards are overly focused on oversight functions and specific activities and ignore the equally important softer side of processes and relationships. Beliefs about how the board should operate are usually unspoken and taken for granted. Addressing subjects not normally discussed at board meetings, such as the structure, operation and culture of the board itself, will build trust and respect among board members and enable them to work more effectively as a team and with staff.

The most tangible benefit is that members are given the opportunity to reflect on their individual and group responsibilities and to determine what constitutes success for their board now and in the near future. Self-assessment may identify needed board development skills or areas that need attention or improvement. Like any evaluation process, it provides a benchmark for measuring progress toward articulated goals.

Timing
The first step is deciding to actually conduct the assessment. This must be a full board decision or precious time and energy will be wasted. How often should the board conduct a self-assessment? Of course, the answer will vary from organization to organization. One suggestion is to alternate the assessment with an overall organization assessment, which the Better Business Bureau Standards for Charity Accountability Standards say should be conducted no less than every two years. Another approach is to make the board self-assessment a component of your organization's strategic planning process.

Alternatively, conducting the assessment in small chunks throughout the year may work best for your board. You could start by addressing one or two questions, such as: What makes a good meeting? Are we fulfilling our legal duties? Why do our members enjoy serving on this board?

The timing for self-assessment is ideal when the board is experiencing low energy or high turnover. An assessment should not be conducted during a financial or leadership crisis, but it may be useful when the board is facing a major decision, such as hiring a new artistic director or launching a capital campaign.

Methods

A self-assessment requires preparation to ensure that your board focuses on the right issues, uses its best thinking in the most efficient way throughout the process and selects the appropriate method for collecting and analyzing the information.

There are a variety of diagnostic tools and checklists available. Most are designed as quantitative questionnaires or scorecards asking directors to rate performance in many areas. While off-the-rack tools can save time and are based on the knowledge of the nonprofit experts who developed them, they may be too long, too abstract, too demoralizing or too superficial. Furthermore, the tools are predicated on the assumption that there is a single, prescribed set of accepted board roles and responsibilities. Of course, this is not the case. More importantly, it is easy to get wrapped up in the tool and neglect the dialogue, which is the more difficult part of the assessment process.

To emphasize the importance of open, productive conversation, you may decide that the best approach is to develop your own self-assessment tool. Developing the tool will enrich the assessment process by helping your board:

- Build on the issues and concerns raised when the board agreed to conduct the assessment and result in greater investment in the process;
- Define, in advance, your own criteria for what constitutes an effective and successful board and/or for rewarding board service;
- Concentrate on the most important issues and avoid the irrelevant questions that are included in the off-the-rack checklists and scorecards;
- Design data collection methods, either quantitative, qualitative or both that are best suited to your goals and time constraints; and
- Focus on the discussion that will celebrate successes and identify practical goals and action steps that will lead to better board performance and more engaged board members.

Data Collection and Analysis

Typically, surveys are distributed and tabulated in advance by an outside party, such as a consultant or former board member. This approach assures full participation and confidentiality. It also allows the results to be organized in a way that will give the follow-up discussion focus. However, your board may want to answer the questions as a group. Reaching consensus on how to rate each item may enrich the conversation and lead to stronger, more cohesive working relationships.

Using the Results

When reviewing the assessment's key findings, the goal of the discussion should be to identify strengths and areas for improvement. Board members should congratulate themselves on their good work. Then areas of improvement should be explored to identify the dynamics that contribute to the problem or challenge. Ask and answer the question: How can the board do better in this area? Next, choose a few goals and identify specific, readily achievable action steps. These steps then become the basis for a board development plan that ensures that critical issues will be addressed and that board members will receive the information and training they need to improve their performance. Finally, commit to making use of what you learned by revisiting both the assessment process and its outcomes.

Organizational Assessment Checklist

Board of Directors

- Board meetings are well attended.
- A board orientation session is held for new board members.
- Our board members understand the mission of our organization and how our programs help achieve it.
- Our board members understand that basic organizational responsibilities that go along with our nonprofit, tax-exempt status.
- Board members understand their responsibilities.

Effective Meetings

- An agenda for each board meeting is distributed ahead of time.
- A procedure exists to add an item to the printed agenda.
- The agenda is followed during the meetings.
- Important agenda items receive sufficient time during meetings.
- The meeting starts on time and concludes within a reasonable period of time.
- The person presiding keeps the meeting under control.
- Minutes are kept and distributed.
- Board members come to meetings prepared.
- The location is comfortable and suitable for a business meeting.

Planning

1. Our organization produces an annual work plan that informs staff, board and volunteers about our activities.
2. Most of our activities and events are scheduled at least six months in advance
3. Our organization regularly evaluates programs.
4. We hold an annual planning meeting.
5. Our organization has a strategic plan (3-5 years).

Program Development

1. We regularly make an effort to discover what kinds of programs interest the community.
2. We make an effort to present new programs.
3. We are familiar with the resources available concerning artists and arts programs.

Financial Management

1. We prepare an annual budget and operate within its guidelines
2. A treasurer's report is presented at board meetings.
3. The treasurer's report includes information on how closely we are following the budget.
4. An income statement and balance sheet are presented as part of the treasurer's report.
5. Event chairpersons understand how much money they must earn and how much money they can spend.
6. We understand how to read and interpret financial statements.

Fundraising

- Fundraising needs are clearly stated in the budget.
- More than one board member or staff person is proficient at grant writing.
- Every board member makes a personal donation to the organization.

Audience Development

- We try to reach different segments of the community through our marketing efforts.
- We encourage audience members to return through follow-up contact and targeted marketing.
- We have a capable individual responsible for planning publicity.
- We have a capable individual responsible for branding and design.

Volunteers

- We have written job descriptions for our volunteers.
- We maintain volunteer records on our volunteers.
- We actively recruit volunteers each year.
- We provide orientation and training for our volunteers.
- We regularly recognize and/or reward our volunteers.

Community Partners

- We are familiar with the organizations that work as our partners.
- We actively engage in partnerships/collaborations, when appropriate and feasible.
- We explore the full range of partnership benefits including sharing/exchange of material, human and financial resources.

Source: MACAA File Box

Fund-Raising

Giving USA™
Shared intelligence. For the greater good.

Giving USA 2018

Highlights

An overview of giving in 2017

Total 2017 contributions: $410.02 billion

+5.2% Total estimated U.S. charitable giving

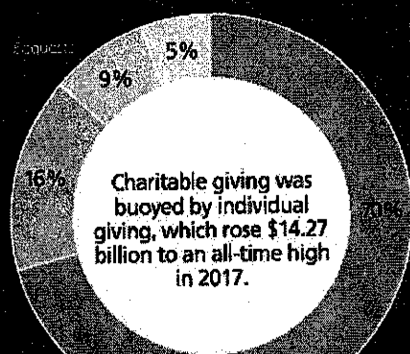
+5.2% Giving by Individuals

+6.0% Giving by Foundations

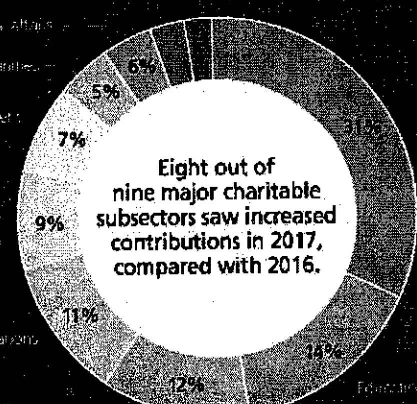
+2.3% Giving by Bequest

+8.0% Giving by Corporations

Contributions by source



Contributions by recipient category



* All figures on this page are in current dollars

Researched and written by
IUPUI LILLY FAMILY SCHOOL OF PHILANTHROPY

The ten most important things you can know about fundraising

by Kim Klein

Many times, at the end of a training or a speech about fundraising techniques and principles, I am asked, "What are the most important things to remember?" Usually the person asking is either a volunteer with little time to help with fundraising, a person new to fundraising and overwhelmed by the number of details she or he has to keep in mind, or a staff person who is not responsible for fundraising but wants to help.

Over the years, I have thought about what I consider the ten most important things to know about fundraising. The items are not presented in order of importance, although #1 is probably the most important; nor are they in order of difficulty. If there is any order, it is the order in which I understood these things and integrated them into my own fundraising work. Undoubtedly, other skilled fundraisers would have slightly different lists, but this has served me well for many years. I hope you find it useful.

1. IF YOU WANT MONEY, YOU HAVE TO ASK FOR IT

While there are some people (may their kind increase) who will simply send an organization money or offer money without being asked, there are not enough them to build a donor base around. Most people will not think to give you money unless you make your needs known. This is not because they are cheap or self-centered; it is because most people have no idea how much it costs to run a nonprofit, or how nonprofits get money. If you don't ask them, they will simply assume you are getting the money somewhere. They have no reason to think your group needs money unless you tell them, the same way they have no reason to know if you are hungry, or unhappy, or needing advice.

Millard Fuller, who founded Habitat for Humanity, says "I have tried raising money by asking for it, and by not asking for it. I always got more by asking for it."

2. THANK BEFORE YOU BANK

Once you receive money, you must thank the person who gave it to you. I have found that disciplining myself not to deposit checks until I have written the thank-you notes has forced me to make thank-you notes a priority. I am not rigid about this rule because if I get behind in my thank-you notes, and then don't deposit checks for a while, the donors may wonder whether we really needed the money.

Thank-you notes do not need to be fancy and should not be long. If at all possible, they should include a personal note, even if it is from someone who doesn't know the donor. You can add something as simple as, "Hope to meet you sometime," or "Check out our website," or "Happy holidays," or even, "Thanks again – your gift really helps."

Many organizations have created note cards for staff and volunteers to use then writing thank yous. The front of the card has the logo of the group, on the top half of the inside is a relevant meaningful quote from a famous person, and the bottom half of the inside is used for the thank-you message. It is a small space, so you really can't say much.

Many databases will print out a thank-you note after you enter the information about the donor – saving valuable time. These are best if accompanied by a personal note at the bottom.

Late thank yous are better than no thank you at all, but photocopied form thank yous are almost the same as no thank you.

The long and the short of thank yous is: if you don't have the time to thank donors, you don't have time to have donors.

3. DONORS ARE NOT ATMS

A survey of donors who gave away more than $5,000 a year asked, "What is your relationship with your favorite group?" Several gave similar answers, even though they did not know each other and did not give to the same group. All the answers were on this theme: "I would love to be considered a friend, but I am more of an ATM. They come to me when they need money, tell me how much, I give it to them, and the next time I hear from them is when they need more."

This is a terrible indictment of much of what passes as fundraising. When I have described this common situation in trainings, people have often asked, "How can we make sure our donors don't feel this way?" The answer is very simple, "Make sure you don't feel that way about your donors."

All groups have a few 'high maintenance' donors, and may be forgiven for wishing them to go on a long trip to a place without phones or email. But the majority of donors require practically no attention. They have the resilience of cacti – the slightest care makes them bloom. Thank-you notes, easy-to-understand newsletters, and occasional respectful requests for extra gifts will keep people giving year in and year out.

Think of your donors as ambassadors for your group. Design your materials so that donors will be proud to give your newsletter to a friend or recommend your group when their service club or professional association is looking for an interesting speaker, or forward your emails to several of their colleagues.

By treating your donors as whole people who have a number of gifts to offer your group, including their financial support, you will have more financial support from existing donors, more fun fundraising, more donors, and the peace of mind of knowing that you are not treating anyone as an object.

4. MOST MONEY COMES FROM PEOPLE, AND MOST OF THOSE PEOPLE ARE NOT RICH

There are three sources of funding for all the nonprofits in the Unites States: earned income (such as products and fees for service), government (public sector), and the private sector, which includes foundations, corporations and individuals. For the nearly 60 years that records about who gives money away have been kept, at least 80% of this money has been shown to be given by individuals.

There is no significant difference in giving patterns by age, race or gender. Income is not nearly the variable that one would think: middle-class, working-class and poor people are generous givers and account for a high percentage of the money given away.

Too often, people think they can't raise money because they don't know any wealthy philanthropists. It is a great comfort to find that the people we know, whoever they are, are adequate to the task. Seven out of ten adults give away money. Focus your work on these givers, and help teach young people to become givers.

5. PEOPLE HAVE THE RIGHT TO SAY NO

One of the biggest mistakes I made early on as a fundraising trainer was not balancing my emphasis on the need to ask for money with the reality that people are going to say no. No one is obligated to support your group – no matter what you have done for them, no matter how wealthy they are, no matter how much they give to other groups, how close a friend they are of the director, or any other circumstance that makes it seem they would be a likely giver.

While it is possible to guilt-trip, trick, or manipulate someone into giving once, that will not work as a repeat strategy. People avoid people who make them feel bad, and they are attracted to people who make them feel good. When you can make someone feel all right about saying no, you keep the door open to a future yes, or to that person referring someone else to your group.

People say no for all kinds of reasons: they don't have extra money right now; they just gave to another group; they don't give at the door, over the phone, by mail; a serious crisis in their family is consuming all their emotional energy; they are in a bad mood. Rarely does their refusal have anything to do with you or your group. Sometimes people say no because they have other priorities, or they don't understand what your group does. Sometimes we hear no when the person is just saying, "I need more time to decide," or "I need more information," or "I have misunderstood something you said."

So, first be clear that the person is saying no, and not something else like, "Not now," or "I don't like special events." Once you are certain that the person has said no, accept it. Go on to your next prospect. If appropriate, write the person a letter and thank them for the attention they gave to your request. Then let it go. If you don't hear no several times a week, you are not asking enough people.

6. TO BE GOOD AT FUNDRAISING, CULTIVATE THREE TRAITS

A good fundraiser requires three character traits as much as any set of skills. These traits are first, a belief in the cause for which you are raising money and the ability to maintain that belief during defeats, tedious tasks, and financial insecurity; second, the ability to have high hopes and low expectations, allowing you to be often pleased but rarely disappointed; and third, faith in the basic goodness of people.

While fundraising is certainly a profession, people who will raise money for any kind of group are rarely effective. Fundraising is a means to an end, a way to promote a cause, a very necessary skill in achieving goals and fulfilling missions.

7. FUNDRAISING SHOULD NOT BE CONFUSED WITH FUND CHASING, FUND SQUEEZING, OR FUND HOARDING

Too often, organizations get confused about what fundraising is and is not. If you hear that a foundation is now funding XYZ idea, and your organization has never done work in that area nor have you ever wished to do work in that area, the fact that you are well qualified to do such work is immaterial. To apply for a grant just because the money is available and not because the work will promote your mission is called fund chasing. Many groups chase money all over and, in doing so, move very far away from their mission.

Similarly, if your organization seems to be running into a deficit situation, cutting items out of the budget may be necessary but should not be confused with fundraising. When deficits loom, the fund squeezing question is, "How can we cut back on spending?"; the fundraising question is "Where can we get even more money?"

Finally, putting money aside for a rainy day, or taking money people have given you for annual operating and program work and being able to put some of it into a savings account is a good idea. Where savings becomes hoarding, however, is when no occasion seems important enough to warrant using the savings.

I know a number of groups that have cut whole staff positions and program areas rather than let money sitting in their savings be used to keep them going until more money could be raised. I know groups that overstate what they pay people, what price they pay for equipment, what they spend on rent, all to get bigger grants from foundations or larger gifts from individuals, and then put that extra into savings – savings that they have no plan for.

A group that waves money needs to have a rationale: Why are you saving this money? Under what circumstances would you spend it? Without some plan in mind, the group simply hoards money.

Fund chasing, fund squeezing, and fund hoarding need to be replaced with an ethic that directs the group to seek the money it needs, spend it wisely, and set some aside for cash-flow emergencies or future work.

8. FUNDRAISING IS AN EXCHANGE: PEOPLE PAY YOU TO DO WORK THEY CANNOT DO ALONE

Hank Rosso, founder of the Fund Raising School and my mentor for many years, spoke often about the need to eliminate the idea that fundraising was like begging. Begging is when you ask for something you do not deserve. If you are doing good work, then you deserve to raise the money to do it. What you must do is figure out how to articulate what you are doing so that the person hearing it, if they share your values, will want to exchange their money for your work. They will pay you to do work they cannot do alone.

9. PEOPLE'S ANXIETIES ABOUT FUNDRAISING STEM FROM THEIR ANXIETIES ABOUT MONEY

Anxiety about money is learned, and it can be unlearned. If you are ever around children, you know that they have no trouble asking for anything, especially money. In fact, you say no to a child's request for money, they will simply ask again, or rephrase their request ("I'll only spend it on books"), or offer an alternative ("How about if I do the dishes, then will you give me the money?").

Everything we think and feel about money we have been taught. None of it is natural; none of it is genetic. In fact, in many countries around the world, people talk easily about money. They discuss what they earn, how much they paid for things, and it is not considered rude to ask others about salaries and costs.

We have been taught not to talk about money or to ask for it, except under very limited circumstances. Many of us are taught that money is a private affair. Having too little or too much can be a source of shame and embarrassment, yet money is also a source of status and power. Most people would like to have more money, yet most will also admit that money doesn't buy happiness.

As adults, we have the right – in fact, the obligation – to examine the ideas we were taught as children to ensure that they are accurate and that they promote values we want to live by as adults. Most of us have changed our thinking about sex and sexuality, about race, about age, illness and disability, about religion, about marriage, about how children should be raised, what foods are healthy, and much more. We have done this as we have learned more, as we have experienced more, or, as we have thought about what we value and what we do not. We need to take the time to do the same work with our attitudes toward money. We can choose attitudes that make sense and that promote our health and well-being.

Our attitudes toward fundraising are a subset of our larger attitudes toward money. The most important change we can make in our attitudes toward fundraising is to remember that success in fundraising is defined by how many people you ask rather than how much money you raise. This is because some people are going to say no, which has got to be all right with you. The more people you ask, the more yes answers you will eventually get.

Finally, if you an anxious about asking for money would rather not ask, this is normal. But ask yourself if what you believe in is bigger than what you are anxious about. Keep focused on your commitment to the cause that that will propel you past your doubts, fears, and anxieties.

10. PLAN, PLAN, PLAN AND WORK YOUR PLAN

Though humorous, this formula that I learned from a community organizer underscores the fact that fundraising is three parts planning for one part doing. I learned this later in my career, after having done off half-cocked into may fund-raising campaigns and programs. I meant to plan, I planned to make a plan, I just never got around to planning.

I have learned (usually the hard way) that an hour of planning can save five hours of work, leaving much more time both to plan and to work. Planning also avoids that awful feeling of "How can I ever get everything done," and that sense of impending doom. It moves us out of crisis mentality and means that we are going to be a lot easier for our co-workers to get along with.

There are lots of articles and books on planning – I recommend reading some of them. However, the easiest way I have found to plan something is to start by defining the end result you want and when you want it to happen, then work backwards from that point to the present. For example, if you want your organization to have 100 new members by the end of next year and you are going to use house parties as your primary acquisition strategy, you will need to schedule five to seven house parties that will recruit 10-15 members per party.

To set up one house party will require asking three people to host it (only one will accept), which will require identifying 15-20 possible hosts to carry out the number of house parties you want to have. The hosts will want to see materials and know what help they will have from you.

The materials will have to be ready before the first phone call is made to the first potential host, and the first phone call needs to occur at least two months before the first party. So, the materials need to be produced in the next two weeks, hosts identified in a similar timeframe, calls made over a period of two or three months, and so on.

When you are tempted to skip planning, or to postpone planning until you "have some time" or to fly by the seat of your pants, just remember the Buddhist saying, "We have so little time, we must proceed very slowly."

23 Reasons Why People Respond to Fundraising Appeals

by Mal Warwick

1. *People send money because you* ask *them to.* Public opinion surveys and other research repeatedly confirm this most basic fact of donor motivation. "They asked" is the *most* frequently cited reason for giving. The research confirms, too, that donors *want* to be asked. Focus groups research also reveals that donors typically underestimate the number of appeals they receive from the charities they support. These facts help explain why responsive donors are repeatedly asked for additional gifts in nearly every successful direct mail fundraising program. When you write an appeal, keep these realities in mind. Don't allow your reticence about asking for money make you sound

2. *People send money because they have money* available *to give away.* The overwhelming majority of individual gifts to nonprofit organizations and institutions are small contributions made from disposable (or discretionary) income. This is the *money left over* in the family checking account – after this month's mortgage, taxes, insurance, credit cards, and grocery bills have been paid. Unless you're appealing for a major gift, a bequest, or a multi-year pledge, your target is this modest pool of available money.

For most families, dependent on a year-round stream of wage or salary income, the pool of disposable income is replenished every month or every two weeks. That's why most charities appeal *frequently and for small gifts*. If your appeal is persuasive, your organization may join the ranks of that select group of charities that receive gifts from a donor's household in a given month. If you're less than persuasive, or if competing charities have stronger arguments – or if the family just doesn't have money to spare that month – you won't get a gift.

For example, if you write me a letter seeking a charitable gift, you may succeed in tapping into the $100 or $200 I'll probably have 'left over' for charity during the month your letter arrives. If your appeal is persuasive, I might send you $25 or $50 - $100 tops – because I decide to add you to the short list of charities I'll support that month.

Now you may have the mistake impression that, as a businessman, a snappy dresser, and an all-around generous guy, I have a lot of money. You may even be aware I've occasionally made much larger gifts to local charities. But, I warn you: you're unlikely to tap into me for more than $50… because that's all I have available *right now.* Those few larger gifts I gave *didn't* come from my disposable income stream. They came from other sources and required a lot of planning.

3. *People send money because they're in the habit of sending money by mail.* Charity is habit forming; giving my mail is a special variety of this benign affliction. The Direct Marketing Association (DMA) a leading industry trade association, periodically surveys the American public to determine what proportion of the adult population is "mail-responsive" and thus susceptible to offers or appeals by mail. When I first became involved in direct mail fundraising in the late 1970s, I was told the DMA estimated approximately 25% of Americans were mail-responsive. Now, in the new millennium, the DMA's estimate tops 50%. Clearly, the American population is becoming increasingly mail-responsive. Almost gone are the days when people would insist on waiting in line to pay bills in person because they distrusted the mail.

Surveys also reflect the growing importance of direct mail appeals in the fundraising process. Research shows that fundraising letters are the #1 source or new gifts to charity in America.

4. *People send money because they support organizations* like *yours.* Your donors aren't yours alone – no matter what you think. Because they have special interests, hobbies, or distinctive beliefs, your donors

may support several similar organizations. A dog owner, for example, may contribute to half a dozen different organizations that have some connection to dogs: a humane society, an animal rights group, an organization that trains seeing-eye dogs; a wildlife protection group. A person who sees himself as an environmentalist might be found on the membership rolls of five or six ecology-related groups: one dedicated to land conservation, another to protecting the wilderness, a third to saving endangered species or the rain forest, and so on. There are patterns in people's lives. Your appeal is most likely to bear fruit if it fits squarely into one of those patterns.

5. *People send money because their gifts will make a difference.* Donors want to be convinced their investment in your enterprise – their charitable gifts – will achieve some worthy aim. That's why so many donors express concern about high fundraising and administrative costs. It's also why in successful appeals for funds, the impact of a gift is often quantified: $35 to buy a school uniform, $40 for a stethoscope, $7 to feed a child for a day. Donors want to *feel* good about their gifts.

Like everyone else on the planet, your donors are striving to be effective human beings. You help them by demonstrating just how effective they really are.

6. *People send money because gifts will accomplish something* right now. Urgency is a necessary element in a fundraising letter. Implicitly or explicitly, there is a deadline in every successful appeal: the end of the year, the opening of the school, the deadline for the matching grant, the limited press run on the book available as a premium. But the strong attraction in circumstances such as these is best illustrated if no such urgent conditions apply, If the money I send you this week *won't* make a difference right away, shouldn't I send money to some other charity that has asked for my support and urgently needs it?

7. *People send money because you recognize them for their gifts.* You appeal to donors' egos – or to their desire to heighten their public image – when you offer to recognize their gifts in an open and tangible way. A listing in your newsletter. A plaque, certificate, lapel pin, house sign, or armband they can display. Screen credit in a video production. A press release. If your fundraising program can provide appropriate and tasteful recognition, you're likely to boost response to your appeals by highlighting the opportunities for recognition in your letter or newsletter. Even if donors choose not to be listed in print or mentioned in public, they may be gratified to learn you value their contributions enough to make the offer.

8. *People send money because you give them something tangible in return.* "Premiums" come in all sizes, shapes and flavors: bumper stickers, gold tie tacks, coffee-table books, membership cards, even (in one case I know) a pint of ice cream.

Sometimes premiums (such as name stickers or bookmarks) are enclosed with the appeal; these so-called "front-end" premiums boost response more often than not and are frequently cost-effective, at least in the short run. In other cases, "back-end" premiums are promised in an appeal "as a token of our deep appreciation" when donors respond by sending gifts of at least a certain amount. Either way, premiums appeal to the innate acquisitiveness that persists in the human race.

9. *People send money because you enable them to "do something" about a critical problem – if only to protest or take a stand.* Today, we are bombarded by information about the world's problems through a wide variety of channels. Though we may isolate ourselves inside triple-locked homes, build walls around our suburbs, and post guards at gateposts, we can't escape from knowing about misery, injustice, and wasted human potential. Often, we feel powerless in the face of this grim reality. Charity offers us a way to respond by helping to heal the sick or balm trouble souls, to teach new ways to a new generation or feed the hungry. Your appeal will trigger a gift if it brings to life the feelings that move us to act, even knowing that action is never enough.

If you offer hope in a world drowning in troubles, your donors will seize it like the life jacket that it really is.

10. *People send money because you give them a chance to associate with a famous or worthy person.* There are numerous ways that the identity, personality, or achievements of an individual might be highlighted in a fundraising appeal. For example, that person may be the signer of the letter, the organization's founder or executive director, the honorary chair of a fundraising drive, a patron saint, a political candidate, an honoree at a special event – or simply one of the organization's members or clients. If the signer's character or accomplishments evoke admiration – or even simply a past, personal connection – your donors may be moved to send gifts in response. The opportunity to associate with someone who is well known or highly esteemed may offer donors a way to affirm their noblest inclinations – or compensate for what they believe to be their shortcomings.

11. *People send money because you allow them to get back at the corrupt or the unjust.* There are too few outlets for the anger and frustration we feel on witnessing the injustice and corruption that pervades our society. Both our moral sense and the secular law hold most of us in check, preventing expressions of violence or vocal fury that might allow us to let off steam. For many, contributing to charity is a socially acceptable way to strike back. Whether a public interest organization committed to fighting corruption in government or a religious charity devoted to revealing divine justice, your organization may help donors channel their most sordid feelings into a demonstration of their best instincts.

12. *People send money because you give them the opportunity to "belong" – as a member, friend, or supporter – and thus you help them fight loneliness.* Your most fundamental task as a fundraiser is to build relationships with your donors. That's why so many organizations use membership programs, giving clubs, and monthly gift societies. The process of solicitation itself can help build healthy relationships. For some shut-ins, for example, or for elderly people left with distant family and few friends, the letters you send may be eagerly anticipated. Most of us are social animals, forever seeking companionship.

13. *People send money because you enable them to offer their opinions.* The act of sending a gift to some nonprofit organizations might itself constitute a way to speak out. Consider, for example the ACLU, or the Campus Crusade for Christ, or Ross Perot's United We Stand; support for such a group makes an obvious statement about a donor's views. But almost any charity can offer donors an opportunity to state an opinion by including in an appeal an "involvement device" such as a membership survey, a petition, or a greeting card that might later be sent to a friend or family member. Even though most donors may ignore the chance to offer suggestions, they may regard the invitation to do so as a strong sign of your respect and concern for them.

14. *People may send money because you provide them with access to inside information.* Even if your organization or agency isn't an institution of higher education or a research foundation, you still hold knowledge many donors crave. Nonprofit organizations are often on the front lines of everyday, hands-on research, gathering important data day after day from real-world clients, visitors, or program participants. Their staff members are likely to be specialists, often *experts* in their fields.

However, *every* nonprofit possesses information that is not widely known to the public and that donors may perceive as valuable. A loyal supporter may be vitally interested in the health and well-being of your executive director (who was ill lately), the progress of that project you launched last year (after a spectacular start), or what your field staff learned last month (three months after the hurricane).

Disseminating inside information, which is intrinsically valuable and thus, constitutes a gift from you, also helps build strong fundraising relationships by involving your donors in the intimate details of your organization.

15. *People send money because you help them learn about a complex and interesting problem or issue.* In most advanced industrial nations, education, health care, and the arts are regarded as largely government's responsibility to provide. By contrast, the traditional American response has been to meet important needs such as these principally through private, voluntary action. Nonprofit organizations in the United States are established to tackle issues or problems that society otherwise ignores or undervalues. Don't just think of all the private schools and colleges, nonprofit hospitals, museum, and symphony orchestras. Think about Mothers Against Drunk Driving, Disable American Veterans, Planned Parenthood, the Nature Conservancy – and the hundreds of thousands like them that are far less well known. Often, these organizations are on the front lines or research or public debate – on the most challenging, the most controversial, the most engaging issues. If that's true of your organization, the emphasis you place in your appeal on your special knowledge may help motivate donors to give.

Your donors may even perceive the appeal itself as a benefit. As research frequently reveals, donors regard the letters they receive from charities as a source of special knowledge. I believe that helps explain why long letters containing hard facts and intriguing ideas often outpull more emotional appeals.

16. *People send money because you help them preserve their worldview, by validating cherished values and beliefs.* The very act of giving affirms a donor's dedication to a charity's worthy aims. Donors support your organization's work because you act on their behalf, pursuing your mission with time and effort they could never bring to bear themselves. In this passionate pursuit, you act out their values and beliefs – the deep-seated convictions that lead them to join in your mission. But you must constantly remind them of the connection.

If your organization's mission is congruent with widely shared values and beliefs – a commitment to piety, for example, or saving dolphins, or promoting efficiency in government – you face an obvious marketing opportunity. But if your nonprofit is dedicated to an unpopular cause, you possess a similar (if unenviable) advantage: for that small number of donors willing to take a stand on an issue others reject, the values and beliefs that make the act of giving a form of personal affirmation suggest to the fundraiser a language both may speak.

17. *People send money because you allow them to gain personal connections with other individuals who are passionately involved in some meaningful dimension of life.* A charity is an intentional community of sorts – a cooperative venture, an institutional expression of a shared creed or common hopes. Your job as a fundraiser is to strengthen the bonds that tie your community together. Your greatest asset may be some person within your 'community' whom donors may regard as an inspiring example: a selfless, dedicated staff member; a passionately committed trustee; a model client or beloved beneficiary of your work. If you bring such a person to life through your fundraising appeals, you enable your donors to live vicariously through him or her – and that can be a meaningful and rewarding experience for them as well as profitable for your organization.

18. *People send money because you give them the chance to release emotional tension cause by a life-threatening situation, a critical emergency, or an ethical dilemma.* The charitable impulse is often precipitated by special circumstances that cause pain, fear, or even embarrassment. Consider the enduring popularity or memorial gifts to commemorate the passing of friends or loved ones. Or the spontaneous outpouring of gifts to aid crime victims or the families of kidnapped children. People want to help relieve pain and suffering, if only because they share these feelings. Any they want to respond to grave

emergencies, if only because they fear death. Your appeal for funds may afford them an opportunity to ease their affliction.

19.. *People send money because they are afraid.* Fear motivates. The American public has been subjected to billions (yes, billions!) or fundraising letters expressly conceived to evoke fear. Fear of death. Fear of poor people or foreigners. Fear of Social Security benefit cuts. Fear of higher taxes. Fear of Democrats or Republicans, liberals or reactionaries. No Pollyannish view of human motivation can erase the evidence that vast sums of money have been raised to such appeals. Fear sells. Yet, I believe with all my heart that it's often unseemly, at time ethically questionable – and ultimately counterproductive – to use this obvious stratagem.

Consider the would-be prophet who predicts Armageddon next year. Who will heed the prophet when next year's come and gone? A fundraiser who builds the case for giving on the worst-case scenario may be building on quicksand.

20. *People send money because you allow them to relieve their guilt about an ethical, political or personal transgression, whether real or imagined.* Guilt undeniably plays a role in prompting some gifts. Think of the $1 or $2 cash contribution mailed in response to direct mail packages containing name stickers or greeting cards. Or the belated membership renewals that follow a long series of increasingly insistent demands. Or the millions of small gifts sent every year in response to pathetic photos of skeletal children. Our complex society allows few of us the luxury of acting out of purely ethical motives. Compromise is woven through the fabric of our daily lives. The simple fact is, none of us is likely to feel guilt-free at any time. Sometimes, giving to charity, like coins thrown into the poor box in an earlier era, will help release the pressure.

Yet I believe guilt is highly overrated as a motivator; rarely will donors moved primarily by guilt prove loyal over the years, and larger gifts are relatively rare. As a fundraising strategy, then, guilt may be just as counterproductive in the long run as fear.

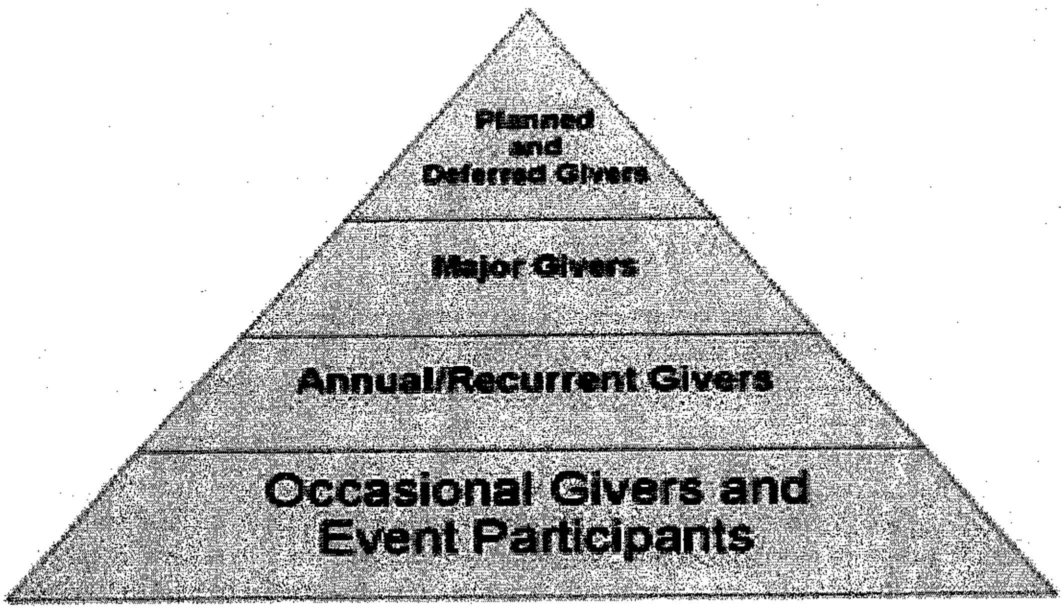
21. *People send money because you give them tax benefits.* No list of motivating factors for charitable giving is complete without at least passing reference to tax benefits. Without question, the charitable tax deduction has played a major role in stimulating many large gifts and planned gifts because the benefits to the donor are substantial. (This is particularly true of gifts of artwork or other forms of appreciated property to such institutions as museums, because the tax laws are specifically structured to encourage such gifts.) However, may small donors also mistakenly believe they gain a great advantage from the tax-deductibility of their gifts. That's why it's always advisable when requesting a gift to inform the donor that it may be deductible: it may not help, but it can't hurt!

Still it's dangerous to appeal exclusively on the basis of tax benefits – even an appeal to buy into a tax-reduction program such as a charitable remainder trust. Experts in planned giving advise that 'donative intent' – the desire to help, to do good, to make a difference – is usually of far greater importance than any financial considerations. Anyway, there are lots of tax-reduction schemes available to well-to-do people from institutions with no charitable purpose whatsoever!

22. *People send money because they feel it's their duty.* Many of our religious traditions teach us that it's wrong to live life without observing our duty to others: to relieve their pain, to enlarge their opportunities, or to brighten their lives. There is also a secular belief, widely shared in the United States, that, as citizens in a democracy, we have an obligation to help make things better for our fellow citizens. Those who benefit from military training may acquire a heightened sense of duty.

Not every nonprofit organization can appeal explicitly to donors' sense of duty (though many charities can do so). But duty may nonetheless play a role in inspiring the gifts they receive, for by its very nature duty is self-activating.

23. *People send money because they believe it's a blessing to do so.* The Christian belief that 'it is far more blessed to give than to receive' is deeply ingrained in Western civilization and far from limited to practicing Christians. And in the Jewish concept of mitzvah, for example, many Americans find justification for believing that doing good is its own reward. Clearly – at least in our idealized vision of ourselves – we Americans celebrate the notion of charity. Our self-image as 'nice people' derives in no small part from our generous response to charitable appeals.



Sample Giving Pyramid

The donor pyramid is a familiar concept for most fundraising professionals. It is the simple framework that represents successful donor cultivation with the ultimate goal of upgrading and retaining donors into higher levels of giving. Different strategies are used for each level in the pyramid.

For small and emerging organizations, "moving up" the pyramid is not as much the goal as is procuring the right mix of contributions in the different areas of the pyramid then focusing on relationships that will result in a consistent, growing revenue stream.

Fifty-Seven Ways to Raise $500

by Kim Klein

All good fundraising plans have one thing in common: they show a diverse number of sources for their income. The board of directors plays a crucial role in the selection, implementation, and evaluation of fundraising strategies. In addition to other ways that board members may participate in fundraising, they individually commit to raising and giving a certain amount of money, or commit to working by themselves on specific strategies with no financial goal attached.

It is a good idea for board members doing fundraising on their own to write up their plans. This "contract" allows staff to know when they might be called on to help, ensures that events don't happen on the same day, or the same donors aren't solicited by several board members, and also helps to remind board members of their commitments.

In order for this method to work, the organization or the board fundraising committee should think of many specific ways board members could actually raise money by themselves. The fifty-five ways suggested below are by no means an exhaustive list, nor will they all work for every group. Few board members could use all fifty-five ways, but almost any board member should be able to use two or three of them.

Presenting board members with fifty-seven ways that would work for your organization helps counter the excuse, "I would help but I just don't know what to do." Having each board member write out a plan, with goals and a timeline, also gives them a sense that if they do their best with this plan, they will have helped significantly. Many board members feel that fundraising is never ending, and that no amount of effort is enough. "Whatever I do, I could have done more, and probably should have," they say. This feeling of inadequacy leads to high turnover, burn-out, and resentment in boards. Specific fundraising contracts can help avoid that result.

1. Give it yourself. This is the easiest way for those who are able, although if you are able to give this much money you should be helping raise much more than $500.

2. List all your friends who are interested in your organization, or similar organizations. Decide how much each one should give. Write to them on your own stationery; include a brochure from the organization and a return envelope. Phone those people who don't respond in two weeks. Some people will need 10 friends to give $50, and some people need 50 friends to give $10. Most people will need a combination such as: 2-3 @ $50; 4- 5 @ $25; 15 @ $10.

3. Give part of the $500. Then ask your friends to join you in giving $25, $50, or whatever your gift is. This is most effective because you are not asking them to do anything you haven't done.

4. Set up a challenge campaign. Challenge gifts can be quite small. Tell people you'll give $5 for every $25 they give, or will match every $10 gift up to ten gifts. For added suspense, make this challenge during a fundraising event. You or the host can announce, "We now have the Dave Buckstretch Challenge. For the next five minutes, Dave will give $5 for every new member that joins Worthy Cause."

5. If your organization has a diverse funding base with several grassroots fundraising strategies in place, use them all: Sell 100 raffle tickets = $100 Give $50 = $ 50

Bring 10 people to an event that costs $10 = $100 Buy two gift memberships (@ $15) = $ 30 Get 15 friends to join (@ $15) = $225

6. Help with your organization's phone-a-thon. Bring the names of people you think would like to join and call until you have raised $500. Or trade names with someone in the organization and call their friends until you have reached $500. This is particularly effective for people who are shy about asking their own friends for money, but not afraid to ask people they don't know.

7. Acquire mailing lists for your organization. If you belong to another group, perhaps you can set up an exchange, or perhaps you have access to a list of members of some other group. You can ask all your friends to give you the names of 10 to 15 people they think would like to join. You would need to recruit about 25 members at an average gift of $15. Depending on how "hot" your list is, you might need as few as 200 names (to do a bulk mailing) or as many as 1500-3000 (if you expect a 1-2% response.) You would have to have a greater response if you wanted the mailing to pay for itself and also generate $500.

8. Give the organization something they need that is worth $500, such as a fax machine, filing cabinets, couch, adding machine, computer program, etc.

9. Pledge $20 a month, and get one other person to do likewise. Then sell $20 worth of raffle tickets.

10. Teach a seminar on a topic you know: Fundraising; Knitting; Organic Gardening; Organizing; Proposal Writing; Environmental Impact Reports; Gourmet Cooking; Dog Grooming; Starting Your Own Business. Charge $30-50 per person, with a goal of 20-30 people. Either absorb the cost of promotion, or have enough participants to cover it.

11. Give some or a lot of things to your organization's garage sale, making sure they are worth $500, and then help to sell it all.

12. With 4 or 5 friends, have a spaghetti dinner at a church or union hall or other big room with a large kitchen. Charge $10 per person and feed more than 50 people. You can charge extra for wine or garlic bread, or for dessert.

13. Have a fancy dinner at your home or a regular dinner at someone's fancy home. Serve unusual or gourmet food, or have special entertainment. Charge $25 or more per person, and have 20 or more guests.

14. Get three friends to help you have a progressive dinner. Start at one person's home for cocktails and hors d'oeuvres, progress to the next person's house for soup or salad, the next person's for the main course, and the last person for dessert. Either charge by course, or for the whole package. To make it extra special (and much more expensive), get a limousine for the evening that carries guests from house to house.

15. Host a wine and cheese party. Do not charge admission and invite as many people as you can. During the party, give a short talk about your organization, and ask everyone to consider a gift of $25, $50, $100 or more (depending on the crowd). Either pass out envelopes and ask people to give then, or after the party contact everyone individually who came and ask for a major gift. Indicate that you have given, and if appropriate, how much you have given.

16. Get your gambling friends together. Charge a $5 entrance fee, and have a poker evening, asking that every "pot" be split with the organization. Individuals win and so does the organization. You can charge extra for refreshments, or include one or two glasses of something with the price of admission. (Watch the laws in your community on this one. In some communities it is illegal to gamble, even in your own home.)

17. Do one fundraising event every other month that nets at least $75. This might look like: Poker Party $100 Fancy dinner (8 people x $25)

18. Solicit small businesses, churches, synagogues, or service clubs for $500. If you are active in a church, or own your own business and are involved in business organizations or service clubs, this can be very effective. You can often raise $200-$500 with a simple proposal and oral presentation.

19. Take a part-time job in addition to your present work, and give everything you earn up to $500.

20. Ask 5-10 people to save all their change for 3-5 months. You save yours. Count it at the end of the prescribed time and use one of the other methods to raise the rest. (You may not need to.)

21. Ask 2-5 friends to help with a bake sale, book sale, or garage sale. You and your friends bake the goodies, or get the books or the other stuff required for the sale, staff it, and help clean up afterwards. This is an excellent way to get people involved in fundraising without ever actually asking them for money.

22. For the fairly rich: Give your organization $5,000 as an interest-free loan for a year. They invest it, earn 8-10%, and at the end of the year, they give you your $5,000 back.

23. Sell your organization's materials, buttons, T-shirts, bumper stickers, or whatever else they have for sale. Also, help distribute these to bookstores or novelty shops.

24. The Farming Out Method: Entice 5 friends to sell 100 raffle tickets each, or to raise $100 however they like. Share this list of suggestions with them. Give them a nice dinner at the successful end of their efforts (or a bottle of good wine, or a weekend away).

25. Get a famous or popular person to do a special event. Watch the costs on this, or you may lose money.

26. Invite people to your birthday party and ask that in lieu of gifts they give money to your organization.

27. Conduct a volunteer canvas. For one evening, you and a group of friends take literature to all the neighborhoods around you and ask for money at the door. Be sure to comply with city and county ordinances.

28. Lead or get someone to lead a nature walk, an architectural tour, a historic tour, a sailing trip, a rafting trip, or a horseback ride. Charge $15-$25 per person, or charge $35 and provide lunch. Advertise the event in the newspaper to draw in people from outside your organization.

29. Start a pyramid dinner, or a chain dinner. Invite 12 people and charge $12 each. Get two people of the twelve you invited to invite 12 people each at $12, and two people from each of those two dinners to have 12 people at $12, and so on. Here's the income: Your dinner $12 x 12 = $144 From your dinner $12 x (12 + 12) = $288 From those dinners $12 x (12 + 12 + 12 + 12) = $576

30. Collect cans for recycling. Ask all your friends to save their cans and bottles for you and turn them in to a buy-back recycling center.

31. Sell your frequent flyer miles to friends or donate them to the organization for a raffle. Watch the rules of the airline on this, but most airlines let you give away miles, and you may be able to sell your miles as long as you don't go through a mileage broker.

32. If you live in a nice house or own a getaway cottage in a beautiful place or an expensive city, rent it out for a week or a weekend two or three times during the year and give the proceeds to your organization. Or rent a room in your home for much less than the cost of a hotel room to people needing a place to stay while they are on business in a big city. You may even make a new friend in the process.

33. If you own a valuable dog and you breed it, donate the proceeds from one or two puppies. (I know some animal lovers will join me in feeling mixed about bringing more animals into the world when so many need homes; this suggestion is for people who were already planning to breed their dog. It is not intended as an incentive.)

34. Organize a service raffle. Get four people (one can be you) to donate a simple but valuable service that many people could use and sell raffle tickets for $3-$5 each. Keep the price a little high so you don't have to sell so many and so that the buyers have a higher chance of winning. Services can include childcare for a weekend or for any weekend night two weekends in a row; one day of housecleaning; yard work; house painting (interior or exterior), etc. Sell the tickets to neighbors, work mates, and to other board members. Encourage people to buy several by offering discounts for multiple purchases, such as one for $5, 22 for $10, but 3 for $13, 4 for $17, 5 for $20. If you are really bold or live in a more affluent area, or have few friends, sell the tickets for $20 each. A full day of housecleaning for $20 is a real bargain, and buyers have a high chance of winning with fewer tickets sold.

35. Offer to do something your friends and family have been nagging you to do anyway, and attach a price to it. For example, quit smoking on the condition that your friends donate to your group, or get your friends to pay a certain amount for every day you don't smoke up to 30 days. Agree to match their gifts at the end of thirty days if you didn't smoke give them their money back if you did. (This method could be applied to other healthy behaviors, such as exercising or not eating sugar.)

37. If you belong to a church, research whether your church or others has a discretionary fund. Many churches have small pools of money available to groups through a women's fellowship or pastor's discretionary fund or various seldom-used endowments. Grants are often in the $50-$500 range and so go largely untouched by fundraisers. Sometimes simply writing a letter will free up this money and it tends to be renewable if someone is willing to ask the church yearly.

38. Research all the service clubs in town and see what their giving policies are. They often have formal giving guidelines for large grants of $2,000 and up, but have smaller amounts of money available for specific small projects.

39. Find out what items your group needs and try to get them donated. This is good for people who really hate to ask for money but who don't mind asking for things that cost money. Items that one can sometimes get donated include computers, paper, office supplies, office furniture (second-hand from banks and corporations as they redecorate), typewriters, adding machines, food, even cars.

40. Ask someone to donate $50 a month for a year. Ask four people to donate $10 a month for a year. Ask nine people to donate $5 a month for a year. Get the organization to send reminders to them or send the reminders yourself.

41. Find a few friends who have small savings accounts and pool them into one account. Invest the pool in a Treasury Bill or CD and when it comes due, give everyone what they would have made if they had invested only their little amount, and give the group the rest. For example, if four people invest $2,500 each for a pool of $10,000 in a CD that matures in a year, they may be able to earn 6% interest for a total of at least $600 (actually more, depending on the compounding factor). If each person invests only $2,500 for a year individually, they may not be able to earn more than 4%, for a total of $100 each or $400 for everyone. The $200 difference can be given to the group while everyone gains the interest they would have made. Find more friends or invest for longer to make up the $500.

42. Give it yourself. (This is so good I have to say it twice.)

43. Strategy with a long-deferred payoff (we hope): leave the group a bequest.

44. With similar hopes as above, get friends to include the group in their wills.

45. Ask friends who belong to service clubs, sororities, antique collecting groups, support groups, bridge clubs, etc. to discuss your organization in their group and pass the hat for donations. A once-a-year sweep of even small organizations can yield $100 from each.

46. For the church going: ask if your organization can be a "second collection." The church passes the plate for its own collection and then you or someone from your organization gives a brief talk (or sometimes the whole sermon) about your group and the plate is passed again; the proceeds go to your group.

47. A variation on the above is to organize a "second collection Sunday" and get as many churches as you can to take up a second collection for your organization. Someone from your group will need to be at each service and give a brief talk. Second collection Sundays can be very lucrative, as witnessed by the Catholic Campaign for Human Development, which collects $8 million on one Sunday in all the participating Catholic churches in the United States.

48. If, as a child, you collected something avidly that you now store in a basement, consider selling it. Coins and stamps are particularly valuable and have usually increased in value over the years. But your collection of rocks, toy ships or rockets, arrowheads, or dolls can also be valuable. When you donate the income from the sale, you can deduct that amount from your taxes-an added bonus of this strategy, since you probably paid little or nothing for the items in the collection.

49. Have a sidewalk sale or garage sale for your whole neighborhood or building. Go around to your neighbors and tell them you will take their stuff outside and sit with it all day to sell it if they will donate half or all of the proceeds to your group. Since this is stuff people want to be rid of anyway, it is a good deal for them. In one apartment building with ten units participating in

donating stuff, an organization netted $3,000 in one day. Three people from the organization helped with the selling. With a few high-ticket items, such as a washer/dryer or some nice lamps, you can make good money.

50. If you have an artistic bent, offer to design greeting cards to specification for organizations or individuals for a fee. If you are good at calligraphy, sell your skills to schools for graduation announcements, friends for classy but low-cost wedding invitations, or just fun certificates such as "World's Greatest Dad" for Father's Day or "Outstanding Friend." Create unique Halloween costumes or masks. Donate the proceeds from your artistry.

51. Create a take off on the "adopt-a-highway" technique by naming budget items of your group as available for adoption. You could develop a flyer that reads, "The following items have been found near death from negligence and abuse. Won't you help? $25 per month will ensure that our computer is maintained. $100 per month will release our photocopy machine from toiling with no toner and a dying motor. (We can lease a new one.)"

52. An idea for people who live in border towns: Get permission to place a large container in stores or even at the airports of towns near national borders. Have a sign that asks people (in several languages) to throw in any coins or paper money they have not exchanged. Many times people leaving Canada or Mexico don't have time to exchange all their money or cannot exchange their loose change. Multiply this times hundreds of shoppers or travelers and you can make a lot of money. UNICEF does this in many European airports.

53. Hold an "I'm Not Afraid" Auction. You do this with just a few friends or hundreds of people if you have enough items to auction. You survey a few people (and use your own common sense) about what things need to be done in their home of office that they are afraid of or would really rather not do. This is different from a service auction-there has to be an element of dread in the activity. For example, some people cannot wash their windows because their apartment is too high or the second story of their house is too high and they suffer from vertigo. If you are not afraid of heights, you can sell your window-washing service. This goes for drain cleaning, minor roof repairs, antenna fixing, etc. Of, if you are unafraid of cockroaches or water bugs or spiders, you can offer to clean out that dark corner or garage or basement for a small fee. Snakes can be found in gardens and woodsheds, but maybe that doesn't bother you. The problem doesn't need to be as serious as phobia. How about allergies to dust, pollen, weeds? If you don't have them, you can mow, sweep, clean for a fee. By marketing it as an "I'm Not Afraid" Auction, you also have the option for people to name something they need done to a group of volunteers, and then have a volunteer say, "I'm not afraid to do that." In that case, you will need a set fee for service.

54. Similar to the suggestion above is the "Details Auction." This is for all your friends whose desks are overflowing with papers or who can't get their receipts in order to give to the tax preparer or who complain they can never find anything. If you are well organized, offer to clean up their desk, file their papers, etc. If you like to shop, sell that to people who don't and do all their holiday shopping for them, or buy birthday, baby shower or niece/nephew presents for them. Anything that people feel they cannot control is the organized person's fundraising dream come true.

55. Find out which of your friends (perhaps this is true for you also) work in corporations with matching gift programs. Then ask them to donate and get their gift matched, and ask them to ask their co-workers to donate and get their gift matched.

56. Get an "affinity" credit card. (This is for really large organizations or chapters of national organizations.) A firm, such as Working Assets, sets up a credit card with your logo on it, and a small percentage of each sale goes to your group. The Nature Conservancy, the Women's Building in San Francisco, and others are using this successfully. It requires a guarantee of volume of users.

57. For smaller groups, think of a store or service related to your organization or where a lot of your members shop. Ask the store to donate a percentage of profits for a certain day or week, or even forever. You can also explore this with mail-order firms. Then you advertise widely to friends, family and members that Joe's Florist will give 2% of each sale during Valentine's weekend to anyone identifying themselves with your group.

As you can see, almost all of these strategies involve asking for money and giving money yourself. These are the basic premises of fund-raising: You must ask, you must give. Everything after that involves creativity, imagination and a sense of fun. I also listed two twice-give it yourself and ask someone for it. That's not because I didn't really have 55 ways-it is because those are the best, fastest and easiest ways to get money.

Source: The Board of Directors, a publication of the Grassroots Fundraising Journal, Chardon Press

40 Ways Not to Get a Grant

1. Believe that great writing can turn a bad idea into a successful grant proposal.

2. Ignore the guidelines and apply even if you're not eligible.

3. Assume that application deadline doesn't apply to you.

4. Start working on the proposal the night before the deadline. Underestimate the time needed to write (and re-write the narrative), prepare (and double-check) the budget and assemble and copy the application and support materials.

5. Ignore the grant cycle — request funds for a project that has already taken place or will take place after the funding period.

6. Ignore the instructions. Don't provide all that is asked for, exactly as it is asked for, including all the required attachments and copies. Don't address the criteria.

7. Don't say your project is unique or innovative unless it really is.

8. Don't bother to explain why you are seeking the grant, what you plan to do with the money, the immediate benefits and why you're a good fit with the grantmaker's priorities.

9. Don't differentiate your project from other projects that are similar to yours.

10. Don't bother researching the amount that the donor generally gives.

11. Assume that you'll encounter no technological problems and, if you do, that you'll know how to fix them.

12. Make sure the narrative and the budget don't support each other, expenses don't make sense or are inflated, income projections are unrealistic and the miscellaneous line item is huge.

13. Misplace your calculator. (Grant budgets need to balance: expenses must equal income. Check your math. Include in-kind to demonstrate cost-savings and community support.)

14. Make sure your project budget doesn't include any earned income or other contributions. (Doesn't anyone else care?)

15. Put too much emphasis on the 'why'— not enough on the 'how.'

16. Be too ambitious. (Limit your proposal attainable goals; don't promise more than you can deliver.)

17. Write a first sentence that rambles.

18. Submit a proposal that has no energy. (Be engaging and specific. Write actively, not in the passive voice. Use stories, quotes, metaphors and analogies. Accentuate the positive; emphasize opportunities rather than needs.)

19. Write a narrative that is esoteric or filled with jargon, acronyms, buzzwords, cliches and statistics.

20. Make broad statements like, "The arts are under-funded."

21. Write your project summary before you have finished the major components of your application. Fail to recognize that the summary is the only section that some decision-makers will read.

22. Be cute. Print your proposal on neon yellow paper. Use a font that looks like it belongs in the comics, or write in the style of a tweet.

23. Make it hard to read with small type, long paragraphs, no headings and inadequate white space.

24. Give vague or indirect responses to questions.

25. Insult the readers' intelligence. Infer that they are not sophisticated enough to understand you.

26. Go on and on and on. (Less is more!)

27. Assume your reader is as informed and familiar with your project or need as you are.

28. Provide too much detail. (Don't get carried away with superfluous information.)

29. Be sloppy. Handwrite the proposal, address it to the wrong contact person, misspell the name and get the gender wrong, send the same proposal to two grantmakers but forget to change the names, spill Diet Coke on it and still submit it.

30. Don't use spell check, and don't be concerned about grammar or typos. If a friend or colleague offers to proof read your proposal, say "no thanks" and go out for coffee or a drink.

31. Don't worry about how an on-going program will be sustained.

32. Don't discuss your track record or provide any evidence that you are capable of completing the project or committed to making it happen, no matter what.

33. Write something about the project or how it's being presented that makes the reader think that you're simply chasing grant funds.

34. Circumvent the process. (Political pressure or friendship may work but, in the end, you'll pay.)

35. Offer no evidence of your administrative ability to manage the grant or the project.

36. Attack other projects or arts organizations in your community.

37. Don't ask for help or feedback when it's readily available.

38. Infer that the grantmaker owes you and the project a living.

39. Don't sign the proposal, and be sure that the contact person cannot be contacted.

40. Call the grantmaker when you're feeling cranky, angry or combative. Be ungrateful and resentful.

Databases

Does your arts organization need a database? Yes! Databases are great tools for organizing information, communicating with donors and audiences, and generating reports that inform your fundraising and marketing decision-making. Databases also can be difficult to construct and maintain.

The value of a database comes not from a computer program, but from the data that is tracked. The most important component in a good database system is people who understand the importance of gathering information and who are dedicated to keeping the information current. The latter task should be a priority job, not a "when-you-have-time" assignment. Data should be reviewed periodically to make sure it is correct.

What tools are available? How should you choose? Here are some commonsense database tips:

Limit the Number of Databases. Your organization should have only one central database system. Too often the database used by the marketing department is separate from the one used by the development department. This makes it more difficult to cross-reference information, which means opportunities for converting audiences into donors are lost. It also means that new information, such as a board member's new address, must be entered several times.

Capture Everyone. The central database should grow. Everyone who asks for information, enrolls in a class, volunteers, attends an event or makes even a small donation should put into the database. In most cases, you should not remove someone from your database. Instead, create a category that notes people who do not want to be contacted (so you don't mistakenly re-enter them) or flags them to not receive mail until their correct addresses are found.

Enter the Information Needed Most. What information do you need now? What information might you need for the future? A good database serves every department and makes it easy to sort and view information in a variety of ways. Examples might include generating personalized letters to donors, mailing labels sorted by zip code, volunteers' e-mail addresses and the giving history of board members.

Reject the "Make-do" Mentality. It is based on the mistaken belief that current technology is beyond your organization's merit or means. Also, nonprofits tend to think only of capital costs of technology, ignoring ongoing "soft" considerations, such as planning and investing in training.

Networks Improve Efficiency. Even the smallest two-person office will benefit from being on a network. Printing is easier, editing documents is easier and viewing and sharing data is greatly simplified. That said, only one person should have the responsibility of inputting, changing or deleting information. This cuts down on duplicate records and avoids other data management problems.

Go on Tour. Before you make any decisions, take time to visit comparable organizations. Make sure you talk to the people who actually input information and run reports. See how the databases are set up and how they function. Was the system easy to learn? How is the tech support? Ask about costs, both initial and ongoing. Look at the documentation and training materials. Do they make sense?

Adopt Policies Addressing Privacy and Backing Up Data. See our website (www.vlaa.org) for samples. Be sure to take a look at our guide to policy making.

Now, what system is right for your organization? We do not recommend using Excel spreadsheets or Outlook, for database functions. You need the right tool for the job.

Start-up organizations with small budgets often create their own databases using FileMaker or Microsoft Access. This approach works well when there is staff know-how. But be aware that asking an outside consultant (paid or volunteer) to construct a database that is not built in an open architecture (vendor-independent, non-proprietary design based on popular standards that make it easy to customize and extend the system's capabilities) may result in frustration. The consultant should train at least two people in how to alter the database design and structure. Create an in-house manual.

Based on recommendation from colleagues, we offer two database suggestions:

Salesforce (salesforce.org): This high-end corporate cloud-based CRM is offered free to tax-exempt organizations. The Nonprofit Success Pack, which can be customized in myriad ways by a knowledgeable programmer, is being used by thousands of nonprofits to cultivate donors and manage communications.

FundRaiser (fundraisersoftware.com): This Missouri-based vendor calls its software "intuitive, affordable and flexible." FundRaiser Basic is good for start-ups, tech support by e-mail is free and the company's products will allow your organization to "climb the ladder" of capability and sophistication.

Acknowledging Charitable Contributions

Donors cannot claim a tax deduction for any single contribution of $250 or more unless they obtain a contemporaneous, written acknowledgment of the contribution from the recipient organization. An organization that does not acknowledge a contribution incurs no penalty; but, without a written acknowledgment, the donor cannot claim the tax deduction. Organizations can assist a donor by providing a timely, written statement containing:

- The name of organization
- The amount of cash contribution
- A description (but not the value) of non-cash contributions
- A statement that no goods or services were provided by the organization in return for the contribution, if that was the case
- Or a description and good faith estimate of the value of goods or services, if any, that an organization provided in return for the contribution

It isn't necessary to include either the donor's Social Security number or the organization's tax identification number on the acknowledgment.

Letters, postcards or computer-generated forms with the above information are acceptable. An organization can provide either a paper copy of the acknowledgment to the donor, or an organization can provide the acknowledgment electronically.

Cash Donations
Most organizations send a properly worded acknowledgement for every donation.

Example: Thank you for your $100 contribution. No goods or services were provided in exchange for your donation.

Goods or Services Received by the Donor
When an organization receives a donation in excess of $75 in which part of the contribution is a gift and part is in return for goods or services, the acknowledgment must provide a good faith estimate of the value of the goods or services provided. That's because the donor must reduce the amount of the contribution deduction by the fair market value of the goods and services provided by the organization. (However, there are some exceptions token gifts and some membership benefits.)

Example: Thank you for your contribution of $350 received on May 6, 201X. In exchange for your contribution, we gave you a cookbook with an estimated fair market value of $60.

Non-Cash Gifts
What happens when the donor makes a gift of property? The guiding principle is that the acknowledgement must accurately describe the gift but no monetary amount should be mentioned. It is the donor's responsibility to determine the fair market value.

Example: Thank you for your contribution of a used oak baby crib and matching dresser that we received on March 15, 201X.

Source: Substantiation and Disclosure Requirements (IRS Publication 1771)

Donor Bill of Rights

Philanthropy is based on voluntary action for the common good. It is a tradition of giving and sharing that is primary to the quality of life. To ensure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the nonprofit organizations and causes they are asked to support, we declare that all donors have these rights:

1. To be informed of the organization's mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.
2. To be informed of the identity of those serving on the organization's governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities.
3. To have access to the organization's most recent financial statements.
4. To be assured their gifts will be used for the purposes for which they were given.
5. To receive appropriate acknowledgement and recognition.
6. To be assured that information about their donation is handled with respect and with confidentiality to the extent provided by law.
7. To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.
8. To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.
9. To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.
10. To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.

The Donor Bill of Rights was created by the Association of Fundraising Professionals, the Association for Healthcare Philanthropy, the Council for Advancement and Support of Education, and the Giving Institute: Leading Consultants to Non-Profits. It has been endorsed by numerous organizations in the U.S.

Marketing

PROGRAMMATIC AND INSTITUTIONAL MARKETING

[illegible]

PROGRAMMATIC MARKETING

[illegible]

PROGRAMMATIC MARKETING

[illegible]

INSTITUTIONAL MARKETING

The second, less familiar approach to producing visibility for our work is what we refer to as **institutional** marketing. Rather than sell a specific show or program, these efforts build awareness and enthusiasm for **what and who** we are as an institution. They focus on creating so much excitement and magnetism around our work that ticket-buyers and donors actively want to be part of **what we are**—irrespective of their attraction to any single program or offering.

This effort recognizes that audiences and donors have limitless options as to where to spend their leisure time and money and competes to keep one's institution and its offerings top-of-mind in this crowded marketplace. Simply put, this effort aims to make the people and institution behind one's art more "famous" and irresistible.

Institutional marketing uses all institutional assets—whether physical (buildings, costumes, collections, etc.), human (internal or external), or experiential (artistic process, dinner at a special home, backstage tour, etc.)—to soften potential "buyers" (audiences, members, donors, board members, collaborators, presenters or exhibitors, volunteers, even staff) to the extent that they are likely to buy or support our work without a "hard sell."

Like programmatic marketing, this takes time, rigor, and dedicated capacity. But because it relies on the imaginative utilization of existing assets, big ideas, or the creative characterization of work we plan to do anyway, it should be inexpensive or even "free" to execute. It is important to remember that, because excitement and awareness are critical to successful fundraising, an investment in institutional marketing is a direct investment in our effort to raise money.

What does institutional marketing look like in practice?

- Bold, surprising, transformational **programming** is in itself our primary, and best, form of institutional marketing. Major festivals, innovative programs, provocative collaborations, and unique or high-profile artistic talent all "spike" excitement and enthusiasm—the hallmark of successful institutional marketing. Of course, successful programs also sell tickets. But importantly, they produce a sense of our organizations as alluring, exciting, unique, and impossible to ignore.
- Creative, well-produced **announcements** of future work—even two or three years ahead of time—suggest a vital, robust, energized organization. (This is particularly important for organizations in a turnaround.) A live season announcement attended by donors, staff, press, and partners builds excitement and a sense of belonging. The public celebration of a new strategic plan, rendering of a future home, or collaborative partnership can be equally effective.
- Ensuring that **press**—a favorable preview, review, or other mention—reaches key decision-makers and likely buyers is essential institutional marketing. We are often elated (or traumatized) by reviews that no one else sees. (Or if they do, they forget about them immediately; we often assume we are much more famous than we actually are.) Great press suggests a vital organization—but only if one's buyers actually read it.
- **Auxiliary activities** that celebrate the individuals or process behind our programs, and extend the impact and visibility of our art, can be equally effective. Master classes with celebrity guests (everyone can reach someone more famous than they are); special events to welcome a new artistic director; lectures, backstage tours, competitions, exhibitions, open rehearsals, online exposés; open houses, neighborhood strolls, or exhibitions featuring new members of a service organization—all are relatively inexpensive, effective institutional marketing tactics.

INSTITUTIONAL MARKETING

[illegible]

PROGRAMMATIC AND INSTITUTIONAL MARKETING

- **Leadership ideas** that galvanize the activity of multiple collaborators are especially effective at building visibility, while limiting investment of time or other resources. For instance, the company that organizes others to program on its theme (e.g. a citywide festival celebrating the art of a specific country, era, or anniversary) creates an army of activity that points back to the leadership of the organization behind the idea. This type of institutional marketing makes us appear much larger than we actually are.
- All of the above have increased impact and traction when timed with an historical moment, global cultural event, or social movement that has captured the greater public imagination, e.g. anniversaries of artists or nations, inaugurations, the Olympics, an environmental or humanitarian concern, etc.

Like all forms of marketing, institutional marketing is only effective if repeated again and again. For this reason, we find that the most successful organizations build a calendar of regular activity—integrated with their program calendars—to organize these efforts.

Like artistic planning, all that is required for this process is imagination, a piece of paper, a pencil, and time. The executive director (who is the chief architect of this campaign) must toil as rigorously on this plan as the artistic director does on his or hers.

EXAMPLE INSTITUTIONAL MARKETING PLAN

	Institutional Marketing Initiative
September	New production and special event/gala; press push; circulate resulting coverage to game changers
October	Online competition for walk-on role in upcoming production
November	Citywide festival based on our programming ("leadership idea")
December	Free performance in a collaborator's space for their donors, audience, and family
January	Announce a new commission with the artist present; game changer event afterwards
February	Premiere of provocative collaboration; press push; circulate resulting coverage to game changers
March	Live announcement of upcoming season (as a group with other organizations?)
April	Hold a party to release the new strategic plan; send a copy to all game changers and funders
May	Launch a master class series featuring master artists in conversation with students
June	Open an exhibition at a neighboring cultural center or museum
July	Everyone's at the beach, no one is reading the paper...take a break!
August	Really...take a break! No one cares what happens in August! Plan for next year!

Smaller organizations should aim for approximately four institutional marketing initiatives each year. Mid-size and large organizations should aim for approximately one institutional marketing initiative each month.

In order to create sufficient visibility, large organizations need at least one major institutional marketing advance each month. For smaller organizations, three or four spikes per year will make a meaningful difference.

There are two audiences for this effort. The first is the general public—potential ticket-buyers, students, visitors, etc. A successful general campaign results in increased earned income by inciting a large volume of small transactions (ticket purchases or other paid transactions).

The second audience for this campaign is our current and potential family members—particularly our major donors, program officers, board members, and primary partners. Because these relationships are central to our fundraising effort, managers must make a special effort to ensure that institutional marketing reaches this core group.

Especially in capacity-strapped organizations, managers must be focused about where, between these two audiences, they focus. In most smaller organizations, managers do not have the time or resource to direct an institutional marketing campaign at a vast, unknown audience in hope that these efforts will lead to a mass of unsolicited, spontaneous donations. In fact, most organizations only need to target 100 to 300 (and there is no magic to this number) key individuals who, with the stroke of a pen or a single decision, can change its future. It is critical that each of these "game changers" is privy to as many of these spikes as possible.

For this reason, institutional marketing is even more important for small or rural organizations than for their larger, more accessible counterparts. They have less capacity for programmatic marketing and need to create more visibility with less resources. An aggressive institutional marketing campaign can propel even a small, out-of-the-way organization to the forefront of the local, regional, or national consciousness and dramatically expand the pool of potential ticket-buyers and donors. But, more importantly for fundraising purposes, their energized families are likely to become more generous and willing to compel their friends into action.

There are multiple other benefits of an effective institutional marketing campaign:

- It should lessen programmatic marketing expense—especially in the case of missionary campaigns. If audiences are inclined to follow us because they believe in what we are, institutionally, it is more likely they will buy a subscription for an entire season or attend a risky premiere—prior to reviews or word of mouth—because they trust our brand of artistic leadership. This baseline of support should embolden our artistic decision-making.
- It can bring an ailing board back to life. Underproductive boards are usually also underwhelmed, or even embarrassed, by the art or financial situation of the organization. A bad review or balance sheet has given them pause; they have grown hesitant to involve their friends in a lackluster, financially insecure effort. An effective institutional marketing campaign can reset this mentality, as we renew these game changers' energy and enthusiasm in an organization they feel is moving in the right direction.
- Institutional marketing saves time. For the capacity-strapped executive director of a small organization (with little or no marketing staff), a successful visibility campaign can motivate multiple game changers at once. For the busy trustee, a focused institutional marketing campaign provides the basis of pride, visibility, and public confidence necessary to swiftly and successfully engage others.

But, most importantly, audiences and donors that are excited by who we are, fundamentally, will be much more inclined to contribute generously. In this way, effective institutional marketing becomes the cornerstone of fundraising success.

GAME CHANGERS

[illegible]

Marketing Plan Outline

The decisions you make while you're developing your marketing plan help determine your organization's marketing goals, priorities and available resources.

- Who are you trying to reach with your promotional efforts?
- How much money and time can you devote to each activity?
- Are you thinking about event and institutional marketing?
- Who does what? How much time will it take?
- How will you measure success?

Perform an Organization Self-Assessment

- Determine your current audience (demographics)
- Evaluate current materials and tools

Situation Analysis: What is the environment in which you're working?

- Environmental scan: What policies, practices, or other factors could help or hurt your marketing success?
- Competitive analysis: What are other organizations providing in terms of content, programs and resources? How successful are they?

Goals and Strategy

- Set goals
- Outline your strategy

Determine Your Unique Value

- Understand what differentiates your nonprofit
- Find your brand's sweet spot

Craft Your Message

- Consistent graphic image and excellent photos
- Understand me marketing vs. you marketing
- Engage (and inspire) your audience
- Craft a call to action

Choose Your Tools

- Determine print and online tools
- Website
- Facebook/Twitter/Instagram, etc.
- Brochures, postcards, posters, e-blasts
- Advertising: Google ads, radio
- Maintain and grow your database

Media

- Build relationships (media comps)
- Calendar listings
- Radio interviews
- Feature stories

Define Budget, Timeline and Resources

- Outline your budget for each marketing activity
- Create a marketing calendar
    - Use a calendar or a spreadsheet program.
    - Start with the end (your target date) and work backward.
    - Create a row for each communications vehicle, such as press release, e-mail blast, brochure, etc.
    - Decide how many days prior to the target date you want each communications vehicle to reach your audience.
    - Consider preparation time for each communications vehicle. For example, for printed materials, you have to consider printing times, shipping to you, delivery times (are you using first class mail or bulk) and approval process. Set target dates for each preparation step.
    - Fill out your timeline.
- Assign responsibilities

Track and Measure Your Results

- Understand the importance of tracking/data
- Measure your progress
- Re-visit your plan

How to Effectively Market Arts Organizations

by Mallory Zimmer

Art and culture work is passion work. We enter these worlds because we care deeply about the work being done and about the missions of our institutions. No wonder art and culture leaders think their organizations are the coolest things since cat memes. (Note: Contemporary arts spaces are very into cat memes.)

I hate to be the one to say it, but not everyone thinks you are cool. I mean, I think you're cool — because just by nature of being an arts and culture organization, you are contributing incredible things to society, and I am forever indebted to you for making the world a more interesting place. However, just like any industry, A&C professionals can get lost in circular conversations with niche communities, and when that happens, they lose a grip on how the public relates to them.

What motivates people to see art?
A recent report by the National Endowment for the Arts studied the motivations and barriers for attending arts happenings. As the study reveals, not everyone is coming to see the latest social critique or the hottest *new* Ai Weiwei piece. Some 73% of people attend to socialize, 64% to learn, 63% to experience, 51% to support. What will become increasingly more important is not what you want to show to your audience but what your audience (or potential audience) wants.

Give them a reason to care; draw the connection.
Your institution is different from a business because you're not marketing a product; you're marketing an experience. You're not trying to make people want a thing. Your role is to communicate to them that they are invited and that you can provide a unique experience they're looking for. How about starting from your audience and relating their interests and lifestyles back to the content at your institution?

Create a connection that people can relate to. Speak their language.
If you don't know what that is, find out — ask people to read your content, see who cares and notice what resonates. There is a time, place and way to talk to your industry peers, and there's a different language and content to put forward when addressing the public, your patrons.

Hone in on real people.
Organizations that are marketing to the public often say that they are *marketing to everyone!* While I understand that art-for-all might be an ultimate goal, it doesn't create actionable steps. Take it one step at a time. Ask yourself, *who will most connect to the current work*? When you're curating or organizing public events, what audience segment do you have in mind? I'm not asking who walks in your doors, but rather, I want to know who are you trying to get into your doors. Your message will probably be different if you're trying to bring in students versus art collectors versus local residents — so be realistic, and tailor it.

Use technology to connect to the public on a regular basis.
Don't just wait for the moment when someone walks in your doors to connect with them. Find them, prime them and create an everyday relationship. Social media is a great place to create that everyday relationship, and arts and culture organizations easily have a leg up. Your content is interesting! Your space and subject are both visually rich! Engaging an audience should be a piece of cake if you dedicate some time and a strategic direction.

Another part of this everyday relationship is being able to get feedback and perspectives from your audience, which can help your institution grow and cater better to the people it serves.

This isn't just important from a marketing perspective; inevitably, the incorporation of social media into art has also evolved into being art itself. In an interview with PBS, Lee Rainie, director of the Pew Internet Project, explained that "art is a participatory activity now in a way that it never was before, partly because these technologies let people talk back." Arts and cultural institutions must now evolve their communications strategies to allow for more democratization, and they need to be nimble enough to allow for a two-way conversation.

Synchronicity: Online and Offline Work Together.
We're past the pubescent digital craze phase, and by now, most arts and culture institutions are fitting into their digital adult pants.

Digitally connecting with your audience outside of your institution through online ads or social media can often be the first step to creating a relationship with new potential visitors. Actively owning digital space can help reach new audiences in new ways while also keeping an ongoing, everyday relationship with your current audience. Rather than being that venue they visit once a year, you are a part of a conversation in between, forming a deeper relationship with the visitor.

Of course at the end of the day, your priority as an organization is to get people in the door. For a lot of visitors, nowadays this relationship starts online and translates offline. And it becomes a feedback loop — they want to stay engaged with an institution if they had a positive experience. They begin to learn more information about the organization's offerings and values by staying connected to you digitally and on a regular basis. And those updates might send them back to you for a different event.

Programming: Convergence.
Facilitate intersections so that you offer a program geared towards all of the audience members you hope to attract. If you want to evolve your audience, you have to mindfully evolve your content and your programming. Doing the same old stuff may come off as exclusionist. It's not uncommon that arts and cultural institutions struggle with the stereotype of being stuffy, so make your space feel inviting for those who you want to bring in. In addition to programming, this can mean language, interior design, speakers, performers and even the food and drink options you offer. Each decision you make about a public program can send a "you're welcome/not welcome" signal out to your visitors.

At the end of the day, the target may be about numbers, but it is also fulfilling your mission statement to connect people to arts and culture. If part of your goal is to provide people with these enriching experiences at your institution, it becomes increasingly more important to break through the clutter, learn what your community wants and find ways to create real relationships with your public.

Source: https://goelastic.com/marketing-arts-organizations/

Nonprofit Web Design: Best Practices

- Use a standard platform, such as WordPress, Wix or Squarespace.
- Create a strong visual identity featuring impactful photography and consistent color choices, fonts etc.
- Put your most compelling content front and center.
- Look at your site from the visitor's perspective.
- Optimize the site for mobile devices.
- Feature your Donate Now button.
- Don't hide your address and phone number.
- Include a prominent Sign Up form.
- Provide multiple ways to get to content.
- Tie your site to social media.
- Include a privacy policy.
- Obtain secure credit card processing services.
- Keep it fresh with regular updates and a redesign every 3-5 years.
- Keep it simple.

Create A Winning Brochure: 8 Tips

1. Never Lose Sight Of Your Audience.
Write for the audience for whom your publication is intended. Write in a tone that is appropriate to them. Include information they care about.

2. Keep To The Purpose Of Your Publication.
Don't try to make one publication do more than one job. Target your efforts and your publications.

3. Choose A Design That Enhances Your Message, Not Obscures It.
Design means the method used to get your words on paper in the most readable fashion. It is not about being 'arty' but about being readable.

4. Be Judicious In Your Use Of Color.
Poorly printed color photographs or poor choice of ink or paper color can destroy a publication.

5. Use Photographs To Create Impact.
There is nothing that will attract readership more than an eye-catching photograph. Well-chosen photos can make it clear at a glance who you are and what you do.

6. Don't Print Over Designs.
Often attempts at 'special effects' don't succeed and usually make the publication difficult to read.

7. Use Informative Headlines.
Most readers tend to skim or browse through pages. Design with the skimmers and browsers in mind, including concise, eye-catching message units (not catchy or cute ones that tend to be cryptic).

8. Avoid Busy Layouts.
Today's harried reader wants simple designs with items that are easy to locate.

Photographs: 10 Tips

1. Show action! People staring at the camera are not going to create much visual excitement. Use photos to 'show what you can do.'

2. Get close to your subject. Strive to fill 85% of the frame with the central subject(s) unless background is vital. Pictures can often be improved by cropping. Crop as close as possible to the photo's center of interest.

3. Don't put too many people in a picture unless you're trying to emphasize a point like 'growing numbers of clients lining our halls.'

4. Don't arrange subjects in a straight line. Avoid static placement.

5. Vary the composition of the photos you take. Also, vary the shapes, i.e. some horizontal, some vertical.

6. Have the line of movement in the picture be from left to right.

7. Use large pictures whenever possible. They are much more likely to grab the reader's attention.

8. Avoid distracting backgrounds. Make sure your background doesn't make it appear as if things are 'growing' out of the subject's head (such as telephone poles, lamps, flagpoles, etc. appearing behind them.)

9. Consider angles. A low angle, shot from below the subject looking up, can help to create importance and is more dramatic. Shooting from above can also create a dramatic effect. Photos taken straight on tend to appear ordinary and dull.

10. Avoid taking standard cliché shots, i.e. people point at something, holding awards, shaking hands, etc.

Social Media in an Arts Marketer's Promotional Toolkit

by Fran Hanold

Social media has become a bona fide and critical component of the customer path to purchase—and arts marketers are taking advantage.

Arts marketers often assume that only young people use social media, doubting the effect it might have on older patrons in their target audience. However, according to social media management tool Sprout Social, each generation expresses interest in things on social media during their customer journey:

"Millennials follow brands for entertainment value (38%) and information (42%), whereas Gen X is more likely to follow for contests (41%), deals and promotions (58%). Baby Boomers fall somewhere in the middle and are looking for a healthy mix of deals and promotion (60%) and information (53%)."

Arts marketers are successfully using social media to make their organizations more relatable, promote upcoming shows or exhibits, and gain memberships with special announcements and behind-the-scenes content.

While a positive experience at the box office or on-site can lead to a purchase or return visit, social media is becoming more important in this role. In fact, 71% of people say they are more likely to buy from a company when they have a positive experience with them on social media.

Even with a limited staff, it's important to dedicate someone on your team to this role to ensure your brand is actively engaging with patrons on social media. As recorded by eMarketer, adults are projected to spend 98 minutes per day on social media in 2019 (Facebook: 43 minutes, Snapchat: 28 minutes, Instagram: 27 minutes).

Tips for building a social media strategy to keep up with trends:

- Importance of storytelling over sales. Social media has long been a tool for driving traffic and sales to an organization's website. While this still holds true, social algorithm and consumer trends are moving towards storytelling over sales. Post photos or videos with call-to-action text and links, aimed at generating comments and shares that increase engagement.
- Show personality. Show your organization's personality to let your audience connect with your brand. A common rule of thumb is 80% of content should be fun, interesting and sharable, reserving 20% of posts as direct sales messages.
- Make posts short and sweet. Optimize by staying within 100 characters or less. According to eMarketer, shorter posts are more effective and "posts with 80 characters or less have a 27% higher engagement rate."
- Engage and monitor. Set a schedule to monitor and respond to customer service issues, possibly once per day. Users are increasingly going to social platforms to post reviews or voice complaints and concerns. Welcome the feedback, and create an uplifting environment. If any issues occur, make sure to apologize with sincerity.

Experiment with ads for better reach:

- "90.5% of US companies are using social media for marketing purposes," which is causing a decrease of reach on organic posts. To make sure your content is reaching your target audience in the most effective way, consider paid social ads.

- Determine your budget. If you haven't used paid social before, start small and then grow. Starting with even $15-$25 can boost results as you become familiar with paid posting.
- Decide on the goal of the post (ex: drive traffic to ticket sales webpage).
- Promote share-worthy content. Invest in great photography, particularly when paid ads are applied.
- Create and use videos as a technique to engage your target audience. According to Sprout Social, close to 60% of all U.S. internet users selected Facebook to watch videos.

Source: National Arts Marketing Project Resource Library

Finances

7 Characteristics of Financially Healthy Nonprofits

1. Financially healthy nonprofits have sufficient financial resources to ensure stable programming.
2. Financially healthy organizations have a ready source of internal cash - or access to cash – in times of shortfalls.
3. Financially healthy organizations are committed to income-based, rather than budget-based spending.
4. Financially healthy organizations retain a positive cash fund balance at the end of the year.
5. Financially healthy nonprofits accumulate annual surpluses to use as a safety net in years when an unforeseen deficit does occur.
6. Financially healthy organizations have established – or plan to establish – an operating reserve to finance cash shortfalls and program growth.
7. Financially healthy nonprofits have a board of directors and management that hold themselves responsible for the financial stability of the organization.

Source: The Financial Health of Minnesota's Nonprofits by Susan Kenny Stevens and Richard Hamer

Warning Signs of Financial Stress

- The board receives late, incomplete or incomprehensible financial reports.
- The organization is not making payroll tax deposits on time.
- Sharp decrease in annual revenue or substantial loss of income from one or more major sources
- Unexplained variances from budget
- Inability to pay salaries
- Chronic unplanned deficits
- Growing debt
- The organization is depleting its reserve funds.
- Low employee morale and/or high turnover
- Board meetings are dominated by discussion of financial woes.
- The organization consistently requests advances from funding agencies or is experiencing cash flow problems on a regular basis.
- The organization uses restricted funds to cover general operating expenses, which may have legal ramifications, or regularly dips into cash reserves.
- No one seems to know how the organization got into such bad financial shape.
- There are no plans for improving the organization's financial health.

Source: VLAA Guide to Financial Oversight

Budgeting Tips

Most people recognize the importance of budgets, yet the art of preparing and using them effectively is foreign to many nonprofit organizations.

A budget is first a plan of action. It is an organization's operating program, expressed in monetary terms, and its first function is to record realistic organizational objectives. Before a budget can be prepared, therefore, an organization must know what those objectives are. Too often the process is reversed, and it is in preparing the budget that the objectives are initially determined.

The second function of a budget is as a tool to monitor financial activities. Properly used, it can alert the board and staff when financial goals are not being met. For a budget to provide this sort of information and control, however, four elements must be present:

1. The budget must be well-conceived and approved by the board.
2. It must be broken into increments corresponding to the periodic financial statements.
3. Periodic financial statements must be prepared on a timely basis and compared with the budget.
4. The board and staff must take action when such comparison indicates an actual or potential problem.

Although a budget should represent, in monetary terms, the result of a periodic survey by the board of an organization's objectives, the process is too often a routine chore handled by the controller or treasurer to satisfy the board that the organization has a budget. Frequently, such budgets are not looked at again until the next year's budget is being prepared. This serves little purpose. To be effective, the budget must be the joint effort of many people -- a working document, which forms the basis of action.

The basic steps that should be followed in preparing a well-conceived budget are:

1. Prepare a list of objectives for the organization for the year, ranked in priority order. This initial list should be an ambitious one, including more objectives than can likely be achieved. Later, the most desirable objectives can be selected for implementation.

2. Estimate a realistic cost for each objective.

3. Estimate the organization's expected income. The amount of income will depend on how successfully the organization sells its programs to clients, major funding sources and smaller donors. Organizations are often overly optimistic, and this can be their downfall if there is no margin for error. An unrealistic budget will have little meaning.

4. Compare the total expected income to the expenses of achieving the objectives. Usually the expected expenses will exceed income, and thus some decisions have to be made. What programs on the initial list of objectives are most desirable? Where can costs be reduced? This process of reconciling expected income and expenses is a most important step because it is here that the organization's blueprint for the coming year is fixed. The goal for the annual appeal should not be set merely as the difference between expenses and other revenue, because such a goal is likely to be unrealistic and thus unlikely to be met.

5. Submit the final proposed budget to the board for approval. Because preparation of a budget includes policy and operating decisions, both board and staff members should be involved in this process. Detailed cost studies for various programs can be delegated to the staff, but decisions on the objectives and their relative priorities are a board-level function. The board is responsible for policy, and the budget represents policy. This responsibility cannot be delegated.

Even the best budget will be of little value if it is not compared with the actual results of operations. For this reason, financial statements must be prepared on a timely basis throughout the year. What is timely? That depends largely on how much slippage or deviation from budget the organization can afford before serious consequences would occur. If the cash balance is low, an organization cannot afford the luxury of not knowing where it currently stands. In general, if an organization is unable to produce some form of abbreviated monthly or quarterly statement within twenty days of the end of the period, the information is probably stale by the time it's prepared.

A budget serves little purpose if the board or staff is unwilling to act once it becomes apparent that expenses are exceeding budget or that income has not been as high as anticipated. Many budgets that fail do so not because of insufficient information, but because the board and staff fail to take aggressive corrective action. In these instances, the board in particular is not fulfilling its responsibilities, and the budget becomes a meaningless formality.

Source: "Budgeting Tips" is from Financial Care and Feeding of the Non-Profit Organization by Richard F. Larkin, CPA, PricewaterhouseCoopers (reprinted with permission from The Virginia Accounting Quarterly

Name of Organization
Statement of Activities
FYXX Budget and Year to Date (March)

REVENUES	Budget	Year to Date
Government Grants		
State Arts Council	15,000	10,000
Local Arts Agency	20,000	19,000
Contributions		
Corporations	15,500	12,500
Foundations	15,000	6,000
Individuals	12,000	13,100
Board Giving	15,000	16,050
Fundraising Events	11,000	9,219
Program Revenue		
Subscriptions	24,000	25,100
Single Tickets	10,000	6,036
Concessions	1,500	1,005
Advertising and Promotion	3,000	2,300
Rehearsal Space (In-Kind)	1,000	1,000
Other Revenues		
Interest	550	415
Other	1,500	2,120
Total Income	**145,050**	**122,945**
EXPENSES		
Salaries		
Administrative	25,000	18,000
Artistic	50,000	30,000
Technical	18,000	10,000
Employee Benefits	9.500	7,900
Outside Fees	3,800	2,000
Rent	12,000	9,000
Rehearsal Space (In-Kind)	1,000	1,000
Sets, Costumes and Props	10,000	7,000
Telephone	2,300	1,500
Postage	2,500	1,200
Supplies	1,750	1,750
Royalties	950	1,100
Insurance	800	800
Fundraising Events	1,500	1,100
Marketing and Website	3,000	2,510
Depreciation Expense	250	250
Equipment	2,200	250
Travel	500	400
Total Expenses	**145,050**	**95,780**

Name of Organization

Statement of Financial Position

Years Ended X/30/X7 and X/30/X6

(For-profits call this a Balance Sheet)

(include method of accounting: accrual, cash or modified cash basis)

	20X7	20X6
ASSETS		
Cash (Checking Account)	16,400	9,800
Money Market Account	12,000	10,000
Total Cash & Equivalent	28,400	19,800
Other Assets		
Pledges Receivable	200	500
Grants Receivable	8,000	2,000
Furniture and Computers	2,000	1,500
Accumulated Depreciation	(500)	(250)
Net Fixed Assets	1,500	1,250
Total Other Assets	9,700	3,750
Total Assets	**38,100**	**23,550**
LIABILITIES & NET ASSETS		
Liabilities		
Accounts Payable	1,500	2,500
Accrued Payroll and Payroll Taxes	1,000	2,000
Note Payable (due 2/01/XX)	2,750	0
Total Liabilities	5,250	4,500
Net Assets		
Temp. Restricted (Founder Tribute Fund)	2,500	0
Unrestricted Net Assets, Beginning	19,050	6,650
Net Income	11,300	12,400
Total Net Assets	32,850	19,050
Total Liabilities & Net Assets	**38,100**	**23,550**

Name of Organization
Statement of Activities
Years Ended X/30/X7 and X/30/X6

(formerly known as the Income Statement or Statement of Revenue, Expenses and Changes in Fund Balance)
(For-profits call this a Profit and Loss Statement)

REVENUES	20X7	20X6
Government Grants		
State Arts Council	15,000	16,000
Local Arts Agency	20,000	19,000
Contributions		
Corporations	18,500	17,500
Foundations	20,000	18,000
Individuals	10,000	9,000
Board Giving	15,000	13,000
Fundraising Events	10,000	9,000
Program Revenue		
Subscriptions	25,000	24,000
Single Tickets	20,000	21,000
Concessions	1,500	1,500
Advertising and Promotion	3,000	2,300
Rehearsal Space (In-Kind)	1,000	1,000
Other Revenues		
Interest	550	400
Other	2,000	2,000
Total Income	**161,550**	**153,700**
EXPENSES		
Salaries		
Administrative	25,000	24,000
Artistic	50,000	48,000
Technical	20,000	17,000
Employee Benefits	9.500	8,900
Outside Fees	5,000	7,000
Rent	12,000	12,000
Rehearsal Space (In-Kind)	1,000	1,000
Sets, Costumes and Props	11,000	10,000
Telephone	3,300	3,000
Postage	2,500	2,200
Supplies	1,750	1,750
Royalties	950	1,100
Insurance	800	600
Fundraising Events	1,500	1,100
Marketing and Website	3,000	2,750
Depreciation Expense	250	250
Equipment	2,200	250
Travel	500	400
Total Expenses	**150,250**	**141,300**
Change in Net Assets	**11,300**	**12,400**

Keeping the Books

Securing the services of a qualified paid or volunteer bookkeeper is essential to maintaining accurate records, preparing the organization's financial statements on a timely basis, verifying bank balances and making sure payroll taxes are paid and all the required forms are filed with the appropriate city, state and federal agencies.

While there are several accounting software products on the market, VLAA recommends QuickBooks, the most popular small business accounting software package. It is affordable, user-friendly and flexible enough to generate information that is required for nonprofits.

QuickBooks offers desktop and cloud-based versions. They differ in pricing, features and data accessibility. Before committing to one over the other, you should know that there are significant (and sometimes frustrating) differences between Desktop and Online versions of QuickBooks. QB Online does not have all of the bells and whistles of the Desktop versions but most new organizations are opting for the online version.

On request, VLAA can supply a sample chart of accounts.

To ensure that earmarked grants and donations are used for their intended purposes, nonprofit organizations should record and track funds in one of three categories: unrestricted, temporarily restricted or permanently restricted. Unrestricted funds are grants and contributions that are for general use. Temporarily restricted funds are used for a specific purpose or during a specified time period. Permanently restricted funds, which usually take the form of donor-stipulated endowments, are restricted in perpetuity. Generally, this means that the organization can invest the funds to generate income, but is not allowed to spend the principal.

Internal Controls

Reducing the possibility of error, waste, mismanagement or fraud through internal controls will increase the likelihood that your organization's hard-earned money is used efficiently and will help maintain the public's trust. Internal controls are checks and balances that provide systematic procedures for authorizing expenditures, recording financial transactions and safeguarding assets. For example, checks over a predetermined amount typically require two signatures.

Some employees and volunteers interpret insistence on internal controls as unnecessary red tape or a sign of a lack of trust. But well-informed people actually appreciate the existence of adequate internal controls because they know the controls will protect them against possible suspicion or accusation. Conversely, the absence of controls may create the impression that your organization is lax.

Internal controls address more than outright embezzlement. They also protect your organization from unscrupulous or careless vendors who send duplicate bills, employees who pad expense vouchers or time cards and wasteful use of supplies or equipment.

For very small organizations, instituting control procedures can be a challenge because internal controls rely on the segregation of duties. Ideally, no one person should handle all aspects of any financial transaction. The individual who submits an invoice, for example, should not sign the check. Similarly, the person who writes the checks should not sign them. A creative mix of board, staff and volunteer responsibilities together with an organized "paper trail" can avoid errors of omission or commission without making the execution of your financial dealings overly burdensome.

For more information, see *Healthy Nonprofits: Conserving Scarce Resources Through Internal Controls*, published by the Nonprofit Risk Management Center (www.nonprofit risk.org) and *Fraud and Abuse in Nonprofit Organizations* by Gerard M. Zack.

Sample Internal Controls Checklist

Cash receipts

___ Cash receiving processing, recording, and bank statement reconciliation functions are clearly segregated.

___ Checks received are listed individually on a control sheet for comparison with the bank deposit ticket.

___ Checks are restrictively endorsed (stamped 'For Deposit Only') by the person opening the mail.

___ Cash is deposited intact (without any 'temporary' withdrawals, say for petty cash purposes) in a bank account and on a timely basis.

___ Duplicate deposit slips are prepared.

___ Validated deposit slips are received from the bank and attached to the deposit detail.

Cash Disbursements

___ Authorization, processing, check-signing, recording, and bank statement reconciliation functions are clearly segregated.

___ Persons authorized to approve expenditures are clearly identified.

___ Expenditures are approved in advance by authorized persons (such as through a purchase order system).

___ Invoices or requests for expenditures are supported by appropriate documentation and approval(s).

___ Supporting documents are canceled (i.e. stamped PAID) to prevent subsequent abuse.

___ All cash disbursements are made by prenumbered checks.

___ The person processing checks keeps a record of cash disbursements.

___ Two signatures are required on each check or on all checks over a certain dollar amount.

___ Signed checks are mailed promptly.

___ Checks are controlled and accounted for with safeguards for returned and voided checks.

___ Blank checks are properly controlled and securely stored.

___ Checks written to 'cash' are prohibited.

___ Signing checks in advance is prohibited.

___ Bank statements are reconciled monthly.

Payroll

___ The personnel authorization, payroll approval and preparation, payroll check distribution, recordkeeping, and bank statement reconciliation functions are clearly segregated.

___ Changes in employment (new hires and terminations), salaries, wage rates and payroll deductions are authorized by proper personnel.

___ Policies and procedures are in place for accounting for vacations, holidays, and sick leave.

___ Changes in employment status are recorded in employee personnel files.

___ Time sheets for each employee are maintained and authorized by proper personnel.
___ Payroll checks are always prepared after receipt of approved time sheets and based on those reports.
___ All disbursements are made by prenumbered checks.
___ The summary of the payroll register is posted to the general ledger on a timely basis.

Accounts Receivable

___ Changes in prices for services or products are promptly communicated.
___ Billing is done by serially prenumbered invoices
___ The subsidiary receivables ledger is periodically balanced with general ledger control accounts.
___ Follow-up action is taken on overdue balances.
___ Collections are promptly recorded in receivables records.
___ Outstanding accounts are properly analyzed to determine if they are collectable and periodically aged.
___ The write-off of uncollectable accounts is authorized by proper personnel.

Accounts Payable

___ Authorization, processing, recording, and payment functions are clearly segregated.
___ All approved invoices are promptly recorded in the accounts payable register to establish control for payment.
___ Unpaid invoices are maintained in a distinct unpaid invoice file.
___ Statements from vendors are regularly compared with open invoice files.
___ Invoices from unfamiliar or unusual vendors are reviewed and approved for payment by authorized personnel who are independent of the invoice processing function.
___ Payments are promptly recorded in the accounts payable register to avoid double payment.
___ The accounts payable register is periodically reconciled with the general ledger by a person independent of the invoice processing function.
___ The organization obtains competitive bids for items whose cost exceeds a specified dollar amount.

Inventory

___ Inventory purchasing and custodial processing, and record-keeping functions are clearly segregated.
___ Responsibility for inventory is established and appropriate safeguards are maintained.
___ The receipt, transfer, and withdrawal of inventory items are promptly recorded in the inventory records. Quantity records of inventory items are maintained.
___ Inventory records are periodically reconciled with the general ledger.
___ A physical inventory is periodically taken by persons independent of custody and processing functions.

Fixed Assets

___ Fixed asset purchases are permitted only if preapproved by the board.

___ Borrowing for fixed asset purchases is limited to specific authorization by the board.

___ The organization has established policies covering capitalization and depreciation.

___ Detailed records are maintained showing the asset values of individual units of property and equipment.

___ Detailed property and equipment records are periodically balanced to the general ledger.

___ Fixed assets are periodically appraised by an independent appraiser for insurance purposes.

___ Detailed fixed asset records are periodically checked by physical inventory.

___ Adequate procedures exist for the receiving recording of gifts and fixed assets.

___ Procedures exist governing the disposition of fixed assets.

Other

___ Bank statement reconciliations are prepared as soon as possible after the statement is received.

___ Bank statements are reconciled by someone other than the person handling the cash receipt and cash disbursement functions.

___ Financial statements are prepared on a timely regular (monthly) basis and presented to appropriate board members, management and staff for review and discussion.

___ The financial statements format allows for comparison of actual financial activity to budgeted amounts.

___ The organization has a fidelity insurance policy.

___ Employee loans are prohibited.

___ Investments are properly recorded and controlled.

___ Procedures are in place to document the receipt of in-kind services.

___ Minutes from board of directors meetings are prepared on a timely basis.

___ Insurance policies are reviewed annually and provide adequate coverage.

Source: Keeping the Books by Linda Pinson

IRS Form 990-N

A tax-exempt organization must file an annual information return or notice with the IRS, unless an exception applies. Annual information returns include Form 990, Form 990-EZ and Form 990-PF. Form 990-N (e-Postcard) is an annual notice. Form 990 is the IRS' primary tool for gathering information about tax-exempt organizations, educating organizations about tax law requirements and promoting compliance. Organizations also use the Form 990 to share information with the public about their programs.

Most small tax-exempt organizations whose annual gross receipts are normally $50,000 or less can satisfy their annual reporting requirement by electronically submitting Form 990-N (if they choose not to file Form 990 or Form 990-EZ instead).

Form 990-N is due every year by the 15th day of the 5th month after the close of your tax year. You cannot file the e-Postcard until after your fiscal year ends. For example, if your fiscal year ends on December 31, the e-Postcard is due May 15 of the following year. If the due date falls on a Saturday, Sunday, or legal holiday, the due date is the next business day.

While there is no penalty assessment for filing Form 990-N late, organizations that fail to file for three consecutive years will automatically lose their tax-exempt status.

Form 990-N is easy to complete and does not require an accountant's assistance. You'll need only eight items of basic information about your organization:

- Employer identification number (EIN), also known as a Taxpayer Identification Number (TIN).
- Tax year (fiscal year)
- Legal name and mailing address
- Any other names the organization uses
- Name and address of a principal officer
- Website address
- Confirmation that the organization's annual gross receipts are $50,000 or less
- If applicable, a statement that the organization has terminated or is terminating (going out of business)

Use the Form 990-N Electronic Filing System (e-Postcard) page to start the process: https://www.irs.gov/charities-non-profits/annual-electronic-notice-form-990-n-for-small-organizations-faqs-how-to-file

Source: IRS.gov

WARNING:

An organization that fails to file for three consecutive years will automatically lose its tax-exempt status.

Compilations, Reviews and Audits

A certified public accountant (CPA) may provide three distinct levels of financial review services, each of which may be adequate for your organization under certain circumstances.

• Compilation. The least expensive and lowest level of the reports is a compilation. It is limited to presenting financial statements in a standard, readable format. The CPA does not audit or review the statements and, therefore, does not express any opinion on their veracity. New or very small organizations that are applying for their first grants may want a compilation.

• Review. CPAs can provide limited assurance by reviewing an organization's financial statements. After following a series of inquiries and analytical procedures, the accountant reports that they are not aware of any material changes that should be made to the financial statements in order for them to be in conformity with generally accepted accounting procedures (GAAP). For organizations with modest budgets and few financial transactions, a review is an appropriate alternative to a full audit.

• Audit. For organizations with substantial revenue, an audit provides the highest degree of assurance by an independent professional. Audits are expensive and getting more so. Experts say that an audit is both unnecessary and imprudent for organizations with budgets of $500,000 or less.

Absent an Audit: Demonstrating Accountability

Generating Donor/Constituent Confidence
- Establish and maintain an active board finance committee with a strong treasurer
- Ensure IRS Form 990 is done well and submitted on time
- Post PDFs of last three Form 990s on website
- Distribute an inexpensive annual report to the community
- Track restricted funds fanatically
- Develop a well-formatted, high level annual budget for public consumption
- Consider purchasing a review by an independent CPA

Ensuring Compliance with Nonprofit Accounting Standards
- Recruit an experienced nonprofit CFO or executive director as treasurer
- Contract with an expert nonprofit bookkeeper
- Prioritize financial literacy and professional development at the staff and board levels

Preventing and Catching Fraud
- Engage staff, contractors and board to ensure segregation of financial duties
- Develop and follow simple accounting policies and procedures
- Actively maintain a culture of financial ethics and transparency

Source: Absent the Audit: How Small Nonprofits Can Demonstrate Accountability Without One by Jeanne Bell and Steve Zimmerman (The Nonprofit Quarterly)

Financial Checklist

- We have an annual budget that is approved by the board.
- We are committed to income-based, rather than budget-based, spending.
- We generate financial reports on a timely basis that accurately reflect the financial activity of our organization. The reports include two items: a statement of financial position (a balance sheet) that shows assets and liabilities and a statement of activity (income and expenses) that compare the activity to date with the budget.
- Internal financial statements are prepared no less frequently than quarterly, are provided to the board of directors, and identify and explain any material variation between actual and budgeted revenues and expenses. Reports contain only essential information and are presented clearly and concisely.
- Our board knows how to interpret financial statements.
- Our board of directors and management holds themselves responsible for the financial stability of our organization.
- We have sufficient financial resources to ensure stable programming.
- We generate year-end financial statements or engage a CPA to conduct an audit.
- We retain a positive cash fund balance at the end of the year.
- We have system of internal controls that is not overly burdensome.
- We reconcile all cash accounts on a monthly basis.
- We prepare cash flow projections.
- We have access to cash in times of shortfalls.
- Payroll tax deposits are made when due.
- We are aware of and comply with applicable tax and filing requirements.
- We provide employees with a confidential means to report suspected financial impropriety or misuse of organization resources.
- Our corporate files and records are organized and our computer files are backed up on a regular basis.
- We are able to explain significant fluctuations in our income and/or expenses.
- Grant funds are used for their designated purposes and we comply with other requirements as outlined in our grant contracts.

- We take periodic inventories of our equipment and other assets.
- We have a written policy related to investments.
- We have established or are making plans to establish a reserve fund to finance cash shortfalls and program growth.
- Capital needs are reviewed annually and priorities are established.
- We have a technology plan that includes reliable backup.
- We have a risk management plan and suitable insurance coverage.
- We seek competitive bids for most purchases or services.
- Training on relevant accounting matters is made for staff and board members.
- We have a financial operations manual that would allow a new employee or volunteer to take over fiscal management responsibilities.
- We have a conflict of interest policy for both the staff and the board of directors, which addresses actual, potential or perceived conflicts.
- We spend funds in accordance with donor intentions.

Risk Management/Insurance

Being in business, even nonprofit business, means that you have some risk of damage, loss or injury that could threaten your operations. It is the board of directors' responsibility to look at the hazards and provide ways to minimize possible negative impact on the organization, staff and volunteers. Using a risk management process, the board can determine when to buy insurance, institute safety policies, or eliminate an activity.

The Risk Management Process involves finding the answers to the following questions:

1. What could go wrong?
2. How likely is it to happen? How often?
3. How could we eliminate or reduce the possibility?
4. If it does happen, how will we pay the costs?

To begin, make a list of all the risks – the things that could go wrong. Look for risks by walking through your office and program locations. Talk with volunteers and similar organizations for other ideas. When the list of risks is generated, use it to work with your insurance agent and the board to generate answers to the other questions and determine what steps to take.

Insurance Agents and Brokers
An insurance agent or broker can help you identify and evaluate your risks, find insurance policies and make recommendations to prevent loss. However, there is an important difference between an agent and a broker. An agent represents one insurance company. Their suggestions will be based on this company alone. A broker, also called an independent agent, deals with multiple insurance companies and can shop for different types of coverage's and rates. To find a good broker or agent, check with other arts organizations or nonprofits. You may need to contact several to find who is best for you. Look for someone who is knowledgeable about insurance and familiar with your programs or at least willing to learn about them. Your agent or broker must understand what you do to provide correct coverage.

Worker's Compensation Insurance

Missouri employers are required to carry workers' compensation insurance if they have five or more employees.

Illinois law requires employers to provide workers' compensation insurance for almost everyone who is hired, injured, or whose employment is localized in Illinois. (Sole proprietors and members of limited liability companies may exempt themselves.)

Resources

7 Helpful Websites

Blue Avocado is a bi-monthly online newsletter for community nonprofits. It features blunt analysis and practical information.

BoardSource is dedicated to increasing the effectiveness of nonprofit organizations by strengthening their boards of directors. It is the world's largest, most comprehensive publisher of material on nonprofit governance.

National Arts Marketing Project disseminates arts marketing information on its site and provides training (online and at conferences).

Nonprofit Risk Management Center helps reduce risk for nonprofit volunteers and paid staff. It produces excellent, easy-to-read publications. Many are free.

The Wallace Foundation Resources for Nonprofit Financial Management provides a library of resources to help organizations become "fiscally fit."

Techsoup offers nonprofits one-stop shopping for their technology needs, including discounts on hardware and software, product reviews, technology planning tips, easy-to-understand articles and much more.

The Rome Group is the place to go if you are looking for a nonprofit job or want to post a job listing.

Professional Development Opportunities

Arts and Education Council

Association of Fund Raising Professionals (AFP) St. Louis Chapter

Network for Strong Communities

St. Louis Public Library Grants and Foundation Center

St. Louis Volunteer Lawyers and Accountants for the Arts (House Calls)

UMSL Nonprofit Management and Leadership Program

Washington University (Nonprofit Management Certificate, University College)

Webster University (MFA in Arts Management and Leadership)

THE CYCLE: MANAGEMENT OF SUCCESSFUL ARTS AND CULTURAL ORGANIZATIONS
Free on demand self-paced online course by the DeVos Institute of Arts Management at the University of Maryland http://devosinstitute.umd.edu/What-We-Do/Services-For-Individuals/MOOC