

# Welcome

So, You've Decided to  
Build a Nonprofit  
Now What?

*Co-sponsored by:*

*Hartford Public Library*

*Hartford Foundation for Public Giving*

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- 501(c)(3)  
designation  
letter from IRS
- By-Laws
- Board

# Objectives:

- Raise awareness of the basic components of running a nonprofit organization
- Identify sources and resources for nonprofit information

# Agenda

- Introductions
- Statistics
- Checklists
- Fundraising
- Your Next Steps

# Introductions

- Name
- Mission of your nonprofit
- How long have you had your 501(c)(3)
- Budget size
- Geographic area your nonprofit will serve
- Profile of clients to be served
- Why did you come to this session?



Open a Restaurant

What are the two themes that  
come through in this discussion?

*Research*

*Planning*



# Research and Planning



# Assessing the NEED

- WHAT is the need you plan to meet?
- HOW BIG is the need?
- WHERE is the need?
- WHO ELSE is addressing this need?
- What DATA do you have?

- How do you know that YOUR APPROACH will address this need?
- Who is willing to HELP you?
- Who will FUND your efforts to meet this need?
- What DATA do you have?

- Foundation of starting a nonprofit
- Contribute to success
- Divide big projects into “doable” tasks
- Track your progress
- Adjust to changes
- Make informed, educated decisions
- Enhance your stature in the eyes of funders

# Nonprofit Statistics

(from IRS)

The number of 501(c) organizations

2003      1.38 million

2013      1.41 million

2013-950,000 (2/3) are public charities,  
501(c)3, of the 30+ different classifications

Decrease of 275,000 in 2011 (failure to file 990)

(Source: Urban Institute)


Until 2011 the IRS issued 65,000  
new 501(c)(3)s each year

- 40,000 of those succeed
- What happens to the other 25,000?

# Budget size of

Less than \$500,000 = 66.5%

Over \$10 million = 5.3%



Funders expect  
to see that you are  
making a difference

# Evidence of Success:

1. A solid board of directors
2. Develop & implement a realistic plan
3. Develop and manage to a realistic budget
4. Success at raising funds from several sources
5. DATA that shows your work & its impact



# How to Measure Impact



Checklist #1:

Develop a Solid Board

On your board you need people who are smarter than you are and to whom you go for advice and guidance.

## Checklist #2:

Develop Your Plan

## Checklist #3:

Develop your  
marketing approach

## Checklist #4:

# Develop the Budget

Checklist #5:  
Compliance

*File annual IRS 990*

*Pay quarterly payroll  
taxes*

# Tax Exempt Status

In September 2011

275,000 nonprofits lost their tax exempt status because they had not filed a 990 for 3 consecutive years

(a 15% decrease in the number of nonprofits)



## Checklist #6:

Develop your  
fundraising approach

# Sources of Contributions

2015      \$373.25 Billion (1.04% increase from 2014  
slightly above 2007 level of \$355.17B)

- Individuals\*      71% (+ 3.8%) over 2014
- Foundations      16% (+ 6.5%)
- Bequests      9% (+ 2.1%)
- Corporations      5% (+ 3.9%)

\*7 out of 10 people give away money; 32% to religion

Source: Giving USA

The single largest contributor to the increase in total giving was an increase of \$9.77 billion in **GIVING** by **INDIVIDUALS** – 67% of the total change

# Recipients of Giving - 2015

- Religion 32%
- Health & Human Services 20%
- Education 15%
- Gifts to Foundations 11%
- International & Environment 7%
- Arts & Culture 5%
- All other 10%

# Fund Development is about:

- Setting focus & direction through mission, vision, and strategic planning
- Segmenting & strategically targeting constituents
- Listening to & positioning the organization among prospects
- Communicating compelling messages

# The Development Process

- Cultivation
- Solicitation
- Stewardship

# Identify “Qualified” Prospects

Must Fulfill All Three Criteria:

1. Ability - Have resources to give
2. Interest - Have a significant personal reason to be interested in our organization or have demonstrated interest in the problem
3. Link - Are accessible to us via a “link” person

# Principles of Fundraising

- Make the Case for Support
- The Purpose of Fundraising is to Build Relationships
- Choose Appropriate Strategies
- Diversify Your Funding Sources



# Make the Case for Support

- Mission – Why do you exist?
- Goals – What do you do?
- Objectives – How do you do it?
- History – How long and how well?
- Budget – How much? From where?
- Structure – Who does what?

# Cultivate Prospects!

- Listen, listen, listen, listen!!!
- Determine the “needs” of a prospect
- “Match” the interests/needs of a prospect with a particular aspect of your organization’s services

(People give to nonprofit organizations through people!)

# Strategy Effectiveness

<u>Strategy</u>	<u>Response Rate</u>
• Personal face to face ask	50%
• Personal phone call	25%
• Personal letter	10-15%
• Phone-a-Thon	5%
• Direct mail/online	1%
• Special events	varies

# Ways to Raise Money from Individuals

- 1:1
- Events
- Direct mail appeal
- Board member note on appeal letter
- Opportunity to give on your website
- Include a return envelope and form with newsletter

# What Donors Want

- Prompt personal gift acknowledgement  
Thank Before You Bank!
- Confirmation that their gift is being used as they intended
- Measurable results – what impact has the gift had?

# Online Handouts

- The link to this workshop's resources on the NSP website:
- <http://nsp.hfpg.org/nsp/IdLikeTo/FindAdditionalResources/AdditionalResources.aspx> Click on "Starting and Building a Nonprofit" to access "So, You've Decided to Build a Nonprofit, Now What?" and handouts.

# Your Next Steps:

1. Develop your board  
Board of 8-10 people in place, meeting regularly with excellent attendance
2. Write board meeting agendas and board meeting minutes
3. Develop your plans
4. Develop your budget
5. Raise money
6. Collect DATA on your programs