



Strategic Advancement

Advancement: A Team Effort for Continuous Improvement

At a recent Association of Fundraising Professionals (AFP) luncheon, the speaker from a respected Community Foundation offered several observations about the state of philanthropy in 2010. The executive described the current state of philanthropy as “competitive, to say the least.” The path forward, in her view, is for nonprofit leaders to understand and embrace the idea that strategies must change, and nonprofit leaders must think “outside the box.”

In this climate, as we all know, development professionals are under a great deal of pressure to produce. It is not unusual for a development officer to be handed an increased financial objective while the staff and budget to accomplish the goals have been reduced. Many nonprofit fund-raising professionals are being asked to work harder and smarter, and to do so in this very challenging economic climate.

ADVANCEMENT: A TEAM EFFORT

Especially in the current environment, successful fund-raising does not operate in a vacuum. Today, nonprofit organizations must view fund-raising in the broader context of institutional advancement – which brings together and aligns several important functions, including:

- fund-raising
- strategic planning
- board development

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Strengthening Your Governing Board

New Uses of IRS Form 990: To Improve Board Involvement

Larger nonprofit organizations have now navigated the second year of preparing the expanded IRS Form 990. Next year will be the last of a three year phase-in of the new form, and will subject even more nonprofit organizations to the heightened reporting requirements. Organizations with just \$200,000 of gross annual receipts (or assets of \$500,000 or more) will expend more staff time completing the expanded disclosure report in 2010.

Our local daily newspaper found the requirement for more disclosure of employee compensation as newsworthy. The greater impact for most institutions will be felt by the increased focus on the functions of your governing board. The current 990 is 11 pages long, plus 16 accompanying schedules with newly required disclosure regarding board independence and management oversight. The IRS has increased expectations for transparency and accountability of each governing board.

Some experts in the nonprofit field have cried foul, questioning the IRS’ authority to create and enforce governance standards for nonprofit organizations. The more important issue is revealed by the recent comments of the IRS commissioner of Tax Exempt & Government Entities that the Service will use the new 990 as a tool to select organizations for audit. As any individual or corporate taxpayer will attest, receiving an IRS inquiry is unwelcome news and always leads to diverting considerable time and attention from your daily work.

There are now 1.9 million exempt organizations in the United States and another 200 are approved by the IRS each day. The sheer size and continuing growth of the third sector is undeniable and the increased focus of new regulation and scrutiny by our federal government is not going to subside. The public scrutiny of nonprofits also moved into our new Federal Healthcare Legislation. Nonprofit hospitals that hope to maintain their tax-exempt status must now conduct community needs assessments and demonstrate an implementation strategy to meet those needs.

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Federal Health Care Legislation

New Requirements for Charitable Hospitals

(HR 3590 Sec. 9007)

The Patient Protection and Affordable Care Act has far reaching implications for our nation's broad network of nonprofit health care providers.

Effectively, section 501 of the internal revenue code has been re-written with regard to nonprofit hospitals: *"A hospital organization shall no longer be treated as tax-exempt, unless it meets several new requirements, including the regular conduct of a community health needs assessment."*

According to Sec. 9007, a community needs assessment must be conducted every three years. The assessment must include input from *"persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health."*

The community needs assessment must be made widely available to the public, and the nonprofit hospitals will be required to demonstrate how they have adopted an implementation strategy to confront identified community needs.

We are working to modify the methodology of our planning studies to respond to these new statutory requirements. Please contact us if you would like to learn more.

New Uses of IRS Form 990: To Improve Board Involvement

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Furthermore, the growth of new charity watchdogs and web sites such as GuideStar assures that more people will be viewing your 990 than just the IRS. Because of the detailed information disclosed, the 990 is quickly becoming an organization's annual report to constituents and contributors, whether you know it or not.

We must all acknowledge the increased difficulty of full compliance with IRS rules and the need to preserve the organization's exempt status. In our view, the new 990 defines a new minimum standard for donors to evaluate nonprofit organizations. It is thus incumbent upon chief development officers to use these new standards and use them to the organization's advantage. Recall the old adage: when given lemons make lemonade.

We think this is now an opportunity to further demonstrate the first essential element of successful fund-raising: **A solid organization.** It is axiomatic that successful organizations raise more money, because donors are confident that their philanthropic investment will be used to its greatest effect. Successful organizations provide a needed service with quality and reliability, are led by competent and respected professionals and volunteers, and are financially sound and well managed.

The preparation of your organization's 990 should no longer be the sole responsibility of your accounting firm or finance committee. Development officers should bring industry "best practices" for board governance to the forefront of your organization's year-long discussions and activities, and do so in a positive and constructive manner.

As the IRS enforces compliance with the new Form 990, it is also committed to educate the nonprofit sector as well. The IRS website WWW.STAYEXEMPT.ORG provides training for nonprofits as well as links to other resources.

The Independent Sector and BoardSource have published and widely disseminated **The Principles for Good Governance and Ethical Practice: A Guide for Charities and Foundations.** A companion workbook is also available for free download. These tools were developed by the Panel on the Nonprofit Sector (convened in 2004) at the encouragement of the leaders of the U.S. Senate Finance Committee. The workbook can be found at WWW.INDEPENDENTSECTOR.ORG, and can be employed by development officers to lead the charge.

When a nonprofit organization demonstrates good governance practices, and has the proper controls in place, the entire financial and fund-raising apparatus will benefit in the long run.



Advancement: A Team Effort for Continuous Improvement

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- marketing
- public relations
- communications

While the focus is often on fund raising and the “bottom-line” revenue goals, successful fund raising depends on the alignment, coordination, and support of all other functions. Advancing an organization is truly a team effort.

To be effective, the development director needs to be an integral part of the organization’s management team – helping to shape, guide and drive the destiny of the organization on an on-going basis.

THE ELEMENTS OF STRATEGIC ADVANCEMENT

If you want to move your institution forward, what must be done? We can identify eight proactive steps:

1. Research and assess the organization, its performance and its environment
2. Develop an effective strategic plan for advancement (if not for the entire business model of your organization)
3. Review and empower your governing board
4. Strengthen and empower the development function
5. Position the organization to better communicate your mission, vision and competency
6. Develop a compelling case for support
7. Increase positive awareness and visibility of your organization
8. Pursue continuous improvement in the organization’s fund-raising capacity

Through the process of strategic advancement, the development function can be empowered – helping to shape, guide, and drive the destiny of the organization, as it was meant to do and has the potential to do.

Successful development professionals make it their business to listen to the organization’s constituents. Most importantly, they have the capacity to build and maintain authentic relationships, based on shared values and aspirations, with known and respected leaders. These leaders, in turn, are often the people who have the vision and financial capacity to advance the organization, and to become effective advocates.

For more information on Strategic Advancement, please visit our website and download a free copy of Volume 12 in our Goettler Series.

The Goettler Series

Strategic Advancement *Aligning Your Resources To Attract Philanthropy*

Successful fund raising depends on the alignment, coordination, and support of several closely related functions.

The twelfth volume in our acclaimed Goettler Series describes the eight key steps in strategic advancement, and how you can lead an effort to make fund development a team effort.



To receive your complimentary copy,
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and return the enclosed reply card.
Or, you can download a copy
from our website:

www.goettler.com

For more information, e-mail us at:
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GoettlerAssociates

Our mission is to assist nonprofit organizations in achieving challenging fund-raising goals by:

- strengthening the client's image and awareness;
- recruiting, training, and motivating volunteers; and
- attracting significant philanthropic support.

We guide our clients toward their financial goals through:

- the integrity and high performance standards of our employees;
- effective and honest relationships;
- the quality of our work in achieving success.

We would welcome the opportunity to learn about the current status of your advancement program — your development objectives, the challenges you face, and the resources you have for achieving your goals.

A Goettler Associates representative is available to discuss your future plans and share our insights and ideas for advancement. We offer a preliminary consultation without cost or obligation.

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On Second Thought

Our SMART-FOCUS Fund-Raising Analysis Report Card

Strengths + Objectivity = Success

The response to our SMART-FOCUS service – a new service that carries a money back guarantee – has been both exciting and insightful into the state of the nonprofit sector. We have recently worked with a wide variety of nonprofit organizations through this unique, effective and efficient consulting service.

This Fund-Raising Analysis is focused on identifying the strengths of your organization, development programs and staff. While typical human nature leads us toward a focus on organizational weaknesses and past mistakes, that's often a futile exercise and does little to develop a forward looking strategy.

Our report recommendations have sought to identify specific and immediate tactics that nonprofit organization leaders can implement for improved and continued growth in their fund-raising results. We know that building upon an organization's strengths results in more effective plans and more successful outcomes.

There is no question that the nonprofit sector has been significantly impacted by last year's economic downturn. Through our SMART-FOCUS service, our staff has been impressed to see first-hand the resiliency and determination of many nonprofit professionals and their ability to find new strategies and methodologies to achieve success.

While some financial supporters may never be able to return to their previous levels of support, the nonprofit sector will continue to serve their communities. In the coming months, as the economy continues to improve, we anticipate that the nonprofit leaders who have re-calibrated their development efforts will emerge stronger and more successful than ever.

Objectivity and SMART Planning: Goettler Associates can help improve your fund-raising results right now, by putting decades of proven fund-raising leadership to work for your organization.

Our SMART-FOCUS promise is that we will begin, if not complete our engagement with you in 30 days or less. You will have a tangible plan to chart your future course. And, your development function will be energized by the results.

As far as our report card thus far . . . no one has asked for their money back! **To learn more about how your Strengths + our Objectivity = your Success, visit our web site at www.goettler.com.**

