

Fundraising 101: Pandemic Style

Megan Poindexter

MPA in Nonprofit Management, Certified Fundraising Professional,
20+years nonprofit/ fundraising experience

Lawrence, Schwegler Elementary

Basic Terms to know:

- ▶ Nonprofit/ Non-profit/ Not-for-Profit
Interchangeable!

Basic Terms to know:

- ▶ 501c3

- ▶ IRS tax designation, not a business model

- **Many misconceptions held
by the public!



TYPES OF 501(c) ORGANIZATIONS

501(c)(1)*

Corporations Organized under Act of Congress

501(c)(2)

Title Holding Corporation For Exempt Organization

501(c)(4)

Civic Leagues, & Social Welfare Organizations



501(c)(5)

Labor, Agricultural, & Horticultural Organizations

501(c)(6)

Business Leagues, & Chambers of Commerce,

501(c)(7)

Social and Recreational Clubs

501(c)(3)*

Religious, Educational, Charitable, Scientific, Literary, Testing for Public Safety, to Foster National or International Amateur Sports Competition, or Prevention of Cruelty to Children or Animals Organizations

PRIVATE FOUNDATIONS

Private Nonoperating Foundations

Does not directly operate charitable services or activities.

Private Operating Foundation

Income or assets are substantially used for operations that directly benefit the public, rather than grant-making.

PUBLIC CHARITIES

509(A)(1)

Organizations engaged in inherently public activities:

- IRC § 170(b)(1)(A)(i) - Churches
- IRC § 170(b)(1)(A)(ii) - Schools
- IRC § 170(b)(1)(A)(iii) - Hospitals
- IRC § 170(b)(1)(A)(iv) - Endowment for a college/university
- IRC § 170(b)(1)(A)(v) - Governmental entities
- IRC § 170(b)(1)(A)(vi) - Publicly supported charities (Most popular type of organization)

509(A)(2)

Publicly supported organizations:

- More than one-third of support from gifts, grants, contributions, membership fees, and certain gross receipts
- Not more than one-third from gross investment income and net unrelated business taxable income.

509(A)(3)

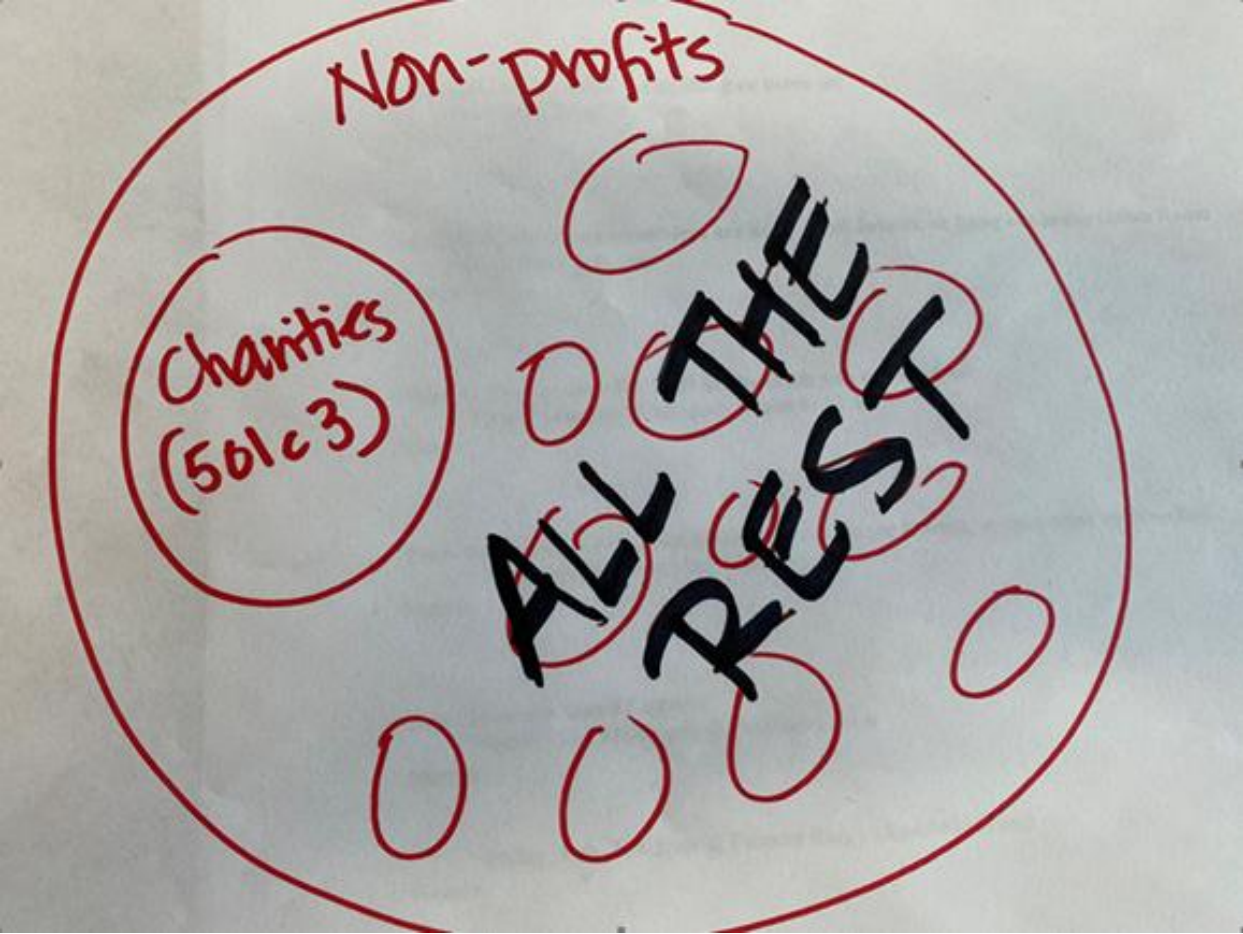
Supporting organizations that, in general, support organizations described in IRC § 509(a)(1) or (2), although they themselves are not publicly supported.

509(A)(4)

Organizations that are organized and operated for the purpose of testing products for public safety.

* Contributions Deductible

| | |
|-------------|--|
| 501(c)(8)* | Fraternal Beneficiary Societies and Associations |
| 501(c)(9) | Voluntary Employees Beneficiary Associations |
| 501(c)(10)* | Domestic Fraternal Societies and Association |
| 501(c)(11) | Teachers' Retirement Fund Associations |
| 501(c)(12) | Benevolent Life Insurance Associations |
| 501(c)(13) | Cemetery Companies |
| 501(c)(14) | State-Chartered Credit Unions, Mutual Reserve Funds |
| 501(c)(15) | Mutual Insurance Companies or Associations |
| 501(c)(16) | Cooperative Organizations to Finance Crop Operations |
| 501(c)(17) | Supplemental Unemployment Benefit Trusts |
| 501(c)(18) | Employee Funded Pension Trust (created before June 25, 1959) |
| 501(c)(19) | Post or Organization of Past or Present Members of the Armed Force |
| 501(c)(21) | Black Lung Benefit Trusts |
| 501(c)(22) | Withdrawal Liability Payment Fund |
| 501(c)(23) | Veterans' Organization (created before 1880) |
| 501(c)(25) | Title Holding Corporations or Trusts with Multiple Parent Corporations |
| 501(c)(26) | State-Sponsored Organization Providing Health Coverage for High-Risk Individuals |
| 501(c)(27) | State-Sponsored Workers' Compensation Reinsurance Organization |
| 501(c)(28) | National Railroad Retirement Investment Trust |
| 501(c)(29) | CO-OP health insurance issuer |



Basic Terms to know:



▶ In-Kind

- ▶ Not cash/ stock/ cash equivalent
- ▶ Donation of a “good or service”
- ▶ Food, clothes, advertising, space, equipment, professional service
- ▶ No “receipt” for the cash value. Between the donor and their accountant.

In “typical” days, how do we fundraise?

- ▶ Event based
- ▶ “Sales” based
- ▶ Individual donors
- ▶ Corporate donors/ sponsors
- ▶ Grants/ Foundations



Stewardship of donor's dollars

▶ Mission

▶ KS PTA's mission is:

To make every child's potential a reality by engaging and empowering families and communities to advocate for all children.

▶ What does YOUR PTA do to achieve this mission?

- ▶ Support teachers with financial assistance?
- ▶ Purchase capital improvements for your school?
- ▶ Provide funds for student experiences?
- ▶ Engage parents/ guardians with school community?



Stewardship of donor's dollars

- ▶ What is your annual need?
 - ▶ Capital?
 - ▶ Tangible item: We are committed to buying a new piece of playground equipment every school year.
 - ▶ Operating?
 - ▶ Administrative requirement: We need to pay for our PTA directors insurance and movie license annually.
 - ▶ Program?
 - ▶ Mission in action: We pay for student field trips that are in addition to those our school district has budgeted.

All of that summarizes to:

- ▶ What is your 2020-21 budget?
- ▶ What are your 2020-21 wants vs. needs?
- ▶ What are your liabilities? (any money you've already committed, or non-negotiable operating expenses)

Stewardship of donor's dollars

- ▶ What is the status of your reserves?
 - ▶ What balance do you carry from year to year?

(YES! You can carry a balance! And it is part of your responsibility that you should!)

Now it's raining more than ever



Stewardship of donor's dollars

- ▶ Are you financially sound during a rainy day?
 - ▶ Does your PTA have the financial stability to continue under current circumstances?



- ▶ Examples of what might cause financial insecurity:
 - ▶ You have no money in reserves, and your bank balance is depleting faster than you are generating revenue. Aka “going broke”!
 - ▶ Your PTA is dependent on one source of income, and that source is tenuous.
 - ▶ One family whose donation covers most of your PTA expenses?
 - ▶ One grant which covers most of your PTA expenses?
 - ▶ Legal, leadership or functional issues
 - ▶ A global pandemic and job loss in your community!

COVID-19 =



Adjusting to an economic downturn-
including (as it turns out) a pandemic

- ▶ No playbook
- ▶ Universal challenge
 - ▶ no one is exempt, from the biggest organizations to the smallest

What questions should be in your PTA's next conversation to do the Next Right Thing?

- ▶ Q1: What is your school community's financial capacity for giving?
 - ▶ Is your community's unemployment a high concern?
 - ▶ How are the businesses in your community doing?
 - ▶ Talk with your principal/ school social worker- what percent of your student body have parents with insecure jobs?
 - ▶ Who has given to your school in the past?

What questions should be in your PTA's next conversation to do the Next Right Thing?

- ▶ Q2: What is your school's immediate need?
 - ▶ Masks and other PPE?
 - ▶ Technology support for low-income students?
 - ▶ Direct support for teachers who are struggling?
 - ▶ Talk with your school principle in a honest, direct, no-sugar-coated heart to heart.

What questions should be in your PTA's next conversation to do the Next Right Thing?

- ▶ Q3: What are your PTA's longer-term liabilities?
 - ▶ Capital.... Operational.... Program....
 - ▶ Wants vs. Needs?
 - ▶ Consider your 2020-21 budget
 - ▶ 2 versions: one with your regular fundraising activities, and one without. What does it look like?

What questions should be in your PTA's next conversation to do the Next Right Thing?

- ▶ Q4: Look around your community- what can you learn from the nonprofits in your area?
 - ▶ Nonprofits have been doing this for a few months. How are they coping?
 - ▶ Who is succeeding? How and why?
 - ▶ Who is struggling? What have they tried?
 - ▶ Learn about you local CARES & SPARK funds, etc.

What questions should be in your PTA's next conversation to do the Next Right Thing?

- ▶ Q5: What is the Next Right Thing for your PTA?
 - ▶ Identify your needs and their associated costs
 - ▶ Consider your reserves and how long those could cover all your annual needs
 - ▶ If your reserves are very healthy, consider not fundraising at this time.
 - ▶ If appropriate, set a fundraising goal aligned with you needs.

And then.....

- ▶ Can't do your usual events?
- ▶ School is virtual or hybrid?
- ▶ Not appropriate to ask kids to sell anything?
- ▶ Parents and grandparents are pretty strapped?
- ▶ Business community is struggling?
- ▶ Life is complicated right now?

CONSIDER JUST ASKING.

(Whaaaaaat?????????????????)

Try saying this, in emails, letters, fliers, social media and anywhere else:

Please support our PTA this year with a donation in an amount comfortable for your family so we can..... (and then tell them the reason for your goal).

Discussion...

- ▶ Fears and worries?
- ▶ Hopes and dreams?
- ▶ Barriers to your success?