

# THE NONPROFIT TIMES

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March 15, 2015

Special Focus On  
**FUNDRAISING**



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## Multi-Channel Promotion, Stars Hype Online Auctions

BY RICHARD H. LEVEY

**H**ow much is a hug from Joel McHale, the host of cable-TV show *The Soup*, worth? To the Screen Actors Guild (SAG) Foundation, it was worth several hundred dollars. And, that was from a first-time donor.

The SAG Foundation, based in Los Angeles, hosted an online auction this past December to benefit its Children's Literacy and Assistance programs. One of the auction lots, two tickets to a taping of *The Soup*, was languishing at \$60 on Dec. 14, the last day of bidding, until McHale sent out a tweet with the lot link and a tongue-in-cheek note: "I'll throw in a long uncomfortable hug."

Within minutes, the bids on the lot jumped from \$60 to "several hundred dollars," said Lauren Donoghue, SAG Foundation special events coordinator. "There was no movement on it until the right people -- his fan base -- heard about it."

Organizations that traditionally have relied on an annual black tie dinner or other analog fundraising events are starting to dip their toe into doing digital things, said Trevor Traina, founder and CEO of San Francisco, Calif.-based IfOnly, which offers charities an online platform from which to sell celebrity-focused experiences.

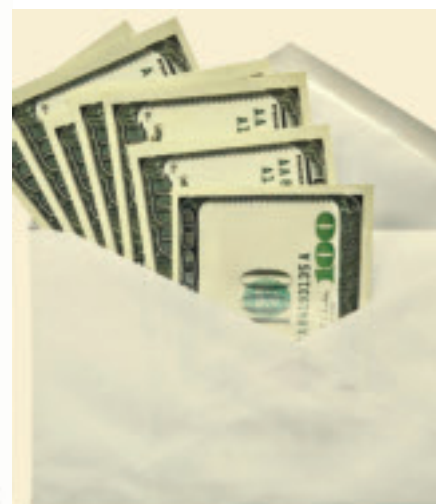
The crowdfunding trend has broadened the appeal of online auctions. "Companies like Kickstarter have moved into prominence during the past couple of years," Traina said. "Large numbers of people adding incremental dollars can have an outsized impact. While that model is generally used for business endeavors, there has been an awareness in the philanthropic community that it has potential to help with philanthropy."

Some organizations began exploring online auctions because of economic necessity. New York City-based Rush Philanthropic Arts Foundation began working with online auction platform Charitybuzz, also of New York City, in 2008, when "the economy was in a really

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Cable-TV show *The Soup* host, Joel McHale, donated a "long uncomfortable hug" that was worth several hundred dollars to the Screen Actors Guild Foundation.



## Vets, Kids Lead Donors' Giving Choice

BY PAUL CLOLERY

**D**irect mail donors age 35 and older when given \$100 to donate among 10 charities categories would most likely give a majority of the money to either a veterans group or to kids in poverty. And, that predisposition was across the political spectrum from conservatives to moderates to liberals.

The belief that too much of the money would go to overhead costs was ranked at the top of the list by respondents as the reason they would not give. Also on that list but at the bottom was the belief that a small gift would have little or no impact.

Those are some of the results of a study called *The Donor Point of View: A Survey of Direct Mail Donor Atti-*

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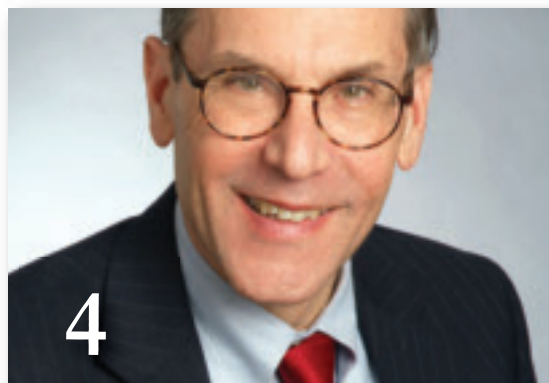
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# The Great DAF Debate

## Timing of payouts continues to spark discussion

BY MARK HRYWNA

**H**undreds of millions of dollars have been pouring into donor-advised funds (DAF) in recent years. The question for some observers of the charitable world, however, is whether enough has been making its way to the coffers of charities.

In the last two years alone, the Silicon Valley Community Foundation (SVCF) has seen its assets grow incredibly thanks to nearly \$2 billion in gifts of appreciated stock. Those donations, however, are not immediately going to charities or even into SVCF's endowment. The gifts were directed to individual DAFs, used at the discretion of individuals alone, with some advice from the foundation.

DAFs of all kinds have enjoyed tremendous growth since the resurgence of the stock market and the burgeoning economy. The total number of DAFs in 2013, the most recent fiscal year available, topped 217,000, up almost 6 percent over 2012 according to the 2014 Donor-Advised Fund Report by the National Philanthropic Trust. Contributions last year neared \$17.3 million, 23.5 percent more than the previous year, and 84 percent higher than three years ago, and 86 percent higher than in 2008. The value of grants was up 12.5 percent



**Money ought to go to charity. Is that too much to ask?** --Al Cantor

to almost \$10 million last year, up more than third from 2008 and 2010, according to NPT.

While some applaud that kind of meteoric growth in charitable contributions, others are worried that it's not going directly to charities, or that it might sit in DAF accounts.

Nonprofits are "grinding their teeth, feeling uncomfortable with the explosion of DAFs," said Al Cantor, who started his own consulting firm several years ago after 30 years as an executive director and chief development officer, including at the New Hampshire Charitable Foundation. Charities are seeing some of their biggest donors – who had previously given directly to them – giving to DAFs and not seeing the funds distributed to charity, he said.

Proponents of donor-advised funds point to payout rates that are significantly higher than the required 5-percent distribution by private foundations. According to data compiled by NPT, each year since 2007 has seen payout rates of better than 20 percent by DAFs.

When doing feasibility studies for organizations launching major campaigns, however, Cantor said he's seen evidence of DAFs not distributing grants. But he has no details of how many funds or how many people might be sitting on money because community foundations, like SVCF, do not have to share that information. "They don't have to tell us and they choose not to tell us," he said, adding that distribution averages can be



**What's the objection to having payout after a reasonable time?** --Ray Madoff

misleading. "If they seriously think no one is sitting on money, they should show us."

Emmet Carson sees DAFs as a way for donors to even out their philanthropy over a lifetime. "Farmers store grains for a reason," said Carson, president and CEO of SVCF. Donor-advised funds are not set up to be spent by someone else's determination of the time frame. "Each individual gets to determine what's important to them," he said.

"What is the value of creating a fund that you never give away the resources? The only value you have in creating it is the joy in giving out grants. To get a deduction, and never grant out, that's not value. It's not consistent with the profile of our donors," he said.

The foundation has a policy of contacting donors when there's been no payout in two years. "But it's not activated because people want to give, so it's counter-intuitive to the experiences of people who are excited to give," Carson said. Of the 158 DAFs with balances of \$1 million or more, SCVF said 7 (4 percent) made no grants in the last two years. SCVF had a total of 1,047 DAFs at the end of 2014, excluding corporate advised funds. The foundation awarded \$474 million in grants, including \$274 million from DAFs. On a fund-by-fund basis, the average payout of funds with balances of \$1 million or more was almost 16 percent. Total assets under management some \$6.5 billion, compared to \$2 billion just a few years ago.

Carson views a recent shift in perspective as one reason behind the growth in DAFs. Going back 10 to 20 years, there was a greater interest in people creating private foundations with their own staff and thinking of their legacy that way. An increasing number of donors who have looked at that vehicle do not find it to be the most efficient way to get engaged in institutions, he said.

DAFs that don't distribute funds enjoy tax-free growth, which provides

tremendous financial benefit, said Ray Madoff, a professor at Boston College Law School in Newton, Mass. "This is the question of endowments: To what extent do we want to set aside funds as opposed to encourage money being currently spent," she said.

Madoff has suggested establishing some period of time in which money contributed to DAFs must be spent. "If you think payout is important -- and I believe you should -- what's the objection to having payout after a reasonable time? The reason we have rules is for people who might not otherwise do it," she said. Those who tout payout rates should encourage payout and not be opposed to payout within a reasonable timeframe.

"Saving money to spend 100 years from now is not something we should be encouraging given the expense of the charitable contribution," Madoff said. If a donor gives \$10 million of appreciated assets to a DAF, that taxpayer is potentially saving more than \$6 million in capital gains and income taxes, before even including any savings on estate taxes. "That's costing the rest of us over \$6 million. The public should be knowing it's going to get something for that \$6 million contribution, not simply having \$10 million set aside to be spent in some undetermined future at the whim of a donor," she said.

Given the rise of DAFs, there is increased interest in this topic, so much that a conference is planned this fall. Boston College has established the Forum on Philanthropy and the Public Good, which aims to provide nonpartisan, high-quality research for the purposes of addressing issues in philanthropy and the public good.

"The question we need to think about is: Should all sponsoring organizations should be treated the same. We have a situation where we have different types of sponsoring organization, and it's not clear that they should all be treated the same," she said. DAFs first were created by community foundations some 80 years ago but financial firms got into the act after Fidelity created the Charitable Gift Fund almost 25 years ago, which launched the tremendous growth seen in the commercial world.

Make no mistake, Cantor believes DAFs are a good vehicle for folks who have a liquidity event, such as selling a business and suddenly have money to give away. He doesn't like the idea that there is no payout requirement. At the

Continued on following page



**We are seeing a renaissance in American philanthropy.**

--Emmet Carson



Howard Husock

## DAFs Target Of Tax Reform

**A**mid historic growth since the recession and mega-gifts by tech billionaires, do commercial donor-advised funds (DAFs) and community foundations complement one another or overlap in their grant making? That's among the questions that a forthcoming paper by the Manhattan Institute aimed to answer. In "The Potential of Donor-Advised Funds," The Manhattan Institute used data from the three DAFs to compare giving patterns for donors with those of community foundations in three metropolitan areas:

- Among the top 500 recipient organizations in Metropolitan Chicago, 81 recipient organizations received contributions from both the Chicago Community Trust (CCT) foundation and commercial DAFs. About 25 percent of grant dollars overlapped while 83 percent of the 500 organizations supported by commercial DAFs were not supported by CCT.

- Among the top 500 organizations in Dallas, 181 of the Community Foundations of Texas' organizations received donations from both, with about 30 percent of total dollars overlapping.

- Among the top 500 organizations in Denver, 106 organizations accounted for roughly 20 percent in donation overlap by dollar value.

Vice President for Policy Research Howard Husock said they used what data was available with some reasonable geographic diversity. In an area like Silicon Valley, he suggested that data might have been skewed because of gifts that were so far out of the norm. In the three regions cited for the paper, "it's so many small donors, we thought it was a good test."

The paper also examined the potential effects of a minimum payout over a certain period of time and the potential for the growth of assets sitting in a DAF. The paper, Husock said, was prompted by a proposal within former Congressman Dave Camp's (R-Mich.) comprehensive tax form, introduced last year. "If tax law comes into play, one would be advantaged, one would be disadvantaged, and different charities would be hit." -- Mark Hrywna

Continued from preceding page

same time, he's opposed to instituting a 5-percent payout minimum because then what's meant to be a minimum becomes a de facto maximum, in the same way 5 percent became standard for private foundations after the Tax Reform Act of 1969 required it as a minimum.

He supports setting a horizon on when money should exit a DAF. "Let's come up with something, maybe longer than five or seven years. As a public policy matter, we should get as much of it out to the community as we can," Cantor said. Organizations and the people they serve need the money now," he said.

A donor to a DAF is "is getting the same charitable benefit as giving to soup kitchen, to a Boys and Girls Club, or to a museum so it can stay open Tuesdays. Money ought to go to charity. Is that too much to ask?"

Howard Husock, vice president for policy research at the Manhattan Institute, said the only serious, positive trend in giving has been the growth of DAFs.

In a research paper due out next month, Husock wrote the underappreciated aspect of DAFs is that balances can grow substantially. "These are in effect mini-endowments and min-foundations blossoming widely," he said, adding that the paper was entirely self-initiated and did not receive any financial support from any DAFs.

If funds are not transferred within five years, they could become substantially more well-endowed, Husock said. Conservatively estimating that these balances grow some 6 percent annually, his

Most charities don't have a legal team and are not able to accept appreciated assets, such as art. For that reason, DAFs such as Fidelity or Vanguard are good for valuing and accepting appreciated assets for tax purposes, Husock said. DAFs are the "democratizing of private foundations, he said, adding that average balances are relatively modest and reflects that.

DAFs provide a very tax efficient way to giving appreciated, nonpublicly traded assets and to increase a donor's impact, according to Amy Danforth, president of Fidelity Charitable Gift Fund.

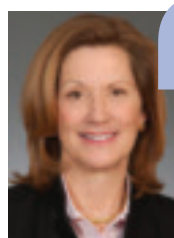
More than half of contributions through Fidelity have come in the form of appreciated assets while more than 71 percent of contributions to Schwab Charitable Gift Fund have been in that form.

Danforth expects donations of complex assets will continue to grow because awareness is increasing and aging Baby Boomers are transitioning privately-held businesses and DAFs are a great way to plan charitable contributions. The general growth in things like private equity and other nonpublicly traded assets also are becoming more

aware of being used for charity.

People tend to turn to DAFs when basic financial needs of housing, college, retirement planning, general saving accounts are met, Danforth said. The average age of opening an account at about 62, with 28 percent of new accounts opened in the \$5,000 to \$10,000 range and 60 percent with less than \$25,000. Donors seem to be prefunding their giving for retirement, when they've stopped earning and wouldn't be able to fund charities, Danforth said, but some people

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**Being planful and strategic has actually increased giving.**

--Amy Danforth

paper forecasts DAFs pushing charitable giving higher.

Financial advisors could be motivated to direct donations away from charities and toward DAFs and let those assets grow. "I understand capitalism and respect capital forces but what people are brushing under rug is that there's a profit motive for everyone in the financial field to promote DAFs," Cantor said. It used to be that a client who wanted to give money could direct their advisor to transfer appreciated stock to a charity. Instead, that advisor can direct donors to give to a DAF, where the advisor would still get a management fee. "There is a lot of money being made by this but a lot of need in the community."

SVCF is probably the only community foundation that could rival the scale of commercial firms like Vanguard, Fidelity or Schwab. "Is that a tax dodge? Wealthy people have always set up private foundations...so this is another version of that, which one can argue has lower administrative costs and aligns with community advice and priorities," Husock said.

The advertisement features a large, bold headline: "SOON YOU'LL RAISE PROFILES TO NEW HEIGHTS." Below the headline is the Abila logo and the website address "abila.com/whatmatters". The background is a teal color with a pattern of overlapping triangles. At the bottom, there is a silhouette of a diverse group of people. Several question marks are placed above the silhouettes, with dotted lines extending upwards from them, suggesting a path or a question about the future.

## ONLINE AUCTIONS

Continued from page 1

tough place," said Tangie Murray, the organization's executive director.

"We had, prior to that time, never had an online auction," Murray said. "[Bringing the auction online] really helped us raise the bar and get a lot more reach for our packages. We didn't have to rely on people who had already dug deep to buy tables to our event."

Rush initially kept a few items offline. "In the first year, we did a hybrid. We kept around 10 or 20 lots so attendees could still bid, and we put the rest of the lots online," Murray said. Rush needn't have bothered. Attendees were bidding for the online lots, although, "Most of the winning bids for the items on Charitybuzz were from people who had not come to the event," Murray said.

Online auctions come with their own logistic concerns and potential pitfalls. Done incorrectly, an online auction can cost an organization's goodwill and donations, and even create legal difficulties.

A common challenge with online auctions is a lack of human intervention, said Stuart Paskow, co-founder of Mitch-Stuart, Inc., which offers no-risk travel and experience items for auction. "They don't have the benefit of the auctioneer hyping the audience to raise the bidding," said Paskow. Many of the online platforms just go with the highest bidder. At a live auction the losing bidders can be approached and offered the same deal for their bid if there are more of the same item available.

SAG Foundation's Donoghue starts by taking an active hand in what is offered. Calling a potential donor and asking for "something" is a fast road to nowhere, she said. Donoghue considers the unique lots a donor might offer, such as a guided backstage tour or exclusive memorabilia from a hot show, and makes a specific request.

Once Donoghue has secured a lot, she writes a detailed description of what is being offered. Memorabilia collectors are fussy about an item's condition — even for one-of-a-kind offerings like signed objects. She notes any age restrictions on experiences. And she's careful to include expiration dates: "You could have someone buy a vacation package. Ideally, you want that experience to happen within that year," she said.

She's right: If a donor offers a week's stay at a St. Maarten home, and three years later sells that home, collecting on the experience five years later will be problematic. A bidder who successfully collects on an experience within a year will be primed to bid on another experience in the next annual auction. "That's why it's important to deal with an established travel provider who can provide an alternative if the home becomes unavailable," said Michelle Cohen, co-founder of Mitch-Stuart.

While Donoghue does much of the solicitation and promotion for her events herself, she usually works with outside firms to manage the bidding and fulfillment. Companies such as Charitybuzz, Komplot, IfOnly, and eBay provide platforms for, and bring expertise to, organizations where staff want to host online auctions. And many of these offer access to panels of individuals primed to bid in auctions. By using these platforms, a nonprofit expands its circle of potential donors.

One of these companies' main functions might be managing expectations. "Unless you have something really unique, don't expect to raise tons of money," said Christopher Noble, CEO of San Luis Obispo, Calif.-based Causemedia

Group, which includes Kompolt, an auction unit.

Kompolt's most famous lot, the annual lunch with investor Warren Buffet it offers to benefit San Francisco's Glide Foundation, falls into the "really unique" category. It routinely brings in winning seven-figure bids. But these types of lots are the exception.

"What does work is using the visibility of an auction as a keystone and building other things around it," Noble said. "If we run an auction [using eBay's auction platform] that draws a lot of traffic and visibility, and we couple it with putting the nonprofit's name in a [donate-a-dollar] dropdown list at checkout, we can, by that mechanism, raise an additional -- depending on how many weeks it is up there -- \$20,000 to \$50,000."

Organizations designing personality-driven auction lots should keep an open mind regarding what makes a celebrity, according to Ben Erwin, vice president of business development at New York City-based Charitybuzz, an online auction platform which specializes in experiential offerings. While the company initially focused on celebrity experiences, of late packages featuring business leaders, such as lunch dates or the opportunity to shadow them, "are bringing in, on average, 30 percent more than celebrity experiences," Erwin said.

"The most successful auction we've ever done at Charitybuzz was a 30-minute cup of coffee," Erwin added, "30 minutes at Apple headquarters with Tim Cook. We sold that 30 minutes for \$610,000 in 2013."

Traditionally, auction success is predicated on matching lots to the expected audience. But online auctions follow different rules. Lots tied to current sporting events or news often pick up additional clicks and views, and that exposure translates into bids, Erwin said.

Once lots are secured, companies such as Charitybuzz, Komplot, and IfOnly handle the mechanics of each auction, and provide access to groups of bidders, usually in return for a percentage of the proceeds (mid-teens is typical, but the actual amount varies based on the number of services provided).

SAG Foundation's Donoghue then turns her hand to promotional efforts. Social media, whether Facebook, Twitter, or any other channel, can bring additional value to a charity auction, Donoghue said. Entities that have provided lots can tout their contribution and generate a halo of goodwill by associating themselves with the charity. Bidders can let connected friends know about their fan-based activities.

Donoghue urges nonprofit managers to aid social media users in staying on message. The SAG Foundation provides sample tweets and posts for those interested, which allows for some quality control: In addition to keeping posts on brand, messages that don't include a direct link to a specific item are much less effective at driving interest and bids, Donoghue said.

When possible, an auction should have a clearly stated identity, such as an easily searchable theme or event name. And in all cases, the organization sponsoring the auction should be sending out heavily tagged messages, and encouraging donors and bidders to repost these messages.

Promoting a successful online auction requires more than just a clear identity. "There are a lot more players in the field," said Hillary Zuckerberg, director of the Artists Against Hunger & Poverty program at New York City-

based WhyHunger. "In the beginning, we could go to major press outlets and talk about the auction. They are not as interested because it's been out there so much."

WhyHunger's response has been to break apart its auctions. It hosts several each year, including one tied to its year-end Hungerthon gala and targets lots to specific niche media outlets. For instance, one of the lots offered during Hungerthon 2014 was a used-in-concert drum-head signed by the members of The Allman Brothers Band. "We got pickup on Relix, Jam-Base, Jambands.com, and [outlets] like that," Zuckerberg said.

Like the SAG Foundation, WhyHunger offers suggested content for a donor or bidder's social media channels. "We have become really great at writing copy that will give someone who has no idea what WhyHunger is a little bit of insight into who we are," Zuckerberg said. Text usually consists of "two lines to get someone's attention -- 'Help Bruce Springsteen fight hunger:



**Bruce Springsteen has donated items for WhyHunger's annual auction for many years.**  
Photo by Jo Lopez

Donate now to win an autographed guitar" along with a link directly to the auction lot, according to Zuckerberg.

"We write a social media post, we send it to [the musician's] management which approves it, and then send it to the online media person at the label," Zuckerberg said. "When it goes up, immediately we see action on the auction item. And that is the best way to judge whether or not your outreach has been successful."

Smaller nonprofits might be daunted by the need to offer glamour lots. They shouldn't be. Chances are that someone in their donor network, or on their board, knows a local luminary, whether a mayor, an industry figure, or even someone who has premium tickets to something. Access to any of these individuals can be parlayed into a desirable lot unique to the organization.

Remember the follow-up. Bidders who don't contribute during other times can usually be brought back for the next auction. "If they have bid on something last year, and I have something signed by the same celebrity this year, I will reach out to them and say 'We loved your support last year. I have this awesome item which is also signed by so-and-so in case you are interested in bidding,'" Donoghue said. **NPT**



## Online Raffles Are Chancy, At Best

Online raffles might seem like lower-effort fundraising alternatives to web-based auctions, but even these have their hazards. Raffles, unlike sweepstakes, require some sort of consideration in exchange for a chance to win. Thus, gambling statutes often regulate such events.

How can an organization lessen the likelihood of running afoul of these statutes, which can vary not just state by state, but county by county? "What I expect charities to do is not consummate transactions online," said Tyree Collier, an attorney at the firm Thompson and Knight in Dallas, Texas.

According to Collier, even organizations where managers try to keep online raffles in-state to limit compliance issues could run afoul of the law. Texas, for example, does not permit statewide raffles. Organizations have attempted to get around this by blocking residents in a few of the least-populous ZIP codes, Collier said.

That might work if raffles are allowed at all. Take New York, where the right to run lotteries is claimed solely by the state, according to Steven C. Bennett, a partner at New York City law firm Park Jensen Bennett. Language such as "void where prohibited" offers an organization some -- but only some -- coverage.

Bennett offered a further caution: "Consideration does not have to be financial consideration," he said. "Registration information, such as where you are going to deliver the prize, is obviously necessary. But beyond that, if you say 'to enter, you have to give me some amount of detailed information which is not strictly for registration,' that's potentially a problem.

"This is a matter that should be reviewed with counsel. You can't assume your good intentions are going to solve all your problems."

As a start, Bennett suggests organizations contact charity bureaus within state attorneys general offices or whichever state office oversees charities. -- *Richard H. Levey*

**DIRECT MAIL**

Continued from page 1

tudes. Infogroup Nonprofit Solutions surveyed online people who said that they have given to a direct mail appeal during the previous 12 months. The idea was to measure donors' attitudes regarding charity missions and elements of direct mail appeals. The point was to attempt to quantify the effects of ask level and free gift (premium) on the amounts consumers donate when receiving a mailed request for a charitable contribution.

Each respondent, U.S. adults age 35-79, saw and responded to only one presentation with random assignment to exposure condition. A total of 2,905 self-administered online interviews were completed – approximately 240 per condition.

The respondent mix was 51.3 percent female and 48.7 percent male ranging from age 35 to age 79. The largest segments of respondents were 55-64 (33.1 percent) and 65-74 (28.3 percent).

The annual income started at \$50,000, with 62 percent of respondents reporting income of \$50,000 to \$149,999. Only 10.6 percent of respondents had a high school diploma or less education. College graduates were the majority at 37.4 percent, followed by some college courses at 29.3 percent and a post-graduate degree at 22.7 percent.

Respondents broke down into three self-reported groups: 41.4 percent moderate, 38.7 percent conservative, and 19.9 percent liberal.

Older donors thought a small gift would do little. The responses showed that donors 55 and older should be told how multiple small gifts add up over a year and that emphasis should be placed on how efficiently funds are used, according to Don Austin, director ana-

# The List

These are the types of charities from which survey participants were asked to choose when making a direct mail donation.

- Help Cure Childhood Cancer
- Help Our Disabled Vets
- Provide Food/Clothing To Children In Poverty
- Grant The Wish Of A Terminally Ill Child
- Find A Cure For Heart Disease
- Fund Research To Prevent Premature Births
- Help Save Endangered Wildlife
- Provide Food For The Poor In Other Countries
- Support Public Radio & TV
- Help A Religious Group Send Bibles Overseas

lytics at Infogroup.

The majority of respondents didn't care who signed the direct mail appeal's letter (43.8 percent). A person who has been a recipient of the organization's services (27.1 percent) was the next most popular answer. A member of Congress signing the letter came in dead last at 3 percent. Senior organizational leadership fared only slightly better than a member of Congress at 7 percent.

There was a clear demographic difference regarding signers. Males were more likely to be impressed by a

well-known outside figure whereas female donors wanted to hear from service recipients, said Austin.

First-time donors might be willing to give an average \$137.10, according to the respondents. Those with the greatest wealth, income of \$150,000 or more, projected an average first gift of \$219.64. Interestingly, the group with the least income -- \$50,000 to \$74,999 -- was not projected to give the smallest first-time gift. The \$106.17 average gift of that group was more than the \$101.07 averaged for the income group \$75,000 to \$99,999.

Respondents were given 10 potential areas of support from health to public radio to wildlife and religion. Sending bibles overseas was much more important to donors 65 and older. (See accompanying chart.)

Political outlook might have less impact than expected on a donor's willingness to give. Assuming that you know response based on the political leanings of donors and prospects might be incorrect. According to Austin, the study shows across the board support of the mission connects with people.

**HOW THEY'D GIVE**

The youngest donors sampled (35-44) were the largest group willing to give online in response to a direct mail appeal at 17 percent. It drops significantly as the donors get older, all the way down to 4 percent for donors age 75-79. The youngest group is writing checks, too, at 53 percent. That increases with age to 76 percent for donors 75-79. Austin cautioned that there is a slight online bias since the survey was done online.

For all donors, giving by mail with a check was 67 percent and by mail with a credit or debit card was 17

Direct Mail, page 14



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# Federal Rules Q&A

## *Nonprofit procurement under the new Super Circular*

**T**he procurement rules governing purchases made with grant funds changed when the new Uniform Guidance on grant administration was implemented as an interim final rule in late December 2014. Procedures must become more structured and purchases of more than \$3,000 will have to be accompanied by varying levels of documentation as the dollar value of purchases increases.

Understanding and implementing the new guidance on short notice will be difficult for many nonprofit managers. That's why The Grantsmanship Center (the Center) has asked Henry Flood, the center's senior advisor for grant administration, to address procurement issues that are raising concern.

**Center:** When compared to the old A-110 rules, how drastic are the procurement rule changes in the Super Circular?

**Flood:** I wouldn't characterize the changes as radical. The philosophies and broad policies articulated in the new procurement guidance are very similar to the

old rules. The revised procurement policies are somewhat more prescriptive. The standards of competition, the types of procurements authorized, and the documentation requirements are a bit more specific. There will be less flexibility.

**Center:** How can the nonprofit community best prepare for the new procurement requirements?

**Flood:** The good news is that the Office of Management and Budget (OMB) and the Council on Financial Assistance Reform (COFAR) announced there will be a year's grace period to make policies, procedures, and procurement operations conform to the new Super Circular.

So now is the time to carefully examine existing policies and procedures and compare them to the new procurement requirements. The precise citation for the new rules is 2 CFR 200.317 to 326. If you compare these rules to your current procedures and take all necessary steps to meet the new requirements, you'll avoid rushed, last-minute work.

The new rules will have varying im-

pacts on how nonprofit managers handle small and large purchases in the future.

**Center:** You said the impacts will vary. Please elaborate.

**Flood:** The impact will vary depending on the size of the organization, its experience handling procurement with federal funding, skill of the staff, and efficiency of the procurement operations. I envision three situations.

First, managers at small nonprofits with limited funding streams and little or no experience with federal funding might need training and capacity-building assistance to handle substantial new procurement actions that could accompany a sudden influx of federal funding. These nonprofits could need to significantly revise old procurement policies and procedures, or write new ones to conform to the Super Circular. They'll probably also have to make changes in other areas of operation, as well, to conform to the new regulations.

Second, there are the medium and large nonprofits. These generally have

fully functioning procurement systems and staff with considerable experience handling a range of purchases with federal funding. Leaders will need to adjust policies to ensure that micro, small, and large purchases are properly classified and documented to avoid practical and audit compliance issues.

Third, it will be interesting to see how the audit community will handle the procurement changes in audits starting in 2016. It seems to me that no one is talking about the auditors, but they have a huge footprint on the grant reform initiative. This is a story in itself. Will auditors be prepared?

I expect, for example, that the audit community and nonprofits might have different views on how purchases from \$3,000 to \$150,000 are handled. The auditors are likely to be more conservative than nonprofits in their view of procurement decisions. Seeking flexibility, the nonprofit community is more likely to desire the most liberal decision environment possible while still being within

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the bounds of regulatory compliance.

**Center:** Let's talk about small purchases or purchases less than the small purchase threshold, now set at \$150,000. One issue addressed at the recent OMB/COFAR webinar concerned how purchases between \$3,000 and \$150,000 should be handled. The concerns were the burden of documentation and the defense of decisions. What is your response to these concerns?

**Flood:** Relax. Take a deep breath. Approach this situation carefully and strategically. First, consider what a small purchase really is from a policy point of view. Purchases less than the simplified acquisition threshold (\$3,000 to \$150,000) are described as "simple and informal" by 2 CFR 200.320 (b). As such, these purchases require a lower threshold of competition, require fewer terms and conditions, can be solicited informally, and do not require a cost and price analysis, which would be required with bid and negotiated purchases that exceed the \$150,000 simple acquisition threshold.

Second, it matters greatly how you classify and describe the range of purchases that are possible below the simple acquisition threshold. The key to begin addressing classification and description is to have a uniform small purchase face sheet that acts simultaneously as your solicitation, acceptance, and small purchase record of procurement. Federal, state, municipal, and county governments have done this for years and with great success.

The vast majority of all purchases (80 percent or more) are small purchases. The uniform small purchase face sheet (or an electronic equivalent) is a highly efficient and effective tool.

Third, as small purchases increase in value, managers need to consider a series of graduated competition requirements, approvals, and policy requirements. This will help avoid complaints, abuse, arbitrary decisions, audit, or compliance problems. It can all be accomplished without being overly burdensome if people are properly trained and the correct graduated policies and procedures are in place.

Finally, there is another important issue concerning small purchases or simplified acquisitions. What does an organization do if its own small procurement threshold is substantially less than the \$150,000 threshold? What you cannot do is have one threshold for purchases made with non-federal funds and another for purchases made with federal grant funds. The federal rule has always required that the more restrictive threshold prevail for defining a small purchase and capitalized assets.

Therefore, nonprofit managers should adopt the simplified acquisition threshold as official policy but institute a series of graduated authorities and documentation as the dollar value of the small purchase rises. This prevents abuse and ensures accountable and reasonable decision-making. It still allows your organization to benefit from what the simplified acquisition threshold has to offer.

**Center:** What about larger nonprofits from where hundreds of thousands of dollars have been invested in high-end procurement systems and now face having to tweak those procurement systems to comply with the new rules?

**Flood:** Again, I go to fundamental advice. Whether electronic or on paper, the uniform face sheet documenting the procurement action is very important. But some organizations with systems built on customized programming could face technical hurdles that could be costly.

During this transition and year-long compliance grace period, organizations that are heavily invested in customized electronic systems should compare the time and costs of tweaking those systems against the time and costs of going to more modern software or web-based procurement systems that are flexible enough to meet future needs. Now is the time to engage in this review and to determine what should be done during the transition so that by 2016 your organization will be compliant.

**Center:** Why is property management included with procurement?

**Flood:** The simplest answer to this important question is found in two words: Accountable Assets. When you purchase assets with a value of \$5,000 or greater with federal grants or pass-through funds, you are required to report annually on the status of such property for the life of the grant, even though title is vested in the grant recipient.

However, whether or not capitalized property is purchased with grant funds, it remains an accountable asset. Both the balance sheet of financial statements and the audit will be negatively impacted if capitalized assets are not dealt with properly.

Both granting agencies and grant recipients tend to put property management tasks at the bottom of the administrative pile. Recent changes in property management rules and reporting requirements mean these tasks can no longer be shoved to the curb without putting your organization and its funding at risk. *NPT*

*Barbara Floersch is executive director of The Grantsmanship Center in Los Angeles, Calif. Her email is barbara@tgci.com*



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# Words That Evolve

## *Challenging a prospect might not work*

**S**trolling along ... on the third rail. That might be you as a fundraiser, or it might be whichever fundraiser is courting you. As you define and refine success in

our tight little universe, you easily see how word choices can, delicately or brutally, generate or alter attitudes. "Word power" has influence, to a point at which the recipient feels guilty for pass-

ing up an opportunity ... or the sender feels guilty for pressing what the person thought was a hot button but actually was the tip of a needle.

An easy example is a mailing from

what might be the best-known and most reputable service organization dedicated to treatment of those with Alzheimer's. Reversed out of a purple strip across the face of the envelope, all caps:

### **MATCHING GIFT CHALLENGE**

*Challenge? Challenge?* Who are they to hurl out a "challenge?" You'd better put this aside until you have more time.

Boldface on the envelope, above and to the left of the recipient's name and address:

Action required by [a date two weeks after anticipated delivery of the mail].

*Required? Required?* Required by whom?

Obviously the sender believed that assuming a position of authority would generate more response than an arm around the shoulder. Is this a smart marketing decision or an arrogant marketing decision? Is it a response-suppressing decision? Is it a grab-and-shake decision that will bring contributions from many who otherwise would ignore the appeal? It's probably a percentage stemming from all of these.

The whole notion of dissecting this envelope copy might strike you as trivial. Oh, no, if you consider The Cardinal Rule of Envelope copy: The entire purpose of the envelope, other than keeping its contents from spilling out onto the street, is to get itself opened. The alert fundraiser matches the message to the recipient's attitude, not to the sender's attitude.

### **NEITHER ACCUSER NOR TOADY BE**

In ancient times (think pre-web), common sales technique called for the sender of a "Do This:" message to assume a posture of natural superiority over the recipient. No, no, don't misinterpret the intended relationship. Those were ancient times, not primitive times, so think "instructor," not "dictator."

Instructions for response commonly called for time-consuming action. That, in fact, was the underlying philosophy -- placing tab "A" here and tab "B" there, affixing the mounted and/or shifted elements to match the agreed positioning, and any dedicated physical move calling for acknowledgment beyond initializing the response device. These solidified togetherness, and each step in made stepping out of the arena more unlikely because the commitment intensified.

That's not the case today. Professionals embrace the era in which even the most worthy organizations are knee-deep in recognition that all fundraising is competitive with all other fundraising ... and a misstep can blank out a semi-intended commitment. Today's instructor



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masks that dominance. "Danger! If you don't..." has replaced "Do this..." Following the logical course of 21st century salesmanship, the mantra, "Tell the potential donor what to do," demands the professional laying on of hands.

**WHAT'S IN IT FOR ME?**

How easy it is to weave reward into the mix, so "You" becomes "Lucky you." Previous columns in this publication have covered that point, so let's reduce it here to benefit based on word use.

Military veterans know full well: The Purple Heart isn't awarded for valor nor for leadership. It's awarded because the individual was wounded. Certainly that's reason enough for an award.

Here, on the carrier envelope of a nonprofit, is this line: "The Purple Heart: A great military honor that no service member wishes to earn."

If you quickly shook your head, asking, "Why did they say 'wishes to earn' instead of 'wants to earn' and then added, 'Isn't 'earn' a weak throwback in



**The entire purpose of the envelope, other than keeping its contents from spilling out onto the street, is to get itself opened.**

which the earner acknowledges a position inferior to the instructor?" ... then you qualify as an advisor. Transforming a gutty recognition into wispy poetry is the kind of mismatch we encounter when we say to an accomplished but intellectualized writer, "You know what we want. Gimme some guts here." That writer is out of their element using the word "intestines," let alone "guts." Once

again, though, careful, please. Society has progressed far beyond pre-World War II Hemingway deliberate toupee-on-the-chest borderline literacy.

**ALL OF WHICH MEANS WHAT?**

Stiffness is out. Conviviality is in. "I know who you are" is loaded with peril. Adding "I'm one, too" scrubs away much of that risk. "Do this" spurs resentment

among X-percent of your logical targets. "Consider this" is less dynamic, ergo less dangerous.

Like Don Quixote, even the best-written, most psychologically-aware communication can leave its nonprofit sender tilting at windmills. After all the blather you've just been gracious enough to read, recognize that the difference between projected results and useful results lies in one word: Testing. *NPT*

*Herschell Gordon Lewis is a professional writer who lives in Pompano Beach, Fla., consulting with and writing direct response copy for clients worldwide. He is the author of "Hot Appeals or Burnt Offerings," an analysis of fund raising techniques. His most recent book is his 32nd-- "Internet Marketing Tips, Tricks, and Tactics." Among his other books are "On the Art of Writing Copy," (fourth edition), "Creative Rules for the 21st Century," and "How to Write Powerful Fund Raising Letters." Web address is herschell@hglewis.com*



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# A Moving Target

## The regulation of online fundraising platforms

**T**he National Association of State Charity Officials (NASCO) posted a document on its website titled "Internet and Social Media Solicitations: Wise Giving Tips." True to its title, the document laid out advice on issues relating to fraudulent and deceptive solicitations, charities' control over the use of their names on fundraising platforms, and transparency in fundraising platform policies.

But in what seems less a tip and more of a warning, it mentioned that certain fundraising platforms might be subject to state registration and reporting requirements.

The "Tips" includes a statement that fundraising platforms "may be classified as an unregulated vendor, or a moderately regulated commercial co-venturer or professional fundraising consultant/fund-raising counsel, or a more actively regulated commercial fundraiser/professional solicitor." It advises the operators to make sure they understand their legal status and comply with any applicable registration, reporting, and contract requirements.

The "Tips" is noteworthy in part because the state charity regulators rarely publish collective

pronouncements on regulatory matters.

Fundraising platforms provide individuals, charities, and corporations with creative tools for raising funds for charitable causes. The platforms vary in structure and design, including peer-to-peer fundraising, project-specific crowdfunding, online charity auctions and sweepstakes, loyalty/rewards points conversion, and donations triggered by user actions (running, shopping, taking surveys, etc.). Gamification techniques are used to make the giving experience fun and rewarding.

Fun and games aside, consider the following evidence of state charity regulators' keen interest in oversight of fundraising platforms:

\* Without any announcement, in late 2011 state charity regulatory offices around the country sent letters requesting information from numerous online fundraising platforms regarding how they operate, how they determine the legitimacy of charities using their platforms, and how they protect against fraud.

\* A panel was held during the 2014 NASCO conference to discuss the "Tips." Based on questions asked by nonprofit attendees, it was evident that the registration requirement of

fundraising platforms remained an area of significant confusion.

The "Tips" offers no guidance on how to evaluate whether a platform's activities cause it to fit into a regulated category. In spite of that, the "Tips" concluded by advising platforms' operators to "be cooperative with charity regulators and law enforcement if they contact you with basic questions about how your fundraising platform works . . . ." This suggests the prudent course for fundraising platform creators is to study the regulatory landscape they inhabit to ensure compliance and avoid facing any unexpected penalties.

### WHEN DO YOU NEED TO REGISTER?

To evaluate whether a for-profit fundraising platform might be subject to state registration requirements, the business must determine if it falls within the state's definition of a regulated fundraising entity -- professional fundraiser, fundraising counsel, or commercial co-venturer. Although these definitions vary from state-to-state, generally they can be defined as follows: Professional fundraisers are individuals or entities paid to solicit funds on behalf of a charity;

fundraising counsels are individuals or entities paid to advise or assist with the solicitation of contributions on behalf of a charity, but do not solicit or have custody of funds; and commercial co-venturers are entities that advertise that the purchase or use of any goods, services, entertainment, etc. will benefit a charitable organization or purpose.

In 2011, Assistant Attorney General Bob Carlson of Missouri, then president of NASCO, gave a presentation at the organization's annual conference in which he explained how state charity regulators were examining online fundraising platforms to determine whether and when they might fall into a regulated category. In determining whether a platform is a professional fundraiser, Carlson posed a core question: "Who is soliciting?" As he pointed out, "just because you're online, does not mean you are doing the asking."

Carlson also noted that certain factors, when taken together, could indicate that a for-profit platform might be soliciting, including, but not limited to:

(a) fee structures that are based on the amount donated (above and beyond third party credit card fees);



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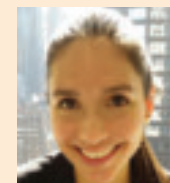


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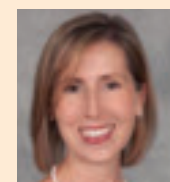
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(b) the provision of customized fundraising content to the organizations; and,

(c) giving the impression of vetting charities and recommending which organizations to support (e.g., for an additional fee, placing charities into issue portfolios, or granting them featured status).

Most platforms today are structured as turnkey tools that allow charities to conduct their own fundraising campaigns. In peer-to-peer fundraising platforms, individuals create their own campaign to raise funds for a favorite cause. Most platforms assess some kind of transaction fee based on the amount of the donation, but most do not assist charities in creating campaign content nor are they paid to promote any particular charity's campaign.

The factors highlighted by Carlson help when evaluating which entity is actually soliciting, but no factor on its own is determinative of whether a platform is acting as a professional fundraiser. Consequently the platform structure, functionality, and any services that are provided to charities that sign up must be reviewed as a whole in reference to the state's definition of professional fundraiser.

A fundraising platform might constitute a fundraising counsel when it provides, for a fee, advice, assistance, or counsel to a charity about how to optimize its fundraising efforts. This might include the provision of customized advice regarding how to better use the platform's tools to maximize the charity's fundraising success.

A fundraising platform might be acting as a commercial co-venturer when it promotes or advertises that the purchase or use of any goods, services, entertainment, or any other thing of value will benefit a charitable organization or be used for a charitable purpose.

Because each state has adopted slightly differing definitions of "professional fundraiser," "fundraising counsel," and "commercial co-venturer", different states might arrive at varying conclusions on the platform's classification.

#### JURISDICTIONAL NEXUS

Even if an online fundraising platform is considered to meet a state's definition of a particular fundraising category, the states' ability to regulate that platform is limited by the constitutional standard of "minimum contacts," i.e., the minimum amount of contacts necessary for a state to exercise jurisdiction over a person or entity.

NASCO issued the Charleston Principles in 2001, a set of guidelines which represent the states' effort to consistently apply minimum contacts principles to the existing state charitable solicitation regulatory framework. The Principles assert that existing state charitable solicitation laws encompass and apply to solicitation on the Internet. The Principles do not constitute binding law. However, NASCO encourages state charity regulators to use the Principles as practical guidelines for applying existing state laws to internet fundraising activities.

While two states, Colorado and Tennessee, have affirmatively incorporated the Principles through formally adopted regulations, other states have not taken such a clear position. In fact, a few

states have informally advised that they do not use, or will not disclose whether they consider, the Principles as guidelines. At the end of the day, platforms can only rely on the minimum contacts standard as the established principle upon which to guide their regulatory compliance.

According to the Principles, state registration and reporting regimes only apply to: (1) entities domiciled within the state; (2) out-of-state entities whose non-Internet activities would require registration in the state (e.g., mail or telephone solicitation into the state); and (3) out-of-state entities that solicit through an interactive or non-interactive Web site and either specifically target persons physically located in the state, or receive contributions from the state on a repeated and ongoing, or substantial basis through or in response to the Web site solicitation. Worth noting is that in March 2011 state charity officials convened a closed-door meeting to review the continued applicability of the Principles a decade after their adoption. Their conclusion? The guidelines were still valid.

#### UNSETTLED REGULATORY ENVIRONMENT

One of the consequences of the continued lack of clarity around fundraising platform regulation is that when a platform and charity are not in agreement regarding the platform's regulated status, it can lead to avoidable regulatory actions.

For example, a charity might assume that a platform is acting as its professional fundraiser because of the online fundraising nature of the platform and the transactional fees being assessed, and on that basis, list the platform as one of its professional fundraisers in the charity's state registration filings.

Meanwhile, the platform's creators might not consider itself a professional fundraiser because it is not actively involved in creating or promoting the charity's fundraising campaign, and is therefore not registering. This disconnect can cause states to initiate investigations of the platform, which can lead to fines and other penalties.

While platforms should cooperate with any state regulatory official issuing letters or inquiries, such formal communications could be avoided if the charity and the fundraising platform discuss the platform's regulatory status and state filing intentions in advance of making any disclosures.

The continuing focus by regulators on internet fundraising makes it critical for online fundraising platforms and their charities to clarify to the best of their ability the platform's status and comply with applicable regulatory requirements. Fundraising platforms should understand the regulatory framework in which they operate so that they can more proactively build their business model and adjust their operational strategy to minimize any unnecessary burdens those regulations might impose. *NPT*

*Karen I. Wu is a partner, Perlman & Perlman, LLP, a New York City law practice specializing in charitable solicitation law and regulation. Her email is karen@perlmanandperlman.com*



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# BUSINESS BRIEFS

## NONPROFIT ACCOUNTS AT URBAN INSTITUTE COMPROMISED

The Urban Institute's National Center for Charitable Statistics (NCCS) recently discovered unauthorized access of its Form 990 Online and e-Postcard filing systems for some 850,000 organizations. The unauthorized access affected nonprofit users of IRS Forms 990, 990-EZ, and 990-N (e-Postcard). It also affected users of Form 8868 extensions and filings for charities in New York, Michigan and Hawaii.

An email alert was sent to affected users. There were indications of suspicious activity in the e-Postcard system on Jan. 7, according to Media Relations Manager Stuart Kantor. At that time it was unclear what exactly had been compromised but on Jan. 23 there was evidence that e-Postcard user accounts were accessed. Beginning Jan. 24, users were prompted to change their passwords when they came to the site, he said.

An investigation revealed the full scope of the intrusion on Feb. 4, including which user accounts for both e-Postcard and the Form 990 Online were accessed. "We took the extra step of prompting Form 990 Online users to change their passwords as well and started preparing our notification process," Kantor said in an email.

The Urban Institute estimates that about 1.1 million users in the combined databases were accessed: 1 million for e-Postcard and 90,000 for Form 990 Online. About 850,000 organizations are represented in the system, with some having more than one user.

The username, first and last name, email address, IP address, phone number and password associated with an organization were compromised. "Once we discovered the attack, we contacted IRS and made every effort to secure the systems and user accounts," said Elizabeth Boris, director of the Center on Nonprofits and Philanthropy, via an email alert to affected organizations. "We are working with law enforcement agencies as they

conduct an investigation. In addition, we have retained a leading cybersecurity firm to help us analyze the situation and strengthen security," she wrote.

"Currently we believe no information from the filings themselves was compromised," she said. Sensitive information, such as Social Security numbers or credit card data are not included on such forms.

If organizations use the same password for its Form 990 Online and e-Postcard as they do for other websites or applications, Boris encouraged organizations to change those immediately in each instance, as well as on these systems.

## STUDY FORECASTS RISE IN GIVING

A strong stock market and rising income and personal net worth will drive giving up almost 5 percent in each of the next two years, according to a new study.

"The Philanthropy Outlook: 2015 and 2016" was released by the Indiana University Lilly Family School of Philanthropy, in conjunction with consulting firm Marts and Lundy. It makes predictions on giving from individuals, foundations, estates and corporations based on a number of variables, including the growth rates of net income, corporate profits, gross domestic product (GDP) and the S&P 500. Projections indicate a rise in giving of 4.8 percent this year and 4.9 percent next year.

Distribution of giving sources is not expected to change much between 2015 and 2016. Individuals still will provide the most dollars, and will change the most, from 70.2 percent to 69.6 percent. Foundations will give about 15 percent of the overall giving pie, estates about 9 percent, and corporations just less than 5.5 percent, all plus or minus a few tenths of a percentage point. Giving USA estimated that Americans gave almost \$336 billion in charitable contributions in 2013.

Individual giving will be up by 4.4 percent in 2015 and 4.1 percent in 2016 in the projections. Personal income and growth in both household and nonprofit

net worth "will account for the majority of the predicted growth in giving by individuals and households in these years," wrote the study's authors. Researchers believe that giving by households that don't itemize their income taxes will be lower than usual: less than 10 percent in both years, compared to between 15 percent and 20 percent per year for the last 20 years.

Estates will see somewhat slower growth in 2015, at 2.7 percent, but then will shoot up by 6.3 percent in 2016. Growth in the stock market and household and nonprofit net worth will determine levels of estate giving, along with a projected decline in the interest rates of government securities.

Large increases in estate giving in one year "naturally deflate growth rates in the following year," wrote the authors. Researchers believe when real 2014 giving numbers are available, estate giving will show a strong increase over 2013.

The report is the first attempt by the Lilly Family School of Philanthropy to project giving into the future rather review giving as in the annual Giving USA report. *The Philanthropy Outlook*, which will be updated annually, provides data for predicted year-to-year growth rates for 2015 and 2016, and includes context and explanations of the economic factors and conditions that influence predicted changes of giving.

## LINKEDIN VOLUNTEERS TOPS 10 MILLION

The LinkedIn Volunteer Marketplace has reached 10 million members, including 4.5 million in the United States, creating a volunteer gap between the number of skilled volunteers and the number of opportunities available to them.

Some 10 million members of LinkedIn have now added the volunteer and causes section to their profiles on the online professional network, up from three million just a year ago. It's been three years since LinkedIn added a "Volunteer and Causes" section to members' individual profiles.

With 4.5 million of these professionals in the United States, where there are about 1.5 million nonprofits, that means there are three professionals who want to help for every single nonprofit, according to Meg Garlinghouse, head of LinkedIn for Good. The number of willing skilled volunteers and the number of opportunities available to them is creating a volunteer gap, with more volunteers than open or discoverable opportunities, she wrote in a blog post. The biggest challenge is bridging the gap between the number of professionals who want to help and the skilled volunteer opportunities available to them, Garlinghouse wrote in the blog.

More than four million LinkedIn members have signaled that they are interested in skilled volunteer work or joining a nonprofit board; 61 percent of those members are mid-level managers or higher.

LinkedIn compiled data on the user profiles of the 10 million members, presenting it in the form of an infographic. If the data were represented as a person, the average LinkedIn do-gooder would be a 29-year-old Danish professional who studied at a Canadian university and is now working at PwC.

## ABILA LAUNCHES ONLINE MARKETPLACE

Nonprofit software and services vendor Abila to associations and nonprofits launched the online Abila Marketplace to provide customers with information about add-ons, customizations, and expert services offered by Abila's ecosystem of partners. The Abila Marketplace, part of the Abila Partner Ecosystem is intended to help customers quickly search, research, ask questions about and purchase tools and services.

"The Abila Marketplace is a first for our industry and something we feel will really help our nonprofit and association customers better activate their missions," said Krista Endsley, CEO of Abila.

To learn more about Abila's Marketplace, visit: <http://marketplace.abila.com>

## DIRECT MAIL

Continued from page 7

percent. Online response to direct mail overall was 12 percent. Those self-identifying as liberal were most likely to respond online to a direct mail appeal at 16 percent, with moderates at 11 percent and conservatives at 9 percent.

To avoid respondent confusion and possible copyright violations, the test was executed as a simulation of real-world direct mail campaigns. The simulated direct mail appeals were for three missions -- disabled veterans, cancer research and food for children in poverty. There was a straight appeal and one with a premium of name labels. There were

also two ask strings: \$5, \$10, \$15 or \$20 and \$15, \$20, \$35 and \$50.

Veterans charities not only had the highest response rate but those polled said the ask string was too low for both the direct appeal and the label premium.

The responses in some cases did not mirror previous results tracked from actual donors. For example, these donors were not highly motivated by the premium of free return address labels. "What donors think of their own action, even thinking a more considered choice, is different than decisions actually made in real life," said Stephanie Ceruolo, vice president, major markets account devel-

opment, at Infogroup Nonprofit.

One of the key takeaways, said Austin, is that respondents' answers to why they would not donate shows that "where money goes really is important to donors." He also said that the reaction that small gifts don't mean much is not the case in real life. "I don't think very many people think that way," he said.

The results did prove that branding is vital to obtaining a new donor. "A person making an impulse donation is likely much greater to give to a top five (of choices given) rather than bottom five types of missions," said Austin.

"It's top of mind or as we say top of

wallet. Churn donors are motivated by a premium. In acquisition there are more discrepancies on how you acquire the donor (and what they say)." For a lot of donors, "it's not a thoughtful gift," said Ceruolo.

The survey shows that if they know you and are thinking about it, the initial gift can be substantial. Saving endangered wildlife ranked seventh when respondents were asked to rank charities to which they would give. But when it came to giving amounts it had the third largest average gift across educational levels.

To see the complete report, go to <http://bit.ly/1B58ZSD> *NPT*

# California AG Targets Fundraisers

## Disclosures required for commercial entities

Legislation unveiled by California's top charity official would add disclosure requirements for paid commercial fundraisers and extend the statute of limitations from five years to 10 years in cases of misconduct.

Attorney General Kamala Harris and Assemblywoman Jacqui Irwin (D-Thousand Oaks) unveiled Assembly Bill 556. Current regulations in the Golden State allow third parties to solicit funds from donors without disclosing whether a portion of the gift would be diverted to a paid company by establishing their operations as "fundraising counsel" instead of "commercial fundraisers."

Assembly Bill 556 would require disclosure prior to soliciting funds, in addition to extending the statute of limitations against the firms from five years to 10 years. Whether the solicitation is in print or electronically, the disclosure would be required to be in at least 12-point type.

The attorney general recently released a 342-page report summarizing the results of charitable solicitation campaigns conducted by commercial fundraisers in 2013. Of the \$361.5 million raised by commercial fundraisers for charity and charitable purposes that year, \$197 million went to the charity -- an average of



54.5 percent. That is up from an average 37 percent in 2012, when \$294.3 million was raised and \$108.6 million went to charities. Information was obtained from 924 completed financial reports.

For-profit third party fundraisers played a role in a recent charity enforce-

ment case, *California v. Help Hospitalized Veterans*, where a charitable fraud scheme included directing nearly three-quarters of the gross revenue made to for-profit fundraising campaigns in which the charity's "fundraising counsel" was not required to disclose in their

direct mail pieces that a paid professional fundraiser was profiting from each donation.

In addition, because of a gap in the government code's statute of limitations for charitable misconduct lawsuits, not all parties responsible for the fraud in the *Help Hospitalized Veterans* case could be held accountable, according to the attorney general.

AB 556 will expand the statute to include enforcement actions against commercial fundraisers, fundraising counsel, and other third-party entities that aid and abet the exploitation of charitable assets. The 10-year window is often necessary in such cases, which are complex, fact-intensive, and cover misconduct occurring over an extended period of time.

Causes Count, a comprehensive report on California's nonprofit sector, was issued late last year by the California Association of Nonprofits (CalNonprofits), which represents some 9,200 nonprofits. According to the report, California's charitable organizations contribute 15 percent of the state's economy.

The bill has the support of CalNonprofits. "We support legislation like AB 556 that closes gaps in the law that no legitimate charity needs to exploit to fulfill its mission," said CEO Jan Masaoka. *NPT*

### DAF DEBATE

Continued from page 5

are uncomfortable with the separation of the timing of the tax deduction and the timing of the gift to charity. "We don't see this as a problem. Our donors are incredibly active, giving while living," she said.

Fidelity's granting ratio is more than 20 percent over its history, Danforth said, bringing in some \$30 billion in contributions while distributing about \$19 billion.

"Having a planned giving vehicle, it allows them to have a longer term plan for giving instead of transactional," she said. "Being planful and strategic has actually increased giving. Timing is within their control but we see very active grantmaking," she said. Contributions typically go out within 10 years, according to Danforth, so if a donor contributed in 2004, that money was likely to go out by 2014.

Another advantage to DAFs that once people realize they can open an account, they can view their account along with their other investments, bank accounts, in one view, making it a simpler way to manage giving, said Kim Laughton, president of Schwab Charitable in San Francisco. Many charities not in a position -- especially small local charities -- to easily accept shares of stock, she said.

## The Varying Impact Of Tax Reform On DAFs

Amid historic growth since the recession and mega-gifts by tech billionaires, do commercial donor-advised funds (DAFs) and community foundations complement one another or overlap in their grant making? That's among the questions that a forthcoming paper by the Manhattan Institute (MI) aimed to answer.

In *The Potential of Donor-Advised Funds*, MI used data from three DAFs to compare giving patterns for donors with those of community foundations in three metropolitan areas:

- Among the top 500 recipient organizations in Metropolitan Chicago, 81 recipient organizations received contributions from both the Chicago Community Trust (CCT) foundation and commercial DAFs. About 25 percent of grant dollars overlapped while 83 percent of the 500 organizations supported by commercial DAFs were not supported by CCT.

- Among the top 500 organizations in Dallas, 181 of the Community Foundations of Texas' organizations received donations from both, with about 30 percent of total dollars overlapping.

- Among the top 500 organizations in Denver, 106 organizations accounted for roughly 20 percent in donation overlap by dollar value.

Vice President for Policy Research Howard Husock said they used what data was available with some reasonable geographic diversity. In an area such as Silicon Valley, he suggested that data might have been skewed because of gifts that were so far out of the norm. In the three regions cited for the paper, "it's so many small donors, we thought it was a good test."

MI also examined the potential effects of a minimum payout over a certain period of time and the potential for the growth of assets sitting in a DAF. The paper, Husock said, was prompted by a proposal within former Congressman Dave Camp's (R-Mich.) comprehensive tax form, introduced last year. "If tax law comes into play, one would be advantaged, one would be disadvantaged, and different charities would be hit." -- *Mark Hrywna*

Things continue to grow but all metrics are growing, not just contributions but assets and Schwab expects to grant out \$1 billion this year, Laughton said.

There are a few high-profile DAFs and very high profile foundations set up in recent years but Laughton said Schwab has lots of accounts ranging from \$5,000 to \$10,000. "Rather than checks and credit cards, people are donating appreciated stock or cash and just granting it out in the same year," Laughton said. "It's not just a tool for the affluent," she said.

After a 10-year period, Schwab clients have granted out 75 percent of assets, according to Laughton, and national provides typically are granting about an average of 20 percent per year.

For decades, it was difficult to get anyone to understand what a donor-advised fund was, how it operates or what it does, Carson said. "Now that we have some broad understanding and people are actually using it, people ask, what a minute, what's going on," he said.

"We are seeing a renaissance in American philanthropy where literally thousands of people are becoming engaged in philanthropy through donor-advised funds," Carson said. "We ought to celebrate that as a nation." *NPT*

# FUNDRAISING GUIDE



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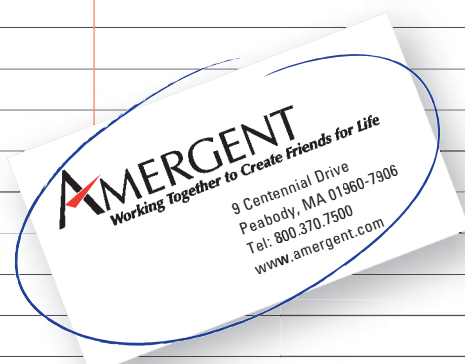
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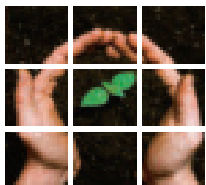
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# CALENDAR

## MARCH

**29-31** The 52nd AFP International Fundraising Conference will be held at the Baltimore Convention Center, Baltimore, Md.  
Info: [www.afpnet.org](http://www.afpnet.org)

## APRIL

**2** The Nonprofit Capacity Conference will be held at the Renaissance Arlington Capital View Hotel, Arlington, Va.  
Info: [www.nonprofitcapacityconference.com](http://www.nonprofitcapacityconference.com)

**19-22** The Philanthropy Southwest spring meeting will be held at the AT&T Conference Center in Austin, Texas.  
Info: [www.philanthropysouthwest.org](http://www.philanthropysouthwest.org)

**24-28** The Council on Foundations will hold its annual meeting at the San Francisco Marriott Marquis hotel in San Francisco, Calif.  
Info: [www.cof.org](http://www.cof.org)

## MAY

**5-6** The Essential Grant Skills program of the Grantsmanship Center in Los Angeles will be held in Dallas, Texas at the Dallas Public Library.  
Info: [www.tgci.com](http://www.tgci.com)

**18-22** The Grantsmanship Training Program will be held in Santa Fe, N.M. at Santa Fe Community College.  
Info: [www.tgci.com](http://www.tgci.com)

**27-28** The Cause Marketing Forum will hold its annual conference at the J.W. Marriott hotel in Chicago.  
Info: [www.causemarketingforum.com](http://www.causemarketingforum.com)

## JUNE

**12** Fundraising Day In New York, sponsored by the New York City chapter of the Association of Fundraising Professionals, will be held at the Marriott Marquis hotel in Manhattan.  
Info: [www.nycafp.org](http://www.nycafp.org)

**15-17** The American Institute of Certified Public Accountants will hold its Not-for-Profit Industry Conference at the Gaylord National Resort & Convention Center, National Harbor, Md., near Washington, D.C.  
Info: [www.cpa2biz.com](http://www.cpa2biz.com)

**24-25** MCON, the conference about Millennials and their involvement with causes, will be held at the Museum of Contemporary Art Chicago, Chicago, Ill.  
Info: [www.mcon.events](http://www.mcon.events)

## JULY

**7-9** The 10th Annual Bridge to Integrated Marketing & Fundraising Conference will be held at the Gaylord National Hotel & Convention Center, National Harbor, Md., near Washington, D.C.  
Info: [www.bridgeconf.org](http://www.bridgeconf.org)

**13-15** The American Marketing Association will hold its

nonprofit marketing conference at the Fairmont hotel in the Georgetown section of Washington, D.C.  
Info: [www.ama.org](http://www.ama.org)

**16-19** The Netroots Nation conference will be held at the Phoenix Convention Center, Phoenix, Ariz.  
Info: [www.netrootsnation.org](http://www.netrootsnation.org)

## AUGUST

**4-5** The Direct Marketing Association Nonprofit Federation will hold its annual New York conference at the New York Hilton in New York City.  
Info: <http://nonprofitfederation.org>

## SEPTEMBER

**13-16** The National Catholic Development Conference will hold its annual conference in Lake Buena Vista, Fla.  
Info: [www.ncdc.org](http://www.ncdc.org)

**20-22** The Nonprofit Risk Management Center will hold its annual conference at the Hard Rock Chicago.  
Info: [www.nonprofitrisk.org](http://www.nonprofitrisk.org)

## OCTOBER

**3-8** The Direct Marketing Association will hold its annual conference and exposition at the Boston Convention & Exhibition Center, Boston, Mass.  
Info: [www.the-dma.org](http://www.the-dma.org)

*To get your event added to the calendar, email it at least eight weeks before the event to: [ednchief@nptimes.com](mailto:ednchief@nptimes.com)*

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- Make valuable connections
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## President & CEO

### The Organization

The Arizona Grantmakers Forum ("AGF"), established in 1999, is a vibrant, active regional grantmakers association serving the philanthropic sector in the state. Our mission is to increase, enhance and improve philanthropy by providing strategic guidance, information and services across the philanthropic community, convening grantmakers and other community leaders to discuss critical issues, and representing the philanthropic sector by encouraging understanding about the role and impact of philanthropy in addressing social change. This is a full-time, exempt position reporting directly to the Chair of the Board of Directors. The staff consists of 2.5 FTEs with an annual budget of approximately \$300,000 serving a diverse membership of more than 70 community, corporate, health and private foundations.

### General Statement of Duties

The President and CEO, in consultation with the Board of Directors, will lead AGF's progress toward building a strong statewide presence, strengthening the organization's efforts to expand the philanthropic sector's capacity and further financial resources, stability and sustainability. The President and CEO will work with and grow AGF's varied member organizations, the board of directors and standing committees. Arizona is a unique landscape as Members serve many ethnic and racial groups, large urban areas and remote and rural communities including sovereign Indian Nations.

### Compensation

The compensation package is competitive and commensurate with experience. The annual salary starts at \$85K plus a benefits package.

If interested, please email a cover letter and resume to [support@azgrantmakers.org](mailto:support@azgrantmakers.org)

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## Chief Financial Officer

**Overview:** The Connecticut Humane Society is excited to be seeking applications for the position of Chief Financial Officer providing oversight of finance, IT and administration. The position reports directly to the executive director and is a key member of the senior leadership team, working closely with the board and other senior leaders to advance the Society's overall strategic objectives.

**Responsibilities:** The CFO position has primary responsibilities that include oversight of strategic financial planning and analysis of resource use and development; partnering in budget planning and oversight of budget implementation; treasury management; accounting, procurement and business services; internal audit; IT infrastructure and planning, network administration oversight; and risk management. The CFO also works with various internal and external constituencies, particularly the auditors, investment firms, liability insurance brokers and others to improve the overall effectiveness of the society's financial and business planning and operations. The CFO provides leadership for the society's ongoing efforts to pursue innovative solutions and to develop operating strategies that enhance revenues and efficiency and lead to more cost-effective administrative practices.

The Society seeks a collaborative and persuasive financial leader with a distinguished record of outstanding professional service and accomplishment. The ideal candidate will have high-level administrative leadership capacity, excellent communication and interpersonal skills, and the ability to lead and implement change in a proactive manner. Applicants should possess significant experience as a senior executive in a non-profit or business organization of relevant size and complexity with financial, business, capital planning, and project management responsibilities. The Society is looking for someone with 10-15 years' experience. Applicants are required to hold a CPA. Applicants should also be familiar with a wide variety of financing and revenue generating techniques. The CFO will work from the main office in Newington, but will be required to travel within Connecticut. Valid driver's license required.

*Connecticut Humane Society is an Equal Opportunity Employer M/F/D/V.*

- Location: UNITED STATES, Newington, CT
- Branch: Newington
- Travel Requirements: 10% to 15%

### Requirements

- Years of Experience: 10+
- Education: Bachelor's degree in Finance or Accounting
- Certifications: CPA License
- Valid driver's license and clean driving record
- Skills: 10 - 15 years experience in Finance
- Prior oversight of IT and Administration required
- At least 3 years pf supervisory experience
- Technology: Proficiency in computers and with working in database systems
- Proficiency in IT and telephone systems

To apply please submit your resume along with your salary requirements. Resumes will not be reviewed unless salary information is included. Send resume to [hr@cthumane.org](mailto:hr@cthumane.org)



## Financial Analyst

New York City

About the Job

**About the MLA** - Founded in 1883, the Modern Language Association of America ([www.mla.org](http://www.mla.org)) is one of the world's largest scholarly associations; it has nearly 28,000 members in approximately 100 countries. MLA members host an annual convention and other meetings and sustain a wide-ranging print and electronic publishing program that includes books, journals, style guides, and an international bibliography. Drawing on studies and reports produced by the MLA staff and MLA committees and collaborating with related organizations, MLA members engage in a variety of advocacy projects that pertain to the association's mission.

**Financial Analyst** - Under the supervision of the controller, assists in coordinating the association's budget development process: assists department heads with budget analysis and projection, uploads budget projections into the Oracle financialsystem, and produces periodic budget projection reports. Produces and analyzes standard and ad hoc financial reports for department heads and for the staff finance committee. Assists with general accounting tasks. Participates in compiling and analyzing information for the annual audit and for quarterly investment valuation reports.

**Qualifications** - The successful candidate will possess a Bachelor's degree in business administration with a concentration in accounting or finance and will have a minimum of two years' experience in budgeting, financial reporting, and financial analysis. Should have strong knowledge of computerized accounting systems, with Oracle Financials experience a plus. Other qualifications include advanced proficiency in Excel; strong math and analytic skills; excellent organization skills; the ability to communicate clearly and simply; and a keen attention to detail.

**How to Apply** - Submit your resume, along with a cover letter describing your interest in and qualifications for the position, to [fin0614@mla.org](mailto:fin0614@mla.org).

To place an ad in this section call 973-401-0202 x206 or contact [mary@nptimes.com](mailto:mary@nptimes.com)



**CASE  
MANAGER**  
**Scatter Site Program**  
**New York**

**About the Job**

Postgraduate Center for Mental Health seeks a qualified professional for our Scatter Site program. Reporting to Program Coordinator, will assist program participants in the formulation of individual long- and short-term goals and objectives and the development of individual service plans.

**ESSENTIAL FUNCTIONS**

Responsibilities include but are not limited to the following:

- Maintains primary responsibility for facilitating concrete service delivery.
- Implements clients' individual service plans.
- Provides counseling and instruction to clients in daily living skills.
- Functions as entitlements advocate and liaison with other service providers.
- Meets with clients twice regularly, including at least one visit per week at the client's apartment (less if indicated after six months) and schedules additional meetings with clients as needed.
- Interacts appropriately with residents in the field and acts as a role model for program participants.
- Conducts assessments of residents as to their functional daily living and socialization skills; facilitates and delivers concrete services.
- Conducts individual service planning and ADL skills training, including cooking and meal planning and preparation, shopping for food and clothing and using community activities and resources.
- Accompanies clients into the community as required.
- Manages crises involving program clients and intervenes appropriately to minimize risk of potential harm.
- Promptly notifies appropriate administrative and supervisory personnel of any crises or unusual situations.
- Maintains case records, including admission and discharge summaries, regular progress notes and individual service plans and service plan summaries that are accurate, concise, concrete and up-to-date, all in a timely manner.
- Participates in case conferences, meetings with other service providers and joint planning for clients as assigned by the Program Coordinator.
- Participates in weekly staff meetings.
- Communicates freely and openly with other staff members on program issues.
- Performs other duties and responsibilities as may be assigned by management.

**REQUIRED SKILLS**

- Excellent interpersonal and organizational skills.
- Excellent oral and written communications skills.
- Excellent interpersonal relations and counseling skills.
- Ability to be resourceful when seeking services and programs for clients.
- Compassionate and caring nature.

**EDUCATION AND EXPERIENCE**

- Bachelor's degree in a human services discipline required. High school diploma with substantial experience in similar position acceptable.
- Minimum of two (2) years' experience working in a mental health setting, preferably in a case management program.
- Additional education/certification may be substituted for some experience.

Competitive salary/benefits. EOE/AA

Email resume with cover letter to  
**hr@pgcmh.org**  
with job title in subject line.



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Contact 973-401-0202 Ext. 204  
or [info@NonProfitTalentMatch.com](mailto:info@NonProfitTalentMatch.com)





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