

nonprofit agendas

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News for Nonprofits

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Take “macro advantage” of micro-donations: 4 tips

The first successful U.S. micro-donation effort may have been in 1891 when a Salvation Army captain put a kettle out on a San Francisco street and collected donations to fund a Christmas dinner for the poor. Micro-donations have morphed in many ways since then, involving small-sum donations made via checkbooks, credit cards and, in more recent years, website links, text messages and other “new technology” tools.

How successful your charity will be in following the micro-donation tradition depends on many factors, including the economy, marketing ingenuity, ease of making donations and security controls. Here are four suggestions for making those small potatoes add up.

1. REALIZE THE APPEAL

Micro-donations are often defined as gifts of an amount that a person wouldn't think twice about spending. Their popularity has increased in the last several years, and that's of little wonder. When money is tight an individual donor may back away from a request to donate \$200 or more to your organization. But donating \$20 a month via an automatic checking account deduction may fit the budget, even though the total contribution will be larger. Micro-donations make giving feasible for so many more people.

Also, younger people may now be able to afford only small donations, but as they progress through life they may be able to donate a lot more. Small contributions are a great way to draw them into your organization and start to build a relationship.

2. MAKE SMALL ACCEPTABLE

Campaign organizers would love to get large, generous donations, but they don't want to exclude the “little guy” either. Including wording in your fundraising material — such as “Every dollar counts” or “No donation is too small” — legitimizes the micro gift.

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This can help encourage donations from all donors, regardless of their financial resources. Remember that donors with deeper pockets are often hit hard by multiple charities during fundraising campaigns. Micro-donations give the bigger donor an opportunity to contribute to a number of organizations.



And a micro-donation from such a donor this year could even turn into a macro-donation in the future as the donor gets to know your organization.

3. SHOW BIG APPRECIATION

While your organization might not consider a \$25 or \$50 gift “big,” it may be a significant contribution for the person making it. Let micro donors know you appreciate their contribution and show them how you’re putting their money to work.

For example, a food depository could send a thank-you note that informs donors that their \$25 contribution is paying for a food basket for a family. A literacy organization could list the textbooks that are being purchased with a \$50 donation.

Also consider thanking individual contributors daily on your website. Post a graphic that illustrates how small donations are adding up to help your charity reach its fundraising goal. Create a video that shows how small gifts are used to buy business attire for the man or woman your organization is helping get back into the job market. Then post a picture of the recipient on your website or send the donor an e-mail with that image.

Remember those receipts

Micro-donors who make their gifts via a check, credit card or payroll deduction don’t have to receive substantiation from your nonprofit to deduct the gift on their income tax return. But providing such a letter is still a good idea, because it’s another way to show your appreciation.

If the gift is made in cash, the donor will need a receipt from you to substantiate a tax deduction, no matter how small the donation. Make sure you have receipt forms available wherever you’re accepting cash donations and train your staff and volunteers to ask donors if they’d like a receipt for tax purposes.



And remember that every thank-you, whether electronic or by regular mail, needs to be delivered as soon as possible. Any delay on your part can make donors feel that their contributions don’t matter.

4. CHECK OUT ONLINE TOOLS

If you need some help in securing micro-donations online (and larger donations, too), there are plenty of tools available. For example, software provider FirstGiving offers nonprofit donation software that lets you include fundraising on your own website. Its API (application programming interface) is a set of Web services that allows an organization to integrate a secure payment or donation processing system into its existing website or online store or onto a fundraising platform.

Another provider, Blackbaud, offers “Luminate CRM,” a cloud-based system designed to meet the needs of large and midsize nonprofits. The system’s online fundraising and direct marketing functions incorporate mobile, social, e-mail and direct mail channels into its program.

These are just a couple of examples, and they might not be right for your organization. Be sure to thoroughly research your options and consult the appropriate advisors before committing to a provider. *

Face-to-face not always the case

Your nonprofit's board of directors makes crucial financial, legal and strategic decisions on a regular basis. But this decision making doesn't always need to be performed up-close and personal in the same room, at the same table. Many not-for-profits hold virtual board meetings via phone and online tools. This approach has plenty of appeal, although it may not suit every board and every board meeting.

PARTICIPATION MAY IMPROVE

As anyone involved in nonprofit management knows, it can be difficult to secure full board meeting attendance. Board members tend to be busy people and may travel frequently, making in-person attendance by every member at every meeting unlikely. Plus, many organizations support a national or international mission and appoint board members from around the globe.

Going virtual might allow members to attend meetings they otherwise couldn't, giving them the chance to interact and make valuable contributions. Also, required quorums usually become easier to meet.

Virtual attendance also can make board participation more attractive to *potential* members. Knowing they won't be expected to show up in person at every meeting may make busy candidates more likely to commit their time. Plus, virtual meetings can help prevent board member burnout by making the time they spend more focused and meaningful.

The advantages to the organization of committed, active board members are obvious. And boards with worldwide members would likely benefit from reduced travel and meal reimbursement costs.

OBSTACLES MAY ARISE

Of course, virtual meetings aren't without obstacles. In teleconferences, participants won't be able to read each other's facial expressions and body language. Even in videoconferences, participants may be unable to observe these cues as easily as they could in person. This can potentially lead to misunderstandings or conflicts.

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The chair can find it difficult to shepherd discussion and debate, especially with larger boards, where there may be a greater chance of multiple people trying to talk at once. Conversely, more reticent board members may completely clam up during a virtual meeting. Of course it's critical that each participant be able to both hear and be heard clearly throughout the meeting.

Confidentiality also is a concern. You must be able to trust that the board members are alone in their remote locations, with no outsiders privy to the discussions.

PREPARATION IS KEY

Virtual board meetings require extensive preparation, particularly for the inaugural meeting. And being an effective presenter at a virtual meeting requires on-point training. So don't spring a virtual meeting on board

members without first conducting and sharing research, discussing the implications of such a change at an in-person meeting, and getting the board, well, on board.

Recognize, too, that certain issues are better suited to virtual discussion than others. Virtual meetings generally work best for straightforward discussions with no controversy — for example, updates from program or development staff or the formal approval of a policy or budget discussed in detail at an earlier meeting. They also may prove useful for relatively brief meetings needed to obtain board approval for an urgent action.

Virtual meetings are more difficult for complicated issues (though the use of visual aids such as PowerPoint® presentations can help). And recognize that voting on any issue will need to be verbal and not anonymous, with each board member identifying himself or herself along with an aye or nay.

As with any leadership event, it's up to your nonprofit's staff to organize the virtual meeting, ensuring that everyone has the necessary equipment and is properly prepared. Among other things, staff should send board members any supporting materials well in advance of the meeting and consider making them available online during the event, whether via e-mail or a secure Web portal.



Check state laws and your bylaws

Don't switch to virtual meetings without doing your homework. Check applicable state laws for nonprofit board meeting requirements. Your state might, for instance, allow teleconferencing but not videoconferencing. And amend your bylaws to permit virtual meetings *before* holding such a meeting.

If there will be speakers, provide the appropriate training in advance of the meeting to help things go smoothly. Ask board members to check in several minutes before the scheduled start to avoid interruptions once the meeting has begun. Also take time zones into account when scheduling the start time.

Perhaps the most critical step is for everyone to become familiar with the relevant technology. Test the system ahead of time to ensure it works as needed and establish backup plans in the event of technological failures.

KEEP IT REAL

Once you've launched virtual board meetings, keep an eye on their effectiveness. For example, board members could perform a self-evaluation every six months. Do they think that the virtual meetings are comprehensive and the discussions sufficiently deep? Do they think they're as cohesive a unit as when the board meetings were held face-to-face? Are there specific suggestions that would improve the outcomes of the virtual meetings? Make sure that the benefits associated with convenience are at least equal to the merits of in-person meetings. *

Soliciting funds out of state?

Form 990 disclosure pumps up the urgency of state registration

For years Anytown, USA, Charity has asked for donations from out-of-state residents. This started on a small scale — a handful of the charity's donors retired in other states or lived there part of the year.

Now the charity has begun to reach out to hundreds of potential contributors in multiple states. The Internet makes it easy and inexpensive for the not-for-profit to solicit funds outside of its backyard.

But along with this expansion comes the need for registration in additional states.

TIME TO REGISTER

When its out-of-state fundraising efforts were small, Anytown's leaders didn't see a need to register with agencies in other states before launching fundraising efforts there. But, the scope is clearly different now. And, significantly, the IRS annually asks the nonprofit on Form 990 in which states it's required to file a copy of the return. The charity's leaders know they'll need to comply with each state's fundraising requirements or pull back on these activities.

The first step for any nonprofit engaging in multistate fundraising is to contact the government agencies that regulate nonprofits in the target states. This varies widely. For example, if your charity wants to raise funds in Utah, your "go to" would be the Department of Commerce; in Connecticut, the Department of Consumer Protection; and in Illinois, the Office of the Attorney General, to name a few.

The National Association of State Charity Officials provides a list of the state offices that

regulate charitable solicitations. You can find it at nasconet.org. Click on "U.S. Charity Offices."

INVESTIGATE THOROUGHLY

Registration fees and other requirements also vary widely, and you may find some too restrictive. In West Virginia, for example, if your contributions are over \$200,000, you must submit audited financial statements. And in

Pennsylvania, contributions totaling \$300,000 or more require an audit.

While you're investigating the rules in your target states, weigh what you'll be investing against your potential gain. Will the time and money you spend in completing the required forms, annual registration fees and other costs be worth the fundraising amount your charity realistically expects to collect?

CHECK AVAILABLE RESOURCES

Fortunately, resources are available to help you make that decision. Nonprofit websites, including GuideStar and the nonprofit arm of About.com, offer a wealth of free information. And to simplify registration in multiple states, the Unified Registration Statement is accepted in 37 of the 40 jurisdictions requiring registration.

Additionally, there are a number of entities that specialize in registering nonprofits. Last but certainly not least, advice from your attorney and your CPA should be instrumental in your decision making. *



NEWS FOR NONPROFITS

WHAT POTENTIAL BOARD MEMBERS SHOULD CONSIDER ...



Stanford University's Center for Social Innovation (CSI) has isolated some tangibles — and intangibles —

that people who'd like to serve on a nonprofit board should consider when choosing an organization. And that's wisdom you might want to keep in mind when looking for new board members. CSI notes that, among other qualifiers, the best matches take place when the potential board member:

Falls in love with the cause. People have the best experiences on boards when the nonprofit's cause resonates deeply with them and they get their hands dirty in volunteer program work. This allows them to understand the organization's activities — and the people who benefit from them — from the inside out.

Picks an organization in the right developmental stage. Individuals who like hands-on experiences and overseeing day-to-day operations would likely fit well with a smaller organization, as would people who enjoy greater visibility and opportunities for input into major decisions. Those who prefer focusing on more strategic issues, the "big picture," and network development and collaboration might be better suited to a larger, more mature organization.

Likes the "in-laws." Potential board members should meet existing board members before signing on to get an idea if they'll be able to work harmoniously and efficiently with them. Good matches often happen when the new member has gained an insider's perspective from someone he or she already knows on the board. *

VIDEO-GAME MARATHON RAISES OVER \$1.5 MILLION

A small nonprofit open to trying something new recently collected more than \$1.5 million in donations by participating in the semiannual "Awesome Games Done Quick" video-game marathon. The Prevent Cancer Foundation provided marketing and staff support, as well as food for gamers, at the marathon, which was held over six days in Washington, D.C., in early January and simultaneously broadcast online.

Twice a year Games Done Quick teams up with a charity to put on the competition. In the January event, nearly 1,000 video-game fans took turns playing and watching in person while 9.4 million viewers worldwide followed along through the online broadcast.



"I feel these guys are developing a very different culture of philanthropy," a Prevent Cancer Foundation spokeswoman told a U.S. philanthropic publication. "They're bringing a diverse group of people together, not only nationally but internationally, to benefit a cause." Even though the average donation — \$39.90 — was small, the benefits really added up because of the level of participation: A total of 29,652 donors made 39,014 donations during the event. *

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