



Fundraising for Main Street – The New Normal

July 29th 9:30 a.m.

Mary M. Helmer, CMSM

How much did Americans give in 2018?

\$427.71 billion

Americans gave \$427.71 billion to charity in 2018 in a complex year for charitable giving.

Giving to foundations decreased the most, after experiencing strong double-digit growth in the year prior.



Giving to international affairs showed the largest growth in 2018 of any sector.



Where are all the charitable dollars going?

Contributions by source (by percentage of the total)

% of total giving in 2018 | % change from 2017 | inflation adjusted

👤 29% to Religion | \$124.52 billion ↓ -1.5% -3.9%

🎓 14% to Education | \$58.72 billion ↓ -13% -3.7%

🙌 12% to Human Services | \$51.54 billion = -0.3% -2.7%

🏛️ 12% to Foundations | \$50.29 billion ↓ -6.9% -9.1%

⚕️ 10% to Health | \$40.78 billion = 0.1% -2.3%

💰 7% to Public-Society Benefit | \$31.21 billion ↓ -3.7% -6.0%

🌐 5% to International Affairs | \$22.88 billion ↑ 9.6% 7.0%

🎨 5% to Arts, Culture, and Humanities | \$19.49 billion = 0.3% -2.1%

🌱 3% to Environment/Animals | \$12.70 billion ↑ 3.6% 1.2%

👤 2% to Individuals | \$9.06 billion - -

📊 Indicates growth in current dollars with a decline after adjusted for inflation

Where did the generosity come from?

Contributions by source (by percentage of the total)

Giving by Foundations 18% ↑ 7.3% over 2017
\$75.86 billion (4.7% up when inflation adjusted)

Giving by Bequest 9% 0.0% same as 2017
\$39.71 billion (2.3% down when inflation adjusted)

Giving by Corporations 5% ↑ 5.4% from 2017
\$20.05 billion (2.9% up when inflation adjusted)

Giving by Individuals 68% ↓ 1.1% from 2017
\$292.09 billion (3.4% down when inflation adjusted)

Giving by individuals declined in 2018, comprising less than 70 percent of overall giving for the first time in at least 50 years.



* All figures on this infographic are reported in current dollars unless otherwise noted.

Visit www.GivingUSA.org to learn more and to order your copy of *Giving USA 2019: The Annual Report on Philanthropy for the Year 2018*.

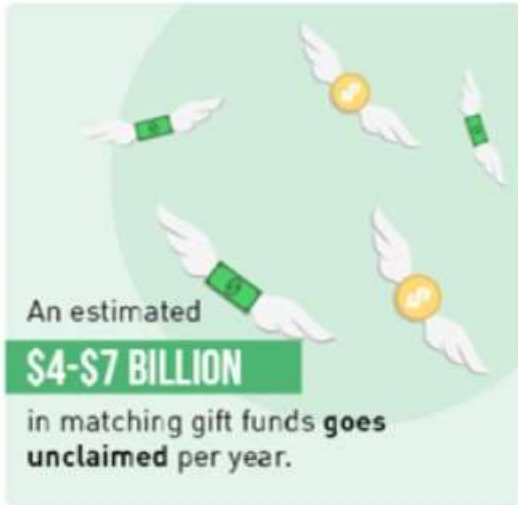


Giving USA Foundation™, The Giving Institute, and the Indiana University Lilly Family School of Philanthropy are pleased to continue their partnership in providing the most comprehensive, longest-running, and most rigorously researched resource on U.S. charitable giving, *Giving USA: The Annual Report on Philanthropy*. It is a privilege to report on the generosity of Americans and related historical trends on U.S. charitable giving.

STATISTICS PROVIDED BY DOUBLE THE DONATION



Double the Donation
matching gifts made easy



- Not assigning responsibility
- Not being clear about our needs
- Questioning the importance of our organization
- Underperforming in specific categories
- Not developing an overall fundraising plan
- Not asking!



SO WHAT IS KEEPING US FROM ACHIEVING OUR FUNDING DREAMS?

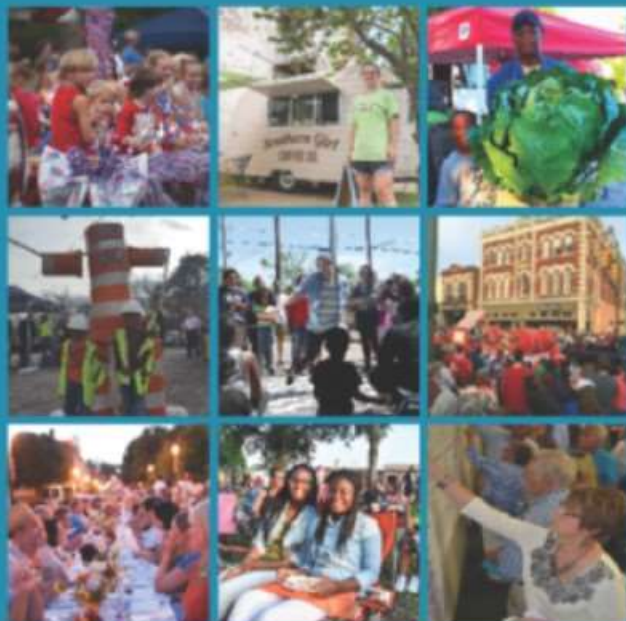
- Articles of Incorporation
- By-laws
- Tax exempt status notification
- Copies of Form 990
- Current budget
- Board list
- Contributors list
- A “one-pager” on your organization
- One-page bio of each key staff and volunteer
- Any great letters of support
- Important news articles
- Stories about people you have served



HAVE DOCUMENTATION IN ORDER

MAIN STREET
 * ALABAMA *

Creating Jobs. Keeping Character.



Main Street Alabama focuses on bringing jobs, dollars and people back to the state's historic downtowns and commercial districts.

MAIN STREET
 * ALABAMA *

Creating Jobs. Keeping Character.

In Alabama, our downtowns are the heart of our communities. They are the core of our architectural and cultural heritage; the places where people gather to celebrate, the place where communities big and small are reinventing the way Alabama does business.

Today, Alabamians are looking at our downtowns not simply as places for memories but also as places for bold economic opportunity. New restaurants are coming to small towns, long time businesses are discovering new ways to thrive, and creative downtown events are breathing new life into once empty streets.

Our communities are rediscovering that the uniqueness of our historic downtowns offer a new frontier for innovation, creativity, collaboration and economic prosperity. Our state recognizes the importance of our downtowns in preserving history, celebrating diversity, and providing economic opportunity. To that end, we re-launched Main Street Alabama as a 501 (c)(3) in 2010.

In a few short years, Main Street Alabama has expanded to include small towns, cities, and commercial districts across the state into a network of volunteers, professionals, and partners with these simple goals: to provide training, networking, and educational opportunities to galvanize community leaders, merchants, and citizens with tools necessary to help turn their downtowns and neighborhood commercial districts into powerful economic development engines. Downtowns in Alabama are once again becoming centers for life.

Main Street Alabama's approach inspires people young and old not only to give back to their community but also to come back to their hometowns: to live, to become entrepreneurs, to breathe new life into our downtowns and neighborhood commercial districts, and most importantly to remember what is old can be new and thriving again.

Main Street Alabama isn't just about Building Better Downtowns - it is about making each district the best it can be. We invite you to be a part of this movement, and look forward to working together in making our state better through the vitality of our downtowns.



- Make an investment yourself
- Know your campaign and prospects
- Make a personal appointment
- Present your needs & relate a personal viewpoint
- Request the amount
- Counter objections
- “The Close”



"Uh, Frank, this concept just isn't working for us."

- \$ What product are you selling?
- \$ Who has a stake in Main Street?
- \$ How do you make the "pitch"?

- General Appeals
- Sponsorships
- Annual Membership Campaigns
- Special assessment districts
- Endowments/Private Foundations
- Public Sector
- Events
- Earned Income
- Contract for Services





- Outline your needs
- What are the line item budgets in work plans?
- Map your strategy
- Train fundraising volunteers
- Implement the fundraising strategy
- Thank contributors
- Stay in contact

WHERE DO WE START?

- Periodic calls/letters
- Invite to special event
- Send handwritten notes on all annual reports, brochures, newsletters, etc.
- Ask to be a speaker/mentor/etc.
- Send birthday/holiday/congratulatory cards
- Feature in publications
- Ask to serve on advisory board/ask advice on special project or program
- Ask to host a small gathering of “top supporters”



KEEP PROSPECTS INVOLVED

© MARK ANDERSON

WWW.ANDERTOONS.COM



"OK, it's not growing on a tree,
but we're on the right track."



LET'S DIG DEEPER – ANNUAL FUNDRAISING



The annual fund is usually the foundation of a Main Street program's fundraising efforts.



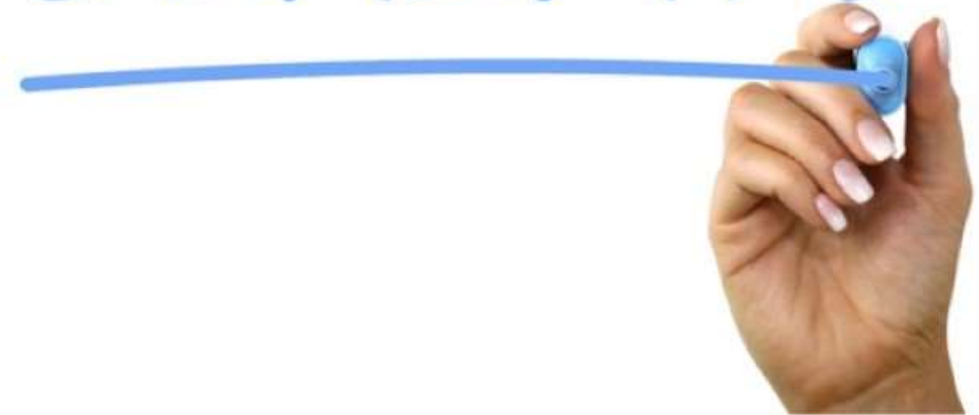
Source of unrestricted income used for operating expenses, and it serves as the base for all other types of fundraising (capital, endowment, planned giving) the organization undertakes.



The annual fund drive can help identify future leaders for the organization – and future donors who, through cultivation, might upgrade their donations over time.

- Renewable gifts
- Gain higher visibility
- Attract energetic volunteers
- Increase the number of donors willing to give to special drives
- Offer staff the kind of stability they need to work to their greatest ability

BENEFITS





- Planning
- Organizing
- Marketing
- Implementing
- Evaluating

- The first step in planning an annual campaign is determining the appropriate funding sources to include – memberships, grants, special events, corporate sponsorships, etc.
- Analyze each potential funding source for its reliability, political ramifications, etc.
- Next, set a goal for the annual drive, taking care not to let only the income needs or budget shortfall determine the goal.
- Finally, set a goal and range for each funding source (price of tickets, range of memberships, lead gifts, etc.)



- Determine the type of campaign organization needed for each funding source.
- Determine how many committees are needed, name committee chairs, and estimate how much staff support is needed.
- Pull all of this together into a comprehensive annual funds program plan.





Write a case statement documenting the Main Street organization's annual needs.

Then put together a *marketing plan outlining the marketing tools needed for each constituency.*

Main Street Alabama Video & Brand Statement:

https://www.youtube.com/watch?v=V0_iVgGTBRU

<http://www.mainstreetalabama.org/brand-statement.php>

Develop and identify leadership for the fundraising program, a calendar (with clear deadlines) and the fundraising prospect list.



STEP 4: IMPLEMENTATION



- How does an organization know when it is doing a good job and is being responsible to its donors?
- Too many organizations rely only on internal, subjective assessments by the board or staff to measure effectiveness.
- Every organization needs mechanisms in place to gather input from people inside and outside the organization.

- Annual board retreat
- Nominating committee review and screening
- New board and committee member orientation
- Quarterly assessments of the annual plan, including a report to the board
- Individual meetings between the board president and/or Main Street director with key board members, volunteers and staff





- ❖ Donor surveys
- ❖ Interviews and focus groups
- ❖ Published studies

**Don't
make promises
you can't
keep**



Annual campaigns, membership drives, in kind agreements – the most important thing to remember is to deliver on the promises made during the campaign.



WHY SHOULD I GIVE YOU MONEY?

- Why should I join/pledge money to your organization?
- This is something everyone involved in the campaign should be prepared to answer and answer well. Train campaign members in advance.
- How to “SELL” Main Street to different constituent groups.



WHAT'S IN IT FOR ME?

Utility Companies:

Additional businesses using utilities
Longer business hours mean higher utility usage
Healthy businesses increase utility usage
Healthy economy causes community to grow
Improves their corporate image

Local Government:

- Increased tax base
- More tourism
- Increased property values
- Increased number of jobs
- Healthy economy
- Better services available
- Better relations between government/private sector
- Increase volunteer base for city
- Impetus for public improvements/CDBG dollars
- More grant availability

County:

- Improved public relations
- Partnership with city hall
- County and community pride
- Quality of life issues
- Ability to attract larger corporations, industry

Preservationists:

- Reinforces common goal of preservation
- Enlarges coalition
- Increased awareness and credibility
- Education on preservation issues
- Tie in between preservation and economic development

Retail and Service Business Owners:

- Increased sales
- Improved image creates new markets
- Increased value of business life
- Quality of business life
- Incentives program
- Business assistance programs
- District marketing strategies
- Better business mix; stop sales leakage

Financial Institutions:

- Satisfies community reinvestment act
- Potential for loans, deposits
- Improved image and goodwill
- Survival of community is critical to bank and economic stability

Local Residents & Consumers:

- Enhanced marketplace
- Sense of pride
- Social/Cultural activities
- Opportunities to keep kids in town
- Historical awareness
- Tax dollars stay in community
- Opportunity to participate
- Better communication
- Advocacy on issues
- Home values increase

Property Owners:

- Increased occupancy rates
- Rent stability or increase
- Increased property values
- Reduced vandalism/crime
- Assistance with incentives
- New uses – particularly on upper floors



Focus of program: *Example* “ I don’t think we need that project” - Use this as an opportunity to teach the prospect about the needs in the community and/or describe other projects that need funding.

Timing of the contribution: *Example* “I just can’t afford it right now” or “I need to check w/my spouse” - With this type of objection, the problem is time, the solution is to suggest a better time. Try to have the prospect tell you when would be a better time, or a time when both will be home so that you can call on them again.

Size: *Example* “That’s more than I can give” - respond by explaining the costs associated with the particular improvement or project. Be ready to ask for a smaller amount by offering lower levels or less expensive projects

Uses of money: *Example* “I don’t want to fund that project” - This is similar to focus. With this objection, the prospect doesn’t want to be associated with a particular project, event, or organization. Try to find another use for the contribution among the projects/plans for your organization.

Administration: *Example* “How do I know you will do what you say you’ll do” - Use this as an opportunity to let the prospect know the things your organization has accomplished in town. If new, mention community leaders who are involved.

Stewardship of the contributor: *Example* This type of objection can be an opportunity to find a new project/volunteer in addition to \$. Listen to comments & if possible, offer an opportunity that will allow them to make their ideas a reality.



SOURCES OF FUNDING

Memberships: Although a few organizations rely heavily on membership for a large portion of their budgets, most organizations derive only a small amount of revenue – 25% or less – from this source. Offering memberships in your downtown revitalization program is an excellent way to build broad-based support for the revitalization effort, but it should not be an organization's primary funding mechanism. Most organizations offer memberships in several categories; the most common ones are:

- **District business memberships**
- **Private individuals**
- **Other nonprofits**
- **Other businesses outside the district**

Note: 501c3 - Includes membership associations (e.g., professional society), if the purpose is to advance the profession with respect to "educational" activities

Federal Grants: It is rare to obtain federal funds as a part of an annual campaign, for unrestricted use. However, there are several federal programs that provide funds for capital improvement projects and other project-specific activities.

Community Development Block Grant Funds: Block grant funds are usually used for public improvement projects, planning, and housing rehabilitation. CDBG regulations become tighter every year, particularly with regard to meeting the low/moderate income benefit criteria.

State Historic Preservation Office (SHPO): SHPO's are required to allocate a certain percentage of their federal pass-through funds each year for Certified Local Governments (CLG's). CLG funds can be used to help prepare nominations for the National Register of Historic Places.

Arts and Humanities: Most states have a state arts and/or humanities council, and many of these provide small grants for arts and humanities projects.

Local Foundation Grants: Look local for funding, including foundations of corporations.

- Local public sector financial support is as important as private sector support, indicating a true partnership and commitment to the downtown revitalization effort.
- Typically, city governments commit revenues from their general funds.
- Organizations are usually required to compete within the yearly municipal budget process.
- General fund support may not be reliable in the long run; changes in the political structure of city council, or a sudden city financial crisis, can kill the program funding overnight.
- Some local governments might be willing to approve multiple-year funding, but all allocations still must go through the city's budget process every year.
- Some local governments release funds in a lump sum; others may release funds in phases, either based on reimbursing receipts or on a monthly or quarterly basis.

- **Special Events**: Special events can generate unrestricted income for the downtown program. Sponsors' contributions, registration fees, and food and beverage concessions, for instance, can provide funds above and beyond the costs of the special event itself. But, relying on special event income for necessary, rather than discretionary, funding may not be wise.
- Be clear about the purpose of the special event. Is the event's purpose to raise money or to promote the downtown (or the downtown organization)? It's usually better to raise money through a special event designed to promote the downtown than to design an event to just raise money.
- No one special event should produce more than 25% of the organization's annual operating budget. If bad weather or other disaster strikes, the impact of lost revenue would damage the budget significantly.

- It usually takes years to build a special event capable of generating significant amounts of revenue. In the first few years of a Main Street organization, the *organization* will probably have to underwrite most of the costs of special events. As the organization matures and an event becomes established, the more likely the ability to attract sponsorship dollars, charge higher registration fees, and generate funds from other sources related to the event. But this takes time!
- Many special events lose appeal over time. An event that generates money for a Main Street organization one year may lose its profitability in five years. Keeping an event fresh requires careful and very creative planning.
- Be sure the special event is clearly connected to and consistent with the Main Street program's mission.
- Depending on the special event, it is likely that the event's donors will derive some material benefit. This benefit is not tax-deductible as a contribution.



ADVANCED FUNDRAISING

Special Taxing Districts: Whether they are called business improvement districts (BIDs), downtown development authority (DDAs) or self-supporting municipal improvement districts (SSMIDs), special taxing districts are an increasingly popular way to generate funds. Like dues and membership programs, special taxing districts seek payment from individuals and groups who derive the most direct benefits from the downtown management program – business operators and property owners *within a specified physical boundary*. Special taxing districts are enabled by state legislation and, therefore, are as varied as the legislative bodies of the 50 states

Tax-Increment Financing Districts (TIFs): Tax-increment financing is another tool available to local governments in many states to generate funds for downtown improvements and management. In short, local government establish a geographic district and specify a date after which any increases in the property tax base can be gathered and used in the district from which they came. Thus, any tax revenues that accrue when property values increase as a result of public improvements, new construction, building rehabilitations, or a general upswing in market value are earmarked for downtown revitalization. Tax-increment financing does not increase the tax rates; it simple earmarks tax revenues above the city-designated level for specific use.

Improvement Districts: Improvement districts are usually set up to implement parking, infrastructure, or streetscape improvements. Depending on the project, the city may issue a bond and require that property owners in the district co-pay the bonds (involuntary) through a special tax assessment.

Hotel/Motel Tax: Collected by the city or an independent board, taxes on hotel lodging rooms (and, in some states, on restaurant food/beverage sales) provide funding for tourism or other special uses. In many communities, hotel taxes are a potential source of funds for tourism-related promotional programs (often, paying for both printed material and staff time). A few states also earmark hotel taxes for local historic preservation projects, providing an additional funding possibility for downtown management programs.

A capital fund drive is a special, non-annual or non-repetitive campaign to raise funds for a very specific purpose, usually related to constructing a new building, renovating a building, installing or upgrading public infrastructure, purchasing infrastructure amenities, or purchasing equipment. In planning a capital campaign, the organization should stress the things the organization or downtown will be able to accomplish or achieve because of the new facility or equipment.

Although it is often easy to entice donors to contribute funds for a tangible asset, a Main Street organization should generally not launch a capital campaign until the nonprofit organization is firmly established and its annual operating budget is relatively secure. Then, it can use the donor base it has built through its annual fund program to generate prospects for the capital campaign.

TREAD CAREFULLY....

Must be based on:

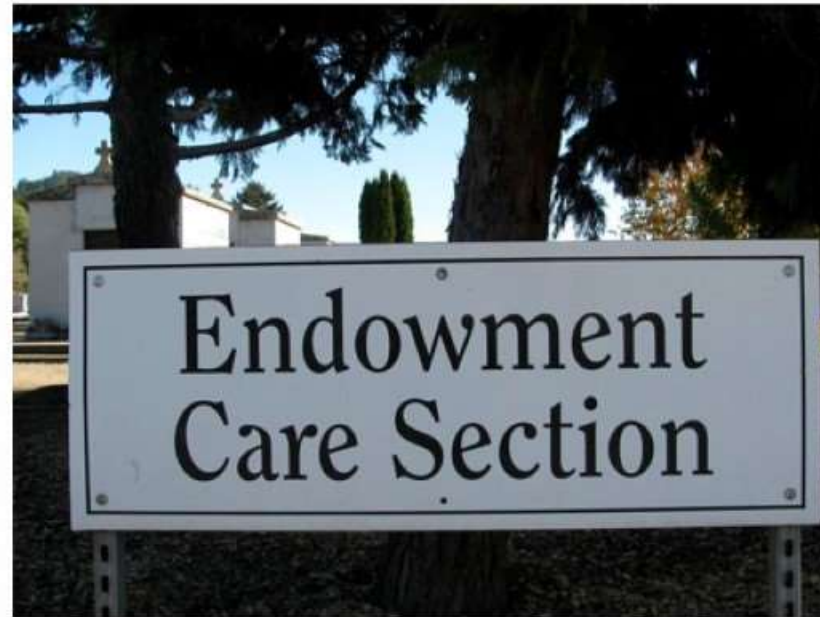
- A clear and compelling need, and
- A base of donors that is ready and willing to give amounts that are significantly higher than their annual contributions to the organization.
- Finally, the Main Street organization should “test the waters” thoroughly and should be almost certain that the capital campaign will be successful before it has begun. A failure can sour the taste of future fundraising for the organization.

An endowment provides long-term, ongoing financial support for an organization through interest earned on a relatively large amount of money (the endowment) invested for a long period of time. Endowment funds might be raised on an ongoing basis (for instance, a portion of funds raised each year through the annual fund campaign might be dedicated to increasing the endowment), or funds might be raised through a special fundraising drive.

ENDOWMENT FUND

- Most difficult to raise because the money is usually not used to meet an immediate need.
- Best raised by a mature, well-established organization that is likely to be around for years to come.
- A number of colleges and universities now encourage alumni to purchase life insurance policies naming the institution as the policy owner's beneficiary, so that when the donor eventually dies, the institution will collect a large sum of money – money that is usually invested in the institution's endowment.
- Obviously, this is a long-term funding option, one that is only appropriate for an organization that intends to exist for a long period of time.
- Endowment funds are often given by someone who is already a donor and who is very committed to the organization and its continued existence.

Several organizations have earned interest income without building a permanent endowment by asking donors to give the organization the use of their funds for several years. The donor retains ownerships of the capital, but the nonprofit organization earns interest on it.



ANOTHER OPTION....

No matter how sophisticated or mature, Main Street programs almost always run into organizational problems with their fundraising at some point. A couple of the most common problems are...



Vision Mission & Values

- Implementing the mission
- Hard time saying no...
- Realistically look at resources – people, money and programs – and decide what can and cannot be done.

STICK TO ORGANIZATION'S MISSION

- Fundraising is where typical conflicts between the roles of the staff and board occur.
- Fundraising is so closely related to accomplishing the mission of the organization, it must remain a responsibility of the board.
- The staff's role in fundraising.
- Staff as “do-ers” to staff as “enablers”.



- National Main Street Center
- Main Street Alabama
- Helmer Consulting, LLC
- Granada Theater Board
- Local Program Director Experience
- School of hard knocks and fundraising fiascos



Creating Jobs. Keeping Character.

Mary M. Helmer, CMSM
205.910.8819
mary@mainstreetalabama.org

QUESTIONS??