



Extension Councils Getting Started with Philanthropy

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Getting Started with Philanthropy - Definitions

Philanthropy:

"The term "philanthropy" is a combination of two ancient Greek words: "philos" meaning "love" in the sense of caring for, nourishing, developing and enhancing; and "anthropos" meaning "human being" in the sense of our common humanity."

– Bruce Deboskey?



Getting Started with Philanthropy - Definitions

Fundraising vs. Philanthropy:

Fundraising is about acquiring donations. Philanthropy is about acquiring donors



Getting Started with Philanthropy - Objective

- Philanthropy functions through relationships; relationships with donors.
- A program of philanthropy will provide opportunities for acquiring and keeping donors.
- The product of philanthropic activity will be financial resources.
- Philanthropic activity will include meeting one-on-one with donors, annual campaign activities such as email and mail campaigns, fundraising events and activities such as golf tournaments, silent auctions, bake sales, and etc.



Questions for councils seeking to do philanthropy in their counties:

What are the building blocks for operationalizing philanthropy in your county?



What are the building blocks for operationalizing philanthropy in your county?

- Start a philanthropy committee.
- Establish an ANNUAL CAMPAIGN
- Acquire and keep donors
- Build Endowment



Questions for councils seeking to do philanthropy in their counties:

Do I have a philanthropy committee?



Philanthropy Committee:

- A standing committee dedicated to philanthropy will help your council establish and maintain a process for raising resources and keeping donors.
- Members may include non-council-member volunteers with experience and ability to help with fundraising activities and philanthropy.
- Committee job description
 - Be a donor (does not have to be current council member)
 - Acquire and keep donors
 - Plan and implement philanthropy activities such as an ANNUAL CAMPAIGN.
 - Report activities, results to council
 - Have a gift receiving policy
 - Have a fund management policy



Philanthropy Committee:

- **A gift policy will allow you to raise more money, create efficiencies and resolve potentially controversial questions ahead of time.**
 - Policy sets up IRS-required reporting and receipting processes
 - Policy addresses how to deal with windfalls and emergencies
 - Policy addresses how to receive high-value, non-cash and complicated gifts
- **Do I need a policy for acknowledging gifts?**
 - Yes. Policy should address IRS-required reporting and receipting processes
 - Policy should address how to properly thank donors.



Philanthropy Committee:

- **A good fund management plan will mirror a personal financial plan:**
 - A personal financial plan will include short term, mid-term and long-term goals.
 - Short term goal: \$1,000 in an emergency fund
 - Mid-term goal: Save 3 – 6 months salary to buffer against periods of unemployment
 - Long-term goal: Systematically save for retirement.
 - A personal financial plan will hold money in account-types to correspond with goals.
 - Emergency fund – passbook savings – **very liquid**
 - Three-six months – money market type of account - **liquid**
 - Retirement – Tax-deferred retirement accounts such as 401k's, invested in stock market index mutual fund in a mix of stocks and bonds – **restricted access**



Philanthropy Committee:

- **Similarly, a good fund management plan for an organization will look at short, mid-term and long-term financial goals, and match fund instruments to goals.**

Short term. = Checking Account, Gift Account*

Mid-term. = Savings Account, Money Market account, CDs

Long-term. = Investment funds, Endowment*

*University-administered funds



Philanthropy Committee:

- A plan for philanthropy will include systematic ways to put aside money for each goal.

Short term. = Annual campaign

Mid-term. = Annual campaign, capital campaigns, major gifts

Long-term. = Annual campaign, major gifts, bequests



Questions for councils seeking to do philanthropy in their counties:

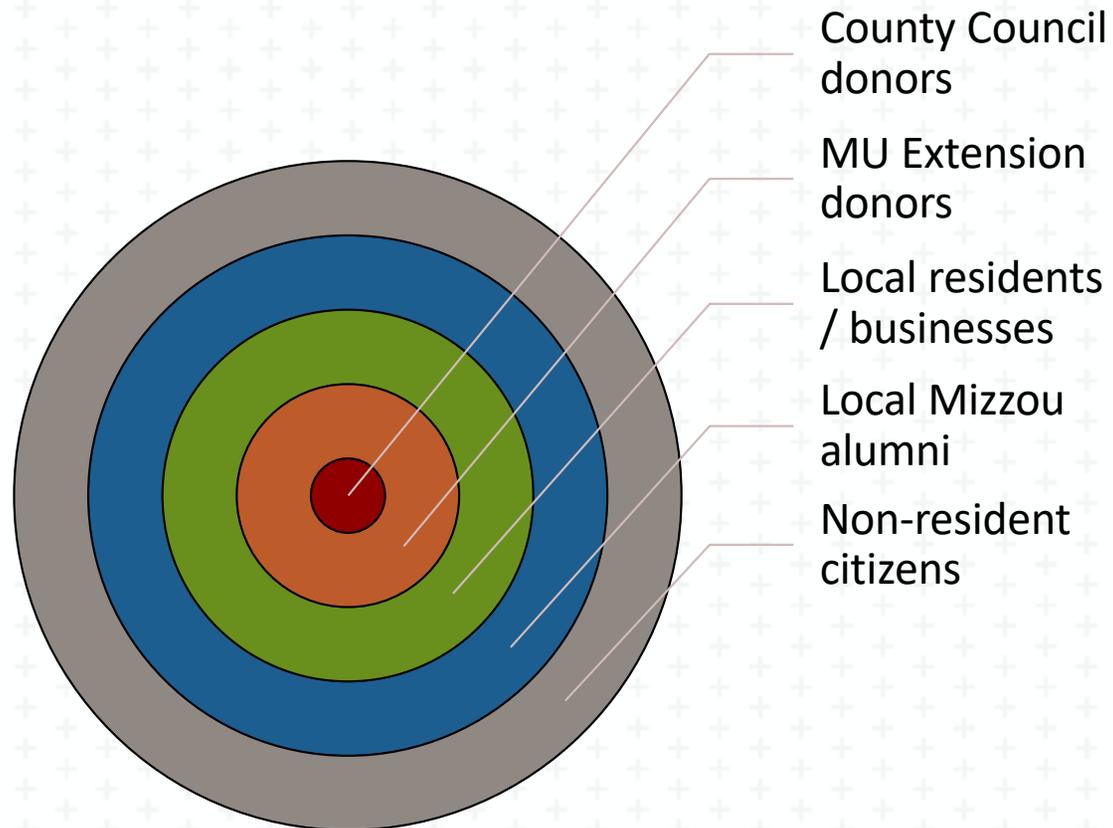
How do I acquire and keep donors?



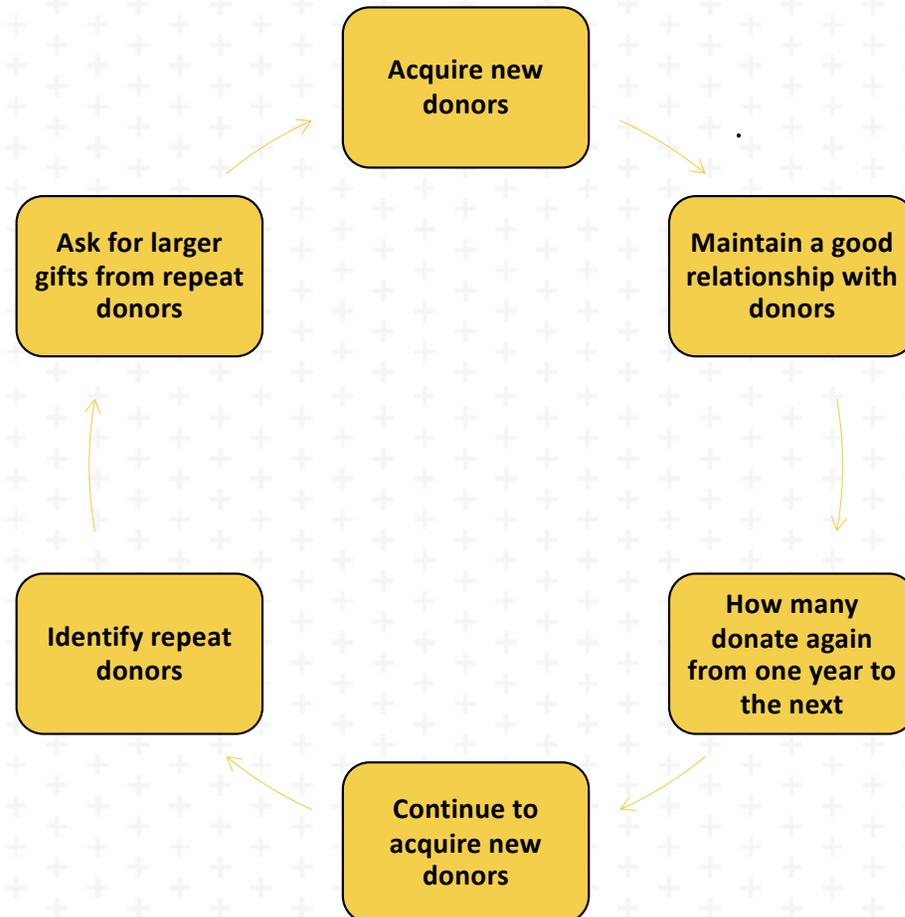
Acquire and keep donors:

- Create an Excel spreadsheet for managing donors
- Concentric circles Mizzou alumni, extension donors, county donors
- You may already have donors if you have fundraising events or activities in your county.

Acquire and keep donors:



Acquire and keep donors



Acquire and keep donors:

Keep donors by thanking them as often and in as many ways possible, while stewarding them through the FUNDRAISING PROCESS.

- *MU Extension Advancement will track and steward donors automatically when gifts are channeled through the University. For donors who write their check to the county extension council, start an Excel spreadsheet in the office and maintain it through office procedures.*



Questions for councils seeking to do philanthropy in their counties:

Can I involve Mizzou alumni?



Questions for councils seeking to do philanthropy in their counties:

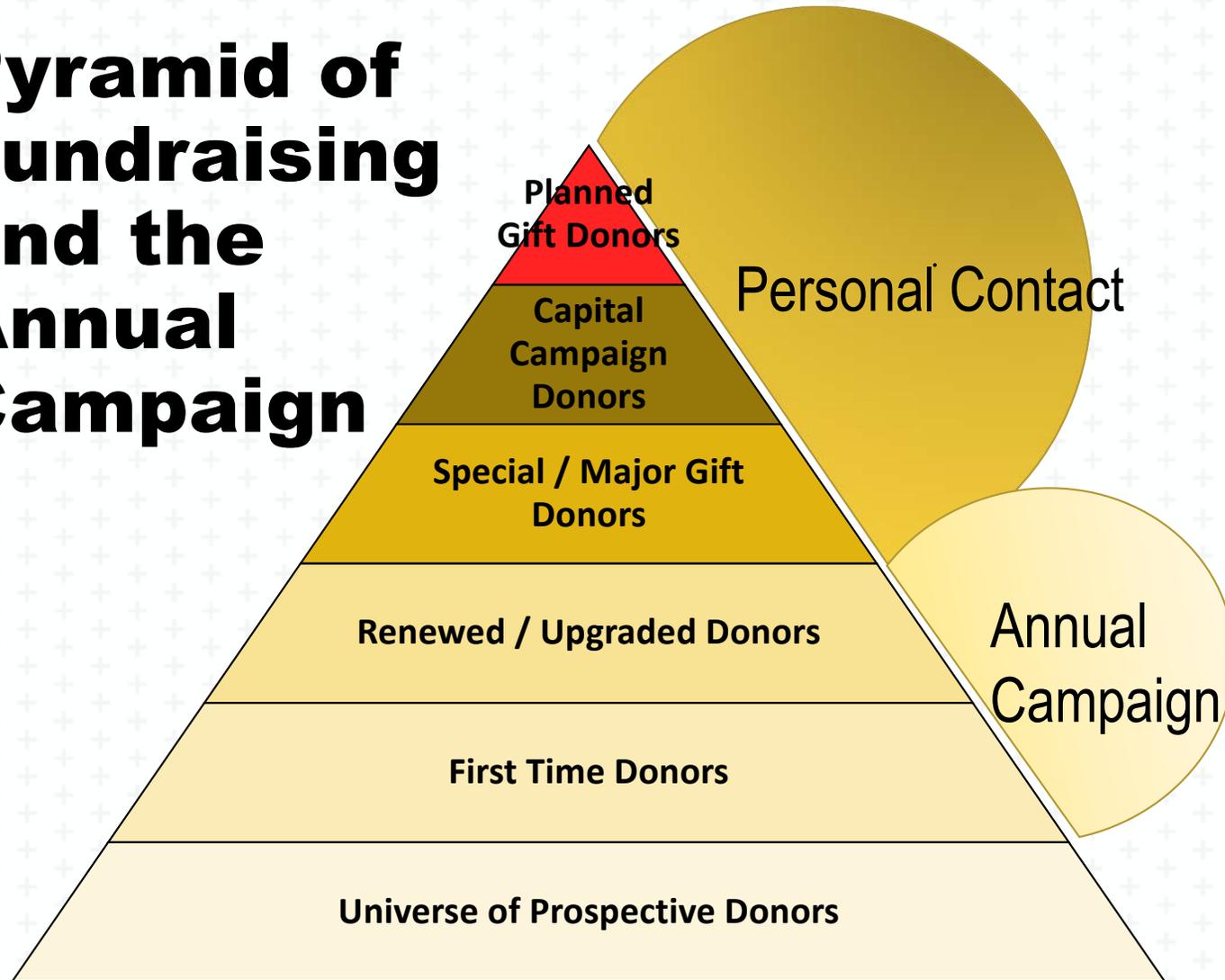
How do I establish an ANNUAL CAMPAIGN?



Establish an Annual Campaign:

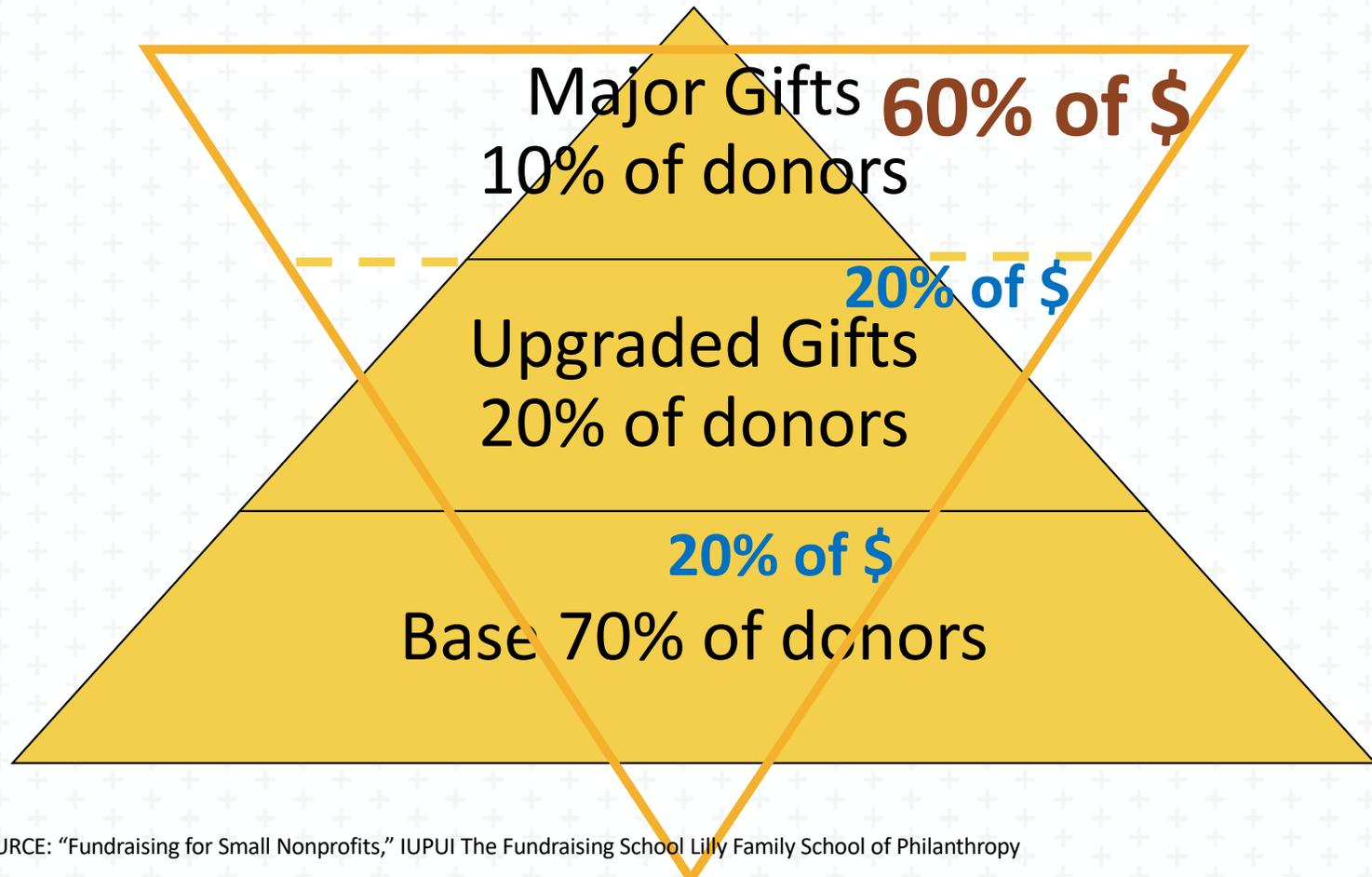
- **Hold fundraising events and have activities that raise money and acquire donors.**
 - *Create a donor / prospect list*
 - *Build into your existing strategic communications plan*
 - *Email two or more times per year asking people to give*
 - *Hold fundraising events and track donations / donors*
 - *Evaluate results and adjust plans as needed*
 - *Repeat Annually...*

Pyramid of Fundraising and the Annual Campaign



SOURCE: "Fundraising for Small Nonprofits," IUPUI The Fundraising School Lilly Family School of Philanthropy

Profile of the Annual Fund



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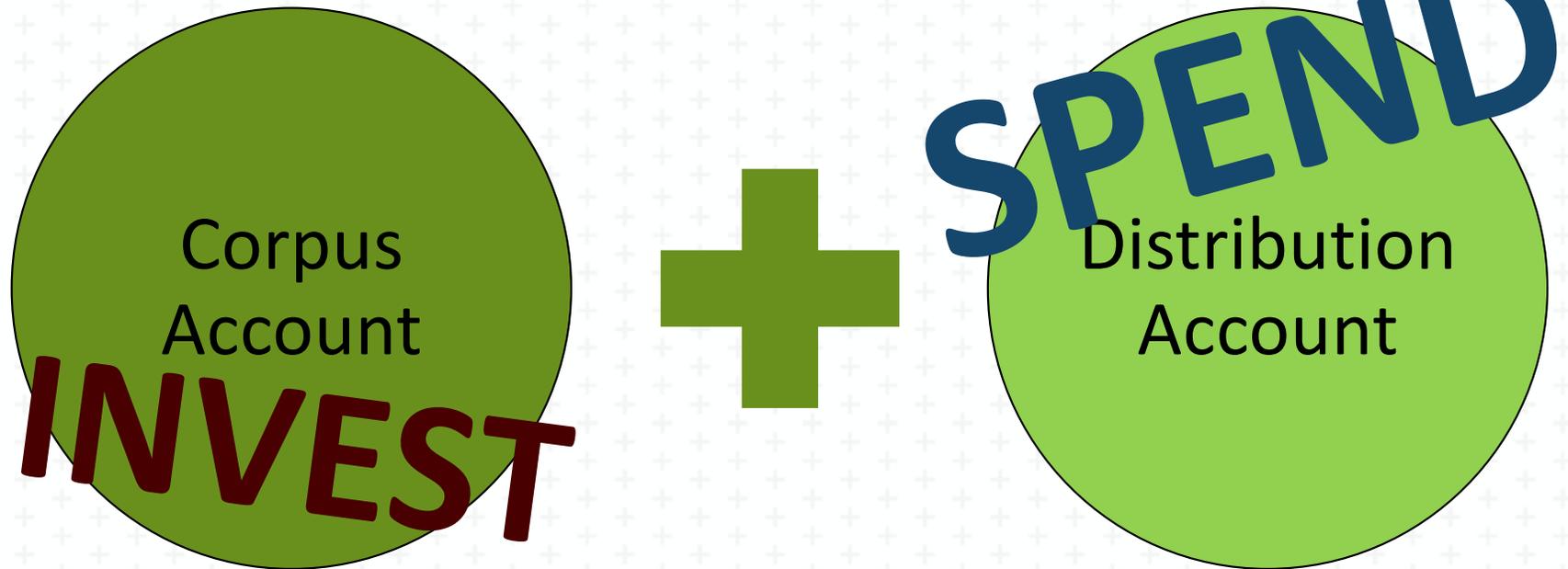


Questions for councils seeking to do philanthropy in their counties:

How do I build Endowment?

Building Endowment:

An endowment fund consists of two accounts:



Building Endowment:

County Endowments balances:

- **\$4,778,225 total in county funds**
 - \$437,438 largest county endowment and distribution fund
 - \$380,752 largest endowment (corpus account)
 - **\$13.74 smallest pending county endowment**
- **\$2,500 threshold to activate pending endowments**
- **\$56,686.50 largest amount in a county endowment distribution account.**



Building Endowment:

Have a plan for building endowment.

- **Invest unused distribution funds into the endowment (corpus) account.**



Building Endowment:

Have a plan for building endowment.

- Invest unused distribution funds into the endowment (corpus) account.
- **Hold a capital campaign to build endowment.**

Building Endowment:

- Through major gift campaign

Cash Pledges

<i>Donors</i>	<i>Donation</i>		<i>Total</i>
1	\$5,000	=	\$5,000
4	\$2,000	=	\$13,000
7	\$1,000	=	\$20,000
10	\$500	=	\$25,000

18 DONORS



Building philanthropy

Have a plan for building endowment.

- Invest unused distribution funds into the endowment (corpus) account.
- Hold a capital campaign to build endowment.
- **Establish a policy that directs planned gifts and unrestricted “windfall” gifts to endowment.**



FAQ: Does my county need a 501c3 Foundation?

No. A county extension council can function as a charitable organization without having to form a charitable corporation.

A 501c3 for a county extension sets up a corporate redundancy.

Drawbacks to county foundations include extra work to remain a viable corporation. Meeting requirements uses volunteer energy that could be devoted to more productive activities.



FAQ: What should I do if my county already has a 501c3 Foundation?

Is the foundation functioning well? Work with it.

If the foundation is not functioning well, or not functioning at all, encourage volunteers that their fiduciary responsibility requires they revive the foundation, or disband it.

Extension Advancement and the Missouri 4-H Foundation can help.



What are the next steps?

Start where you are with two or three, maybe four reasonable goals around the areas that will operationalize philanthropy in your county.

- Start a philanthropy committee.
- Establish an ANNUAL CAMPAIGN
- Acquire and keep donors
- Build Endowment



What are the next steps?

- **Sample Goal:** *Start a philanthropy committee with volunteers who are passionate about my county's extension program.*
- **Sample Goal:** *Revamp an existing development committee with volunteers who are passionate about my county's extension program.*



What are the next steps?

- **Sample Goal:** *Create a donor-tracking and stewardship system in an Excel spreadsheet from names acquired through county fundraising activities, programming and through focus group with council, other volunteers.*



What are the next steps?

- **Sample Goal:** *Develop a multi-channel annual campaign that incorporates existing fundraising activities and a strategic marketing plan that regularly asks donors and prospects to give to address our greatest challenges and opportunities.*
- **Example:** *Grow our Annual Campaign by increasing the number of asks from one time per year, to three or four-times per year, with the objective to increase the amount raised by 30 percent and the number of new donors by 10 percent.*

FAQ: What tools are available through the Advancement office?

- Help asking for major gifts, planned gifts, unusual gifts
 - bring us in when you see an opportunity
- Support materials for promoting giving, Templates
- Mizzou Give Direct pages
- Research help with donor lists
- Education resources for philanthropy, giving policies and tax law
- Account management services
- Market Charitable Gift Annuities
- Market Real Estate Gifts
- Market Gifts from Retirement Plans

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FAQ: What tools are available through the Advancement office?



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How We Can Help

County Endowments

An endowment is a way to create support for a program in perpetuity. A fund is created, typically from a gift, and each year, a distribution is made from the fund based on a formula that makes sure the endowment sustains its buying power over time. A minimum of \$10,000 must be raised by the county 4-H program before distributions from the fund can be made.

How it Works

A \$10,000 endowment would provide \$500 in annual unrestricted support for your county. Gifts to the endowment fund would be subject to cost allocation fees.



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