


Reaching the Top of the Pyramid
Achieving Balanced Fundraising Success

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- Survey of Attendees**
- Background/job responsibilities
 - Size and location of your organization
 - Size of development department/foundation
 - How much do you raise annually
 - What fundraising methods do you use
 - Organizational philanthropic expectations

- Overview of Haven Hospice**
- Haven is a not-for-profit, community-based hospice serving 18 counties and 13,000 square miles of North Florida
 - Haven has been serving the community since 1979
 - Haven has 10 offices, 5 free-standing care centers (“hospice houses”), and 5 thrift stores
 - Haven cares for approximately 700 hospice patients every day
 - Haven has 550 staff and more than 800 volunteers

Overview of Haven Hospice



- Haven serves some of the most rural and poorest counties in the state of Florida
- 70% of our service area is under the average state income

Changing Market & Environmental Conditions

We have all added a new word to our vocabulary...

SEQUESTRATION

Changing Market & Environmental Conditions

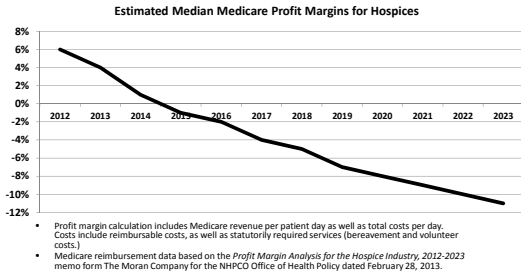
In addition to the 2% cut from Sequestration, several new policies have been established over the past few years which will also reduce Medicare payments for hospice services.

- Reduction to the annual hospital market-basket update
- Application of a new productivity factor to Medicare payments
- Continued phase-out of the Budget Reconciliation Adjustment Factor

Along with these rate reductions, new regulations and reporting requirements are increasing the costs and complexity of providing hospice care.

DO MORE WITH LESS

Changing Market & Environmental Conditions



Changing Market & Environmental Conditions

What does this mean for hospices across the country?

- Reduce costs
 - Cut critical programs, services and staff
- Find additional revenue
 - New business ventures, expand market share
 - **Philanthropy \$\$\$**

The New “Hospice Heroes”

Development departments and foundations will have higher and higher expectations placed upon them in order to “save the day”



The Role of Philanthropy

- Traditional Definition of Philanthropy
 - “The practice of giving money and time to make life better for other people” - Merriam-Webster
- Philanthropy is now a critical success factor for organizations
 - Creates new and additional opportunities to present your case to, and connect with, the community

The Role of Philanthropy

- Resource Development is more than just fundraising
 - “Fundraising is typically event-focused and concerned with directly generating revenues to keep your organization funded...
 - Resource Development is process-focused and is concerned with ways to engage your community and other stakeholders in deliberately building your organization’s capacity.” – Mark Fulop

The Role of Philanthropy

- Characteristics of successful Resource Development programs
 - Provide funding for programs and services
 - Build awareness and brand recognition
 - Generate community engagement
- Three major Development functions/activities
 - Annual Giving
 - Major (Capital) Giving
 - Planned Giving

Annual Giving

- Main Objectives
 - Acquire new donors
 - Renew current donors
- Other Benefits
 - Identify donors' area(s) of interest/passion
 - Supports ongoing programs and services
 - Identify and recruit volunteers
 - Builds community awareness
- Must feed into other functions/activities

Major (Capital) Giving

- A higher level of commitment to the organization
- Involves accumulated wealth instead of income
- Includes pledges and outright gifts
 - Can be payable over time
 - Can be in support of a capital campaign
- Definition of "major gift" will vary by organization and experience

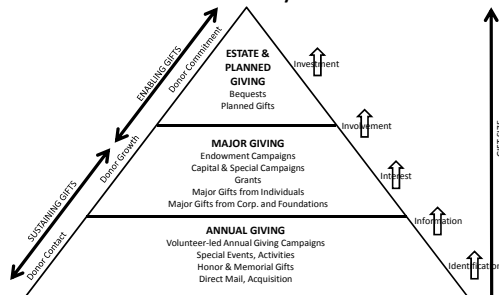
Planned Giving

- These individuals and families are the most committed to your organization
- Sometimes referred to as the "ultimate gift"
 - Most of the time, it is the largest gift anyone will ever make
- Benefits both the donor and the organization
 - Can involve tax and income benefits to the donor

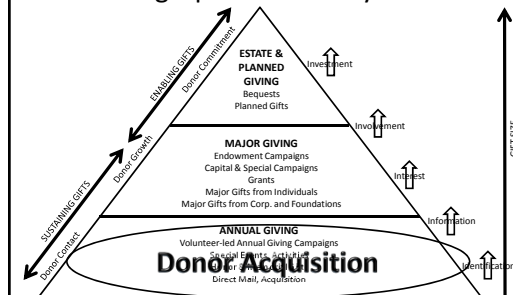
Keys to Success

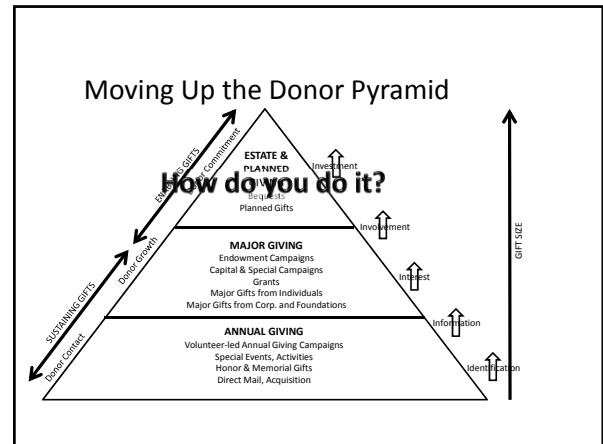
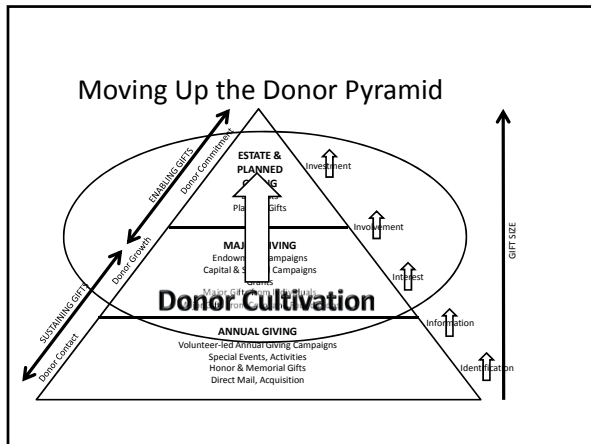
- All areas must be managed individually, however, the more overlap and cross-functional coordination that exists, the greater the likelihood for success
- The key objective is to maximize the number of donors who participate in all three areas

The Donor Pyramid



Moving Up the Donor Pyramid





- It Starts With Customer Service**
- From the initial contact, you should strive to identify and implement best practices associated with donor acknowledgement, communication and appreciation in order to increase engagement and help move donors up the pyramid of giving
 - Acknowledge within 24 hours
 - Thank you notes to families who ask for gifts in lieu of flowers
 - Donor thank-you calls
 - Localized appeals and communication
 - Appropriate recognition

- Major Gifts/Planned Giving – A Process**
- Major and Planned gift fundraising is a process that takes time and planning in order to build a relationship
- Identification
 - Qualification & Prioritization
 - Cultivation
 - Solicitation
 - Stewardship

- Major Gifts/Planned Giving – A Process**
- Identification** – Identify potential prospects
 - Existing donor records (tens of thousands)
 - Number of donors who gave in past 5 years
 - Number of "Active" donors (gave in past 2 years)
 - Number of "Engaged" donors (gave 2+ gifts in past 5 years)
 - Number of "Highly Engaged" donors (gave 5+ gifts and last gift was received within past 5 years)
 - Grateful families and friends of patients
 - Referrals from local professionals, other donors, BOD, etc.
 - Foundations/organizations with history of supporting hospice(s)
 - Special event attendees
 - Donor thank-you calls
 - Donors to other organizations
 - Wealth estimates/home values/etc.

- Major Gifts/Planned Giving – A Process**
- Qualification** – Qualify & prioritize top prospects
 - Wealth-screening
 - Estimated wealth (\$100,000+)
 - Major giving capacity (\$5,000+)
 - Total number of gifts to your organization
 - Minimum of 5 gifts for initial screening
 - Total amount donated
 - Last gift amount
 - Date of most recent gift
 - Served by your organization
 - Identify friends/family of prospect that are connected to your organization

Major Gifts/Planned Giving – A Process

- **Cultivation** – Develop and implement a “moves management” strategy designed to bring prospects closer to your organization
 - A “move” is defined as an activity/contact designed to move the prospect closer to a “yes”
 - Get to know prospect and build relationship based on personalized communication strategy
 - Meetings and phone calls with specific purposes
 - Joint calls with a friend/family member close to your organization
 - Personalized CGA illustrations based on prospect’s age
 - Estate planning seminars
 - Invitations to special events, meeting with president, etc.
 - “In the Know” personalized letters to share important information
 - Reprints of key informational articles

Major Gifts/Planned Giving – A Process

- **Cultivation** – continued
 - Maximizing benefits for the donor is in the best interest of your organization
 - Understand the entire picture before making a recommendation
 - Cash, property, appreciated assets, insurance, income, etc.
 - Identify their goals
 - Charitable intent, reduce taxes, generate income, etc.
 - Make sure donor has proper legal and tax advice

Major Gifts/Planned Giving – A Process

- **Solicitation** – You are ready for the “ask” when you know the answer to the following:
 - The right amount to ask for by the right person for the right project and at the right time
- **Stewardship** – Getting the gift is only the beginning
 - Good stewardship and donor relations are critical
 - We must continually nurture the relationship
 - Update the donor on how their gift is impacting the organization

Reaching the Top of the Pyramid

- Planned Gifts are a result of a financial or estate plan
- Planned Gifts require a long-term investment of time and money to “fill the pipeline”

Reaching the Top of the Pyramid

The two “tents” of philanthropy



INTENTIONAL

You (the donor) decide how your resources are used



UNINTENTIONAL

Someone else decides how your resources are used

Reaching the Top of the Pyramid

As Development professionals, our roles are to maximize the benefits for both the donor and our organizations – *make sure the donor is in the right “tent”*

- Before recommending a specific type of gift, we need to gather some key information during the cultivation stage
 - Does the donor itemize their deductions on their federal tax return?
 - Age of the donor(s)
 - Assets other than cash/savings
 - Adjusted Gross Income

Reaching the Top of the Pyramid

The quickest and easiest type of gift is usually cash. Potential donor benefits of a cash gift:

- Knowing their gift will have an immediate impact on the work and mission of the organization
- They may receive a charitable contribution deduction that could be used when itemizing
- For gifts exceeding the 50% ceiling of deductibility, they may qualify for the five-year carryover. This may allow them to use their entire deduction.

Reaching the Top of the Pyramid

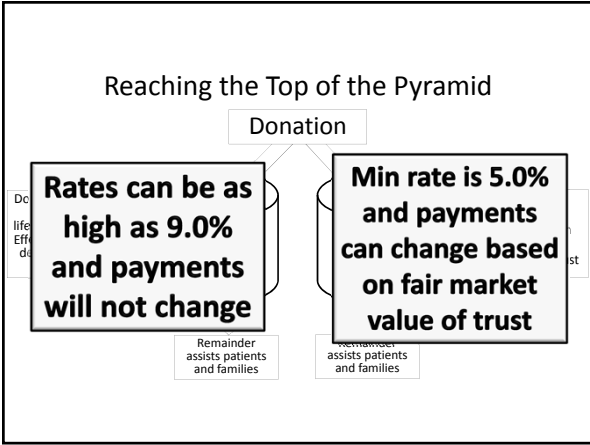
Cash may be quick and easy, but are there other options for the donor(s) that could benefit them *and* potentially increase the size of the gift?

- Benefits of donating stock and/or other appreciated assets
 - A charitable contribution deduction for the **full fair market value** (may use the 5-year carryover if it exceeds the 30% annual limit for "capital gain property")
 - Total **elimination of capital gains tax**
 - **Reduce their taxable estate value** by removing the asset
 - **Maximizes funds** to your organization

Reaching the Top of the Pyramid

Outright gifts are wonderful, but what if we could do all of the following in exchange for a donor's irrevocable gift?

- **Increase their income** for life (part tax free)
- **Lower their taxes** (a charitable contribution deduction lowers their overall taxes due this year)
- **Help patients and families** when the donor(s) no longer receives the income



Reaching the Top of the Pyramid

Simple Two-Life Charitable Gift Annuity Example

- Information based on annuitant ages 71/72
- Cash gift of \$12,367.20
- Charitable Contribution Deduction \$3,117.09
- Total Annual Income \$667.83
- Tax Free Portion of Annual Income \$489.52 (2028)
- Tax Free Percentage 73.3%
- Effective Annuity Rate 6.3%

One-life CGA will provide higher rates

Reaching the Top of the Pyramid

Two-Life Charitable Remainder Unitrust Example

- Information based on annuitant ages 69/71
- Funded with real estate valued at \$185,250
- Unitrust percentage 5.0%/Principal return rate 6.0%
- Charitable Contribution Deduction \$76,655
- Estimated annual income starts at \$9,263 and grows to \$11,302 by year 21 (can vary based on the fair market value of the CRUT)
 - Payments will not begin until real estate has been sold (the trust can provide the make-up of any payments missed during the liquidation process)
- Total projected income during the next 21.8 years \$224,385
- Total projected principal for organization after 21.8 years \$230,127

Reaching the Top of the Pyramid

Limits on Charitable Contribution Deductions exist for different situations and types of gifts

- **50% Limit**
 - Deduction for charitable contributions of cash cannot exceed 50% of a donor's Adjusted Gross Income (AGI)
- **30% Limit**
 - Deduction for charitable contributions of capital gain property cannot exceed 30% of a donor's AGI if they figure their deduction using fair market value

Reaching the Top of the Pyramid

How would a donor with an AGI of \$50,000 use a charitable contribution deduction of \$65,410 from the donation of a capital gain property?

- They can use the **5-year carryover**

	Year of Gift	Year 1 After Gift	Year 2 After Gift	Year 3 After Gift	Year 4 After Gift	Year 5 After Gift
Annual Charitable Contribution Deduction	\$15,000	\$15,000	\$15,000	\$15,000	\$5,410	

Reaching the Top of the Pyramid

The importance of a **Will**

- Critical part of a donor's estate plan
- Another way for them to attain their overall goals and objectives
- Create unique ways to help their family, friends and the community

Reaching the Top of the Pyramid

What does a Will allow a donor to do?

- Avoid the laws of intestacy
- Distribute property as they wish
- Create a trust for surviving spouse
- Share bequests to charities
- Name their executor
- Name a guardian for minor children or grandchildren
- Designate which areas of their estate to use to pay any tax
- Distribute property so estate value decreases to help reduce or eliminate estate tax

History is filled with examples of famous individuals that failed to create or update their estate plans

Create a Long-Term Strategy for Success

- Establish clear objectives
 - What does success look like for your organization
 - Long-term aspirational goals
 - Short-term operational plans
 - Remember that Rome wasn't built in one day
- Allocate resources accordingly
 - How do you "do more with less"
- Implement and stay focused
- Allow for change

Thank You



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