

# FUND DEVELOPMENT



## DO WE NEED TO BE A 501(C)3?

A non-profit entity is referred to as a 501(c)(3) organization because that is the section of the IRS code that refers to these types of non-profits. You'll need to consider whether operating under the umbrella of another non-profit (church or established non-profit) or starting a new non-profit will work best.

Every 1.27 National Network ministry is unique and had specific reasons for deciding on a structure. Many started under the umbrella of a church or other non-profit, then transitioned to a separate 501(c)(3) organization after a few years. Some continue to work as a church ministry and others started out by establishing a new 501(c)(3).

The primary reason to hold non-profit status (on your own or under another non-profit) is that it provides opportunity for donors to receive a tax deduction for gifts to the organization. Additionally, most foundations and some other funders require non-profit status before funding an organization.

There are several considerations in deciding on a non-profit structure. When operating under an existing non-profit or church, there are inherent financial supports, usually offered at no or low cost. Below are some other considerations.

### IRS FILINGS

501(c)(3) status requires tracking financial information and filing financial documents with the IRS. It can be helpful to have another entity (church or non-profit) handle the financials as you get started. Sometimes a church or accounting firm will offer these services as an in-kind donation.

### AUDITS

A full financial audit and, even the less complicated financial compilation, can be expensive. When operating under the umbrella of a church or other non-profit, that organization will include your ministry financials within their annual audit or

compilation, saving you time and money. As a stand-alone organization, that is a task you will need to fund and complete. Sometimes a church or accounting firm will offer these services as an in-kind donation.

## **DONATION RECEIVING AND RECEIPTING**

Donors need donation receipts for tax purposes. An existing church or non-profit will have a system in place for receiving, tracking and receipting donations. You'll need to ensure your ministry information regarding donations is submitted, in a timely fashion, to the umbrella agency's system.

As a stand-alone 501(c)(3), you will be responsible for implementing a system for receiving, tracking and receipting donations. Often this requires some type of database system. Having your own system may mean faster, easier access to donation information. You will likely have more opportunity to shape the procedure and look for donation receipting. Sometimes a church or accounting firm will offer these services as an in-kind donation.

## **TRACKING EXPENSES AND REVENUE**

Good stewardship is essential for a sustainable non-profit. This includes careful budgeting and tracking of both expenses and revenue. When you operate under another non-profit you may not have quick access to your financial information. That's often not a problem unless you are utilizing grants as part of your funding model. Grantors request a range of financial reports covering a variety of time periods, and often require additional periodic reports that include financials. You will need to plan well in advance to access the information you need for grants.

If you decide to manage you own financials there are several options for non-profits. Quick Books is one of the most widely used. There is a non-profit version, but it still has business functions and/or titles that don't often fit (such as calling a donor a 'customer' instead of a 'donor'. The basic infrastructure of Quick Books is solid, and if you hire a bookkeeper, most of are very familiar with this system.

## GRANTS

Often foundations and other funders will only fund one program per organization. This is less of a problem if you are structured within a church, because churches usually don't rely on grant funding. It may be a problem if you are structured within another non-profit. For example, if your non-profit, umbrella organization receives an annual grant from United Way, your ministry may not be eligible to apply. For various reasons, some foundations and donors will not donate to a church.

What structure do you need to receive, track and receipt funds?

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## FORMING A 501(C)(3)

Should you choose to form a 501(c)(3) there are several tools to help. Nolo has been publishing do-it-yourself legal guides for over 40 years and they have helpful tools for non-profits. Nolo outlines 8 basic steps to forming a 501(c)(3) in their article found here: [tinyurl.com/127-nolononprofit](http://tinyurl.com/127-nolononprofit). From this page there are links to other resources, such as templates for articles of incorporation and bylaws, among other tools. For a fee you can also use their program to walk through the process of forming your non-profit.

Nolo also sells several print and electronic books that help with the process of forming a 501(c)(3). These books also include digital templates for things like Articles of Incorporation and Bylaws. View them here: [tinyurl.com/127-nonprofitbook](http://tinyurl.com/127-nonprofitbook).

# BUILD A BUDGET

## AGENCY / MINISTRY FISCAL YEAR

### REVENUE

General Contributions	\$ .....
Grants	\$ .....
Special Events	\$ .....
Church Donations	\$ .....
Contract	\$ .....
<b>TOTAL UNRESTRICTED REVENUE</b>	<b>\$ .....</b>

### EXPENSES

Insurance	\$ .....
IT / Phones / Website	\$ .....
Office Lease	\$ .....
Office Supplies	\$ .....
Postage	\$ .....
Printing	\$ .....
Promotional Materials	\$ .....
Salaries, Benefits, Payroll Taxes	\$ .....
Training (Materials, Facility, Food)	\$ .....
Travel	\$ .....
<b>TOTAL PROGRAM EXPENSES</b>	<b>\$ .....</b>

How will you receive, track and receipt funds?

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What are your next steps?

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# COMPREHENSIVE FUND DEVELOPMENT PLAN

To ensure a solid financial foundation this fund development infrastructure has been created to support a diversified revenue stream, fully supporting the implementation of our Strategic Plan. A range of funding including board contribution, fund raising events, donations, earned revenue and grants are further defined below.

## BOARD CONTRIBUTIONS

### GIVE OR GET

**Strategy:** Each board member agrees to contribute a minimum of \$250 per year either through personal contributions or soliciting donations.(Give or Get). It is critical that we are able to note on grant applications that 100 percent of our board members contribute. Therefore, regardless of how much each member raises, we request all members give some level of a personal cash contribution, regardless how small.

<b>Projected Income:</b>	2018	2019	2020	2021
	\$2,000	\$2,000	\$2,000	\$2,000

## FUND RAISING EVENTS

### BREAKFAST OF CHAMPIONS

**Strategy:** This signature event is a unique event that raises both revenue and awareness for our program. By bringing in speakers who tell their person stories of being in the system as children, we can compel people to both volunteer and donate to the cause.

<b>Projected Income:</b>	2018	2019	2020	2021
	\$6,000	\$10,000	\$12,000	\$16,000

### MYSTERY DINNER (GALA)

<b>Projected Income:</b>	2018	2019	2020	2021
	\$10,000	\$12,000	\$14,000	\$16,000

# DONATIONS

## INDIVIDUAL AND CORPORATE DONATIONS

<b>Projected Income:</b>	2018	2019	2020	2021
	\$125,000	\$125,000	\$125,000	\$125,000

## CHURCH SUPPORT

**Strategy:** Churches are a great opportunity to generate revenue for foster care ministry. Some churches have made monthly commitments and others have agreed to take an offering once or twice a year. This revenue can fluctuate so we are estimating low.

<b>Projected Income:</b>	2018	2019	2020	2021
	\$5,000	\$5,000	\$5,000	\$5,000

## GRANTS (FOUNDATIONS AND GOVERNMENT GRANTS)

**Strategy:** We have several grants of moderate size that have funded us for several years. We should share our successes and real-life stories with current funders and seek to increase their level of funding over the next few years. Additionally, we should identify new foundations and corporations that share or support our mission and educate them about the mission and work of our organization. Growth goals are identified in the chart below.

<b>Projected Income:</b>	2018	2019	2020	2021
<b>UNITED WAY</b>	\$10,000	\$10,000	\$10,000	\$10,000
<b>FOUNDATION #1</b>	\$15,000	\$15,000	\$15,000	\$15,000
<b>FOUNDATION #2</b>	\$10,000	\$10,000	\$10,000	\$10,000
<b>FOUNDATION #3</b>	\$5,000	\$5,000	\$5,000	\$5,000
<b>GROWTH GRANTS</b>	\$10,000	\$10,000	\$15,000	\$20,000
<b>TOTAL</b>	<b>\$50,000</b>	<b>\$50,000</b>	<b>\$55,000</b>	<b>\$60,000</b>



## EARNED REVENUE

**Strategy:** Earned revenue through several social enterprises provides unique and sometimes more dependable sources of funding. We will pursue the following endeavors in 2018.

### HOME STUDIES:

Local County Departments of Human Services, Child Placement Agencies (CPAs) and adoption agencies contract out the writing of SAFE Homes Studies for potential foster/adoptive families. We will market our services to county DHS agencies, CPAs and local adoption agencies in our region.

<b>Projected Income:</b>	2018	2019	2020	2021
	\$7,500	\$10,000	\$12,000	\$12,000

### PARENTING CLASSES FOR DIVORCING PARENTS:

In Colorado, parents who go through a divorce or seek a change in custody arrangements, are required to take a state approved parenting class. Each Judicial District in Colorado keeps a list of approved classes. Classes can be taught by our staff or contracted staff. Fees vary by jurisdiction, but \$55 to \$65 is an average rate. Some jurisdictions require a reduced fee or sliding scale fee for low income parents. Standard co-parenting classes will be offered two to three times per month, and high conflict classes will be offered monthly, or bi-monthly depending on demand. If the average class size is 10, we estimate approximately \$300 per class. At a rate of 3 total classes per month, we could bring in approximately \$12,000 per year. Class size will depend on the number of divorces and the number of vendors in a particular judicial district. For the first two years we are estimating low.

<b>Projected Income:</b>	2018	2019	2020	2021
	\$7,500	\$10,000	\$12,000	\$12,000

## SERVICE CLUBS AND CORPORATE SPONSORSHIPS CHURCH SUPPORT

### SERVICE CLUBS

Organization	2018	2019	2020	2021
<b>KIWANIS</b>	\$5,000	\$5,000	\$5,000	\$5,000
<b>ROTARY</b>	\$1,000	\$1,000	\$1,000	\$1,000
<b>LIONS</b>	\$1,000	\$1,000	\$1,000	\$1,000
<b>EAGLES LADIES</b>	\$1,500	\$1,500	\$1,500	\$1,500
<b>TOTAL</b>	<b>\$8,500</b>	<b>\$8,500</b>	<b>\$8,500</b>	<b>\$8,500</b>

## DEVELOPMENT GROWTH PROJECTIONS 2018-2021

Below is a compilation of fund-raising categories, projected out for four years, to include growth goal.

	2018	2019	2020	2021
<b>BOARD</b>	\$2,000	\$2,000	\$2,000	\$2,000
<b>FUND RAISING</b>	\$16,000	\$22,000	\$26,000	\$32,000
<b>DONATIONS</b>	\$125,000	\$125,000	\$125,000	\$125,000
<b>EARNED REVENUE</b>	\$15,000	\$20,000	\$24,000	\$24,000
<b>CHURCH SUPPORT</b>	\$5,000	\$5,000	\$5,000	\$5,000
<b>GRANTS</b>	\$50,000	\$50,000	\$55,000	\$60,000
<b>SERVICE CLUBS</b>	\$8,500	\$8,500	\$8,500	\$8,500
<b>TOTAL</b>	<b>\$221,500</b>	<b>\$232,500</b>	<b>\$245,500</b>	<b>\$256,500</b>