

*What is Development Services?
And Why Should You Care?*
Blackbaud Annual Conference
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Agenda

- Brief history of Development Services
- Mission
- Areas of responsibility
- Why you should care
- Resources
- Questions

What's in a Name?



- At nonprofits:
 - Development Services, Development Administration, or Development Operations.

- At universities:
 - Development Services or Advancement Services.
“Advancement” includes functions beyond fundraising, such as Alumni Relations, Public Relations, Governmental Relations.

A Brief History of “Development Services”

- January 1990: First (known) conference track, presented by the Council for the Advancement and Support of Education (CASE).

A Brief History of “Development Services”

- May 1990: First (known) standalone conference presented by CASE.

A Brief History of “Development Services”

- 1999: CASE publishes *Advancement Services: Research and Technology Support for Fund Raising*.
 - 2nd edition 2007

A Brief History of “Development Services”

- 2000: Chapter on Advancement Services included in CASE’s *Handbook of Institutional Advancement*.

A Brief History of “Development Services”

Monday	Tuesday	Wednesday	Thursday	Friday	Sat/Sun
August 30	31	September 1	2	3	4
					5
6	7	8	9	10	11
					12
13	14	15	16	17	18
					19
20	21	22	23	24	25
					26
		7			

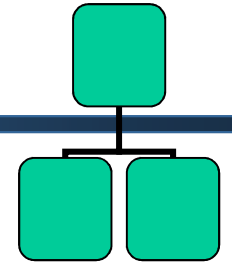
- 2006: Assoc. of Advancement Services Professionals founded.
- 1st AASP conference: 2008.

The Mission of Development Services

- To facilitate fundraising, gift processing, fund management, and stewardship.
- To provide the backbone of the fundraising enterprise.
- To understand, and explain, all regulations governing fundraising and gift processing.
- To keep management out of trouble.
- To make the development officers look good.

— John Taylor

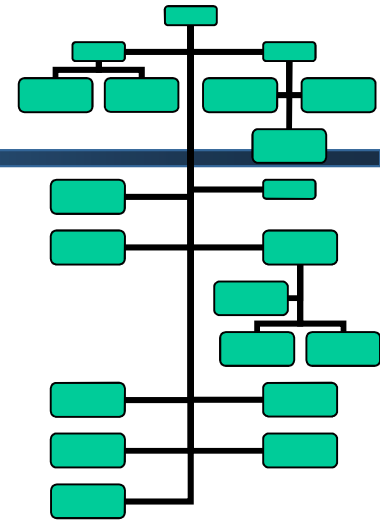
At Its Simplest, DS...



- Enters gifts.
- Creates and updates biographical records.
- Generates receipts and produces reports.
- Ensures proper custody of funds and compliance with regulations.
- Protects the privacy and security of donor data.

But DS Might Also Include...

- Information Technology
- Prospect Research
- Donor Relations & Stewardship
- Campaign Accounting
- Special Events
- Facilities and/or Office Management
- Staff Training
- Human Resources
- “Other duties as assigned...”



Why Should You Care?



APATHY

IF WE DON'T TAKE CARE OF THE CUSTOMER,
MAYBE THEY'LL STOP BUGGING US.

*What is Development Services?
Robert Weiner*

Blackbaud®

Why Should You Care? Donor Relations.



US Senator Barack O'Bama
230 S. Dearborn Street
39th floor
Chicago, IL 60604

President Barack BUSH
1600 Pennsylvania Ave. NW
Washington, D.C., 20500

#BXNJNHM *****AUTO**S-D
#032046536#
Tom Cruise & Nicole Kidman
1 Stone Canyon Way
Los Angeles, CA 90077

Why Should You Care? Donor Relations.



Image: [Anemone Letterpress](#)

Why Should You Care? Financial Controls.



Image: [\[No Ambition\]](#)

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Why Should You Care? Financial Controls.



SFGate.com | ARTICLE COLLECTIONS

Head Cashier Suspected of UCSF Thefts / Thousands stolen daily for 4 years, police believe

July 17, 1999 | By Jaxon Van Derbeken, Tanya Schevitz, Chronicle Staff Writers

The woman being investigated in the possible embezzlement of \$4.5 million from the University of California at San Francisco is a 17-year employee who supervised the campus' cashiers, authorities said yesterday.

Investigators believe that the woman may have walked away from her job with thousands of dollars a day in cash for more than four years. **Just how the money disappeared is unclear, but authorities say that another supervisor, the head of general accounting, may not have reconciled bank statements recording deposits with the amounts of checks and cash reported as going into UC San Francisco accounts.**


Why Should You Care? Donor Intent.





NY man claims Reagan Foundation misused donations


By Anna Bakalis

Posted June 2, 2009 at 4:23 p.m.

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A A A

A New York man has filed a lawsuit against the Ronald Reagan Presidential Foundation, alleging it misused about \$200,000 of his donations.

Richard Sills, a longtime Reagan foundation donor, is seeking a court-ordered accounting of his contributions, unspecified compensatory damages, and \$100,000 in legal fees.

Why Should You Care? Donor Retention.



- Cost to acquire a new direct mail donor: \$1.00 to \$1.25 per dollar raised.
- Cost to renew a direct mail donor: \$0.20 per dollar raised.

Source: Jim Greenfield, "Fund-Raising: Evaluating and Managing the Fund Development Process" (1999)

- **AFP's Fundraising Effectiveness Project: for every \$4.5 that organizations raised in new gift dollars in 2009, more than \$6 was lost through donor attrition.**

www.afpnet.org/files/ContentDocuments/2010_FEP_FinalReport.pdf

What Makes a High Performing DS Shop (and what should you look for in a manager)?

PUPIL'S REPORT CARD																					
LAST NAME					FIRST NAME					AGE	GRADE	BUILDING									
Beeson					Kleanor Jeannine					13	6	Roosevelt									
SCHOOL YEAR		Days Present	Days Absent	Times Tardy	Conduct	Effort	Read Lit.	Spelling	Language	Arithmetic	Geography	History	Health Science	Civics	ART		Phys. Ed.	Promotion In Danger	Height In Inches	Weight In Pounds	EXPLANATION
1945-1946															Drawing	Music	Writing				A-85-100 EXCELLENT B-75-85 GOOD C-70-75 FAIR D-60-70 POOR F-BELOW 50 FAILING
PERIOD																					
FIRST SEMESTER	1st Six Weeks	20	8		A A	B A	B C	B B	C B	B A					B B	C B					
	2nd Six Weeks	17½	14½		A A	C B	B B	B B	B C						A A	C C			61½	98	
	3rd Six Weeks	24½	3½		A A	A A	B A	A B	B B						A A	C B			62	106	
	Semester Grade	70	18		A A	B A	B B	A B	B B						A A	C B					Honors
SECOND SEMESTER	4th Six Weeks	28			A B	A A	B A	A B	C C						A A	C B			62½	104½	
	5th Six Weeks	29½	½		A A	A A	A A	B A	B B						A A	B B			62½	107	
	6th Six Weeks	31	0		A A	B A	B B	B B	A A						A A	C B					
	Semester Grade	88½	½		A A	B A	B B	B B	B B						A A	C B					Honors
	Yearly Grade	168½	18½		A A	B A	B B	B B	B B						A A	C B					
Promoted to <u>7th</u> grade. Retained in.....grade. Teacher <u>Florillo Gard</u>																					
EXPLANATION: Three "Honors" are awarded each semester, "Honors", "High Honors" and "Class Honors"																					

What Makes a High Performing DS Shop?

- Understand the business they and their colleagues are in (fundraising, donor relations, etc.) and the strategic vision for their organization.
- Provide great customer service.
- Provide quality control so systems take in accurate data and produce accurate reports.
- Use automation appropriately.

What Makes a High Performing DS Shop?

- Understand the laws governing their work (IRS, FEC, HIPAA, FERPA).
- Understand and/or create and oversee their organization's own policies and procedures.
- Train & support colleagues on business processes, policies, regulations, software, and hardware.
- Keep up with new developments in technology (e.g., databases, mobile devices, new media).

What Makes a High Performing DS Shop?

- Manage projects, budgets, and people.
- Ensure that information flows smoothly between departments (e.g., Accounting, Student Records, lockbox, online donations, etc.).
- Play well with others.
- “Listen, teach, listen, advise, listen, encourage, listen...” — Mary Kern

Why Should You Care?



Case Study #1



- Jan. 4, 2011: The following donations are on your desk:
 - Check mailed December 24th. Arrived Jan. 2.
 - Voice mail donation via credit card left December 29. Heard on Jan. 2. Card charged same day.
 - Online donation processed December 31st. Credit card charged immediately. Notification received by your office on Jan. 2.
- Which tax year are they for?

Case Study #2



- A donor offers to donate the use of her Hawaiian timeshare 1 week each year. You can offer it at your annual auction.
- She wants a receipt valuing the donation at \$7,000.
- What do you do?
- IRS Publication 526: “Generally, you cannot deduct a contribution of less than your entire interest in property. A contribution of the right to use property is a contribution of less than your entire interest in that property and is not deductible.”

Case Study #3



- A prominent artist offers you a painting for your auction.
- The work is appraised at \$1.2 million.
- What do you put on the receipt?
- IRS Pub. 526: For works of art *created by the donor*, the amount the artist can deduct is the item's fair market value minus the amount that would be ordinary income if the artist sold the property for its fair market value. In short, the value of the materials.

Case Study #4



- An architect designed your new building pro bono.
- She bills \$250/hour and spent 200 hours on the project. She requests a receipt for a \$50,000 donation.
- What do you put on the receipt?
- IRS Publication 526: The value of one's time or services are not deductible as charitable contributions.

Case Study #5



- You charge \$125/person for your annual gala. That gets you a sit-down dinner, wine, and entertainment.
- Everything was donated: the food, wine, entertainment, and room.
- How much is deductible?
- IRS Pub. 526: “If you receive a benefit as a result of making a contribution you can deduct only the amount that is more than the value of the benefit you receive.” If a comparable dinner in your town costs \$75, donation = \$50.

Case Study #6



Thanks to Jay Love for this case.

- April 2011: Your largest donor needs another tax deduction for 2010.
- Offers a \$250,000 donation but receipt must be backdated to 2010.
- Is it legal? Ethical? What do you do?

Conclusions

- First question: who's in charge of your data?
- IRS Code 6701: penalties of \$1,000 per incident per tax period for any person or entity that assists in the creation of a document that they know would result in an understatement of tax liability.
- Nonprofits are not tax advisors.
- When in doubt, tell donors to consult their attorneys or financial advisors.
- Receipts can say “Thank you for your donation of _____ which you have valued at \$_____.”

Resources

Books and Articles:

CASE Advancement Services Bibliography (includes links to *Advancement Services* books)

[www.case.org/Publications and Products/CASE Store.html?cat=167](http://www.case.org/Publications%20and%20Products/CASE%20Store.html?cat=167)

Ingredients of a High Performing Advancement Services Shop

www.rlweiner.com/ingredients-of-a-high-performing-advancement-services-shop

Making the Case for Advancement Services

www.rlweiner.com/making-the-case-for-advancement-services

Best Practices for Managing a Database

www.rlweiner.com/best-practices-for-managing-a-database

Resources

Organizations:

Assn. of Advancement Svcs. Professionals: www.advserv.org

Council for Advancement & Support of Ed. (CASE):
www.case.org

Web Sites:

AFP's Nonprofit Technology Blog: www.afprc11.blogspot.com

FUNDSVCS download site (sample policies, legal documents, etc.)

www.fundsvcs.org/modules/wfdownloads/

Guidestar's Guide to Fundraising Laws:

www.guidestar.org/news/features/fundraising_laws.jsp

Resources

More Web Sites:

Supporting Advancement (a wide variety of resources):

www.supportingadvancement.com

Technology Literacy Benchmarks for Nonprofits:

www.benton.org/sites/benton.org/files/archive_files/publibrary/techlit.pdf

Robert Weiner's Resources page: www.rlweiner.com/resources.html

Listserves:

FUNDSVCS (Development Services): www.fundsvcs.org

The listserv for your donor database.

Resources

IRS Publications:

Determining the Value of Donated Property – IRS Pub. 561

www.irs.gov/pub/irs-pdf/p561.pdf

Charitable Contributions – IRS Pub. 526

www.irs.gov/pub/irs-pdf/p526.pdf

Charitable Contribution Substantiation Rules - Pub. 1771

www.irs.gov/pub/irs-pdf/p1771.pdf

Charity's Guide to Car Donations – IRS Pub. 4302

www.irs.gov/pub/irs-tege/pub4302.pdf

Donors Guide to Car Donations – IRS Pub. 4303

www.irs.gov/pub/irs-tege/pub4303.pdf

Resources

Revenue Canada Resources:

Gifts in kind to Charity and Others –IT 297R2:

www.cra-arc.gc.ca/E/pub/tp/it297r2/it297r2-e.html

Gifts and official donations receipt – IT 110R3:

www.cra-arc.gc.ca/E/pub/tp/it110r3/it110r3-e.html

Who is the Donor? CPC – 010:

www.cra-arc.gc.ca/chrts-gvng/chrts/plcy/cpc/cpc-010-eng.html

Proposed Guidelines on Split-Receipting - IT News # 26:

www.cra-arc.gc.ca/E/pub/tp/itnews-26/itnews-26-e.html

Tax advantages of donating to Charity – CES 009:

www.drache.ca/documents/cra-newsletters/tax-advantage-of-charity-donation

Resources

Conferences:

AASP annual and regional conferences:

www.advserv.org/Default.aspx?pageId=81835

CASE Advancement Services conferences
& workshops:

www.case.org/x30.xml?Discipline=167

Includes new professionals, senior professionals, research, donor relations, gift processors, and district conferences.

Questions?

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