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ADDRESSING IMPORTANT ISSUES IN THE NOT-FOR-PROFIT SECTOR

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Staging a Successful Silent Auction



Donor Climate Calls for Strategic Review



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Accessing Government Grants

Despite budget cutbacks, federal, state and local governments continue to provide financial assistance to nonprofit organizations that perform valuable work in their communities. But for smaller nonprofits, figuring out what grants are available and how to apply for them can be challenging. If your organization is interested in government funding, you will need to research appropriate grant opportunities that match your organization's activities, develop a tracking system for sent grant applications, and, if awarded, manage any government funding you receive.

Federal grants can be accessed in several ways. Some grants are awarded directly to nonprofits by federal agencies, such as the Department of Education (DOE), Environmental Protection Agency (EPA), Department of Housing and Urban Development (HUD), and Department of Health and Human Resources (HHS). An overview of more than 2,000 federal funding opportunities is available through the Catalog of Federal and Domestic Assistance at www.cfda.gov. It lists all the grant, loan and benefits programs administered by the federal government. Specific information about government grants and announcements of new grant opportunities are also

available at www.grants.gov. Additional details can be found at individual agency websites or through online newsletters, such as the HHS' Partnership Center newsletter, which gives updates and notices of grants available to faith-based and community organizations active in public health and poverty reduction.

Most of the federal funding available to local nonprofits is distributed by state governments and agencies in the form of pass-through block grants. States also may have their own funding initiatives for nonprofits engaged in specific activities.

You can target your search for government grants by identifying the federal, state and local agencies most likely to fund your organization's programs. Although these grants are often smaller than federal grants, there is often less competition and more administrative support for applicants. Federal agencies also may have different selection criteria than state and local agencies. For example, federal agencies tend to award grants to innovative projects that can serve as models for other organizations. Local government programs often place greater emphasis on the level of community support for a given project. In addition, many government grants are



only awarded to organizations that can match the grant money through private resources.

Remember, when your organization accepts a government grant, it is making a contract with the government to perform the activities outlined in the grant application and must meet all the conditions of the award. Generally, nonprofits must provide regular financial and program reports on their contractual activities and demonstrate that they are meeting certain performance standards over the course of the funding period. The organization must show a detailed account of how the funding was spent.

For help with your organization's application process, you can contact the Grant Administrator's office listed on each individual grant announcement. You also may want to attend a grants workshop that helps with identifying sources of government funding and with writing successful grant proposals. &

Staging a Successful Silent Auction

A silent auction, sometimes combined with an online auction, can be a great way to raise money, and to encourage individuals and businesses to get more involved in your organization. A successful auction of any kind, however, requires a considerable amount of advance planning and commitment from your staff members and volunteers. It is essential to start the planning process early.

The first step is generally to appoint a planning committee who will make the initial decisions about how the auction will be run. While silent auctions can be stand-alone events, they often are part of a larger event, such as an annual dinner or dance. If your organization is new to silent auctions, adding an auction to an existing event may be the easiest way to get started. Once the committee has agreed on the date and location, the next step is to decide what types of items will be auctioned and how to solicit donations. These are some questions for your committee to consider:

- Will the auction have a particular theme, or will all kinds of goods and services be offered?
- Is it better to feature high-end items, or a wide range with varying prices?
- Should smaller items be bundled together into baskets for greater efficiency, or would this discourage bidders on a smaller spending budget from participating?

When deciding what types of items to sell, think about what will appeal to a variety of bidders with different amounts to spend.

After determining what to sell, you need to solicit item donations from the community, including regular donors and local businesses. This outreach can be done through your organization's usual communication channels, such as your website, social media pages and newsletters. You also can send targeted communications, such as letters, emails or phone calls to businesses or individuals most likely to contribute.

When approaching businesses, emphasize that their donated items will build brand awareness, advertise their products and services and create a marketing opportunity that may well exceed the value of the items over the long term. Offer to display the logos of larger donors at the event on auction-related marketing materials and on your website. Your organization also could provide businesses with the contact information of people who bid on their items for sales leads. However, if your organization prefers not to share this information for privacy reasons, you can encourage businesses to send their sales staff to the auction to mingle with potential customers.

A publicity campaign targeted to your core audience should include photos and detailed descriptions of items posted on your website. Increasingly, charitable organizations are holding online auctions as an alternative to live auctions for several reasons: to create more interest in the event; to include more bidders who may be unable to attend in person, therefore increasing potentially higher bids; and to offer additional marketing exposure to businesses that donate items. Generally, online bidding should end at a set time before the live silent auction begins, so that there is no confusion about who placed the highest bid.

On the day of the event, appointed staff and volunteers need to display:

- items in an attractive manner with signs providing instructions for bidding;
- information about the donors; and
- descriptive details about the items, including a starting bid or the highest bid from the online auction and an estimate of the fair market value on each item.

The winning bidder may need this information to claim the bid as a tax deduction. In some cases, you also may wish to distribute a printed catalog to attendees with photos and item captions. Typically, there is a bid sheet on a clipboard next to each item to enter bids. Although the auction is silent, staff members should be on hand to answer questions and urge everyone to participate. At the end of the evening, the winning bids are announced, and the winners are invited to pay and collect their items. Staff members or volunteers need to be ready to accept payment and distribute the items quickly and efficiently.

Even if your auction is well organized, it may fall short of the expected fundraising results. You may have to hold a similar event several times to engage the community and to encourage regular donors to participate. Following the event, the auction committee should review which items were most popular, and how the auction was perceived by attendees. Thank all participants for taking part, and remind them about upcoming fundraising events, including the next auction. &



Donor Climate Calls for Strategic Review

Evidence continues to show that as the economy begins to recover, so does philanthropy. Historically, major donor giving has shown to be directly correlated to the Dow Jones Industrial Average and sponsorship giving has shown to be directly correlated to U.S. unemployment (as one goes up, the other goes up, and visa versa).

Accordingly, and cautiously, estimates have shown that overall giving was up by 3.8% in 2010, whether attributed to giving larger gifts or giving to more organizations.

Individuals make up a bulk of the giving, approximately 73%, and individual giving was up 2.7% in 2010.

Even though at this rate it could take five to six years for giving to return to pre-recession levels, some sectors appear to be reaping benefits from these increased giving levels. The largest increase was seen in the international affairs sector, up 15.3%. The increase is partially attributable to disaster relief for the Haiti earthquake in 2010. Giving to donor-advised funds fueled a 6.2% increase for the public-society benefit subsector. Arts, culture and humanities subsector saw a jump of 5.7%. Education giving was up 5.2%. All other sectors, which include environment/animals, human services, religion, and grant-making foundations, either

experienced a decline in or flat levels of giving in 2010.

It is clear that there are still great challenges facing not-for-profits in the revenue arena. The need to analyze these challenges and to create solutions is greater than ever. It may be beneficial for your organization to consider a strategic business analysis. This type of analysis will enable you to identify an improved business model for your organization that is aligned with your mission, maximizes revenues and achieves cost savings. The analysis can be more tactical than a strategic plan and more strategic than an operational review.

In a strategic business analysis, internal/external, operational, tactical and strategic analyses are performed. From these analyses you can develop a roadmap of initiatives—recommended projects with priorities, timeframes, levels of effort, resource requirements and dependencies. You also will want to perform a readiness assessment to gauge your ability to implement the associated changes, and establish best practices-based templates and processes to effectively oversee all relevant projects.

Once projects begin, it is very important to identify metrics to track your success and to regularly audit the projects by assessing management's successful execution of project schedules. Getting

a consultant involved or developing a committee on your board to assist in the business analysis and implementation of recommended projects can be a critical investment.

Your organization must see the economic crisis that we are currently in as an opportunity as opposed to a threat. As giving is not expected to increase significantly in the near future, your organization needs to undergo a process to analyze its programs, restructuring opportunities, sources of external and sustainable funding, markets and clients served, and processes where improvements can and should be made. A project resulting from your strategic business analysis can be as simple as involving all your employees in thanking your current donors, or as advanced as investing in

social media and technology, or scaling back traditional investments to attract new donors.

The issue is not the slow growth, decline or flat giving levels, rather, it is what your organization is doing to address these challenges. Never let a good economic crisis pass by without a fight. &



ABOUT THE AUTHOR



Tina is a Manager in our Not-for-Profit Services Department.

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