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Determining the effectiveness of medium sized nonprofit fundraisers in DeKalb County.

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**Determining the effectiveness of medium sized
nonprofit fundraisers in DeKalb County.**

By

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Introduction

A nonprofit can have plenty of different revenue sources. Including donations, grants, investments, assets, program fees, and fundraising. Donations can come from an individual or a business. Grants are broken up into three distinct categories on government, state, or local levels. Investments are funds that can be allocated toward stocks or other money building entities which can assist in the growth of passive revenue for the nonprofit. Assets come in different forms, including monetary or physical assets which are in the nonprofits name. Program fees are a price charged to clients to help facilitate the running of the program.

The focal point of this paper will be fundraisers. For this paper's purpose, I consider a fundraiser to be any event that generates funds for a nonprofit through sponsorships, donations, etc. Program fees and fundraising help a nonprofit become more independent. These two sources of revenue are usually unrestricted, which helps pay for miscellaneous needs that may not be covered by restricted funds from other sources. "Fundraising budgets have become larger, and philanthropic revenues have become more critical to their survival and growth of nonprofit organizations and institutions." (Worth, Fundraising 331) This also allows more flexibility for the nonprofit to meet their mission and have less obstacles to do so. An example of unrestricted funds being beneficial is for an organization to start a new program that is needed for the community or for emergency expenses. Fundraisers also give a nonprofit the ability to have a diversified income, which is another important aspect of that independence. It is valuable to evaluate the effectiveness of fundraising to ensure a nonprofit's self-sufficiency. Fundraising is an important part of that. Evaluating financial data, strategic planning strategies, how long each event has been running, how impact is measured by the nonprofit, and resources used to run the fundraiser can help determine if a nonprofit is accomplishing their goals with the fundraisers.

What determines the effectiveness of medium sized nonprofits in DeKalb County?

Literature Review

Introduction

I will be using an article "Boards of Midsize Nonprofits: Their Needs and Challenges" to help with the understanding that I will consider organizations in this paper with "... expenses between \$500,000 and \$5 million, hereafter referred to as “midsize” nonprofits." (Ostrower 2008) to also mean medium-sized nonprofits. I have been searching for information regarding fundraising for nonprofits. There is a lot of information on how fundraising is done, and the process needed to accomplish one. There have also been useful details about the process of strategic planning. The author of *Fundraising: Principles and Practice* "... provides only a brief summary of the strategic planning process, before considering its implications for fundraising." (Worth, Fundraising 118) He includes bullet points to explain steps in the strategic planning process. Developing "... objectives, which are specific, quantify targets that represent steps toward accomplishing the goals and include deadlines for completion" (Worth, Fundraising 119) is one of those steps which is a useful step in planning a fundraiser. Financial data with case studies about specific nonprofits has also been a main topic in research about fundraising for nonprofits. This is important to the field because it gives an idea of consistency with successful nonprofits. It is interesting to see the various aspects of how research defines successful fundraisers.

I found a common theme within the sources I evaluated for my research. The efficiency of fundraising and programs are discussed quite often. The success of a fundraiser depends on the needs of the nonprofit organizing it. Different nonprofits have diverse needs. One example of a potential goal is for a nonprofit to gain more unrestricted funds. Another goal could be for them to have a certain number of attendees for an event. Techniques to plan fundraisers and which process to use to plan them. The SWOT (Strengths Weaknesses Opportunities Threats) analysis is one of those techniques that can be used. The SWOT analysis is under the strategic planning process in Michael J. Worth's *Fundraising: Principles and Practice*. This type of analysis helps to determine how a nonprofit can be affected by outside sources. There are multiple sources that give examples of revenues and expenses for nonprofits and their overall financial balance including having a revenue mix. The process of organizing an event and strategically planning clear goals can determine the efficiency of a fundraiser.

Themes

Fundraising

Nonprofit Management: Principles and Practice (Nonprofit Management) by Micheal J. Worth talks about the six steps to the fundraising process which includes the process of identifying priorities and connecting to donors. The first step is to identify the prime concern for financial support and to justify the goals for it. The next three steps are to pinpoint donors that are likely to support, cultivate those relationships, then ask for the gift. Finally, a person representing the nonprofit would acknowledge the gift as well as the donor, then "... properly steward the gift ..." by "... keeping the donor engaged and informed ..." about what the gift "... has accomplished with the support provided." (Worth, Nonprofit Management 372)

Fundraising: Principles and Practice gives a clear definition of what fundraising is by stating that "The Association of Fundraising Professionals (AFP) defines fundraising simply as 'the raising of assets and resources from various sources for the support of an organization or a specific project' (AFP Fundraising Dictionary Online)" (Worth, Fundraising 5) The authors' "... focus is exclusively on the subsector of art, culture, and humanities (ACH) ..." Lee and Shon 952) They present research that shows how fundraising activities are dependent on a nonprofit's revenue mix on page 958.

Strategic Planning

Having a good strategic planning process can be utilized to help plan an efficient fundraiser. There are two different sections in *Fundraising Principles and Practice* written by Sargeant and Shang where they give knowledge about strategic planning. They use strategic planning to explain the benefit it has on fundraising. The graph they show displays sources of revenue from a public charity in 2005. "Perhaps the most striking feature of this graph is the generosity of individuals. Together they provide three quarters of the philanthropic income accruing to the sector." (Sargeant and Shang 20) Planning goals to have a desired outcome of a fundraiser is a part of a chart where Worth gives a summary of strategic planning. This includes "Goals: directions to the organizational pursue with respect to the strategic issues" (Worth, Nonprofit Management 188) A desired outcome for an event is dependent on the nonprofits needs as stated in the introduction part of the literature review.

Michael J. Worth goes into detail about what a SWOT analysis is and a model of the strategic planning process that is used for nonprofits. The author uses the specific definition for SWOT which is to "Assess the situation by examining the organizations, internal strengths and weaknesses, and the opportunities and threats presented by the external environment ..." (Worth, Fundraising 119) This definition used to explain SWOT can help a nonprofit take more steps to ensure of their efficiency when planning a fundraiser. It is important to know the strengths and weaknesses before executing an event. An example of a strength for an organization can be that it has an intern full-time. This can help them plan their fundraiser without having to pay someone else to get those tasks done. An example of weakness can be that they only have a volunteer for one hour a week. If they assess this weakness through the SWOT analysis process, they will be able to utilize that volunteer time to plan the fundraiser more efficiently.

Financial Data

(Worth, Nonprofit Management 338) shows an example of 'statement of activities' for a nonprofit which shows common revenue sources for a nonprofit. When analyzing fundraisers by organizations, considering variations for costs can be helpful. Worth breaks down organization costs after mentioning a "... tools called **adjusted performance measures (APMs)**, which try to adjust for such differences." (Worth, Fundraising 336) These differences include the consideration of the following listed on page 337:

- a. Size of Organization
- b. Age and Maturity of Program
- c. Mix of Fundraising Programs and Strategies

d. Location

e. Nature of the Cause

f. Cost Accounting Policies

(Yi 467) explains the expenses that go into a fundraiser including labor, salaries, advertising fees and equipment. It is necessary for a nonprofit to include these forms of expenses when evaluating the efficiency of their event. If these are not included, they are not effectively accessing the efficiency of the fundraiser.

Comparative Analysis

Several types of analysis are mentioned in various sources to explain the importance of assessing variables to planning fundraisers. A few sources have charts with planning processes to help give a more detailed explanation of how to plan a fundraiser and to include goals and strategies. Good strategies I think will help run a good fundraiser is make sure to think about what you want the impact to be and to keep track of resources that are used. Detailed financial data are only there for the sources that mention the revenue of fundraisers. The Sources that discuss the planning process usually give examples by showing charts.

Case Description

Elder Care Services (ECS) is the nonprofit included in my case study. Discussing the mission to gives more insight into what the organization does. It is also beneficial to know the history of the organization. The size of a nonprofit is also important because it allows me to compare the efficiency of similar organizations. can allow others to better determine the size of their capacity. They also have a few fundraisers listed on their website, which will allow me to discuss what fundraisers have been active for the past few years.

ECS has their mission on their website and on GuideStar. Their mission that is readily observable on their website is: "Our mission is to keep older and vulnerable adults in DeKalb County safe, secure, and supported." (Elder Care Services) This is the more updated version of the mission. It is more specific to what they do at their location in Dekalb. The mission that is expressed on GuideStar is: "Our mission is to keep the seniors and the vulnerable adult population safe, secure and supported in the community." (GuideStar) This mission is more outdated and less specific.

There is not a lot of information on their website pertaining to their history. On the Elder Care Services website under 'About Me' I did find out that it mentions that ever since 1988 they have been serving Dekalb County. I would like to include more about how they started and who was involved in the process. This will be my opportunity to ask for more background information about ECS and how long their fundraisers have been running for. Asking questions about when the fundraisers started will help give me a timeline of the progress of each fundraiser and how long it took to achieve that progress. This is also important because it can show how far they have come and talk about how they plan to progress toward the future.

Next, I will go over the size of ECS. They currently have 22 staff members and seven board members listed on their website. Whether they are a small or medium size nonprofit depends on the classification used. In the interview I asked about the budget size of the nonprofit to help determine their size. According to the definition used in the introduction I consider ECS to be a medium-sized nonprofit. This classification also allowed me to determine the size of other nonprofits I gave the survey to.

Finally, it is time to go over the fundraisers and people served at ECS. The funds from the fundraisers help provide assistance to adults living in DeKalb County that are 60 years old and older. There are four current fundraisers that are held once a year. Give Dekalb County is a collaborative fundraiser run by DeKalb County Nonprofit Partnership (DCNP) in May. The Movie Night Fundraiser that was in the summer of 2023. The Strides for Change is an awareness walk for elder abuse that always runs on June 15th. Lastly, the Whisked Away for an Evening fundraiser is in the fall.

Methodology

My research question:

What determines the effectiveness of fundraising events for medium-sized nonprofits in DeKalb County?

My research was accomplished by utilizing knowledge from Elder Care Services (ECS) in DeKalb to gain more information for my case study. I conducted an in-person interview with Christi Coulter, whose position is Marketing and Fundraising at ECS, to discuss the three main topics of the fundraising process, strategic planning, and any financial data I was approved to document. After the interview with Christi from ECS we agreed to only go over specific financial data from Whisked Away for an Evening fundraiser in the paper. We spoke about how she hoped to gain feedback about the fundraiser and find out if there was a better way to determine efficiency for any other events. I learned that it takes up to 8 months to plan the Whisked Away for an Evening event that usually runs in the Fall. This includes 8 months to start inquiring about sponsorships and auction items and 6 months to do physical planning. ECS measures its impact/success with funding, attendance, and reach. The following measurements include but are not limited to:

1. Funding: sponsorships, ticket sales, and donations
2. Attendance: people coming versus people that RSVP'd, and new attendees that were interested
3. Reach: people who share the event, new connections made at the event, interest in where attendees traveled from (curiosity about word of mouth for event), growth in supporters (examples: homemade agencies, local businesses, sponsors)

Lastly, we dove into the resources that were utilized for ECS. This included staff and volunteer hours, expenses, and revenue. Salary staff use flex hours to help with the event. I found it unnecessary to include Christi's salary since she is the only staff member dedicated to marketing and fundraising. Volunteer hours are not currently separated for each event, but she thought it was a great idea to implement this in the future. Total expenses for the 2023 Whisked Away for An Evening fundraiser was \$2012.24, and the revenue was \$6,237.66.

I then used that information to determine the questions needed for other nonprofits to help determine effectiveness for fundraisers. The survey was then sent out to nonprofits to compare their individual effectiveness with ECS. In both the interview and the survey, I asked questions that provided primary and qualitative data. Qualitative data is easier to compare to assess the similarities of medium-sized nonprofits and their fundraisers. The questions came in two sections and there were 14 questions total. The first set of questions were to help with defining information and the second portion was to get details about their resources:

1. Are you a 501(c)(3) nonprofit organization?
2. Is your annual budget between 500,000 and \$5 million?
3. how many fundraisers does your nonprofit do a year?
4. What is the name of the fundraiser you want to be assessed?
5. How many years has the fundraiser been running?
6. How do you measure impact/success for the fundraiser? (example: funding attendance reach)
7. How many months does it take to plan the fundraiser?
8. What resources are used when planning the fundraiser?
9. How many staff hours are used for the fundraiser?

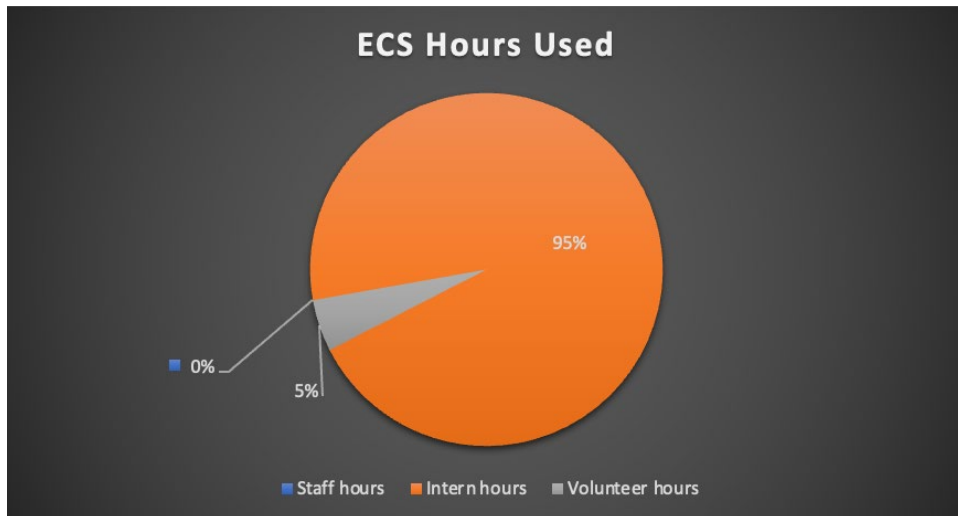
10. How many intern hours are used for the fundraiser?
11. How many volunteer hours are used for the fundraiser?
12. How much is spent on marketing?
13. What is the amount of funds brought in by the fundraiser?
14. How much were the direct costs used for the fundraiser?

Results: ECS, Non-profit A, and Non-profit B

The surveys were less detailed because I decided to keep the questions simple. The first few questions were to help narrow down the respondents to only medium sized nonprofits. The remainder of the questions were about which fundraiser they planned to give information about, and the resources associated with it. There were only two nonprofits that were able to get to the end of the survey. Nonprofit A (NP-A) entered that they took six months to plan, and Nonprofit B (NP-B) took two months. NP-A used over 100 staff hours and 30-39 volunteer hours. NP-B utilized 30-39 intern hours without listing any staff or intern hours used. Overall, both nonprofits that reached the end of the survey earned more in revenue than spent for expenses for their events. I will now go over all of the results for all three non-profit organizations and compare them to each other.

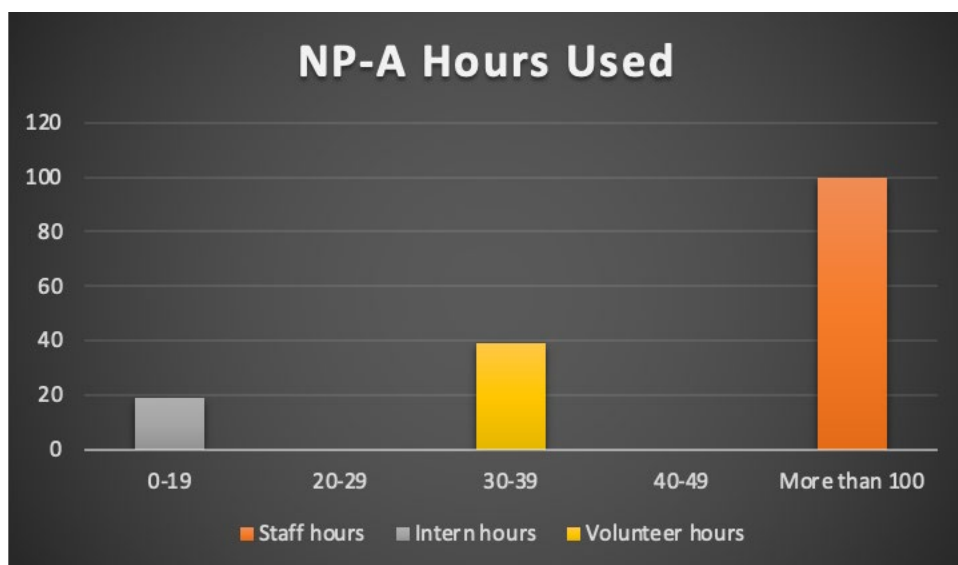
ECS uses mostly intern hours to help with their Whisked Away for an Evening fundraiser that happens in the fall. Most of the hours utilized come from the work of interns. Interns are used each semester and volunteers are used as needed. **See Figure 1.**

Figure 1: ECS Hours Used



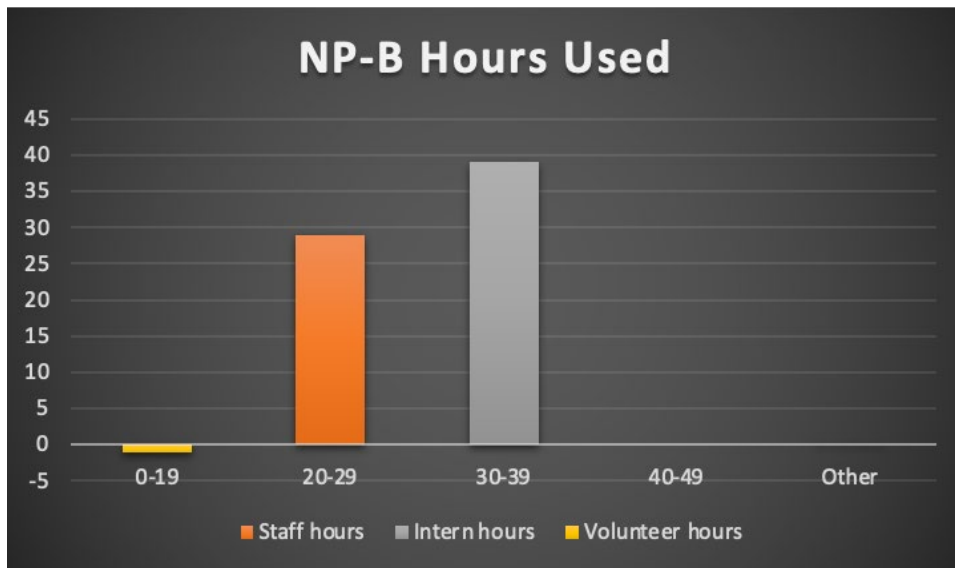
Staff hours are mostly used by NP-A. The survey questions sorted the number of hours in 10-hour intervals. This slightly differs from the ECS data because I did an interview and was able to get exact numbers. This non-profit did great tracking what staff hours are being used and could also benefit from hiring an intern. See Figure 2.

Figure 2: NP-A Hours Used



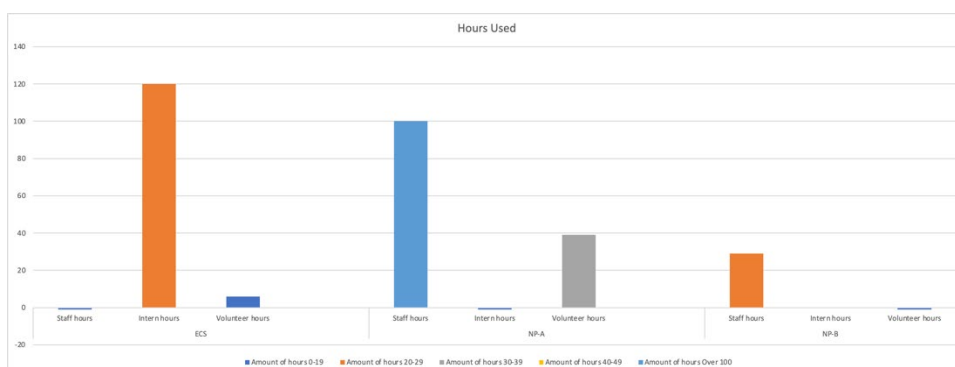
No volunteer hours were entered in the survey for NP-B. I interpret this to mean that they do not utilize volunteers. They use a small amount of staff time which is beneficial but does not utilize any intern or volunteer hours. **See Figure 3.**

Figure 3: NP-B Hours Used



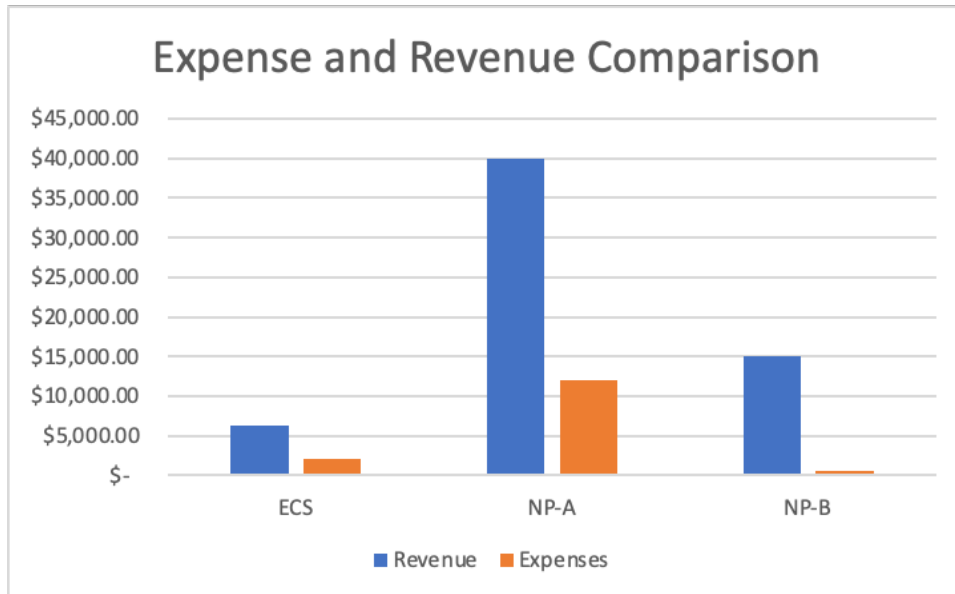
The figure above comparing all three of the non-profit organization's hour usage shows that ECS uses mostly intern hours, NP-A has mostly staff hours listed, and NP-B utilizes mostly staff hours with the two other categories not being utilized. **See Figure 4.**

Figure 4: ECS, NP-A, and NP-B Hours Used



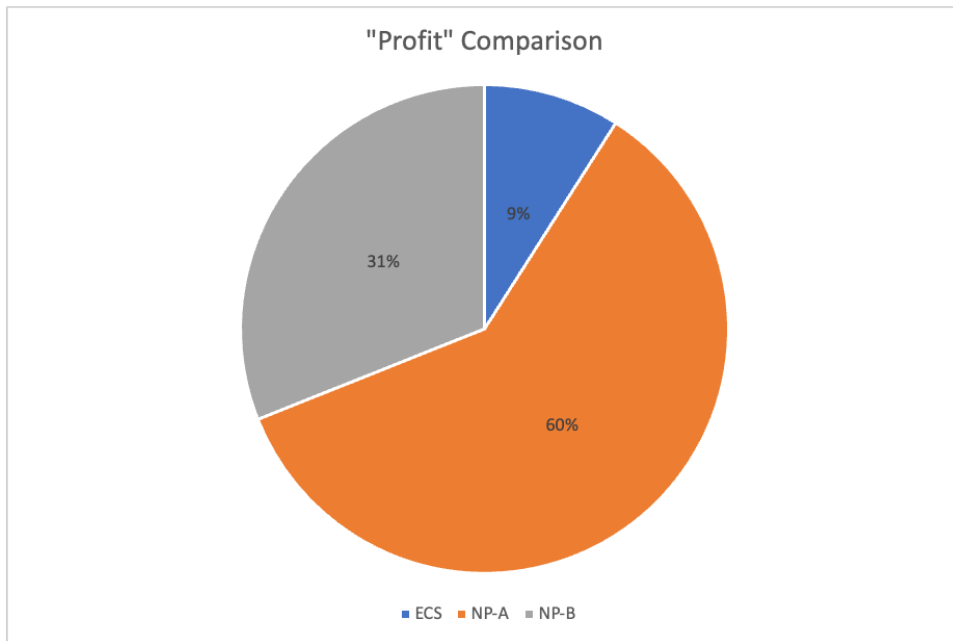
This chart shows that ECS has a good balance between their revenue and expenses, NP-A has the most revenue, and NP-B had the least amount of expenses. **See Figure 5.**

Figure 5: ECS, NP-A, and NP-B Expense and Revenue



Data may be skewed for overall 'profit' comparison because it is difficult to compare the 'profit' from different fundraisers especially when they have all been going on for a different number of years. The fundraiser for ECS has been going on for two years, NP-A 29 years, and NP-B 4 years. This shows that longevity also has a correlation with 'profits' gained from a fundraiser. **See Figure 6.**

Figure 6: ECS, NP-A, and NP-B 'Profit' Comparison



Conclusion

The contributions include detailed research and statistics of nonprofits including their financial data. There are also plenty of explanations of how to plan and organize when planning fundraisers and programs. Using the information above, an effective way to assess if you are meeting your fundraiser goals are to make sure you are using a strategic planning model, have a plan for where the funds are needed, implement the plan while assessing strengths and weaknesses, and assess the financial data accurately.

The strengths are the details in the research presented which will allow me to have enough data to analyze and get inspiration on how to conduct my research. A weakness is the small amount of data on staff hours tracked to mentioned in the financial data that relates to expenses for planning

fundraisers. This will make it difficult to compare my research to in order to cover all my bases for expenses on nonprofits in fundraising. It will be hard to know from the surveys if/how the respondents tracked their staff hours. Their daily work may not be separated from work done for the fundraiser.

To ensure the survey was easy to complete, I decided not to ask for certain resources used to plan fundraisers. These resources included statistics on the salary and benefits of expense reports and the income of staff members. This data can be difficult to obtain and organized based on which staff members are involved. The next steps I took were to collect data to fill in the gaps where the sources do not mention the impact of resources used for fundraisers. Overall, the interview with Elder Care Services to collect data on their financial data, strategic planning strategies, resources used, the longevity of each event, and how they measure impact was beneficial to help understand one of the many ways that nonprofits can be efficient when planning a fundraiser.

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