

MUSE

A bimonthly publication dedicated to providing ideas and education to tax-exempt organizations

July/August 2016

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Planning and preparing for a successful fundraising campaign

Capital campaign development is surrounded by optimism at all levels of an organization, but the right planning steps must be in place to help ensure success. With often large goals, there can be a temptation to rush fundraising campaigns, but you must be adequately prepared prior to launch. Proper planning does take time, but if a campaign misses its mark, it can mean a lack of funding, as well as damage to the organization's image and organizational confidence.

RSM recently held a [Strategies for a successful fundraising campaign](#) webinar series to help nonprofit organizations understand and overcome the challenges related to capital campaigns. In this article, the first of a three-part *Muse* series, we examine how your organization can prepare and lay the groundwork for an effective fundraising campaign.

Before starting a campaign, you must assess the general climate, considering your experience, positive or negative, with past capital campaigns. Donor confidence is growing and giving is on the rise, but donors are also more sophisticated with higher expectations of impact, outcomes and recognition. Now more than ever, individuals will research your organization when they are considering a gift, so you must be transparent with your public reporting and Form 990 reporting.

In addition, we are in the midst of an intergenerational transfer of wealth that may affect the structure of gifts from more senior donors and constituents. They may be better targets for endowment support rather than capital campaigns. Finally, there is a natural economic uncertainty during the election cycle, but that anxiety will likely ease as 2016 comes to a close.

To effectively prepare for a fundraising initiative, you should consider implementing a campaign preparation checklist with key processes and tasks tied to specific milestones. The following guidelines serve as a general rule, but it could take your organization a shorter or longer amount of time to accomplish goals, depending on your resources and the complexity of your organization.

12-24 months out: Strategic planning

Effective fundraising begins with the case for support, presenting your organization and the needs that stimulate a donor to take action. However, before you can have a case, you must have a strategic plan. A strategic plan should have broad ownership and involvement that reflect the mission and goals of the entire organization, so there is confidence in the process.

People tend to support what they help create. Increased buy-in can be created by constituency-wide internal focus groups and surveys, and outside facilitators can help guide you through that process from white papers to gathering input to establishing a board retreat to create a final strategy and business plan.

It's critical to base your strategic plan on real problems that are founded on available data, and that your solutions will work. If you do that effectively, you help create a donor connection.

6-12 months out: Campaign readiness

Approximately a year out from your planned campaign, conduct a development assessment to evaluate your internal readiness and prospect research and tracking systems. That process will provide additional recommendations to increase the strength of your campaign in advance, as making changes after it is in progress is more difficult and not as effective. In addition, if you have not already, now may be the time to consider expanding or changing the culture on your board and educate them about the campaign.

The most important process during this phase is top prospect identification and personal cultivation. You already have a strategic plan, but cultivation activity involves reporting back to those that have given you input, and detailing the plan.

During this time period, you should also assess your annual fund momentum; if it is not consistent, you are likely not ready for a campaign. The annual fund is a test for a capital campaign, and is a reliable predictor for future campaign success. If you don't have a planned giving system in place, now is the time to implement one. Some organizations may not have the resources for a planned giving office, but your financial institution may offer charitable services or charitable gift planning capabilities.

Finally, you must have a plan in place to manage your profile from a public relations and marketing perspective. You must maintain a positive image, and communicate that effectively to constituents to encourage giving.

6 months out: Feasibility study

Now that you know your potential goals for a campaign, but prior to moving full steam ahead, it is generally advisable to conduct a feasibility study using outside counsel. Think of it as the final act of due diligence to query potential major campaign supporters on their interest and receptivity of the proposed campaign's themes

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Beyond compliance: Properly leveraging ERM for additional value

By: Shawn Dahl and Adam Marshall

Download Article

Enterprise risk management (ERM) is a successful approach for managing risk, but it is often not utilized to its full potential. While companies are under pressure to focus risk management efforts on compliance and regulatory demands, a more holistic strategy can leverage ERM to drive additional business value.

Many companies do not understand the strategic and organizational value ERM can present in addition to its compliance benefits. With proper planning and execution, ERM can be a strategic differentiator and create additional opportunities and business value. An effective process allows executives to proactively apply the company's risk appetite against strategic objectives and realize a higher return on capital through more informed risk-taking.

A complete ERM approach helps organizations shift their risk focus from strict compliance to a more strategic and operational vantage point. It encourages management to have a more explicit discussion about risk, and creates a more formal measurement and understanding of risk throughout the entire organization. ERM imbeds a new culture of risk management that creates an ongoing discussion, and a shared buy-in across the business.

Implementing a more inclusive risk culture through ERM establishes a stronger approach to risk management at each level of the organization. It increases collaboration and aligns cultures to provide a compass to avoid threats and uncover new business opportunities.

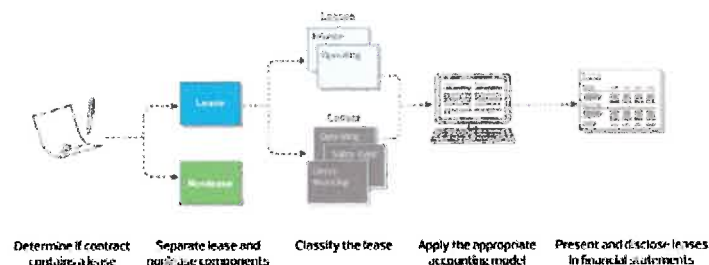
Leases: New accounting requirements for lessees

By: Richard Stuart

Download white paper

Our white paper, *Leases: New accounting requirements for lessees*, explains and illustrates the new lease guidance applicable to lessees in Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, which was issued by the Financial Accounting Standards Board (FASB) in the following three parts: (a) **Section A**, "Leases: Amendments to the *FASB Accounting Standards Codification*®," (b) **Section B**, "Conforming Amendments Related to Leases: Amendments to the *FASB Accounting Standards Codification*®," and (c) **Section C**, "Background Information and Basis for Conclusions." The new lease guidance in the ASU replaces legacy U.S. generally accepted accounting principles (GAAP) applicable to the accounting for leases.

The most significant aspect of the new lease guidance requires lessees to recognize right-of-use assets and lease liabilities for all leases other than those that meet the definition of short-term leases. This change will result in lessees recognizing right-of-use assets and lease liabilities for most leases currently accounted for as operating leases under legacy U.S. GAAP. Our white paper explains how those assets and liabilities are identified, measured and recognized under the new lease guidance as a lessee undertakes the following activities in accounting for its leases:



In addition, our white paper explains the accounting for sale-leaseback transactions, the effective date of the new lease guidance and how to transition from legacy U.S. GAAP to the new lease guidance. Numerous examples are included in the white paper, including detailed numerical examples illustrating the finance and operating lease accounting models, the sale-leaseback transaction accounting model and the modified retrospective transition method when the practical expedients are elected.

Even though there are significantly deferred mandatory effective dates for the new lease guidance, lessees should not delay the process of understanding and analyzing the financial reporting consequences of the new guidance. Our white paper provides lessees with the information they need to start that process.

Reliance standards for making good faith determinations

By: James Sweeney and Bill Turco

Download white paper

The IRS issued final regulations regarding the standards to be followed for making a good faith determination that a foreign organization grantee operates and is the equivalent to a U.S. publicly funded charitable organization that is not a private foundation.

Our white paper, *Private foundations: Reliance standards for making good faith determinations*, takes a look at these rules the government has provided the private foundation community as well as the opportunities they provide to lower internal compliance costs and free up valuable personnel resource time focused on expenditure responsibility tasks.

RSM technology solutions help food bank better achieve its mission

Philabundance

[Download Case study](#)

Overview

Philabundance is the Delaware Valley's largest food bank, serving five counties in Pennsylvania and four counties in Southern New Jersey. Its mission is to drive hunger from our communities today and end hunger forever. Philabundance serves more than 90,000 people a week through a network of approximately 350 agencies, as well as through direct distribution programs and the nation's only nonprofit grocery store of its kind. Philabundance has nearly 17,000 volunteers who save the organization \$1.5 million a year which it puts back into serving the community.

Background

A number of Philabundance employees were manually tracking and managing member, donation and volunteer information with Microsoft Excel. Unfortunately, this led to problems with business processes, consistency and the up- and downstream impact of processes with other departments. Philabundance's goal was to develop a solution to efficiently manage the three areas while incorporating process flow for transparency across the organization, while at the same time giving the community's families a better shopping experience and more control over their choices.

Project

Philabundance and RSM have a long, successful relationship that goes beyond the typical connection between a consultant and a client. RSM has close involvement with the organization, providing strategic support to help enhance and support its mission. Ongoing conversations help RSM understand challenges and develop solutions, allowing Philabundance to be more proactive with information technology (IT) infrastructure and software decisions.

To help Philabundance address its data issues, RSM's technology and management consulting practice developed a tool on the Microsoft Dynamics CRM platform to manage member, donation and volunteer information. In addition, our infrastructure team helped implement

best practices for connectivity, emergency planning and vendor management, and serves as an overall advisor to their IT team as well.

RSM designed a member management tool to be utilized in a unique nonprofit grocery store run by Philabundance so the community's families, many of whom fall below the poverty line, could shop with their access cards during their scheduled donation periods. This solution kept track of the shoppers' shopping blocks, which are times in which the shoppers can receive free food from the store. At other times, outside the shoppers' designated times, they are charged for their food. Dynamics CRM managed the access, member information and coordination of acceptable shopping periods by groups.

"As is the case with nonprofits, strategic planning for IT expenditures was based on a variety of funding sources, so working with a strategic partner who understands the organization's goals and tight budget is key," said Ed Wong, deputy director of IT and management information systems (MIS). "Our relationship is a strategic partnership. In addition to the project work, we are having broader conversations about strategic objectives and how we can achieve our long-term business goals."

Outcomes

RSM's Dynamics CRM development and IT infrastructure solutions have helped Philabundance increase insight into data, as well as improve network accessibility and reliability. The RSM and Philabundance teams have worked together to enhance service offerings and help better achieve the organization's mission. Additional benefits Philabundance has realized through its relationship with RSM include:

- Moving from siloed systems to a more dynamic environment with all departments connected for full transparency of process
- Leveraging Dynamics CRM as a platform to develop member, donation and volunteer management solutions
- Utilizing RSM resources, with experienced advisors helping guide the organization in all areas of technology

Learn more about Philabundance at www.philabundance.org.

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and initiatives. Those personally interviewed will generally be much more open and frank in their comments to outside counsel versus the organization's board or staff. And, you'll have the added benefit of the consulting firm's cumulative experience and perspective in providing you the best campaign recommendations and strategy going forward.

The first step is to package your campaign initiatives into a compelling test case for support (version 1.0), which will be sent to the campaign prospects with whom the consulting firm will seek confidential in-person interviews. The case should include your institutional mission and profile, your strategic goals and how they were established, resulting campaign initiatives, education on the importance of ongoing annual support (i.e. your annual fund), a range of gifts chart and ideas for donor recognition.

In terms of the interview pool, you'll want to focus on those constituents who have the ability to give, the ability to lead, connectedness and access to others, and organizational loyalty. The study interviews yield open and honest feedback. One of the first things you will learn is how willing those you consider as among your best prospects are to participate—or not. You will also discover the overall perceptions of your organization, how your organization is prioritized versus other organizations, what is compelling about the proposed campaign initiatives and how to tell the story better, suggestions on potential campaign leaders and lead donors, whether prospects are interested in leading or helping, and potential ranges of support.

To read the complete article, go to: <http://rsmus.com/our-insights/newsletters/muse/planning-and-preparing-for-a-successful-fundraising-campaign.html>

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