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FINANCIAL RESOURCE
DEVELOPMENT &
MANAGEMENT IN
TOUGH TIMES

תורים אלו מלמדי
תינקות באמונה
חרוזים אלו התינקות

*Teachers and school children —
precious jewels of our community*
MIDRASH RABBAH, SONG OF SONGS

FINANCIAL RESOURCE DEVELOPMENT & MANAGEMENT IN TOUGH TIMES

Compiled by Stephane Acel and Devra Goldberg

Edited by Suzanne Kling



PARTNERSHIP FOR EXCELLENCE IN JEWISH EDUCATION

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INTRODUCTION

This publication has been designed with a very focused objective—to provide Jewish day schools with coping strategies for the current economic downswing. While news from Wall St. creates an impression of uncertain fiscal stability, the positive growth of day schools in the past decade indicates a marked increase in the value of Jewish identity, education, and community. That being said, Jewish day schools do not function in a spiritual realm apart from the ups and downs of the "real world." By nature of their role as investments of the Jewish community and due to the costs involved in their day-to-day operations, they require careful fiscal management and creative means of securing the resources to support their functioning. While this publication is specifically designed for the immediate difficult economy, most of the ideas and best practices reflect a concern with long-term financial health, and the strategies in this publication are appropriate for use in any economic environment. Schools that practice forward-thinking management practices are equipped for any weather.

This publication is structured according to the most essential portrait of a school's financial status – its annual budget. As a living document, the budget reflects the educational philosophy of the school and the tactics and objectives through which the school meets its mission. A school's budget has been called its 'ultimate policy document,' the direct reflection of a school's vision and priorities.

The key to maintaining fiscal health is deceptively simple: maximize revenue and minimize expenses. This guide will help you to do both. Using the day school budget as a template, we offer annotations and suggestions designed for all Jewish day schools—new and well-established, from across denominations, and serving all grades. We hope that you find this guide a helpful start in stimulating creative thought on financial management and resource development.

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BEFORE WE GET STARTED...

A WORD ON FINANCIAL OVERSIGHT & REPORTING

Good financial management – at all times – requires a system of reporting that enables those responsible for the school to know and understand the current and projected financial situation. After the Enron and Red Cross-type scandals in the for-profit and non-profit sectors, stakeholders are much more vigilant about the stewardship of organizations. A day school’s board, the body ultimately accountable for its management, must remain well informed on the state of the school’s finances.

Who Does What?

- **Board members** must be comfortable enough with financial statements to ask questions.

Fiduciary responsibility rests with the board. When setting policy, basic literacy in financial management is crucial, especially if the board is to maintain a watchful eye on how the school is fulfilling its vision.

- The **finance committee** examines financial statements in greater depth than the board does and projects out into the future. This committee includes the **board treasurer** and can include key staff such as the **business manager** and **head of school**. Often, the finance committee has an active hand in guiding the production of internal financial statements, such as proposed budgets, budget to actuals with variances from the budget, monthly cash flow projections, internal versions of the statement of financial position (balance sheet), statement of activities (revenue and expense report), statement of cash flows, and statement of functional expenses*. The finance committee will also take a careful look at policies with financial implications, such as staff benefits or insurance, review budget requests, and do the work regularly done by an investment committee if one does not exist.
- An **independent accountant** produces the annual audit or review (“external financial statements”), and will query management about policies, procedures, and transactions in the process. Typically, someone from the finance committee or from the staff presents both internal and external statements to the board.

Creating the Operating Budget

The budget, in effect, is a fiscal representation of the day school’s mission and vision. Schools differ on how a budget is created, but at larger institutions, this activity is largely driven by the head of school and business manager with cooperation from department heads and teachers. At smaller

* Please see the Appendix for examples of these various financial statements.

institutions, especially new ones, it is typical for board members with financial management expertise to drive the budgeting process. This “roll up your sleeves” approach by volunteers should not continue once the school has the resources to hire professional financial management, as budget creation is usually viewed as a management role, not a governance one.

The budgeting process should begin in the fall or early winter, when the head of school and/or business manager begin projecting tuition, financial aid, and salaries *for the next fiscal year*. Over the course of the coming months, department heads discuss with their staff the budgetary requests they have made in order to submit proposed department budgets to the head of school and/or business manager who, in turn, assimilate each department budget into a whole. Some schools provide each department with a figure that they must use to come up with proposed budgets. Whatever the method, a balanced budget is then created. Should a deficit be projected, a plan must be in place to cover the shortfall. If a surplus is projected, a plan must be in place to use it strategically. Tuition setting and fundraising are very important line items in the budget. See the detailed sections on each topic later on this publication for more information. By January, the finance committee of the board should have reviewed the budget and proposed any changes, before adoption by the board shortly thereafter. The board should be provided with the proposed budget well in advance of a vote.

After board approval, the head of school must then present the budget to staff and explain any changes or difficult decisions. The tuition rate is made public, financial aid guidelines written, and contracts are prepared for teachers. By early summer, the board meets again to discuss any changes to the budget based on enrollment, inflation, and educational program decisions in order to adopt a final budget for the coming fiscal year.

Monthly Reporting

When times are tough, the board should receive monthly year-to-date budget updates, as well as updated cash flow projections. When the school is on a more stable financial footing, it may be sufficient to review these financial statements less frequently. The Appendix contains a number of sample financial statements typically used in day schools. To ensure good reports, schools need capable bookkeeping staff. It is often tempting to fold bookkeeping into the job description of administrative assistants, but without proper training, the results can be unprofessional, inconsistent, or unreliable. Consider hiring someone with a background in this area or provide necessary training with adequate supervision

Education

Many board members are not comfortable reading financial statements and often rely too much on their finance committee. Consider annual teach-

ins or workshops as part of the board's ongoing learning to ensure that everyone is comfortable reading, understanding, and questioning financial information. New board member orientation should include training in fiscal oversight.

Parents, existing and potential donors, and other members of the community may also find value in understanding the financial status of a school. Being able to easily communicate with a school's stakeholders about the sources of income for a school, for example, by using a simple pie chart, may prove to be a useful strategy.

Audits and Reviews

Schools often bristle at the prospect of paying for reviews and audits; however, this is an important part of the reporting structure. An **audit** is a third party, unbiased, and professional study of a day school's financial position. It objectively analyzes a school's internal controls and accuracy in reporting. It also should serve as the building block for budgeting and projecting. Audits provide maximum accountability by querying third-parties such as grant makers who contributed to the school; performing tests on transactions; and obtaining evidence in order to ascertain accuracy of the school's financial record-keeping. A **letter of opinion** about the accuracy of the statements is written to accompany the statements. Because the auditors learn a lot about the school when testing and plowing through transactions, schools should insist that they share this wisdom in the form of a management letter. This is often standard practice, but schools should ensure that this is part of the package. A **review** involves quick analysis of the school's financial statements but does not contain an opinion. Schools are sometimes confused about which level of reporting they should request. Since audits allow schools to engage in maximum accountability to the community, it is often the preferred choice, especially for larger nonprofits that need to provide maximum disclosure by law. An audit is more expensive, however, and small and/or new schools may feel that a review is a better investment to start with, especially if their operations are less complex.

Many firms provide audits and reviews to nonprofits at a significant discount. Important criteria to look for in selecting a firm are:

- Experience auditing/reviewing independent schools, non-profit organizations;
- Proximity to the day school campus;
- Lack of direct relationship to anyone on the day school's board;
- Impartiality: the accountant should have never before seen the school's books.

Finally, schools should ensure that they solicit enough bids to make a sound and responsible decision.

REVENUE: HOW TO MAKE THE MOST OF INCOME

Schools generate revenue in a variety of ways: “hard” or earned revenue sources, such as tuition, fees, and ancillary revenue, as well as “soft” revenue sources, such as grants, contributions, events, and investment interest. While there is some debate as to the precise percentages, most authorities on independent schools suggest that operational expenses should be covered as much as possible through tuition. Relying too much on fundraising to pay for annual operations makes it difficult for a school to plan and sustain excellence. Jewish day schools usually have philosophical or mission-driven policies that make the percentage of operating budget covered by tuition less than at traditional, independent schools that cater to a wealthier market. A sound goal is to move the percent of operational expenses paid by tuition in a steady upward direction over time. For newer schools, the percent of cost covered by tuition is usually smaller, since new schools do not typically open with large class sizes. New schools therefore rely heavily on fundraising. As they mature, tuition begins to cover more of the budget. As the requirement for fundraising to meet annual costs levels off, schools can consider focusing more efforts to raise endowment or capital funds.

TUITION

Tuition is generally the largest single revenue source found on a Jewish day school’s budget. Two of the greatest challenges posed by tuition are how to set it and how to collect it. Setting tuition is a delicate balance between trying to cover operational expenses as much as possible, and keeping tuition rates affordable and competitive. Collecting tuition requires policy decisions that are implemented consistently.

Setting tuition

Tuition setting balances several factors: what the competition charges, what the majority of a school’s families can afford to pay, and what the actual cost of educating a child is. Research and good financial planning can help schools determine the figure that is appropriate for their school.

Schools also need to consider raising tuition even in the weakest of economies. In some communities, parents actually perceive the cost of tuition as commensurate with the quality of education; the lower the tuition, the lower the quality of the product. Many parents can afford to pay full tuition, and, because scholarship is a non-cash expense, the school does not experience an outflow of cash with corresponding increases in financial aid. Careful planning when setting tuition closer to cost may very well result in a net increase in tuition revenue since many parents will be able to afford the full amount. Schools that put off tuition increases may find themselves in the difficult position of having to increase tuition much more in one year due to not increasing it incrementally all along. This jump may be harder for parents to stomach.

The flip side to raising tuition is making certain that the financial aid process is transparent, confidential, and equally available to new students and to returning ones. In a changing economic environment, schools are finding that some parents who did not apply for financial aid previously are now in need of assistance. Financial aid policies and information should be widely available, even before needs arise, and information should be included with all registration information – for both new and returning families. Distributing financial aid forms to parents without them having to request the forms can help maintain confidentiality and respect for privacy, particularly in the small community of a day school. Where possible, assess financial aid on a blind basis or by using a third party. Finally, schools may provide parents with information about tuition finance services, loans from banks, or credit unions.

Collecting tuition

Ideally, schools want to collect 100% of tuition up front. In reality, however, many parents require installment plans. Schools offer a variety of options: two or three partial payments with post-dated checks; ten partial payments with post-dated checks; quarterly billing; credit card payment options. Most options have non-refundable deposits. Some schools also charge parents who are paying via installments finance fees. With credit cards, the benefit of having the money available upfront can be well-worth the credit card fee that the school pays. Some schools begin collecting deposits for the subsequent year in the middle of the current year and work towards having full tuition collected before the school year starts. **Be careful, though, about using next year's tuition payments to pay for the current year's expenses;** you will likely be in a similar (or worse) financial position next year if you employ this strategy.

There are ways to protect the day school from administrative hassles of collecting and the potential of bad debt arising from uncollected tuition. One option is to use an outside company to administer tuition installment programs. FACTS Tuition Management (<http://www.factsmgt.com>) and SMART Tuition Management Services (<http://www.smarttuition.com>) are two examples among many. FACTS Tuition Management, for instance, debits parents' accounts automatically at various times of the month. Outsourcing to tuition management companies can decrease uncollected tuition significantly and can improve a school's cash flow position. Schools should explore the costs associated with these programs, but they are often free for the school, with parents charged a minimal amount. Some of these companies can also help a school assess its financial aid applications.

Even with outsourcing, schools should have a process for following up on unpaid tuition, whether due to a student leaving the school or unexpected family financial difficulties. The tuition agreement between parents and the school is a binding contract, and if need be, schools can seek out the assistance of collection agencies. In order to protect the school from income loss and everyone from potential litigation, it might be advisable to create a policy whereby anyone who pays tuition in installments must also purchase tuition insurance. This could avoid potentially messy problems down the line and secure revenue projections. One tuition insurance provider is NorthStar Benefits, Inc., located in Kansas City (<http://www.nstarmgt.com>). Schools may also want to charge an administrative fee for checks that bounce.

In collecting tuition, good business practices should apply: checks should be deposited immediately. Having two people sign off on financial transactions is a good system for ensuring checks and balances.

A final word about fees: Schools should assess all school-related costs to parents and bundle all charges (activity fees, special programs for certain grades) into one bill. Particularly in challenging economic times, parents do not like being "nickel and dimed." Determining fees upfront is good practice and also an opportunity for the school to display professionalism to its constituents.

ANCILLARY REVENUE

No Jewish day school, or independent school for that matter, can expect to be sustained by tuition revenue alone. Increasing the amount of hard revenue obtained from ancillary sources can help improve a school's financial position. Sources for ancillary revenue include renting part of the school's facility when not in use; i.e. renting the gym and/or classrooms in the evening for adult education or community use. One school rents its kosher kitchen to caterers. Hosting a day camp or summer school is another potential money-maker. Such strategies not only benefit a day school's bottom line, but they can also increase a school's presence in the community.

Income from these strategies may be taxable if the school is renting property that was financed using tax-exempt bonds or if these income-generating events take place regularly rather than occasionally (such as a monthly golf tournament). Schools should check with their attorney and/or accountant. Schools should also be sure that the revenue they are generating covers the costs (staff time, security, utilities, equipment wear-and-tear, increased insurance) of renting out their facility. **In the end, however, schools should not necessarily avoid activities that come with liabilities, particularly if they stand to net significant money.** Once schools discover what portion of potential ancillary revenue is liable to unrelated business income tax, they can decide whether the margin or "profit" is worth the associated tax liability.

ANNUAL FUNDRAISING

Budgeting for Fundraising

Throughout the budgeting process, most schools realize a significant gap between expected annual income and expected annual expenses. The gap can be bridged in one of three ways: take actions to increase expected hard income, reduce expenses, or raise money. Schools with sound budgeting practices will use a combination of the three approaches.

How does a school determine the annual fundraising line item in the budget? As with any other line item, the budget should be informed by historical performance and known or expected changes in circumstances. The development committee and the development office (if the school has one) should play a role in determining a reasonable fundraising income budget and should have a plan in place for reaching the fundraising target. To help determine what that goal is, ask the following: What did the school raise in past years? Did anything happen that would make the school likely to raise a similar, higher, or lower amount in the coming year? Did the school receive any grants that may not be awarded to it in the coming year? If a reasonable fundraising target does not cover the anticipated budget shortfall, then more expenses may need to be cut to make up the difference. If it is more than sufficient to balance the budget, then any projected surplus can be directed towards building reserves, building endowment, paying down debts, or enhancing programming.

The budgeted fundraising goal is not necessarily the same as the fundraising goal of the development team. Fundraising should not be seen simply as deficit financing, a way to balance the budget. Fundraising should be a capacity-building function, something that allows the school to strive for excellence in its programming and facilities. The budget should be grounded in reality; the development team should have higher aspirations – and a plan for attaining its goals.

The Annual Campaign

The fundamental rules of fundraising are really no different in difficult times than in a strong economy. In challenging times, however, fundraising becomes more critical to the long-term viability of a school, and there is less room for error and waste. The goal of an effective annual campaign is to make giving to the school a habit in all economic times and without regard for special events. Remember two basic truths about fundraising: 1) there are no shortcuts, 2) you must think strategically. The foundation of any successful fundraising program is an annual fundraising plan that focuses your efforts where you will receive the greatest fundraising payoff. A well-designed plan looks at the overall financial needs of the school, each potential market of support (board, parents, grandparents, community members) and then establishes clear goals, time frames, and strategies for addressing each of these groups. Ultimately, the best advice is to **identify, cultivate, solicit, and steward** major donors. The following section will address some issues specific to fundraising in a tight economy; for further information on fundraising in general, see the resources listed in the Appendix.

Board Giving

If you have not created or revisited the school's policy on board member giving, now is the time to do so. **The school leadership must support the school financially before the school can raise money from the rest of the community.** The case for others to give is weak if those with fiduciary responsibility for the school do not give. The expectation that board members give money to the school may be expressed with varying levels of formality; the important thing is that it be explicit. The expectation may be a specific minimum donation, a "meaningful gift" relative to each board member's means, or "one of the top gifts" that each board member makes to various causes each year. The guidelines should reflect the school's values and culture. For example, a minimum level may discourage those of lesser means from joining the board, and may prevent those of greater means from giving larger gifts.

Cultivation Do's and Don'ts

When cash is tight, it is tempting to ask for a gift now. Be very careful to balance short-term and long-term needs and avoid damaging the likelihood of a larger gift in the future by focusing only on the gifts you need today. Most importantly, listen to the donor. Especially during economically uncertain times, talking to donors can help an organization assess a donor's mood. Is the donor feeling financial pressures? Is the donor more inclined to support different types of charities because of the current climate? Rather than guess or make assumptions, establish a relationship and engage conversations about the school to determine the donor's priorities before asking for a gift.

Solicitation Do's and Don'ts

While it is wise to be mindful of the general economic and political environment when engaging in fundraising, schools should continue to communicate the message to donors that the school is worthy of financial support, despite competing causes. Give yourself before asking others to give. Communicate to potential donors with confidence that the school is as important now as it was before. Rather than assume that donors don't want to give, be prepared to respond to concerns raised during solicitations.

Even the best-trained and most experienced solicitors will hear "no" from time to time. In fact, if every prospect says yes, it is a good sign that the solicitor should be asking for larger gifts. A "no" answer is usually a perfect opportunity to educate the prospect further about the school; the negative response could stem from misconceptions or ignorance. Luckily, most negative responses can be anticipated and used to initiate further discussion. Please see "Keeping Major Gifts Up in a Down Economy" in the Appendix for more ideas. If your school is looking to undertake a project to enhance its solicitation skills and strategies, PEJE has a relationship with Rae Ringel, former United Jewish Communities Training Director, that can bring her expertise to your community. Contact PEJE for more information.

Fundraising Events

For many schools, fundraising events and activities are a central focus of the resource development calendar. These events build community, but they do not always raise a lot of money for the school. While they bring in incremental dollars and keep members of the school community involved, too many events and activities carry considerable costs and can actually reduce the amount of money brought in. Many donors, particularly parents, would prefer to make one large donation to the school rather than bring out the checkbook for each small fundraising drive. Ask for money once, and one large gift could turn out to exceed the sum of many small ones. Ensure that the development office (or lay leader) coordinates with the parent association to prevent the activities of each from undermining the efforts of the other.

For some schools, certain events are an integral part of the school's calendar or represent long-standing traditions that are perceived as essential. Some fundraising events are proven fundraising home runs, with total net income in the six figures. Where the event is more of a "friendraiser" than fundraiser, consider reframing the events as celebrations of the school, its achievements, and its supporters, rather than as "the major fundraiser of the year." This frees the development office and committee to put more energy into strengthening the major gifts campaign, while allowing volunteers who enjoy event planning to get involved – while working within a predetermined budget, of course. As "friend-raisers," events also provide a forum everyone in the community, regardless of the level of their financial support for the school, to celebrate. They can also be the perfect way for new people to get to know the school's accomplishments, an important step in the cultivation process for prospective donors or parents/students. These events can also be valuable ways to groom new volunteer leadership.

While events should not be the main venue for fundraising, they can still make money. Find creative ways to increase the dollars raised, such as:

- **Annual dinner:** Most schools already set ticket prices above the per-person cost. Indicate in the reservation form what portion of the price is tax-deductible. Encourage attendees to give more by setting giving levels for the dinner, with appropriate levels of acknowledgement. For example, "Supporters" give \$X and get 2 tickets to the dinner, and "Builders" give \$Y and get 4 tickets plus their names in the program.
- **Ad journal:** Expand the number of ads by asking the school's vendors to buy ads, and consider more cost-effective printing techniques. Paper costs frequently rise, and the journal may be just as effective printed on less expensive stock.
- **Writing a Torah:** this fundraising project allows for countless naming opportunities and may be perfectly aligned with the school's mission.

The Role of the PTO in Budgeting and Fundraising

Many Parent Teacher Organizations (PTO's) take on projects aimed to raise funds for the school. The leadership of the PTO needs to be familiar with the school budget – and with the school's fundraising plan – when planning its activities for the year. Unfortunately, many schools suffer from tension between PTO fundraising and the development program, because both entities try to raise money from the same group of people. The charge of the PTO with respect to fundraising should be clear. The PTO's activities may more naturally focus on welcoming parents, getting people involved, raising morale, supporting teachers, and building school pride than on raising money. The amount of money that can be raised through small fundraising events pales in comparison to that which can be raised through a well-executed major gifts campaign.

If the PTO does raise money for the school, the following conditions should be met:

- the use of the funds should be clearly articulated, in a message that is coordinated with the key messages of the major fundraising campaigns (ie: a project that raises money for a special trip);
- the funds should not be used for items and programs sufficiently funded through the budget;
- any special event should be scheduled so as to avoid impacting the activities of the development office; and
- leadership should be selected in coordination with the development office, such that capable and willing leadership is available for school's major fundraising campaigns.

Resource Development Tools

At the time of this publication, Jewish day school solicitors reported hearing the following objections to giving. The sample answers should be adapted to suit each individual school.

This is a tough economy, and the market is way down. I cannot afford to give right now.

I understand your concerns about the economy. The truth is, the need for a quality Jewish education for our young people remains constant, regardless of the economy—for their sake and for the future of the Jewish community. ABC Jewish Day School fills that need in our community.

In fact, in these tough economic times the financial demands are greater because more families require financial aid than in good times. We need to turn to the community more now than in the past to ensure a quality secular and Jewish education for our children – the next generation of Jewish leaders. I know you share my passion for investing in Jewish education and hope you will consider a gift at \$X level.

I heard that ABC Jewish Day School barely has enough money to stay afloat. I wouldn't want to put my money in a place that might not be around for the long haul.

For an established school:

Our school has already been around for the long haul, and we have every reason to believe we will continue. We have experienced some short-term difficulties due to the downturn in the economy, however, we have taken a number of steps to strengthen our financial position. I would be happy to arrange for you to discuss the school's financial health with a member of the Finance Committee to address any specific concerns you may have.

For a new school:

It takes a lot of money to start a school, to hire great teachers, and to acquire the technology necessary to become excellent. And in the first few years, tuition covers only a small part of the budget, because of certain fixed costs regardless of the number of students enrolled. So yes, start-up costs are high. However, our school has been financially stable thanks to the generosity of our founders and other donors. Even new for-profit companies rely on investors during the early years, when expenses tend to exceed income. With your support, we will be on track to yield benefits long into the future.

Why support day schools at a time when the Jewish world faces such challenges as threats to Israel's security, economic devastation of the Jewish community in Argentina, and rising anti-Semitism in Europe?

In every generation, the Jewish community has faced major challenges and has struggled to allocate resources to critical causes. Education has always been and will always be one of our most effective tools to ensure Jewish continuity.

The leaders rallying around the important causes of Israel and Argentina are the kind of Jews who have usually had a day school education. We are fortunate that our current community leadership is making important decisions about these crises with an awareness of and respect for Jewish traditions; day schools ensure this type of leadership for the future. Who will lead the community when there is a crisis in the next generation?

ENDOWMENT

Starting an Endowment

No matter how young a school is and no matter how difficult the economic times are, starting an endowment is of paramount importance, even if the school has minimal funds to devote to it. This will enable a school to be prepared once the appropriate donors have been cultivated. Some schools have started endowments through:

- Allocating 5% of all funds raised directly to the endowment
- Allocating the proceeds of a specific event/activity
- Taking advantage of a special occasion, e.g. the retirement of a beloved administrator, to raise funds towards an endowment
- Adding 20% of the cost of a new building to the capital campaign goal to create an endowment for operating the building
- Establishing a planned giving program

Managing the endowment fund can be a role for board members with experience in investment management, or a school may seek local expertise from the federation or community endowment.

Endowment Spending Policy

If the school does not have a cash reserve for rainy days, the board may want to think about increasing the amount drawn from the endowment for various purposes, such as increased financial aid. A mechanism must be developed, however, to pay back into the endowment (with interest) to make up for the larger withdrawal. An investment strategy to consider over the long term is to calculate the average return on investment over a number of years, say ten, and use half of the return for operations while plowing back the other half into the endowment. Say over 10 years, the average return is 8%; each year 4% is used for opportunities and 4% is reinvested to maintain the endowment's strength. During lean years, your prudent reinvestments can help maintain a steady inflow of cash from your endowment. The main point here is not to spend all of your return year after year. This can help keep the revenue stream constant despite changing economic environments. Note that some endowments have donor restrictions on how much of the return can be spent.

ADDITIONAL REVENUE SOURCES

Short-term Investment Revenue

"Short-term" here refers to funds that will be used within a year or two according to cash-flow projections. The importance of making short-term cash surpluses grow can seem unimportant, especially for small schools that occasionally post surpluses nearing \$10,000, but making a school's money grow through interest revenue should not be overlooked. The board of directors should set a policy for what to do with these funds. An investment rule of thumb is to keep these soon-to-be-used funds liquid in low-risk investments. The return on investment for each suggestion should be examined at least annually and should take into account any associated fees. Some ideas are:

- **Sweep Accounts** – Local banks may offer a service in which the school’s checking account is invested overnight and returned the next day. This is a good option if the bank requires a minimum balance for services.
- **Zero-Balance Accounts** – Checking account funds are invested in the bank’s interest-bearing money market fund and are transferred back to checking only when checks are presented for payment. Deposits are automatically moved to the money market account, maintaining a zero balance in the checking account. Be sure to check that any fee associated with this service is less than the amount of interest generated.
- **Money Market** – The school manually transfers a minimum amount to checking when needed, leaving the rest invested in an interest-bearing account.
- **Certificates of Deposit** – The return on investment will be higher than the previous three options, but a main difference is in the selection of dates of maturity. Accurate cash flow projections are paramount.
- **Treasury Bills and Notes** – These can be bought through banks or directly from a Federal Reserve branch. These may provide the greatest return, however they require higher minimum investments. Maturity dates also must be selected and assessed against the school’s cash needs.

Supplemental Revenue Activities

A variety of for-profit companies offer programs designed to help schools bring in extra cash. PEJE neither endorses any of these activities nor verifies the claims of the sponsor organizations. However, some schools have successfully enhanced their income through these types of programs. **Supplemental income activities are not fundraising activities and should not be managed by the development committee or development office.** Extreme care should be taken to keep oversight of supplemental revenue activities outside of the school, so that the administration is not distracted from its responsibilities. These activities might be suitable for a PTO to take on, but it must be understood that many of these items can be a lot of work for minimal financial gain. See the Resources section for more information.

- **Food product labels:** Several large brands have programs to raise money for schools through collections of product labels.
- **Car donations:** Turn old cars into cash for the school.
- **Electronics recycling:** Collect old cell phones and used laser and inkjet toner cartridges to exchange for technology, recreational equipment, or cash for the school.
- **Shopping:** Quite a few businesses have programs to give schools a portion of sales. Carefully investigate the company or website to understand the specific benefits, rules, and payment arrangements, and make sure that the company or site is secure, reputable, and in line with the school’s values.

- **Join a scrip program:** Look for stores in your area with a scrip program that rebates the school based on a percentage of customer purchases.
- **Partnerships with local businesses:** Talk to local kosher food stores, real estate agents, and other Jewish business people about getting a portion of revenues in exchange for referrals and advertising. For example, a realtor may agree to donate 5% of his or her commission to the school for all school-affiliated clients. Be creative – suggest that a percentage of sales on a particular day be donated to the school. Local businesses will be happy to find ways to bring in new customers.
- **Other business programs:** Some corporate service providers have programs to support local schools.

Remember, supplemental programs should not require administrative support from school professionals. The above activities can generate income for the school through the normal, everyday activities of school supporters. The activities should not distract the school from its formal fundraising activities or from its educational mission.

EXPENSES: KEEPING DOWN COSTS AND SPENDING EFFICIENTLY

When organizations encounter tough times, administrators often react by slashing expense line items. Independent school financial management expert Sorrel Paskin suggests that schools make an effort to **keep the long-term in mind when making cuts so as not to damage the school's long-term financial position or reputation.** Maintaining the quality of the educational program should always be a priority.

Some **temporary cost containment strategies include:** across-the-board cuts by a specific percentage, salary freezes, hiring freezes, and reducing capital expenditures and maintenance. These are all considered temporary because they can actually harm the school if maintained. The strategies may not address certain underlying fiscal inefficiencies and, especially in the case of capital expenditures and maintenance, will need to be paid for somehow in the near future. Failing to maintain and/or upgrade property, plant, and equipment can increase costs in the long term.

A **mid-term cost containment strategy** is to restructure certain administrative processes. Examples include: streamlining processes and redistributing work, eliminating staff, and outsourcing activities such as payroll, benefits administration, and custodial and grounds keeping. Cuts made should have an eye towards improvement and serving students and parents better.

Permanent cost-containment strategies include: re-examining expensive policies, such as low student-teacher ratios or very high standards of building maintenance, and making painful cuts such as reducing payroll. Look at vendor contracts to make sure the school is not locked into an unnecessarily expensive agreement. Some contracts have automatic renewal dates if the company has not been contacted by the school. Schools might also benefit from receiving competitive bids from other companies. You may not be getting the best deal from a company that you have regularly done business with if they consider you "locked in."

Continuing along the line items of a typical day school budget, below are suggestions for ways to reduce specific expenses.

Fundraising Expenses

Good financial practice links fundraising revenue to the related expenses, so that the cost-effectiveness of the programs may be analyzed. During tight times, schools should be even more careful to eliminate activities that do not contribute significantly above cost. All resources, including people, time, and money, should be allocated for maximum impact to avoid using precious energy for activities that do not net significant income. At a time when donors are also tightening their belts, they will want more of their contributed dollars to go directly toward programs, and less toward fundraising expense.

Cut expenses by eliminating small fundraisers such as gift-wrap and candy sales, and instead divert the energy to cultivating and soliciting donors. Schools can also cut back expenditures on large events such as annual dinners. Hold a dessert reception in lieu of a sit-down dinner. Produce an ad journal with a less expensive design and paper, or replace the ad journal with a simple yet elegant program listing donors and corporate sponsors by category. Decorate with a lighter touch. Realize that many donors in this economy would rather see their money go straight to good use rather than attend a fancy event.

Interest Expense

If interest rates are low, explore refinancing loans and mortgages. Schools can also lower interest rates by having a donor or local federation stand behind a loan or line of credit.

Marketing/Public Relations

Instead of cutting all spending in this area, schools should consider how to maximize "free" public relations opportunities in these ways:

- Consult with the federation's marketing department for technical/creative assistance.
- Secure the pro bono services of a marketing or PR firm.
- Find a retired professional within the larger community (contact the local chapter of the Public Relations Society of America for names).
- Contact area colleges with a PR department and create an internship opportunity for a student.
- Develop strategic relationships with local Jewish organizations. For example, ask a synagogue to include an insert about the school in a newsletter in exchange for a free ad in the school's ad journal. Recognize student accomplishments at their synagogues in the school newsletter in exchange for a news item in the synagogue newsletter about students who are members.
- Arrange for the school faculty to be available for lectures and other events in the community.
- Collect and document testimonials about the school.
- Apply for a capacity building grant from a local community foundation.

Occupancy/Building Costs

Electricity and heating costs are expected to rise significantly in the near term. The school's utility company may be able to perform an energy audit to help it become more energy efficient. Schools may also be able to explore purchasing utilities through a local group provider. Examine monthly phone bills very carefully for errors in tax, rounding, incorrect minutes charged, and unneeded services. You may even find opportunities through the curriculum to engage students to turn off lights and reduce waste.

Office supplies

PEJE offers a Joint Purchasing Initiative with Gateway Computers, Boise Office Solutions, Quill Office Products, and Virco Furniture Solutions that can help schools greatly reduce expenses in their purchasing. Be an informed consumer, and stay apprised of the latest purchasing opportunities through our website: <http://www.peje.org/jointpurchasing.htm>

Postage, shipping

When mailing to a large number of people, consider how to consolidate mailings, and be sure to take advantage of non-profit bulk mailing rates (see information about non-profit rates on the U.S. Post Office website: <http://www.usps.com/businessmail101/rates/nonprofit.htm>.) Consider investing in technology and infrastructure that enables you to replace the number of "hard copy mailings" with electronic communication to key target audiences (i.e. parents).

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Salary, Wages, and Benefits

Personnel costs typically account for at least 70-80% of a school's expenses. When creating a budget for changing economic times, it is critical to take a careful look at the school's commitments in these areas. Because salary and benefits account for such a huge amount of operations expense, however, there are limits to how much can be streamlined.

Often when organizations are under stress, they carefully examine their hiring practices. Schools should only hire for positions that appear to be long-term. Shorter-term positions should be contracted out. Hiring freezes coupled with voluntary retirement incentives might help reduce costs.

Unemployment Compensation

Although not common knowledge, 501(c)3 organizations can elect to reimburse the state for actual claims that arise instead of paying the unemployment tax rate. Schools may be paying out more in tax than would be paid on claims. Schools should check records to see which method works out better for the school. If a school elects to stop disbursing the tax payments, it will need to establish a reserve account to pay for future claims until the school's finance committee estimates that the account is ready to pay for claims. Some states require an escrow account. The board may decide to reduce the amount that had gone into the fund and/or use excess funds for operational budget line items, like staff professional development. Of course, the school's lawyer and/or accountant should carefully review these policies. Record keeping will become extremely important, and processing claims promptly and checking for eligibility can be difficult. Fortunately, this can be outsourced and the school's payroll company, if it employs one, can help.

Communication with Faculty and Administration

In challenging economic times, everyone knows someone who lost a job or whose workload changed significantly because of staffing changes. Regular communication with employees about the financial situation at the school can help reduce stress on the job. Keep in mind the importance of the following values and keep the lines of communication open:

- **Job security:** Faculty, administrators, and other employees may be wondering if positions will be cut back or eliminated in order to save money. Open discussions with staff about the future will reduce the likelihood of incorrect assumptions and may reduce the proverbial "rumor mill." The employees you value most are the ones most likely to find a job elsewhere if they are not reassured about their futures at the school.
- **Allocation of duties:** When jobs are cut back or eliminated, the remaining employees tend to have more work to do and less support for doing it. Talk to the staff about what additional work is needed, how it fits into the overall picture of keeping the school functioning, and what steps the school is taking to improve the situation in the longer term.
- **Morale:** Treat all employees as professionals. Show appreciation. Seek input and ideas from the staff and faculty to empower them to improve the school's situation.

Technology and Office Equipment

Through the PEJE Joint Purchasing Initiative, schools can take advantage of special discounts from Gateway Computers. PEJE is also exploring joint purchasing opportunities for software. Some general technology cost-saving strategies to keep in mind:

- Although printer prices have dropped, toner prices have risen. The lifetime or per page costs of these cheaper printers might actually be greater than more expensive printers!
- A school can purchase refurbished cartridges for inkjet and laser printers. Companies in your area may be interested in unloading quality computers as they downsize, so be sure to look for those items.
- The website <http://www.techsoup.org> offers information on discounted and donated software for nonprofits. Beware of low-cost technology with high set-up or user training costs.
- Schools can lease refurbished office equipment, such as photocopier machines. Lease payments will be lower than for new machines. Carefully check the contract for the date that the maintenance agreement runs out – sometimes they run out before the lease agreement does.

KEEPING IT ALL TOGETHER: CASH FLOW MANAGEMENT

Many Jewish day schools have a hard time conceptualizing the need for monitoring their cash flow. It can be hard to understand why their budget and statement of activities (or revenue/expense statement) show that the school is in surplus, but for some reason there is no money in the bank! Many well-run organizations go through periods where they feel cash rich and cash poor depending on when revenue comes in and expenses have to be paid out. Here are some important concepts about managing your cash flow:

Cash Reserves

Schools should strive for a cash reserve that is about 15-20% of annual operating expenses. This can sustain programs and services while increasing financial aid to parents in tough times. It also reduces the need for paying interest for a line of credit. If a school does not have a sufficient cash reserve but does have an endowment, the school may wish to explore increasing the amount drawn from the endowment in the short-term, especially for financial aid, but with a way to pay back into the endowment with interest.

Deferred Revenue

Deferred revenue is cash collected for a service not yet delivered. It is common for a school to be in a good cash flow position at the beginning of the school year, when (ideally) significant percentages of tuition have been received. However, inexperienced leadership can become "cash happy" and overspend at the beginning of the year, leaving the potential for problems down the road. Schools should account for prepaid tuition as a liability to be slowly transferred to net assets over the course of the year as the education is delivered.

Cash Flow Statements

Project your monthly cash flow in advance to know what times of the year you will encounter a gap between inflows and outflows of cash. Many organizations project three years out. This prevents surprises and forces the school to decide in advance how it will deal with potential shortfalls. Possibilities include obtaining lines of credit and implementing the ideas suggested earlier about standardizing when outflows take place. Lines of credit can be obtained from a bank using the federation or a donor as guarantors, which can lower the interest rate. Negotiating with more than one bank is desirable in order to compare fees, interest rates, and services provided. To improve cash flow, in general schools should pay bills once or, at most, twice a month and take the full grace period to pay bills. Try to negotiate with vendors for a common payment date in order to eliminate the need to keep track of too many bills. Also, pay staff salaries on the same schedule.

While projecting future cash flow seems difficult due to lack of information, the exercise of estimating cash flow is extremely valuable. Consider different scenarios for enrollment levels, cost

fluctuations, and other unknowns and see what combinations will keep the school from running out of cash. Knowing what **has** to happen in order to keep the school afloat enables the leadership to make more informed budgeting decisions to **make** those things happen.

FINANCIAL CRISIS

If all else fails and a school faces dire financial difficulties, there are some proven, though last-resort, ways to seek help. PEJE has seen schools rally and ultimately flourish after facing grim challenges to survival. The key element in most of these cases has been partnering with the local federation. The following suggestions have worked in the past:

- Creating a joint management committee with the federation in cases where the school's management needs propping up;
- Putting schools into receivership and allowing the federation to assume full management responsibility (including handling all debts and commitments);
- Rallying the community in a well-planned and open campaign for the school;
- Replacing board leadership with help from the federation to select new board members who are prepared to commit their time, resources and talents; and
- Finding a community "hero" to lead the process of collecting funds to resolve the crisis by example.

FOR MORE INFORMATION: REFERENCES & APPENDICES

REFERENCES

Financial Management

- Better Cost Control (<http://www.bettercostcontrol.com/index.htm>)
- **Business Management for Independent Schools, 5th Edition.** National Association of Independent Schools (1997).
- **Bookkeeping Basics: What Every Nonprofit Bookkeeper Needs to Know.** Devra L. Ruegg and Lisa M. Venkatrathnam, Amherst H. Wilder Foundation (2003).
- Board Source (<http://www.boardsource.org>)
 - **Understanding Nonprofit Financial Statements,** Revised Edition. Steven Berger, CPA, BoardSource (2003).
 - **Presenting Nonprofit Financials: An Overview of Board Fiduciary Responsibility.** Thomas A. McLaughlin, Board Source (2001).
- **Financial Management: Collections of articles from *Ideas and Perspectives* and *To the Point.*** Independent School Management (2002).
- Outsourcing tuition management: FACTS Tuition Management (<http://www.factsmgt.com>) SMART Tuition Management Services (<http://www.smarttuition.com>)
- **Streetsmart Financial Basics for Nonprofit Managers, 2nd Edition.** Thomas A. McLaughlin, John & Sons (2002).
- Tuition insurance provider: NorthStar Benefits, Inc. (<http://www.nstarmgt.com>).

Fundraising and Solicitation

- Blackbaud Newsletters (<http://www.blackbaud.com/company/newsletter.asp>)
- Jossey Bass Catalog <http://www.josseybass.com>
- W.K. Kellogg Foundation publication "e-Philanthropy, Volunteerism, and Social Changemaking: A New Landscape of Resources, Issues, and Opportunities" is a very comprehensive, yet dated,

compilation of online resources for fundraising and volunteering. Download from <http://www.wkkf.org>.

- PEJE website <http://www.peje.org>
- **Philanthropy at Independent Schools.** Helen A. Colson, National Association of Independent Schools (1996).
- Rae Ringel: Training for Fundraising Success. Contact Devra Goldberg at PEJE for more information.

General Independent School Resources

- Independent School Management: <http://www.isminc.com/>
- National Association of Independent Schools: <http://www.nais.org/>

Supplemental Revenue Activities

- Business programs: For example, the Verizon telephone company's "Business Link" program allows companies to earn points based on their local telephone expenditures. Companies can then donate the points to a school to offset the school's local phone bill.
- Car donations: Old cars in almost any condition can be donated through Automobile Donations Corp 866-388-6200.
- Electronics recycling: FundingFactory (<http://www.FundingFactory.com>) recycles electronics. Recruit local businesses to send their used items directly to FundingFactory to earn credits for the school. FundingFactory provides free collection boxes and pays all shipping costs to schools and businesses.
- Food product labels: Examples include General Mills' Boxtops 4 Education (<http://www.boxtops4education.com>).
- Shopping programs: Examples include the Current catalog (<http://www.currentfun.com>) and Amazon.com. The Target department store has a program to donate a portion of purchases made using a Target credit card. Schools can also register with <http://www.technology4kids.com> to earn credits toward computers, software, and equipment. Shoppers select the school from a list and then shop at over 200 online retailers, in physical stores, and from catalogs. Similar programs can be found at <http://www.greatergood.com>, <http://www.IGive.com>, <http://www.SchoolCash.com>, and <http://www.SchoolPop.com>.
- Visit http://www.schoolgrants.org/fund_raise.htm for more ideas.

APPENDICES

"Keeping Major Gifts Up in a Down Economy"

Reprinted with permission from http://www.blackbaud.com/resources/EB_MajorGifts.pdf

Reporting for Multiple Audiences

Prepared by Ann Murphy of TDC (Technical Development Corporation) to summarize the different types of reports schools use and the personnel involved in preparing and reviewing them.

Sample Financial Statements

The following five sample financial statements were created by Karen Kelley for the PEJE November 2002 Grantee Conference:

- **Statement of Financial Position**
- **Statement of Activities**
- **Cash Flow Projection**
- **Budget**
- **Budget to Actual Summary**

Keeping Major Gifts Up in a Down Economy

Why you should rethink your giving categories, and other strategies for staying close to your prospects now that the boom has gone bust

The stock market has fallen 40 percent from its peak, costing investors more than \$8 trillion in wealth. Stock options that promised billions in instant riches are worthless. Although technically the economy's downturn was brief, the promised recovery can't seem to take off, leaving donors big and small wondering about job security and income prospects. Little wonder that the 400 largest charities tracked by *The Chronicle of Philanthropy* saw their donations slow sharply in fiscal 2001: Collections rose only 5.15 percent, after inflation, despite averaging 11.4 percent annual gains in the four previous years.

No doubt about it: The recent boom in major-gift fundraising is over. Yet nonprofits of every stripe keep announcing bigger and bigger campaigns, all depending on a healthy stream of major gifts to meet their goals.

How can your nonprofit keep major gifts flowing in the face of such daunting economic conditions?

Get back to the basics, says Lawrence Henze, managing director of Blackbaud Analytics, a division of Blackbaud, Inc. In the fat years of the late 1990s, development officers could reap bountiful gifts without always maintaining continuity with donors, tailoring giving vehicles to specific donors, or paying close attention to good communication. Now, many fundraisers still retain the inflated expectations they developed in that era — but they lack the skills, data, and systems to meet those larger targets in today's straitened circumstances.

The nonprofits that do best with major gifts in today's tough environment will look at giving from their donors' perspective — not from the organization's. They'll set realistic giving levels and study behavior and trends within their donor base to figure out which prospects need cultivation. They'll step up communications with their constituents and stress excellent stewardship. Most important, they'll listen to donors and craft their appeals and approaches accordingly.

Practical strategies for today's economy

How can your organization be among the winners? Henze recommends the following techniques for fostering major gifts now.

Keep up your annual fund. Blackbaud Analytics' studies show that the vast majority of nonprofits with successful major-gift programs also have strong annual-giving efforts. After all, major-gift donors usually have a long history of annual giving before they move up. In hard economic times, it's doubly important to emphasize consistent annual giving from as many donors as possible. When conditions improve, you'll have a rich vein of prospects for major giving.

Don't overlook the mid-level major gift. Thanks to the late-'90s giving boom, growing numbers of nonprofits have boosted their definition of a major gift. Organizations that

once lavished attention on \$1,000 donors are now reserving their cultivation efforts for givers of \$10,000 and more.

That's a mistake, Henze says, because it neglects a broad range of givers. Too often, organizations launching campaigns discover that they don't have enough mid-level prospects ready to step up with core gifts. You need constant cultivation to keep the donor pipeline filled.

How should you define a major gift? Blackbaud's research shows that donors start to think of themselves as major givers when they're writing checks for \$500 to \$1,000. It's rare for donors to make the leap from substantial annual-fund gifts (say, \$250 or \$500) directly to the \$5,000 or \$10,000 level that many organizations now define as major gifts. So donors who feel they're making sacrificial gifts aren't getting the attention they deserve — and may never deliver the five- or six-figure gifts that otherwise might have come.

So make it easier for donors to make intermediate gifts. Single out your top-level annual-fund givers for special attention with volunteer opportunities and event invitations. Ultimately, you should set your major-gift threshold at the point where experience shows that your donors need cultivation to move up to the next step.

* **Don't pigeonhole prospects as major-gift donors.** With the pressure to deliver ready cash, fundraisers are likely to perceive all qualified prospects as major givers, especially those in the 55- to 65-year-old range who have survived their child-raising and tuition-paying years.

But some prospects — even those with substantial wealth — may not be comfortable writing big checks for immediate gifts. They're better prospects for planned giving. In Blackbaud's experience, major-gift donors are more likely to be conspicuous consumers, while fiscally conservative spenders are better prospects for planned giving. If all you ask for are major gifts, you'll rule out valuable giving vehicles—gift annuities, charitable remainder trusts, or bequests — that better suit the fiscal style of many donors.

What's the best way to tell which approach is right for whom? Listen, listen, listen. Nothing beats the information that your own donors can give you — if you're sensitive to their signals.

* **Broaden your research beyond wealth screening.** Fundraisers tend to fixate on identifying and classifying their wealthiest prospects. But wealth identification is only a first step. It doesn't tell you what connections those potential donors possess — or what their giving and fiscal styles are.

That valuable information may be in your own database. An analytical screening should uncover patterns of giving behavior that will separate major-gift prospects from potential planned-gift donors. Donors who have repeatedly raised their giving level should be cultivated to move into the major-gift ranks; donors who maintain a consistent level well below their potential are more likely to respond to planned-giving opportunities. Clients tell Blackbaud that analytical screenings are more likely to spur action than wealth-identification studies alone.

* **Don't fall victim to analysis paralysis.** Research is powerful, and data collection is, more than ever, a science. But fundraising will always be an art — and an exercise in building

personal relationships. Get out in the field and deal with actual donors. Find out who among your prospects has the strongest desire to advance your cause. Cultivate a relationship with those people, and then actually determine if they *will* do something.

Relationships are vital. The old saying that donors give to people, not organizations, is even more true in uncertain times. Fundraisers must be able to develop relationships and get to know prospects as people rather than just as portfolios. Again, listening is vital. If you're paying attention, most prospects will tell you what they're interested in, and what they'll give.

*** After you listen, record what you've heard.** Across the country, there is a huge disconnect between prospect researchers and major-gift officers, especially when development officers fail to communicate the results of their visits via call reports. Future fundraisers must have access to the information you gather, especially since staff turnover is rampant in the development office. "Did you do your call reports?" should be a standard question in every staff evaluation.

*** Tune up your communications.** When the economy turns down, organizations tend to mail more solicitations. That's a mistake. Rather than deluging possible supporters with solicitations, share your current progress and future plans with your prospects via newsletters, Web sites, and e-mails. Talk about your efforts to contain costs and become a better steward of the gifts you receive. What could be a stronger message to send to your prospects?

Stewardship is vital. Thank your donors warmly and often. Whenever appropriate, get them involved in your organization's actual programming — in social-service work, for example, or with your faculty. By connecting people with people, you'll humanize your organization as much as possible.

Throughout all your dealings with donors, you want to send a consistent message: Donor interest in your cause is paramount. In the boom times, it was easy for organizational imperatives to take precedence. As a result, too many nonprofits today view their donor base through the filter of their own needs. You can stand out from the crowd — and maintain that strong, steady flow of annual, major, and planned gifts — if your every action makes it clear that you're responding to what donors want and need.

Lawrence Henze is managing director of Blackbaud Analytics, a division of Blackbaud, Inc. A longtime fundraiser — at Carroll College, the University of Wisconsin Foundation, and the University of Dayton — he now specializes in helping nonprofits make the best use of their database to meet donor and organizational needs.

Report	Distribution and Review						Report Purpose
	Prepared by: Business Manager	Department Directors	Head of School-Director	Finance Committee	Board of Directors	External Stakeholders	
Balance Sheet = Statement of Financial Position	X		X	X	X	If required	Monitor current financial condition
Income & Expense Budget Variance Report: current month and year-to-date by department	X	X	X	X			Track department financial performance against the budget
Income & Expense Budget Variance Report: current month and year-to-date for entire school	X		X	X	X	if required	Track school financial performance against the budget
Income & Expense Comparative Report: current month to previous month by department	X	X	X				To make sure recurring revenues and expenses are not missed and sudden changes are noticed
Income & Expense Comparative Report: current month to previous month for entire school	X		X				To make sure recurring revenues and expenses are not missed and sudden changes are noticed
Detailed general ledger: all revenue & expense accounts current month	X		X				A reference to find details of variances identified in above reports.
Detailed general ledger: all revenue & expense accounts by department current month	X	X	X				A reference to find details of variances identified in above reports.
Tuition Receivable Aging	X		X	X			To monitor the timeliness of the collection of revenues
Pledges Receivable Aging or other Accounts Receivable	X		X				To monitor the timeliness of the collection of revenues - cash flow management.
Accounts Payable Aging	X		X				To monitor the timeliness of the payment of revenues - cash flow management.
Monthly check register	X		X				Double check the appropriateness of all cash disbursements made during the month.
Fixed Asset Schedule	X		X				To make acquisitions, disposals and depreciation are being recorded accurately.
Bank Reconciliations	X		X	**			To make sure all cash transactions have been recorded accurately each month.