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innovative nonprofit SOLUTIONS

Message from our President

FALL 2006
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- Selecting Fundraising Software
- Starting a Social Venture
- Resources You Need

Our Mission: We help organizations create innovative solutions to build their capacity.

We accomplish this by assessing, designing and implementing strategic fundraising, marketing and management programs for nonprofits, community-based, faith-based and educational institutions and government agencies nationally.



Welcome to the Fall 2006 edition of the Innovative Nonprofit Solutions E-Newsletter! The INS Group remains committed to fulfilling its mission *to help organizations create innovative solutions to build their capacity*. We are very excited about the completion of the 10-Year Results Plan to End Homelessness in Durham and the integral role we played in the development of the 10-Year Plan. We continue to serve as the lead consultant for the North Carolina Coalition Against Domestic Violence and the North Carolina Coalition Against Sexual Assault's Fundraising and Capacity Building Initiative for its member organizations. In addition to providing a variety of consulting services for nonprofit organizations nationally, we continue to host effective grant writing and fundraising workshops. Register for our Fall 2006 Workshops on our website at www.theinsgroup.com now, as classes fill up quickly!

Fall is an excellent time to begin planning for the next year. This edition of the Innovative Nonprofit Solutions E-Newsletter focuses on the importance of planning for your nonprofit's financial future and includes articles on developing a strategic plan for fundraising and diversifying your nonprofit's funding resources.

The Innovative Nonprofit Solutions E-Newsletter is an excellent resource for information for the nonprofit sector. Contact us at info@theinsgroup.com to let us know what is important to you, and we will seek ways to cover these topics in future editions.

- Ruth A. Peebles, President and Founder, The INS Group

The INS Group Successfully Leads Durham's 10-Year Plan to End Homelessness Process



The City and County of Durham and Triangle United Way made an unprecedented commitment to eliminate and prevent homelessness in Durham by 2016 with the development of the 10-Year Results Plan to End Homelessness: "Ensuring All Residents Have a Place to Call Home".

The 10-Year Results Plan is the culmination of the efforts of more than 90 steering committee members, including city and county officials and employees, and representatives from the nonprofit sector, the business sector, educational institutions, congregations and civic and professional organizations. Ruth Peebles, President and Founder of The INS Group, served as the project manager for this endeavor.

Ms. Peebles led the extensive 16-month planning process to

develop strategies to end homelessness in Durham. She coordinated and implemented community forums, conducted focus groups with homeless and previously homeless individuals, and facilitated steering committee meetings, management advisory team meetings and public relations committee meetings. Ms. Peebles was also responsible for writing the 10-Year Results Plan, which the Durham City Council and the Durham County Commissioners formally adopted in late June.

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"Ruth Peebles was absolutely integral to the development of the city of Durham's 10-Year Plan to End Homelessness. Ruth took the vision that the Mayor and the Chairman of the Board of Commissioners gave us and helped make it a reality. After more than a year of collaboration and coordination, Ruth presented us with a detailed, written plan of action that we can take to move us into the future as a city without homelessness, where everyone has a place to call home. I would highly recommend her services to any organization".

**Peter Anlyan
President,
Observability, LLC
Co-Chair,
10-Year Results Plan to
End Homelessness in
Durham**

The Secret to Successful Fundraising - It's All in the Plan

Every organization, regardless of its size, needs a strategic plan for fundraising to guide and support its efforts. A strategic plan for fundraising identifies specific funding needs to operate effectively and a detailed plan for obtaining those resources. It will help to sustain your organization over the long-term and to stay focused on its mission, instead of just worrying about day-to-day survival.

The goal in developing a strategic plan for fundraising is to create a realistic plan which the organization truly "owns" and is ready to implement. Your organization's board, executive director, and staff are integral in the development of a meaningful strategic plan for fundraising.



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Starting a Nonprofit?



One of the first steps in establishing a new nonprofit is to formally seek 501(c)(3) status for the organization. 501(c)(3) status exempts an organization from federal income tax and makes it eligible to receive tax-deductible charitable contributions. Although most states require an organization to obtain 501(c)(3) status before it can be exempt

from state taxes, the specific procedures for obtaining nonprofit status vary state to state. Therefore, consult with an attorney or an appropriate agency whose staff has experience in creating a nonprofit in your state. Below are some general guidelines for establishing a nonprofit corporation:

1. Select an available business name that meets the requirements of your state's corporate filing office.

Contact your state's corporate filing office to determine the requirements for naming a business in your state and to confirm that another

corporation is not already using your proposed business name. Conduct a trademark search to ensure that your business name will not violate another company's trademark, whether in your state or in another state.

2. Incorporate as a nonprofit corporation by registering with the appropriate state agency. Prepare and file the articles of incorporation with the appropriate state agency. The articles of incorporation provide a legal description of your organization and delegate power to its board of directors. Most states charge a fee, usually less than \$500.00, to file the articles of incorporation.

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Plan to End Homelessness

The 10-Year Results Plan to End Homelessness is a detailed document that outlines specific strategies for the elimination and prevention of homelessness in Durham. The Plan calls for the development of 425 affordable and safe housing units by 2016 and improved coordination among the

county's providers of food, clothing, shelter, counseling, health care, money and other services for homeless people. The Plan will be implemented by community volunteers and a contract agency.

"The 10-Year Results [Plan] planning process is an excellent example of how government

agencies and the community at-large can come together to make a significant impact on issues that affect our communities," said Ms. Peebles. "Other nonprofits should explore opportunities for such partnerships to maximize their effectiveness."

To view the 10-Year Results Plan in its entirety, visit our website at www.theinsgroup.com.



Mark Your Calendar!

The INS Group Fall Workshops

The ABCs of Grant Writing

Raleigh, NC
Friday, October 13, 2006

Charlotte, NC
Friday, October 20, 2006

Greensboro, NC
Friday, October 27, 2006

Orlando, FL
Friday, November 3, 2006

Fundraising 101

Raleigh, NC
Friday, November 10, 2006

Who should attend? Anyone working for a nonprofit, educational institution, or faith-based institution, government agency, or thinking about starting a 501(c)(3) organization.

Visit www.theinsgroup.com for workshop descriptions and to **register now!**

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Strategic Fund Development Planning

The key components of a successful strategic plan for fundraising are as follows:

- **Community Needs.**

Identify current trends and forecast community concerns over the next three to five years that fit within the organization's industry.

- **Mission Statement.**

Evaluate your organization's mission statement. The mission statement justifies the organization's purpose and articulates which community issues and concerns it addresses and fulfills.

- **Funding Needs.** Determine your organization's current, near-term and long-term funding requirements for special projects, programs, and physical plant expansion.

- **Case Statement.** Develop a case statement for your organization. A case statement describes the organization's distinctive merit and needs for seeking private contributed support, and articulates the most compelling reasons why someone should contribute.

- **Constituency of Contributors.** Identify individuals, foundations, and businesses as potential donors

to the organization, evaluate their contribution potential, and then assess the best way to solicit them.

- **Fundraising Methodology.** Develop a fundraising methodology for the solicitation of tax deductible contributions to your organization that is cost-effective and result-oriented.

- **Organization and Leadership.** Evaluate the specific responsibilities for the governing board based upon the established volunteer leadership requirements, with particular emphasis on fundraising duties.

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Does your organization need assistance in developing a strategic plan for fundraising?

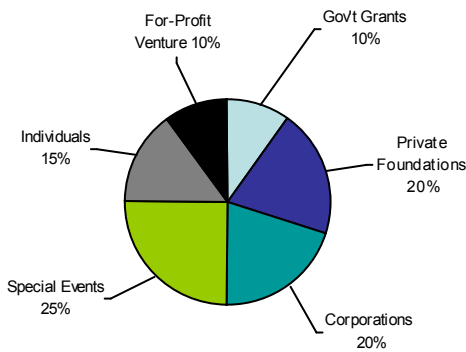
Contact The INS Group at (919) 231-2870 or at info@theinsgroup.com.

We have a developed a methodology that actively engages participants, addresses critical fundraising issues in the organization's future, and produces a practical plan that your organization can utilize to achieve its fundraising goals and objectives. By assessing the needs of your organization and its capacity, we can help determine the best approaches to address these needs in the context of your mission.

Strategic Planning: Is It Really Worth It?

To be most effective, a strategic plan for fundraising must fit within your organization's overall strategic plan. Strategic planning is a process whereby the organization's leadership evaluates the organization's mission, develops a strategy to advance its mission, and sets realistic goals and objectives. The planning results in a document that becomes the organization's roadmap to the future. If your organization does not have an overall strategic plan, the rationale and process for developing a strategic fundraising plan is much more difficult.

Allow The INS Group to assist your organization in the development of an overall strategic plan. We will work with your organization's leadership to create a process that is guided by the board and supported by the executive director and staff. Contact us at (919) 231-2870 or at info@theinsgroup.com to find out more about how we can assist your organization in the development of an overall strategic plan.



Securing Your Nonprofit's Future: Diversifying Your Funding Base

Many of us have received the tip from our personal financial planners: "Diversify your portfolio." This same principle applies when planning for the financial future of your nonprofit organization.

If more than 30 percent of your budget is dependent on one source of funding, your nonprofit should develop and implement strategies to diversify its sources of income. Prospective donors, evaluate your nonprofit's financial stability before deciding whether to invest, and varied sources of income will assure them that the financial future health of your nonprofit is stable.

A diverse board is key to diversification of your nonprofit's funding base. Use board members' outside relationships to tap into fundraising opportunities that your nonprofit has not yet explored. For example, board members may have relationships with civic or professional organizations that may be interested in sponsoring an annual event to raise funds for your nonprofit. Such events may only require that your nonprofit provide marketing materials for distribution and then to show up for the check presentation.

The biggest mistake nonprofits make is to wait for a crisis, such as the ending of a grant that funds the majority of its programs, to diversify its streams of income. However, diversification is a process that requires extensive strategizing and planning. In fact, it may take several years to truly diversify your organization's funding sources. Therefore, get your board to commit to the diversification of your nonprofit's funding base now.

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Strategic Fund Development Planning

- **Donor and Volunteer**

Recognition. Identify the most appropriate methods to acknowledge donors and volunteers.

- **Administrative Systems**

and Procedures. Evaluate the efficiency of established procedures for the receipt, acknowledgement, recording and reporting of contributions and pledges.

- **Professional Staff.**

Provide professional staff the resources, time and experience necessary to meet fundraising goals and expectations.

- **Fundraising Materials.**

Determine the number and nature of printed materials that will be used in fundraising efforts, e.g. proposals, annual

reports, brochures, and pledge forms.

- **Timeline.** Establish a realistic timeline to achieve specific goals and objectives for your organization.

A well-developed strategic plan for fundraising can become a powerful tool for building your organization's capacity and sustainability.

Six Ways to Diversify Your Nonprofit's Fundraising Plan

1. Establish an earned-income venture that generates profits for your nonprofit.
2. Provide consulting services for a fee related to your nonprofit's mission.
3. Sell products, such as symbolic ribbons, program curricula, and tee-shirts.
4. Raise funds through faith-based organizations, such as Sunday school classes or mission groups.
5. Partner with university campus organizations, such as a fraternity or sorority, to sponsor a fundraiser.

6. Develop relationships with smaller family foundations to generate unrestricted raise funds.

Need more innovative ideas to raise funds for your nonprofit? Contact The INS Group at (919) 231-2870 or at info@theinsgroup.com.

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Starting a Nonprofit?

3. Apply for your federal tax exemption status as a 501(c)(3) nonprofit. After the corporate filing office returns a copy of your filed articles, submit your federal 501(c)(3) tax exemption application to the IRS. You can download the form and instructions for filing for federal tax exemption from the IRS website at

www.irs.gov/charities/index.html.

After the IRS reviews your application, it will send you a letter of determination indicating whether it has approved your nonprofit status.

4. Apply for your state tax exemptions. In some states, including North Carolina, you must complete a separate application to obtain a state tax exemption. In other states, as long as you file nonprofit articles of incorporation and obtain your federal 501(c)(3) tax-exempt status, your state tax exemption will be automatically granted. Other states require you to submit a copy of the IRS determination letter granting your federal exemption to obtain state tax exemption.

5. Create corporate bylaws. The bylaws outline the internal operating rules of the organization, including rules and procedures for conducting meetings, voting, and electing directors and officers. An attorney can draft your organization's bylaws, or you can review the organizational bylaws of existing organizations for guidance and have an attorney review them before they are finalized. Typically, the corporation's directors adopt the bylaws at their first board meeting.

6. Appoint individuals to serve as directors. The directors are the individuals who meet and collectively make decisions as a board. They are responsible for the management of the nonprofit corporation. Although many states allow nonprofits to have just one director, some states require at least three.

7. Conduct the first board of directors meeting. The purpose of the first board of directors meeting is to address formalities in the establishment of the corporation, such as recording the receipt of

federal and state tax exemptions. The directors should first adopt the bylaws and elect officers, including a president, secretary, and treasurer, and sometimes a vice-president, depending on applicable state law. The directors should then authorize the newly elected officers to take actions necessary to start the operation of the nonprofit, such as opening bank accounts and admitting members. Upon the completion of the meeting, the minutes of the meeting should be created and filed in your corporate records book.

8. Secure licenses and permits that may be required to operate your nonprofit. Contact your state department of consumer affairs or similar licensing agency to obtain information relating to any state licensing requirements for your organization. For example, in North Carolina, you must apply for a Charitable Solicitation License with the Solicitation Licensing Branch of the North Carolina Department of the Secretary of State if your nonprofit will be raising \$25,000 or more in one calendar year.

The Pension Protection Act of 2006

On August 17, 2006, President Bush signed the Pension Protection Act of 2006. This new law contains a number of changes to the tax law provisions affecting tax-exempt organizations.

Key changes include:

- Section 501(c)(3) organizations must now disclose unrelated business income tax returns and make them available for public inspection;
- Charitable contribution deductions for food, book, and certain conservation property are increased;
- Charitable contribution deductions for monetary donations, certain easements, taxidermy property, clothing and household goods, and certain other items are limited; and
- Beginning in 2008, tax-exempt organizations with gross receipts under \$25,000 must file an annual notice.

Consult with an attorney or a CPA with expertise in nonprofit tax law to ensure your nonprofit's compliance with this new law.

Source:
www.irs.gov/charities/index