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Industry ROUNDTABLE

NONPROFIT & CHARITABLE ORGANIZATIONS



PRESENTED BY: **Hodgson Russ** LLP
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MEET THE PANEL



TOM AMELL

Title: President

Company: Pioneer Bank, Pioneer Bank Foundation



VICTORIA CAROSELLA BAECKER

Title: Director of Community Relations & Corporate Events

Company: CDPHP



PETER GANNON

Title: President and CEO

Company: United Way of the Greater Capital Region



BO GOLIBER

Title: Community Relations & Philanthropy

Company: Fingerprint



DAQUETTA P. JONES

Title: Executive Director

Company: YWCA



AMY KLEIN

Title: CEO

Company: Capital Roots



JUSTIN REUTER

Title: Executive Director

Company: Boys & Girls Clubs of Albany



PATRICIA SANDISON

Title: Attorney

Company: Hodgson Russ

Does the Capital Region have too many nonprofits chasing too few donors? How is technology disrupting fundraising? How has the rising minimum wage affected your organization? Law firm Hodgson Russ and the Albany Business Review hosted a discussion to answer these questions and more. Cindy Applebaum, market president and publisher of the Albany Business Review, moderated the discussion.



What is the current climate of giving in the Capital Region?

JUSTIN REUTER: They're shifting away from donating to fundraisers and special events and going right for programming, where they can see the impact that their donor dollar is having. They want a relationship with the organization and not just write a check anymore.

AMY KLEIN: It really depends on the type of donor that we're talking about. There is still a whole cadre of individual donors and even corporate donors that are very focused on events, enjoy events and will continue to go to events. Many of us around the table have events that continue to grow. When you talk about some corporate partners, and certainly foundations and maybe bigger individual donors, you're looking toward the kind of donor interested in relationship building.

VICTORIA CAROSELLA BAECKER: We try to do a lot of work beyond just writing a check. We have volunteers. We help with PR. We help with graphics. We can support the organization beyond just, "Here's a thousand dollars. Good luck. We'll see you in 365 days." That's not something that we are interested in doing.



Tom, you launched the Pioneer Bank Foundation within the last 30 days. Can you tell us why?

TOM AMELL: We want to establish a foundation that focuses our giving around helping kids be kids, all those efforts that relate to helping a kid be a kid – food, clothing, shelter, safety, education. And we want to engage our employees in the effort as well.

Outcome is absolutely 100-percent important. The other piece is the emotional attachment. We get hundreds and hundreds of requests and they come in the same form: literature, a cover letter, and an ask. Unless you create an emotional attachment with what you're doing, it gets put in a separate pile. You need to engage with the organization so they understand why they're

giving. Bring people to your organization. Create that emotional attachment and they're more likely to give.



How do you provide donors with the outcomes they're looking for?

REUTER: At the Boys and Girls Club, we are lucky enough to have some tangible outcomes that are easily measurable, like increase in attendance, math and reading scores. We can tie those outcomes to what the donor is giving to and provide them with an impact report.

For example, CDPHP gave us \$10,000 for our food program. I can say that \$10,000 allowed me to serve "X" number of meals to kids that are going hungry on a daily basis. Providing them with that impact report really connects them to the organization a little more, and we find that they're more willing to give in the future.

DAQUETTA JONES: You're also providing the impact and outcomes according to what the donor is asking you for. When I started in 2013, I worked on a matching pledge with someone connected to my alma mater. He pledged to give us \$25,000 every year, but he actually had us do a fundraising challenge, whereby for every \$10,000 we raised, he would match it at \$2,500.

He did not want us to do a report. He just wanted to see a snapshot regarding the outcomes for our Ready for Work Program. We were actually able to raise almost \$200,000 from having that matching pledge, and by also using social media, creating a package for our donors and for individuals, and sharing the story around the matching pledge.

PETER GANNON: It's an evolution. I get to see it from both sides. We're a funder and we help to execute some program delivery. The answer is simple outcome. You want to see simple outcomes.

KLEIN: We can all show outcomes. We can provide statistics. We can create great compelling cases and

show great faces that compel funders. I've also seen statistics, frankly, that nonprofits provide that are not necessarily true. You can make up statistics, and who knows where they're coming from?

For us, showing is the best way, and bringing people and having them be aware of the work that we're doing is the best example. Come see what we're doing.

The nonprofit community is under-resourced. Funders want and expect, as they should, us to act like businesses, and we want to act like businesses, but we are completely under-resourced to be able to be effective fully in that way. Funders want to support programs, but they don't want to support administration and financial management, but they want good financial management.

More and more, for a thousand dollar gift, you're hearing, I want to see X, Y, Z matrix. For a thousand dollar gift? For a thousand dollar gift, it should be, "Here's a thousand dollars. Go do the good work you're doing in the community."



For funders, is an impact report OK at the end of the funding period? Or is it more about showing you what your money did in the last 12 months?

BO GOLIBER: For us, it's definitely more about seeing the results. An impact report is a piece of paper that demonstrates statistics, and that's great. But it's more about the relationship building. It's also important for nonprofits to remember that they can be doing everything right, and that still doesn't mean that every funder has enough money to be able to make contributions to every single organization.

Because we're headquartered in Saratoga Springs, we have a very active role in the community here in the Capital Region, but we also have offices across the country that we're also building relationships. Our budget is finite, and it would be great if we could hand out money left and right. But we have to create our own pillars of giving so that we can make sure that we're not over-extending ourselves.

For us, there's been a lot of planting of the seed and then developing that relationship. Straight out of the gate we may not be able to make a financial contribution, but we start the conversation flowing and maybe in two years from now you become a corporate partner.

BAECKER: I spend a good amount of my time meeting with different organizations. In one week's time I'll meet with six or seven different organizations and encourage them to reach out to me and show me what they're doing.

Just a few weeks ago, I got an email from an organization I had never even heard of. It was on Green Street in Albany, the RED Bookshelf. They reached out and said, we would love for you to come see what we're doing. I did, and I was moved and impressed by the work that these two women were doing.

I got back to my office, wrote them an email within a couple hours and said, we want to fund the work that you're doing and we want to set up a book drive and we want to send 30 people to volunteer for four hours. Had they not reached out, none of that would have happened because they weren't even on my radar. I really do encourage people to show us what they're doing.

AMELL: What we care about is that the dollars that we give have a meaningful impact on the organization. We want to give local. We want to give to kids. If you're feeding a child or teaching a child or giving a child a warm bed to sleep in, we're interested.

Ours is more around the emotional attachment, the fact that they're local and that we know the people that are running the organization. We don't want to just write a check. We want to have our employees understand what they do. Once they're emotionally



Standing, left, Bo Goliber, Peter Gannon, Tom Amell and Daquetta Jones. Seated, left, Patricia Sandison, Victoria Carosella Baecker and Amy Klein.

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attached, the giving gets exponentially bigger because they want to help.



Do we have too many nonprofits chasing too few donors?

AMELL: We have a fantastic community. It's very generous, but it's not enormous. If we all write down a list, it would be the same 250 people in our community that step up time and time again. They want to help everybody but they have limited resources as well.

What we desire as a business community and as donors is for you to be as efficient as you possibly can with your dollars. If there's ways in which organizations can collaborate and share resources, do that. Demonstrate that to us. I want to fund that. Not every not-for-profit needs a CFO and a human resource director. Somehow they must drive some efficiencies so they can maintain their own identity and at the same time strip out some of those administrative costs.

GANNON: What I fear happened is we created a system where there's that RED Bookshelf or Forts Family, which are sort of the social entrepreneur ventures—people who saw a problem in their community and wanted to do something about it or had an enormously hard time breaking through because they're dominated with smaller gifts and are worried about having the time or resources to go after the mission they set out to do. They're in a pile of applications trying to get \$500 or \$1,000.

One of the things we're looking at is talking to The Community Foundation about how we can regionalize. The funders don't need any more prompting, and I think they understand this is an issue as well. They want to get in the game of creating a more comprehensive solution, but save a chance encounter, right? Nobody ever hears about Forts Family because the system is set up to reward the organizations that have the infrastructure in place already.

And so the organization with the best grant writer is going to continue to get the grant, and the person who wants to work on violence in the South End of Albany is never going to be able to get out of their own way because they don't have the resources to go after where the money is now.

We in the nonprofit world have to get together to figure out what the steps are. It's a goal of mine to do something to eliminate a lot of the redundancies and overhead that you see in the nonprofit world. We're looking at that very hard at the United Way to see if we can help be a part of that solution.

PATRICIA SANDISON: We're not only legal counsel, but we also form a lot of nonprofits. I have multiple applications in any given time. I view my role in terms of crafting the charitable purpose of the organization, both to be sure that they can pass muster for our 501(c)3 standpoint and to pass the test, but also as the initial gateway in to helping them lock into potential relationships in the community, identify the gaps, fill the gaps and collaborate.

The flip side of being a new organization is resources aren't at a premium. It's very tough. To be a nonprofit is to have to deal with so many more bureaucracies, red tape, regulatory oversight reporting. That's all in addition to what's supposed to be your focus, which is your mission.

Our relationship with and representation of The Community Foundation across New York state helped us see the more broad view and help connect across geographic limitations. United Way is at the forefront of that type of collaboration, as well as The Community Foundation. We see the value in that.

BAECKER: There's so much fear around that, and I've heard that from lots of nonprofits. One of my key questions is, whom are you working with on this? What other organizations have you teamed up with? They hold their donors so close to their chest that it's hard to even get them to say. I will say, hey, why don't I set up a meeting and the three of us can get together because I think there's going to be really good synergy. Most of them say no.

REUTER: We realize that there are other organizations doing the exact same thing that we're doing, maybe not right in our neighborhood or our footprint. So we question why we're paying for back-end office services for two organizations and take on a merger with another organization in hopes that we can save money on the back end, so that it will allow us to have better programs and open up new club locations in the

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areas that need it.

That being said, it's a super-lengthy, long process. A lot of issues come up and you have to be willing to invest a lot of time and energy outside of what you're doing on a normal day-to-day basis. You have to get boards behind this idea and this concept.

I think it can be done. I think you'll see a lot more mergers and consolidation and collaboration in this area because funders are asking for it. We're headed in the right direction, but it takes a lot to make it happen.

JONES: I've been asked a lot lately about our sister association that's in Schenectady, YWCA Northeastern New York. We're YWCA of the Greater Capital Region. We're completely separate, local YWCA associations.

We did at one point talk about merging with our sister association, but what we decided to do is actually come together in the state and form YWCAs of New York State to advocate for women around workforce development. That was a way for us to collaborate even further with one another.

I get what everyone has said at the table, especially when it comes to collaboration, that we have a lot of nonprofits. But we also have a lot of needs in this community.

There are people that flock to us from emotion. A gentleman stopped at our organization last December and said that he met me one time and learned about what we did at YWCA of the Greater Capital Region. He made a contribution of \$10,000.

He said we would put the money to its best use and didn't restrict it to a particular program. It's about really trying to find more of those people that are connected to the work that we do, or as we collaborate,

finding the people that would lend their finances, their hearts, to the work that we do and also spread the word to other people within the network.

SANDISON: It's not a zero-sum game always. There's the idea of this spectrum of collaboration. We see this all the time, where it can be just a contractual relationship for shared services and helping them be more efficient and lowering costs in certain back office, administrative or other type of needs.

Or it can be a midway affiliation where everybody maintains their own identity and they present a united front to the community that says, we're killing two birds with a stone this way and we're making sure that these dollars go as far as possible.

You don't even have to choose one. You can start at the beginning and then see how it goes. It's like dating before marriage, right?

I think mergers are something we're seeing more. We've been hearing the predictions for years now, and it's going to happen more and more, but in the nonprofit industry it's difficult to make that happen because it's not like a for-profit merger where you can show the shareholders value. It's identity. It's mission. It's asking one of them to disappear.

It's great to have a good mission. It's great to have a good reputation. If you know that your financial situation is not stable in the long-term, or even short-to mid-term, it's better to face that reality sooner and start these conversations when you're in a stronger position.

AMELL: There are many businesses out there that could provide administrative support to non-for-profits. They may not want to fund it directly, but

there have services like accounts payable, accounts receivable, HR management, IT support, on and on and on. Not-for-profits need that same infrastructure. They're a business. Are there opportunities out there where you can approach corporate partners about accessing the infrastructure that they have and establishing those partnerships with the business community?



How has the rising minimum wage affected your organization?

GANNON: We're fighting for these people every day. That's what we do in the nonprofit world. But at the same time, the best intended policies sometimes have an adverse effect on our organizations.

The new state requirements on sexual harassment training are one example. Certainly we all understand why there's this requirement.

I visited an organization that has two women in their 50s managing this organization. They sit together in an office all day long. Because they have 40 or 50 volunteers that help them throughout the day, they are required to engage in a companywide sexual training policy, which comes out of resources. They had a trainer come in. It's a financial burden on this two-person shop.

These organizations have to get smarter about stuff like that to collaborate. We're working on that, and we're trying to provide some of those opportunities as well.

The minimum wage is going to impact nonprofits severely. On top of it, when piecemeal policies come out county by county and there's no overarching strategy to support a policy like family leave in Alba-

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ny County, it creates an even more confusing burden.

JONES: With the minimum wage, it's not just making sure that everyone is at \$15 an hour. You also have to factor in the gap compression. When I started, the least amount that someone was making an hour was \$9. Now, no one makes less than \$11 an hour.

We have that commitment to make sure that we're in compliance with the minimum wage, but we also have to factor in that gap compression because if anyone is at \$15 an hour or close to it, we have to also increase that wage as well. But we understand that it is something that's important, and we're trying to really be strategic to make sure that we will not suffer and we do not have to decrease our workforce.

REUTER: I think everybody is in agreement that we want to pay people more so they can have a livable wage, but the problem for the Boys and Girls Club, and I'm sure a lot of other organizations, that we receive a lot of federal funding. With federal funding, the minimum wage requirement is a lot different than New York state and you see a bigger difference.

When you have a grant from the federal government, they're recognizing a wage that's a lot lower. With the allocation that they are giving us, margins are getting smaller and smaller and smaller.

You have to be creative to figure it out, but eventually it's going to get so small that we're not going to be competitive for federal dollars. That's a huge problem. Every state is having a different wage and we have different laws in our counties, so how do you figure that out?

I don't know what the answer is, but it's definitely something we're paying attention to because we have 250 employees. A dollar an hour is \$250 an hour. Over the course of a year, that's a lot of money. We're all for that increase, but people at the federal level making these decisions need to recognize what's going on and have a different formula.

? **Taxpayers, particularly in New York, now have less incentive to donate under the new rules and the tax reform of the Trump administration. How has this impacted both on the giving side and on the receiving end?**

KLEIN: Givers give, and I don't think that the lack of a tax deduction is going to take that much of a bite out of charitable giving. I think the people who donate to our organizations are going to continue to donate.

AMELL: I want to believe that. I really do want to believe that in people, but the fact of the matter is people that do well want to do good, and it takes a rare person to give something that they need or don't have.

If you don't think that wealthy people give because of the charitable tax deductions, that's naive. They absolutely do. At year-end they sit down with their accountant and say, how do I save some more dollars? Well, you can give \$50,000 to a nonprofit. Okay, fantastic. Let's do that.

KLEIN: It depends on your mix of funding, too. How many of your donors are of that group of people, or how many of us are relying more on your average, everyday donors?

AMELL: I would say the corporate-donation tax cut has had a meaningful impact on our willingness to give, and we have more dollars to give. We've given more in charitable contributions because of the Trump tax cuts that he's provided to corporate America. That's not a political statement. That's just reality.

GOLIBER: For us, the way that we currently fund our nonprofits is a little bit different because we don't have



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a foundation as of right now. We're giving out of our actual revenue. As we continue to grow, I think the plan is for nonprofit dollars to continue to grow and bake that into the core values of the company.

But as of right now, the goal is to try and keep reaching the communities that we're in based on our growth and our success as a company without much thought to the tax stuff.

When we give, if we give to a program, obviously for accounting purposes if something is tax deductible versus when we're getting tickets to an event, we have to take all that into consideration for accounting purposes, but it's not something that's driving our philanthropic decisions at this time.

? **How is technology, especially social media, disrupting fundraising?**

JONES: I don't feel that there has been a disruption on our fundraising. I think it's actually been a part of strategy and opportunity to get the information out about what we're doing.

Beyond your Facebook page, as the leader of a not-for-profit, it's also important to get out there and share on your personal page, if you have one, about the work that you're doing, including on Instagram and LinkedIn.

It's something important for the leader of that organization to also share it because it then drives people to your Facebook page. It drives people to your website.

We also use e-blasts. We have about 3,000 people that we can reach by sending an e-blast. We use press releases. We also look for opportunities to get out there in community engagement. There are so many different ways that we have to promote what we're doing, and we cannot just rely on social media.

GOLIBER: When I work with the organization, I remind them of the fact that they are strapped for resources. Social media is an accessible and easy way to help you tell your story about what sets you apart. It's an opportunity to engage with a wider audience, to then, if you are smart about the collaboration and strategy behind it, essentially tap into other people's audiences, too. And think about it almost from a public relations perspective, not to be inauthentic, but to just think about that as an added way to get your mes-

sage out there, especially if you're understaffed and under-resourced.

It's a platform to tell a story that gets people immediate opportunity for emotional attachment. If you're in an organization that's either, maybe, a little more old-fashioned, or isn't quite up to speed, it's worth it to learn how you can benefit from social media, not in lieu of any of those other important things, but to reach a potentially different audience and wider audience.

? **How do you anticipate the GoFundMe-type of social media requests will affect the nonprofit world going forward?**

BAECKER: I always think about the ALS Ice Bucket Challenge. It had such a huge following and it did raise a ton of money. I don't know that everyone who did it actually donated money. I think there was a mix of both.

What happened the following year was that the organization almost was hurt because they had this huge rise in donations in 2014, and none of those people that gave in '14 gave in '15. It was great for one year, but it wasn't a sustainable act for that organization. Those things can be good, but they can also have sort of a backlash to them.

SANDISON: And it also seems to happen at a time when the organization is in a position of needing to immediately respond to something at hand. An example is RAICES, the Refugee and Immigrant Center for Legal and Education Services organization that was on the front lines in Texas when the administration was separating minor children from their parents.

That GoFundMe campaign alone raised \$20 million, and they were on the front lines. So, not only are they getting this influx of money, which is amazing and a dream come true, but also it was at a time when all eyes were on them and immediate action was expected as a result.

It really is a double-edged sword and I think every nonprofit should be prepared to have some sort of plan in place to look responsive and take full advantage of being in that type of spotlight so you don't crash and burn in the moment. ■■■