

# White Paper

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## ***Successfully Raising Donor Contributions in today's "cash-poor" environment!***

Every person in the United States has heard this before...Please give to our mission, give to help our kids, our School, our Church, our pets...and, "Give until it hurts." It is time we change that outdated motto from give until it hurts to the more productive, "give so it works."

You can set yourself apart, not just by the great work you do, but by attracting Donors that "stick" to you and your mission. Donors give to an average of 5 different Charities each year and will switch to a different Charity without a valid reason.

### **Time to Change Our Thinking**

According to P. Joseph Phillips, "*Charitable Sharing* is the new Philanthropy. Eventually social fundraising will migrate to a mission of "Sharing" rather than giving to their nonprofits." Not only that it is time to create, "sticky Donors".

### **What is happening today**

The U.S. has 1.7 million nonprofits, and every one of them is seeking the same dollars from the same clients in hopes to move their mission and create a great cause. Nonprofits spend roughly 80%-90% of their time attempting to "woo" and attract Donors and dollars to their cause and mission with the same old marketing and fundraising methods. In this highly competitive market where donor dollars are in high demand and sorely needed to accomplish worthwhile projects, it is time to offer donors more than a tax write off and a thank you note. Charities have been using the same method for the last several Centuries. It's time as "social fundraisers" to work with donors and give them more reasons to support your work and become a "sticky" part of your organization.

Now, they can still support your mission and get the usual tax write-off but you can give them a better option. You can now give them a monetary return on their dollars, while at the same time allowing them to remain in control of their assets. This new innovative tool typically provides nonprofits with higher dollar per donation, as well as providing unrestricted dollars for whatever the agency needs most.

### **Problems nonprofits face each day:**

P. Joseph Phillips classified the funding of charities into the Three "G" (3G); Gifting, Granting and Giving (and the fourth but passed over – "Graveling"). They all start and end with the nonprofit on the bad-end.

**One of many** - Too many nonprofits are going after the same Donor and dollar; Church, Alumni Associations such as high schools, Universities, Post-Grad programs, Hospitals, community organizations and the list goes on forever. This creates too much noise with phone calls, parties, events, e-mail and mail. Too often, the Heart-felt messages expressing legitimate needs are lost.

**Time to Raise Money** - It takes up to roughly 80%-90% of a fundraiser or business development officer's time to bring in a typical Donor. Fund Raising is considered the number one cause of burn-out by nonprofit leaders, causing costly leadership turn-over and a disrupted goal.

**Donor Exhaustion**- Donors are expressing frustration and their own burn out with the number of requests for support. They want to help but with their own limited dollars and financial goals are forced to give either on a first-come, first-serve basis, or choosing a specific charity to support. They are growing weary of having to say, "sorry I can't give this year." As one survey that measured donors' sentiment found, donors are frustrated with being considered an ATM machine for charities.

### **Where did it all go?**

There is always more mission than money with nonprofits. It has all been allocated and it's gone, but help is still needed. The needs are growing at the very time government and public dollars are decreasing. More and more, these monies are restricted for a particular purpose or program with very little available to provide dollars needed to maintain and grow an agency.

### **What we have learned:**

Nonprofits are having an increasingly difficult time getting in front of donors with traditional methods no longer working.

Grants are becoming more difficult and more restrictive.

Baby Boomers are ready to pass on \$1.7 Trillion to their heirs, and nonprofits, but are putting performance strings on the cause and mission.

Donors have an increasing expectation that nonprofits must operate with efficient business practices and no longer provide just "feel good" services.

Entrepreneurs currently have two reasons for giving: a connection with the cause and the tax write-off. A return on money donated creates an innovative third reason that will promote increased donations

Donors want the assurance their donations are being used wisely by credible agencies and a mission with objectives.

Many of today's Donors are more sophisticated and educated in money matters.

Most Donors have at least 3 bank/brokerage accounts, and give to an average of 5 nonprofits in a year.

There are approximately \$10.7 Trillion dollars in brokerage firm's accounts sitting in mutual funds and other investments.

Nonprofits are stressed in resources, tools and staff.

### ***A New Solution for a New Philanthropy***

After considerable research and developing an understanding of what Donors and Nonprofits are looking for, there is a new uniquely crafted solution that meets Donors and nonprofits needs alike. Most wealthy donors understand "return on investment", investment strategies and sharing the wealth. This is a simple, easy yet brilliant new groundbreaking approach to nonprofit fundraising; The Charitable Profit Arrangement (the cpa program).

**The Charitable Profit Arrangement™** has a business process patent pending formulated into this unique product. Briefly, this is how it works:

- The Charitable Profit Arrangement serves as the intermediary that coordinates and manages the entire process on behalf of the Donor and the Charity.

- ❑ The Donor contributes assets into the Charitable Profit Arrangement on behalf of the Charity. The Donor agrees in advance through contract to SHARE their possible investment return amount with the Charity.
- ❑ A Financial Institution is responsible for housing and holding the investment vehicles, which are always in the Donor's name.
- ❑ Investment vehicles can be; stocks, fixed income, mutual funds, real estate, or alternative investments. The Donor has three different ways to choose the type of investment: Donor chooses, Personal financial advisor chooses or Donor can select a pre-designed portfolio.
- ❑ The Charitable Profit Arrangement is the administrator for preparation of distributing the profits to the Donor and the Nonprofit.
- ❑ Everyone WINS, with the Charitable Profit Arrangement.

### **How do Nonprofits Benefit?**

1. The Donor's contributions are committed for a minimum of 3 yrs, therefore the charity has the assurance of receiving dollars for that period of time. No more stress and concern about whether a donor will give again the following year.
2. This new cash flow can be used for operations and missions.
3. Nonprofit and Donor returns are paid quarterly.
4. The cpa program promotes a deeper connection between the donors and agencies.
5. The cpa program team of professional staff provides agencies' assistance in explaining and bringing in Donor dollars.
6. The cpa program™ is designed to generate greater returns to nonprofits from Donors contributions through a designed "profit arrangement".

### **How do Donors Benefit?**

1. An opportunity to marry investments to their philanthropic interests.
2. They are able to gift from money earned rather than reduction of their cash on hand or other assets.
3. The peace of mind knowing the money is hard at work toward the mission and cause and will be there for years to come.
4. The comfort in knowing their contributions are safe and secure.
5. They are able to establish stronger connections with their charity.
6. They are able to enjoy a solid tax write off on their donated "spill over" dollars

### **How do Nonprofits gather Donor's contributions?**

Assets are already available currently, with Trillions of dollars sitting at Merrill Lynch, Dean Witter, Wells Fargo, Schwab, TD Ameritrade, and other financial and banking institutions. The Charitable Profit Arrangement's skilled and professional staff is available to assist in the transition of the current and prospective Donor's contribution to the Nonprofit of his or her choice.

### **Icing on the cake**

*This Charitable Profit Arrangement will donate 10% of the profits that it generates back to the nonprofit of their choice.*

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