



Texas Association of Community College Foundations

2016 Annual Conference



Leah Goss
Chief Advancement Officer for
Lone Star College System

In December 2014, Leah Goss became the Chief Advancement Officer for Lone Star College System, providing fundraising leadership for an institution with six separate colleges and 95,000 students. She serves as the executive director of the Lone Star College Foundation, which has \$21 million in assets including \$12 million in permanently endowed scholarship funds. She leads a robust fundraising program that includes major gifts, corporate partnerships and events.

Leah comes to this position with a ten year record of success in community college fundraising in both Colorado and Louisiana, where she focused on capacity building for the state's 13 colleges. A community college graduate herself, Leah is passionate for the mission of the community college and its impact on students and the community. She earned a Bachelor of Arts in Communications and Public Relations and an MBA from Regis University in Colorado.



Measuring Fundraising Success: A 990 Toolkit

TACCF Conference
February 24-26, 2016; Austin, TX
Leah Goss
Chief Advancement Officer
Lone Star College



What is Success?

Did we raise more
\$ this year than we
did last year?

Was the gala a
success?

Are we giving out
more in scholarships?



Charity Navigator



- www.charitynavigator.org
- Charity Navigator rates non-profits based on two broad areas: **organizational efficiency** and **organizational capacity**
- Scores are derived from the 990
- The 990 is derived from your financial statements and is a public document

Purpose of Financial Statements

Financial statements report the organization's...

- 1) ...financial activity.
- 2) ...financial position.
- 3) ...programs and their cost.

Financial statements are reported in an income statement and a balance statement.



The Income Statement is a Movie



- Income Statement – A Movie
 - Reports financial activity over time; *shows revenue, expense, fund balances, comparison to previous periods, comparison to budget*

The Balance Sheet is a Snapshot

- Balance Sheet – A Snapshot in Time
 - Reports assets, liabilities, and net assets, at a moment in time



Categorizing Revenue

1. Non-profit organizations, foundations
 2. For-profit corporations
 3. Individuals
 4. Interest and investment earnings
-
- In-Kind (donated goods for Foundation use; includes college support of the foundation as per the MOU)
 - Sales, Fee for Service (not typical for community college foundations)

Categorizing Assets



Categorizing Expenses



1. Program Services
2. General and Administrative (G&A, Management)
3. Fundraising

The Chart of Accounts

- All revenue is coded by source, by restriction and by purpose.
- All expenditures are coded by purpose, by fund, and by function.



Statement of Functional Expenses

The statement of functional expenses, which is developed annually for the audit, shows all spending in the three categories, of program services, fundraising, and general/administrative (G&A, also called management expense).



The 990



Key data from your financial statements are reported on the 990, which provides all the numbers required to perform the calculations for efficiency measures for any non-profit organization.



Your foundation's 990 can be viewed by the public on Guidestar.

Organizational Efficiency

- Program Services Expenses: What % of the overall budget is spent fulfilling the expectation of donors by spending on programs and services in accordance with the mission?
- Formula: $PSE/Total\ FuncExp$



Organizational Efficiency

- General and administrative Expenses (G&A): What % of the overall budget is spent on running the organization? (salaries, supplies, accounting, facilities)
- Formula: $G\&A/Total\ FuncExp$

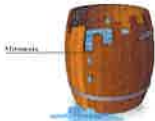


Organizational Efficiency

- Fundraising Expenses: What % of overall spending is spent to raise money?
- Formula: $FR/Total\ FuncExp$



Organizational Capacity



- Primary Revenue Growth: *Evaluates growth over time in all categories of revenue: corporations, individuals, foundations, earned*
- Program Expense Growth: *Evaluates growth in ability to support the mission over time*
- Working Capital Growth: *Evaluates growth in assets available to sustain programs over time*

Other Financial Measures

- Fundraising Cost Index (FRCI)
- Return on Investment (ROI)



FRCI: Fundraising Cost Index

- The fundraising cost index measures fundraising productivity as the ratio between what is spent to raise money and the amount that is raised.
- 10% is the target used by Charity Navigator; up to 35% is considered within range.



Fund Raising Cost Index

- An FRCI of 10% means that it takes \$.10 to raise a dollar.
- Formula: $(FR+GA)/TR=FRCI$



Return on Investment

The standard definition of ROI for the college's investment in a comprehensive development office is a measure of that investment in grants and private fundraising and that yield as it compares to the college's total administrative budget.



Sample ROI Calculation



| Any Town's Community College | |
|--|--------------|
| A. Total Development Office Budget | \$350,000 |
| B. Total College Administrative Budget | \$8,000,000 |
| C. $A/B = .04$ | 4% |
| Next | |
| D. Total Raised in Grants and Fund Raising | \$3,000,000 |
| E. Total College Budget | \$38,000,000 |
| F. $D/E = .078$ | 7.8% |
| ROI: $F/C (7.8\%/4\%)$ | 1.95 |
| Return On Investment | 195% |

Cost to Raise a Dollar – CTRD

Formula: Total Revenue/Total Cost=CTRD

- Capital campaigns/major gifts - \$.05-\$.10 per dollar raised
- Corporations/foundations (grant writing) - \$.20 per dollar raised
- Direct mail renewal - \$.20 per dollar raised
- Benefits/special events - \$.50 of gross proceeds
- Direct mail acquisition - \$1.00 to \$1.25 per dollar raised
- Planned giving - \$.25 per dollar raised and a lot of patience!
- National average, all methods - \$.20 per dollar raised



Success Measures



- Dollars raised, year to year
- Increase in total number, and average size, of contributions
- % of annual fund as a % of total dollars raised – indicates growth in loyal donor base
- Diversity of giving sources (individual, corporate, nonprofit) – indicates balance and stability

- Investment returns on funds
- Size of endowment – planning for the future
- Growth in number of donors by category
- Throughput – stewardship of dollars
- Growth in planned giving program
- ROI, FRCI, CTRD and other efficiency measures trending in the right direction?



Efficiency Messages

- Weave efficiency messages into the overall message for all donors.
- College faculty and staff are an important audience for this message.
- The Foundation Board will greatly value these efficiency measures, particularly as decisions are made regarding investing in events and campaigns.

Staff Metrics and Measures

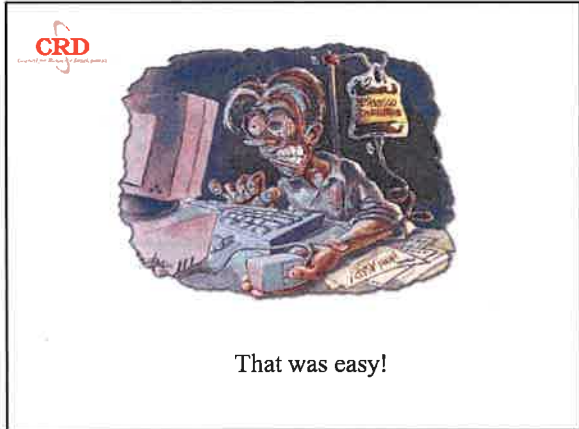


- The Annual Fundraising Plan, with targeted goals in specific areas, tasks, timelines, and accountability
- Donor cultivation, solicitation, and retention strategies including number of activities in each category, tracked and reported as part of the annual plan
- Number of funding proposals prepared and presented
- Average ask on a solicitation call
- % of time on fundraising VS administrative tasks

Handles not Hammers!

- Your financials provide invaluable tools to help you evaluate true costs and return on investment from your development office, college fundraising activities, and staff productivity.
- Use them to provide leadership to your board and accountability for your staff.





Return of Organization Exempt From Income Tax

2013

Department of the Treasury
Internal Revenue Service

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

Do not enter Social Security numbers on this form as it may be made public.

Open to Public Inspection

Information about Form 990 and its instructions is at www.irs.gov/form990

A For the 2013 calendar year, or tax year beginning **SEP 1, 2013** and ending **AUG 31, 2014**

| | | |
|---|--|--|
| B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending | C Name of organization N. HARRIS MONTGOMERY COMM. COLLEGE DIST FOUNDATION DBA LONE STAR COLLEGE FOUND. Doing Business As Number and street (or P.O. box if mail is not delivered to street address) Room/suite 5000 RESEARCH FOREST DRIVE City or town, state or province, country, and ZIP or foreign postal code THE WOODLANDS, TX 77381 F Name and address of principal officer: LEAH GOSS SAME AS C ABOVE | D Employer identification number 76-0336902 E Telephone number 832-813-6636 G Gross receipts \$ 28,490,951. H(a) Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. (see instructions) H(c) Group exemption number ▶ |
| I Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () ◀ (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527 | | |
| J Website: ▶ N/A | | |
| K Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶ | | |
| L Year of formation: 1991 M State of legal domicile: TX | | |

Part I Summary

| | | | | | |
|-----------------------------|---|----------------------------------|--|---------------------|--|
| | 1 Briefly describe the organization's mission or most significant activities: THE LONE STAR COLLEGE FOUNDATION MISSION IS TO CHANGE LIVES THROUGH STUDENT SCHOLARSHIPS. | | | | |
| Activities & Governance | 2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets. | | | | |
| | 3 Number of voting members of the governing body (Part VI, line 1a) | 3 | | 23 | |
| | 4 Number of independent voting members of the governing body (Part VI, line 1b) | 4 | | 20 | |
| | 5 Total number of individuals employed in calendar year 2013 (Part V, line 2a) | 5 | | 0 | |
| | 6 Total number of volunteers (estimate if necessary) | 6 | | 200 | |
| | 7a Total unrelated business revenue from Part VIII, column (C), line 12 | 7a | | 0. | |
| | b Net unrelated business taxable income from Form 990-T, line 34 | 7b | | 0. | |
| Revenue | 8 Contributions and grants (Part VIII, line 1h) | Prior Year | | Current Year | |
| | 9 Program service revenue (Part VIII, line 2g) | 3,427,938. | | 3,530,894. | |
| | 10 Investment income (Part VIII, column (A), lines 3, 4, and 7d) | 0. | | 0. | |
| | 11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) | 1,208,900. | | 630,646. | |
| | 12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12) | -63,724. | | -64,095. | |
| Expenses | 13 Grants and similar amounts paid (Part IX, column (A), lines 1-3) | 4,573,114. | | 4,097,445. | |
| | 14 Benefits paid to or for members (Part IX, column (A), line 4) | 772,814. | | 1,457,737. | |
| | 15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10) | 0. | | 0. | |
| | 16a Professional fundraising fees (Part IX, column (A), line 11e) | 0. | | 0. | |
| | b Total fundraising expenses (Part IX, column (D), line 25) ▶ 0. | 0. | | 0. | |
| | 17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e) | 415,919. | | 1,533,258. | |
| | 18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25) | 1,188,733. | | 2,990,995. | |
| | 19 Revenue less expenses. Subtract line 18 from line 12 | 3,384,381. | | 1,106,450. | |
| Net Assets or Fund Balances | 20 Total assets (Part X, line 16) | Beginning of Current Year | | End of Year | |
| | 21 Total liabilities (Part X, line 26) | 19,054,486. | | 22,747,995. | |
| | 22 Net assets or fund balances. Subtract line 21 from line 20 | 102,421. | | 695,078. | |
| | | 18,952,065. | | 22,052,917. | |

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

| | | | |
|-------------------------------|---|----------------------|--|
| Sign Here | Signature of officer LEAH GOSS, CHIEF ADVANCEMENT OFFICER Type or print name and title | Date | |
| Paid Preparer Use Only | Print/Type preparer's name MILES HARPER | Preparer's signature | Date Check if self-employed <input type="checkbox"/> PTIN P00327793 |
| | Firm's name ▶ CARR, RIGGS & INGRAM LLC | Firm's EIN ▶ | 72-1396621 |
| | Firm's address ▶ TWO RIVERWAY, FLOOR 15 HOUSTON, TX 77056 | Phone no. | 713-621-8090 |

May the IRS discuss this return with the preparer shown above? (see instructions) Yes No

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response or note to any line in this Part IX

| Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII. | (A) Total expenses | (B) Program service expenses | (C) Management and general expenses | (D) Fundraising expenses |
|---|-----------------------|---------------------------------|--|-----------------------------|
| 1 Grants and other assistance to governments and organizations in the United States. See Part IV, line 21 | | | | |
| 2 Grants and other assistance to individuals in the United States. See Part IV, line 22 | 1,457,737. | 1,457,737. | | |
| 3 Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16 | | | | |
| 4 Benefits paid to or for members | | | | |
| 5 Compensation of current officers, directors, trustees, and key employees | | | | |
| 6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) | | | | |
| 7 Other salaries and wages | | | | |
| 8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions) | | | | |
| 9 Other employee benefits | | | | |
| 10 Payroll taxes | | | | |
| 11 Fees for services (non-employees): | | | | |
| a Management | | | | |
| b Legal | | | | |
| c Accounting | 18,537. | | 18,537. | |
| d Lobbying | | | | |
| e Professional fundraising services. See Part IV, line 17 | | | | |
| f Investment management fees | 133,761. | | 133,761. | |
| g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch O.) | 310. | | 310. | |
| 12 Advertising and promotion | | | | |
| 13 Office expenses | 2,684. | | 2,684. | |
| 14 Information technology | | | | |
| 15 Royalties | | | | |
| 16 Occupancy | | | | |
| 17 Travel | | | | |
| 18 Payments of travel or entertainment expenses for any federal, state, or local public officials | | | | |
| 19 Conferences, conventions, and meetings | | | | |
| 20 Interest | | | | |
| 21 Payments to affiliates | | | | |
| 22 Depreciation, depletion, and amortization | | | | |
| 23 Insurance | | | | |
| 24 Other expenses. Itemize expenses not covered above. (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.) | | | | |
| a INSTITUTIONAL DEVELOPME | 1,344,158. | 1,344,158. | | |
| b ADMINISTRATIVE EXPENSES | 20,344. | | 20,344. | |
| c DONOR CULTIVATION | 13,464. | | 13,464. | |
| d | | | | |
| e All other expenses | | | | |
| 25 Total functional expenses. Add lines 1 through 24e | 2,990,995. | 2,801,895. | 189,100. | 0. |
| 26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. | | | | |

Check here if following SOP 98-2 (ASC 958-720)

**North Harris Montgomery Community College District Foundation
dba Lone Star College Foundation
Statements of Activities and Changes in Net Assets**

| <i>For the year ended August 31, 2014</i> | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---------------------|---------------------------|---------------------------|----------------------|
| Revenue and support | | | | |
| Donations | \$ 25,409 | \$ 2,237,169 | \$ 618,552 | \$ 2,881,130 |
| Fundraising donations | 472,218 | 37,135 | 276,411 | 785,764 |
| Net realized and unrealized gain on investments | 150,440 | 2,089,868 | - | 2,240,308 |
| Interest and dividends, net of investment fees | 22,622 | 228,357 | - | 250,979 |
| In-kind revenue | 313,710 | - | - | 313,710 |
| Total revenue and support | 984,399 | 4,592,529 | 894,963 | 6,471,891 |
| Restrictions released | | | | |
| Program expenditures | 2,837,429 | (2,837,429) | - | - |
| Total revenue, support and reclassifications | 3,821,828 | 1,755,100 | 894,963 | 6,471,891 |
| Expenses | | | | |
| Program services | | | | |
| Program enrichment | 451,693 | - | - | 451,693 |
| Student scholarships | 986,667 | - | - | 986,667 |
| Mini-grants | 19,377 | - | - | 19,377 |
| Institutional development | 1,344,158 | - | - | 1,344,158 |
| Total program services | 2,801,895 | - | - | 2,801,895 |
| Non-program services | | | | |
| Fundraising | 200,095 | - | - | 200,095 |
| General and administrative | 369,049 | - | - | 369,049 |
| Total expenses | 3,371,039 | - | - | 3,371,039 |
| Change in net assets | 450,789 | 1,755,100 | 894,963 | 3,100,852 |
| Net asset transfers | (260,335) | (124,937) | 385,272 | - |
| Net assets at beginning of year | 1,292,184 | 7,435,311 | 10,224,570 | 18,952,065 |
| Net assets at end of year | \$ 1,482,638 | \$ 9,065,474 | \$ 11,504,805 | \$ 22,052,917 |

DRAFT

The accompanying notes are an integral part of these financial statements.

**North Harris Montgomery Community College District Foundation
dba Lone Star College Foundation
Schedules of Functional Expenses**

| | 2015 | | | | 2014 | | | |
|-----------------------------------|---------------------|-------------------|-------------------|---------------------|---------------------|-------------------|-------------------|---------------------|
| | Program | | General and | | Program | | General and | |
| | Services | Fundraising | Administrative | Total | Services | Fundraising | Administrative | Total |
| Program enrichment | \$ 912,135 | \$ - | \$ - | \$ 912,135 | \$ 451,693 | \$ - | \$ - | \$ 451,693 |
| Student scholarships | 1,046,193 | - | - | 1,046,193 | 986,667 | - | - | 986,667 |
| Mini-grants | 19,106 | - | - | 19,106 | 19,377 | - | - | 19,377 |
| Institutional development | 55,893 | - | - | 55,893 | 1,344,158 | - | - | 1,344,158 |
| Decorations | - | 7,172 | - | 7,172 | - | 7,048 | - | 7,048 |
| Hotel and club rental | - | 47,090 | - | 47,090 | - | 16,795 | - | 16,795 |
| Entertainment | - | 4,180 | - | 4,180 | - | 4,215 | - | 4,215 |
| Printing and reproduction | - | 22,631 | - | 22,631 | - | 22,024 | - | 22,024 |
| Postage | - | 4,182 | - | 4,182 | - | 5,731 | - | 5,731 |
| Catering | - | 100,437 | - | 100,437 | - | 99,853 | - | 99,853 |
| Event supplies | - | 16,162 | - | 16,162 | - | 37,745 | - | 37,745 |
| Bank charges and credit card fees | - | 6,826 | 1,744 | 8,570 | - | 6,696 | 2,672 | 9,368 |
| In-kind expenses | - | - | 505,850 | 505,850 | - | - | 313,710 | 313,710 |
| Professional fees | - | - | 105,020 | 105,020 | - | - | 18,847 | 18,847 |
| Donor cultivation | - | 1,583 | - | 1,583 | - | 13,107 | 357 | 13,464 |
| Employee Campaign | - | 15,281 | - | 15,281 | - | - | - | - |
| Administrative expense | - | - | 21,653 | 21,653 | - | - | 20,344 | 20,344 |
| Total expenses | \$ 2,033,327 | \$ 225,544 | \$ 634,267 | \$ 2,893,138 | \$ 2,801,895 | \$ 213,214 | \$ 355,930 | \$ 3,371,039 |

See independent auditor's report.

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