

NFP ADVISOR

ADDRESSING IMPORTANT ISSUES IN THE NOT-FOR-PROFIT SECTOR

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Mobile Giving: Is It Right for Your Organization?

In the wake of the recent earthquake in Haiti, many were moved by the images of suffering and devastation. Millions of people of all ages, some of whom never contributed to a charity before, used their cell phones to “text” micro-donations of \$10 or less to relief organizations. While it’s clear that people are eager to contribute to well-known charities in the aftermath of a major disaster, you may be wondering if mobile giving would be an appropriate means of fundraising for your organization.

Appeals for mobile giving have been made by international relief organizations in the past, but the power of this fundraising channel was not fully appreciated until news spread of the generous response to the Haiti earthquake in January 2010. While one-day records for mobile giving totaled \$200,000 in the aftermath of the Indian Ocean tsunami in December 2004 and \$400,000 following Hurricane Katrina in August 2005, the total amount donated on the first full day of mobile giving after the Haiti earthquake was an estimated \$3 million. In less than 10 days, the Red Cross alone raised \$26 million via 2.6 million mobile giving donations of \$10 each.

To make micro-donations to the Red Cross Haiti relief effort, donors simply texted the word “Haiti” to an easy-to-remember number, or short code. Other charities also accepted texted gifts of \$5 or \$10 in the days and weeks after the catastrophe. Rather than having to write a check or use a credit card, donors who give via cell phone pay for the donation when they receive their monthly phone bill. Processors, like mobile application service provider Mobile Accord’s MGive, act as intermediaries, collecting donations from cell phone carriers and wiring them to the designated charities.

The success of these fundraising efforts has been

attributed to a number of factors, such as the ubiquity of cell phones in the United States and around the world, as well as the willingness of people, especially younger generations, to use their mobile phones to conduct financial transactions. In addition, Americans have grown comfortable with the idea of texting charitable donations due to other recent televised campaigns, such as a request by pop singer Alicia Keys on “American Idol” for cell phone donations to an African AIDS charity, a United Way mobile giving campaign aired during the Super Bowl, and telethons that offer the option of mobile giving.

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Building Better Teams

Most workplaces—in both for-profit and not-for-profit organizations—encourage “teamwork” among staff members. However, employees and volunteers who are assigned tasks that are to be completed individually may lose sight of the value of cooperating closely with co-workers. If teamwork is not occurring spontaneously in your organization, or if specific projects require more cooperation than is normally required, you may want to consider building teams focused on specific objectives.

While managers and staff members at nonprofits understand the concepts of community and collaboration, they may find it difficult to translate

these concepts into concrete action. Most people are educated in an environment that stresses “doing your own work” and “not relying on others for answers.” Consequently, getting people to work together may involve changing attitudes that have developed over many years.

Team-building exercises and retreats that are not directly related to the mission of your organization may help staff members get to know each other better on a social level, but they may not provide the guidance needed to collaborate effectively. Instead, encourage team members to meet in the office to discuss what tasks they intend to address as a team, how they believe these tasks can be accomplished,

and what issues relating to group dynamics might hinder them from meeting their goals.

Remember, building better teams takes time. Choosing a strong, visionary leader is an important first step. Often, a team can come up with

different solutions and creative ideas. They may also recognize problems or pitfalls that an individual working independently may miss. Building teams may help your organization be more innovative, effective, and efficient. &



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Can smaller nonprofits with less acute needs adopt a similar approach to fundraising? As long as a nonprofit is able to reach a wide audience, there may be opportunities to raise money via mobile giving. Perhaps your organization can announce a short code for donations at events where potential donors are gathered, such as concerts or football games, while also including the code on your website, social networking pages, and other marketing materials.

Mobile carriers and service providers generally charge fees for mobile giving campaigns. These may include a setup fee, a per call charge, and a percentage of each donation. Many smaller nonprofits operate their mobile giving campaigns through nonprofit entities such as the Mobile Giving Foundation, which serves as a channel for these donations by processing the contributions through selected application service providers and offering marketing advice upon

request. While there is a charge for these services, you select the level of service that suits the needs of your organization.

One potential downside to mobile giving is that donors may not agree to receive additional messages from the organization after the gift has been made. Other potential issues include low limits imposed by cell phone carriers on the total amount a subscriber can contribute via text message per billing cycle and the processing time

before the charity ultimately receives the donation, which may be up to 90 days.

Mobile giving can be a viable way to reach donors. Keep in mind that successful mobile giving campaigns are often reliant upon reaching a large pool of potential donors and center around a powerful emotional appeal that will inspire people to reach for their phones and make small, spontaneous gifts. &

Organizational Strategic Restructuring

The nonprofit sector of the economy has been impacted particularly hard by the harsh market conditions over the last several years. In an industry in which federal funding and charitable contributions are the primary source of financial stability, nonprofit organizations are being forced to develop new programs and strategies to continue operations. In addition, the funders of these organizations have become discouraged by the overlapping programs. As problems like this have become more prevalent, organizations have begun searching for solutions. One such alternative to these increasingly common dilemmas is a strategic restructuring program with other nonprofit organizations.

While there are a multitude of business combinations which may appear suitable for struggling nonprofits, an evaluation of individual organizational circumstances and goals will provide for the most successful combination. By reviewing the purposes of each entity, the compatibility of the organizations considered can be used to determine whether the collaboration makes sense. If the combination is fundamentally sound, the tax consequences must also be considered. The exemption status of the nonprofit organizations must remain consistent under Section 501(c)(3) and any changes

reflected in the newly combined organizations must be reported to the IRS. Lastly, the combination of nonprofits can present internal governing issues, the result of which might be the termination of jobs within the organization. If the benefits of the collaboration are greater than the possible negative consequences, then a strategic alliance is a likely solution.

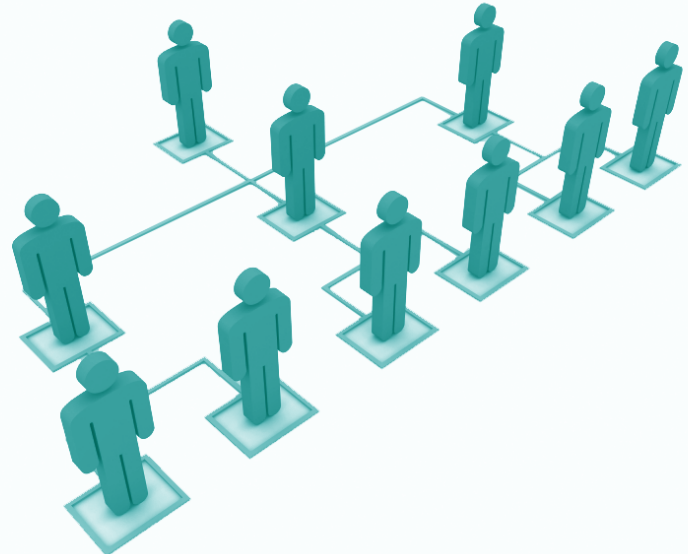
The following provides a basis for choosing which type of integration is most suitable for your organization.

ADMINISTRATIVE CONSOLIDATION

Strategically restructuring administrative functions of accounting, human resource management and public relations can greatly reduce monetary consumption as well as free other resources. These resources can then be employed elsewhere in the organization to improve performance, recognition and service.

MANAGEMENT SERVICE ORGANIZATION

Similar to an administrative consolidation, a management service organization seeks to greatly improve administrative function with an organization. However, instead of combining the existing resources of an organization, a separate entity is created. Consequently, this entity handles all of the administrative duties of



both organizations. This can dramatically improve the internal efficiency of both organizations, but allows each to keep their own programmatic functions.

JOINT VENTURE/MERGER

A joint venture or merger is the most involved collaboration because it combines the various administrative and programmatic functions of the nonprofits. Obviously the degree of integration can vary greatly within a joint venture/merger; however, this option can serve as a viable option for organizations struggling to exist independently.

While there are a large variety of organizational restructuring alternatives, the exact course of action should be determined by those most knowledgeable about the internal operations of the organizations. As the harsh realities of a struggling

economy continue to impact nonprofits across the country, it is becoming increasingly important to seek efficient and collaborative efforts as a plausible option. &

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