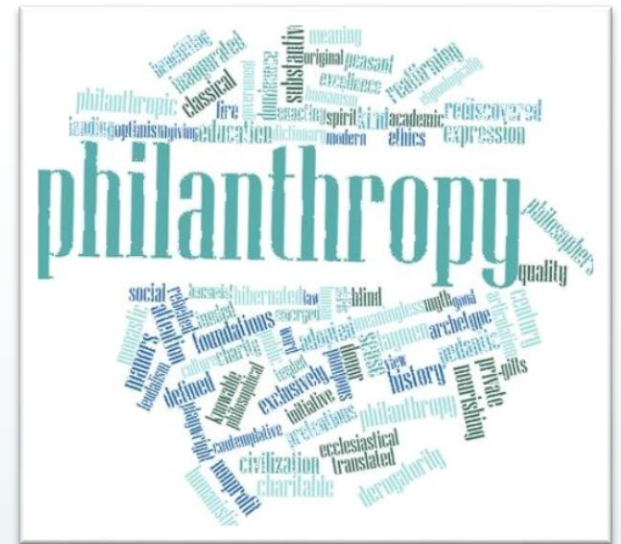


GIVING STRATEGIES DISCUSSION

Board of Trustees Meeting
Thursday, August 30, 2018 6:00pm



ROLE OF PHILANTHROPY IN AGING SERVICES



- Recent studies have examined the role and current and potential impact of philanthropy within aging services organizations.
- These studies have been undertaken by Leading Age and The Giving Institute.

All studies indicate opportunity for philanthropic impact.

- Although CCRCs/Life Plan Communities dominate Leading Age research, there are lessons to be learned.



From **Giving and the Golden Years: The Role of Private Giving in Aging Services Organizations**

- Aging services organizations include food programs, housing, adult daycare, in-home services, and nursing facilities.
- Organizations like food programs receive 82%+ of revenue through grants and contributions. Nursing facilities and home health services receive less than 5% of revenue from grants and contributions. Both models present risks by relying on a single types of income.
- Charitable giving = opportunity to grow/diversify income.
- Only 10% of aging services organizations have an endowment fund of any kind.

FUND RAISING'S POTENTIAL



“Fundraising is **not** a simple or short-term solution. Long-term investments must be made by an organization’s leadership, management, and the community at large. **With patience and diligence, a sound fundraising program should eventually return \$3 to \$5 for every \$1 invested.**”

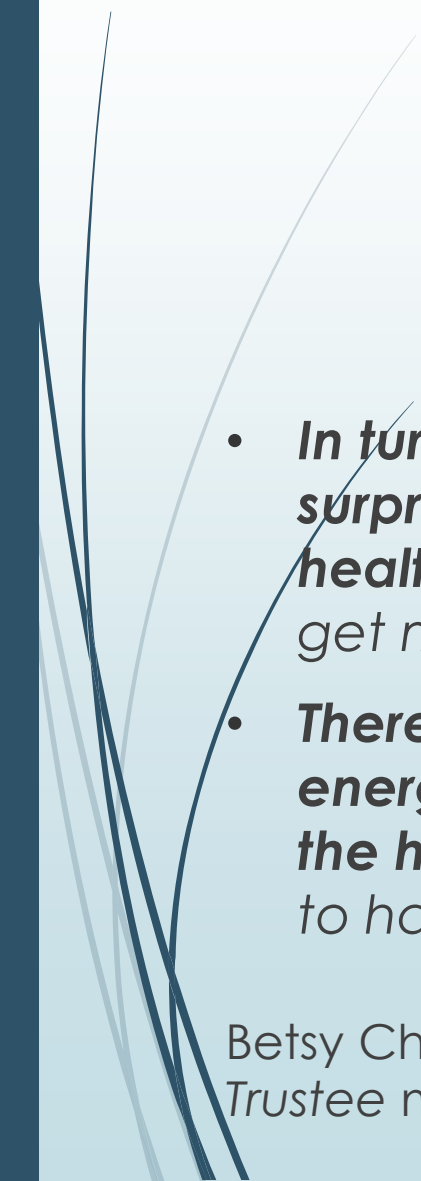
Laura MacDonald, CFRE, co-author of *Giving and the Golden Years* and Giving USA Foundation trustee



FROM HOSPITAL PHILANTHROPY...

- ...such a perfect storm in health care finance over the past few years. With significant cuts in Medicare and Medicaid payments and the shift from volume- to value-based care, **organizations increasingly need access to revenue that can power their plans.**
- Philanthropy is a key lever in strengthening the organization to secure competitive advantage, spur growth or sometimes keep the doors open. Operations are not necessarily the lion's share of net revenue anymore. **Philanthropy is one of the greatest diversification opportunities out there...**
- **High-performance philanthropy cannot be achieved by development staff alone.** Vibrant development is a broad organizational endeavor requiring alignment and shared focus.



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Betsy Chapin Taylor, President, Accordant Philanthropy, in the AHA's *Trustee* magazine, *The Role of Philanthropy in Hospital Income*.

Six Senior Living Trends and Implications for Philanthropy

RICHNER
+ RICHNER



Founded in 1997, Richner & Richner advises non-profit organizations across the U.S. on the design and implementation of comprehensive, tailored fundraising strategies to achieve ongoing, sustainable success. The company is based in Ann Arbor, Michigan.

While serving a wide range of clients and industries, Richner & Richner is unique among non-profit fundraising consultants. They focus the special nuances of fundraising at aging service organizations, and are deeply committed to the care and welfare of older adults.

TREND 1

CHANGE THE WORLD



WITH A GIVING HEART

Leadership is changing.

As in the broader non-profit sector, long-serving senior-living executives are retiring in unprecedented numbers. To replace them, boards are looking more and more to hospitals and health systems. These leaders typically bring a greater understanding of, appreciation for, and experience with fundraising than their predecessors. This may answer the new demand for fundraising acumen: fundraising expertise now ranks among the top three desired qualifications of chief executives for more than 75% of aging services providers.

- ***Implication:* Expectations for the performance and professionalism of philanthropy programs for aging services will rise.**

TREND 2

CHANGE THE WORLD



WITH A GIVING HEART

Competition is growing.

For-profit providers continue to add market-rate independent living units at a record pace. In addition, home and community-based services continue to grow in prevalence among both non-profit and for-profit providers. Both trends put competitive pressure on campus-based models.

- ***Implication:*** Non-profit status and a culture of sharing and generosity will receive more attention from marketing programs as unique selling points for campus living.

TREND 3

CHANGE THE WORLD



WITH A GIVING HEART

Consolidation continues.

Competitive pressures and compliance costs associated with the Affordable Care Act make it more difficult for older, smaller organizations to maintain a financially viable operation while making needed capital improvements. Affiliations, collaborations, partnerships, and outright mergers and acquisitions are increasing.

- **Implications:** Fundraising, especially for capital improvements, will become a more critical factor in organizational viability. Philanthropy programs will stall during ownership transitions.



TREND 4

Municipalities expect more.

Continuing financial pressures on municipalities are driving city leaders to look more skeptically at claims of social benefit from non-profit senior living communities perceived to serve the well-off. Demands for payment in lieu of tax and outright rescinding of local tax exemptions are increasing.

- ***Implication:*** Prominent philanthropy programs will be valued as a strategic substantiation and defense of non-profit status.

TREND 5

CHANGE THE WORLD



WITH A GIVING HEART

Diversification and innovation continue.

Senior living communities are adding specialized programs and facilities for memory support, and trying and adapting new models for service delivery.

- ***Implication:*** Foundations and individual philanthropists will see inspiring opportunities for grant-making to innovative organizations.

TREND 6

CHANGE THE WORLD



WITH A GIVING HEART

Incoming residents are different.

After the current wave of Silent Generation retirees, who enter senior living communities ever older and frailer, the Baby Boomers will bring different expectations and life experiences. They tend to be more opportunistic and self-interested than altruistic. They are also more likely to be single and childless.

- **Implication:** Residents will be less interested in current giving than in leaving a legacy on death. Gift planning staff will need to be more creative with giving opportunities, and involve non-family advisors.

What Does This Mean for Philanthropy at Martha & Mary



- A February 2011 feasibility study indicated that M&M had a strong reputation in the community, but was **UNREADY** for a significant capital campaign.

The study recommended:

- a deliberate and carefully orchestrated program of campaign readiness activities
- strategic outreach
- Board strengthening and development
- increased relationship-building activities with potential donors
- strengthening internal infrastructure.

This plan is outlined in the study's final report for implementation.

What Does This Mean for Philanthropy at Martha & Mary



- **Philanthropy provides an competitive advantage** in planning for M&M's long-term financial health and viability.
- M&M's location and programs serve a distinct population that relies on local services; **we do not compete with the King/Pierce/Snohomish** metro area.
- We have **deep historical ties in our community**--a strong foundation for building and establishing relationships.
- **Demographics** of aging in region = continued need for services; also, high demand for childcare.

What Does This Mean for Philanthropy at Martha & Mary?

OUR GOAL



Determine the impact and revenue potential of philanthropy on Martha & Mary as part of the organization's strategic planning efforts.

What Does This Mean for Philanthropy at Martha & Mary?

Opportunities

Individual Giving

- Annual Support
- Special Gifts for Major Projects (Capital/Strategic)
- Memorials and Tributes
- **Legacy Giving (Endowment)**

Events

- Gala, with less reliance on donated items and more emphasis on Fund A Need
- Additional, low price point/barrier to entry event(s) to grow supporter base

Grants

- Continue to support grants with grants contract—linked to strategic planning initiatives for best success



What Does This Mean for Philanthropy at Martha & Mary?

NEXT STEPS

- Appoint Philanthropy Task Force to work with Development Committee and Development Director
- Purpose of group: evaluate current development program; investigate revenue potential; research industry and community; identify what works and what's missing
- Provide findings and recommendations
- Develop work plan and timeline



What Does This Mean for Philanthropy at Martha & Mary?



SIMULTANEOUSLY...

- Begin regular Board and Senior Leadership education on philanthropy; engage Governance Committee
- Develop Giving pages on M&M website
- Participate in Leave 10 Kitsap planned giving initiative
- Undertake campaign for support for Best Practices Renovation and KIDS facilities
- Recruit new volunteers for fund raising activities

QUESTIONS/DISCUSSION

Philanthropy

- the effort or inclination to increase the well-being of humankind, as by charitable aid or donations



“Never doubt that a small group of thoughtful, committed citizens can change the world. Indeed, it is the only thing that ever has.”

—Margaret Mead

THANK YOU!