

## **RESOURCE DEVELOPMENT**

Guiding Principle: The responsibility for resource development is shared by the board and staff. Nonprofit organizations depend on an array of sources of financial support. An organization's resource development program should be maintained on a foundation of truthfulness and responsible stewardship. Its resource development policies should be consistent with its mission, compatible with its organizational capacity, and respectful of the interests of donors, prospective donors, members, prospective members, and others providing resources to the organization.

### **A. RESOURCE PLAN**

- (1) Nonprofits should have a resource development plan in place. This plan should outline a framework for ensuring appropriate financial resources for the organization, and a reasonable process to evaluate cost effectiveness of all resource development activities. Ideally, the resource plan should include diversified income sources to avoid dependence on a single source of revenue such as member dues, single payors, federal grants, or sponsorships. The resource development plan should be board-approved, regularly reviewed, and in accordance with the organization's budget.
- (2) A nonprofit's fundraising costs should be reasonable over time. On average, over a five-year period, a nonprofit should realize revenues from fundraising that are at least three times the amount spent on conducting them. Organizations whose fundraising ratio is less than 3:1 should demonstrate that they are making steady progress toward achieving this goal, or should be able to justify why a 3:1 ratio is not appropriate for their organization or its foundation.

### **B. SOURCES OF INCOME**

- (1) When determining what types of income sources are pursued by a nonprofit to meet its mission, the organization should carefully consider the income source's impact on the population served, its demographics, and overall mission alignment. The organization should also assess these sources of income for feasibility and any associated risk.

Note that standards V. C-F are particularly pertinent for 501(c) 3 organizations such as foundations associated with nursing organizations.

### **C. FUNDRAISING ACTIVITIES**

- (1) Solicitation and promotional materials should be accurate and truthful and should correctly identify the organization, its mission, and the intended use of the solicited funds.
- (2) All statements made by the nonprofit in its fundraising appeals about the use of a contribution should be honored.
- (3) Solicitations should be free from undue influence or excessive pressure, and should be respectful of the needs and interests of the donor or potential donor.

#### D. DONOR RELATIONSHIPS AND PRIVACY

- (1) Nonprofits should respect the member's, donor's, partner's or sponsor's right to determine how their name and contact information is used, including providing opportunities to remain anonymous, request that the organization curtail repeated mailings or telephone solicitations from in-house lists, and have their names removed from any mailing lists which are sold, rented, or exchanged.
- (2) Nonprofits must honor the known intentions of a donor regarding the use of donated funds.

#### E. ACCEPTANCE OF GIFTS

- (1) An organization should have policies in place to govern the acceptance and disposition of charitable or in-kind gifts that are received in the course of its regular fundraising activities. These policies should include procedures to determine any limits on individuals or entities from which the organization will accept a gift, the purposes for which donations will be accepted, the type of property, which will be accepted, and whether to accept an unusual or unanticipated gift in light of the organization's mission and organizational capacity.

#### F. FUNDRAISING ON BEHALF OF THE ORGANIZATION

- (1) Resource development personnel, including both employees and independent consultants, should not be compensated based on a percentage of the amount raised or other commission formula.
- (2) When using the services of a paid professional fundraising consultant, organizations should only use the services of

professional solicitors and fundraising consultants who are properly registered with the appropriate state authorities.

- (3) Organizations should exercise control over any staff, volunteers, consultants, contractors, other organizations, or businesses that are known to be soliciting contributions on behalf of the organization.