

For Your Information

(No. 62)

July 1, 2008

Subjects: August Conference Call and Meeting; Pending DMM changes; State Law Summary; 2007 giving data; IRS Election Year Education; Fundraiser CPE; Research.

Reminder: Lunch Discussion and Conference Call Invitation

On August 13th, from 12pm – 2pm, we will be holding an ADRFCO Lunch Discussion in New York. It will be a continuation of our February conference call discussion about the effects of the recession on fundraising. Please remember to put this on your calendar and join us either in-person or via phone. Please RSVP as soon as possible, but no later than July 30th to sarah_adrfco@msn.com or 202.463.7980 if you will be attending in person – we have limited space available.

USPS Rules Changes

Important changes in mail preparation are on the horizon. We've included two recent editions of the *DMM Advisory* that will be of interest to our ADRFCO Members and Partners. The first includes links to more information about the use of Intelligent Mail barcodes. The second deals with new address standards for presorted, carrier route, and automation flats. These new standards will take effect in 2009.

2008 State Law Summary

The *Annual Survey of State Laws* (as of January 1, 2008) is enclosed. It is compiled each year by *GivingUSA*, and we know our Members find it useful for reference. Look for a forthcoming edition of *In Brief* that will describe major changes to Hawaii's solicitation law enacted this spring.

2008 ADRFCO Gold Partners

You may have noticed that the ADRFCO website lists a "Partner of the Month" each month on the front page. These are our ADRFCO Gold Partners. These Partners provide their generous support to ADRFCO through their ADRFCO Gold Partner status and through the services they provide to our Members. We'd like to bring your attention to – and encourage you to contact them the next time you are in the market for their services - the Gold Partners that have been Partner of the Month in the first half of this year:

- ❖ January/February: **Carol Enters List Company**, 703.426.4419, Barbara Sims, *List Brokers & Managers*
- ❖ March: **Production Management Group**, 866.618.8841, Rick Powell, *Production Management and Premiums*
 - ❖ April: **MMI Direct**, 410.372.4216, Marvin Dawson, *Computer Services*
 - ❖ May: **Prompt Mailers**, 718.447.6206, Dennis Lacognata, *Lettershop and Printers*
 - ❖ June: **Belardi/Ostroy**, 415.886.6106, Jeanette Cassano, *List Brokers & Managers*
 - ❖ July: **List Services Fundraising**, 401.573.0010, Patrick Frame, *List Brokers & Managers*

Please see http://www.adrfco.org/index_files/adrfco_services2.htm for our continually updated Partners Directory. It contains the full listings of these and all our ADRFCO Partners.

2007 Giving Data

Blackbaud's 2007 Index of National Fundraising Performance found that there was a continued decline in giving, when numbers were adjusted for inflation. Meanwhile, *GivingUSA's* 2008 Yearbook found that the US's charitable giving for 2007 was 306.39 billion – surpassing 300 billion for the first time. Please find a summary of each study enclosed. We have posted the full Blackbaud report to the website at http://www.adrfco.org/index_files/inbrief.htm under the FYI 62 heading.

<OVER>

Election Year Educational Effort by IRS

This election cycle -- as with others in the recent past -- is prompting increased IRS attention to the political activity of nonprofits, especially 501c3s. See the IRS website at <http://www.irs.gov/charities/charitable/article/0,,id=181565,00.html> for more information on its "Political Activity Compliance Initiative." The goal, says IRS, is to educate charitable organizations on the laws surrounding 501(c)(3) organizations and political activity. Especially for those of you with clients whose public policy work tends to align them with a party or candidate's positions, *protect yourselves* (and your clients) by learning the basics. See especially a recent IRS revenue ruling -- developed as an educational tool -- that provides numerous examples of what is permitted, and what is not <http://www.irs.gov/pub/irs-tege/rr2007-41.pdf>.

Continuing Professional Education

Like it or not, CPE for fundraisers includes -- *must* include -- the application of laws and regulations. Case in point: a couple of month ago, an ADRFCO staffer received a thank-you package sent at standard rates featuring teaser copy saying (more or less) "Look inside for your gift receipt." The package had been in use for months. Trouble was, that language violated the USPS personalization rules. Theoretically, this would subject all those TKUs to surcharge for the prevailing difference between standard and first class rates. You do the math.

As you may (or may not!) recall, the USPS rules on this point are very exacting (see the USPS Customer Support Ruling on this subject, posted to the In Brief section of the ADRFCO website (FYI 62 section). Also posted to that section is the most recent iteration of Publication 1771, the IRS explanation of its "substantiation and disclosure" rules. This publication describes the obligatory information provided by your clients (we hope!) to their donors. Our experience suggests that these rules, like the personalization example above, have a tendency to fall off fundraisers' radar. Make sure they stay on yours.

More Research Articles

We've been collecting articles from the Chronicle of Philanthropy's *Philanthropy Today*, *Give and Take*, and *Prospecting* blogs, as well as other sources. We've posted these to our website our new Research section.

These articles cover topics that are of interest to everyone in the industry this year -- the recession, ethical lapses, green campaigns, and various other topics:

- *Donations to Charities Slow, New Study Finds* -- AFP study released in March showing that the size of gains in fundraising slowed from 2006 to 2007.
- *50% of Nonprofit Leaders Have Witnessed Ethical Fund-Raising Lapses, Study Finds* -- another survey released by AFP in March that found a wide range of ethical lapses in fundraising practices
- *How Giving Research Can Shape Fund-Raising Practices* -- discusses the importance of taking note of recent studies about giving when shaping fundraising campaigns and methods.
- *Public Confidence in Nonprofit Groups Slides Back, New Survey Finds* -- NYU's Organizational Performance Initiative found that only a quarter of Americans say that nonprofits do a "very good job" of helping people.
- *Direct Marketing Appeals Produced Sluggish Results Last Year, Study Finds* -- Target study that found declines in new donors and declines in donations made in response to direct marketing appeals.
- *Green Mission* -- Target Marketing Magazine reviews one nonprofit's goal to "green" their organization, from marketing to production.
- *Direct Mail Beats Predictions, Study Finds* -- Greater NY Chapter of the AFP survey found that direct-mail campaigns are maintaining their response rates, with some generational differences for online versus direct mail donations.
- *State of Giving Online Chat* -- recent online chat held by the Chronicle of Philanthropy that focused on how the US economy downturn is effecting nonprofit groups and fundraising.

You can find all these articles at http://www.adrfco.org/index_files/research.htm.