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Jay McMahon

Binghamton University--SUNY

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Evaluation of Financial Trends and Fundraising Program of STAP

Jay McMahon

Pamela Mischen – Faculty Advisor Mary Kaminiski – Site Supervisor

Binghamton University Binghamton, New York

Introduction

Every non-profit organization faces challenges with funding. This project examines fundraising trends and threats facing the Southern Tier AIDS Program (STAP). The project began out of concerns about the impact changes in Medicaid legacy rates and Governor Cuomo's plan for the end of AIDS 2020. Government grants and Medicaid are the largest revenue streams for the organization, changes in these streams could have a devastating impact on the organization. Along with identifying the impact of the funding changes I will evaluate the current fundraising programs and make recommendations based on the past trends and projections of the impact of funding changes.

Method

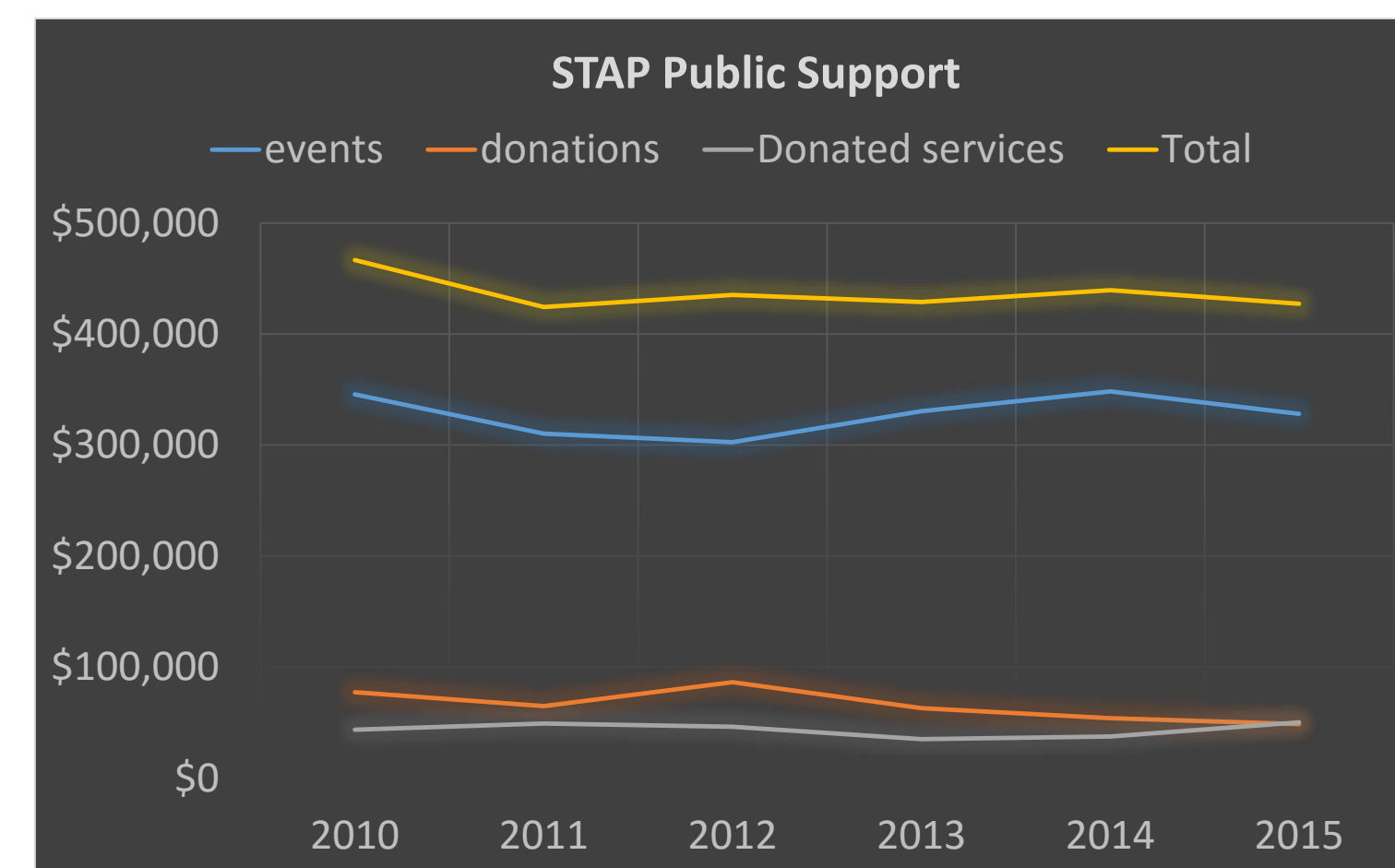
- Analysis of internal financial statements and annual reports from 2010-2015 was used to identify trends in individual revenue streams.
- Comparative analysis of STAP's fundraising effectiveness to similar non-profit organizations working with HIV/AIDS to give context to my analysis
- Literature review was used to identify and evaluate the effectiveness of potential tools for the organization.
- Capacity and SWOT analysis was used to determine the organizations ability to make changes.

Limitations of analysis

- Changes in Medicaid funding are based on predictions of what will likely happen when new rates are released. The rate change does not take into account what will happen with the volume of clients. This was mitigated by conducting a sensitivity analysis to determine a range of possible impacts.
- The SWOT analysis is predominantly observational and leaves room for opinion and interpretation.
- Organizational comparison is based on review of annual reports. There was some variation in reporting practices. This leaves potential room for error in assigning expenditures to administration versus fundraising expenses.

Findings

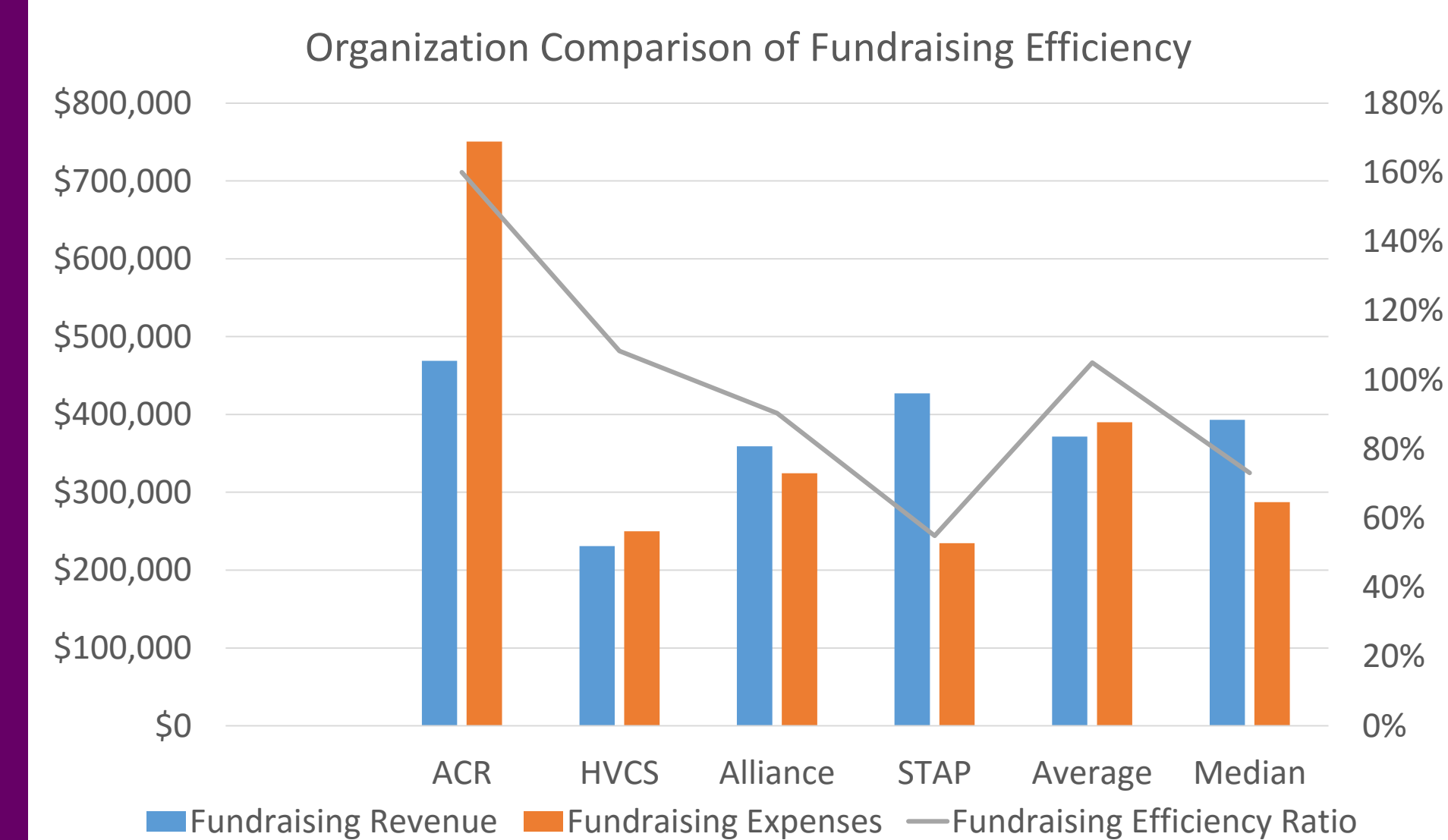
- Financial projections indicate that the Medicaid rate change will not have enough impact to prove a threat to the organization. This change will greatly reduce organizational surplus and potentially leave the organization vulnerable to future funding changes.
- A review of Governor Cuomo's plan for the end of AIDS 2020 indicated that there was a financial rationale to the implementation of this plan. Based on the success of this plan, funding from this stream may decrease. STAP would be particularly vulnerable to this change due to the comparatively low infection rates to the rest of the state.
- Longitudinal analysis of individual revenue streams identified that individual gifts and event revenues have both been declining.



STAP has experienced average annual declines in donations and event revenues. This is a concern for the organization, because it may indicate a decline in public support of the organization. Currently, this is not a large problem for the organization due to rising revenue from Medicaid and Government Grants. These revenue streams are expected to decline, and public support will become a more important element in the development mix in the future.

SWOT analysis of the organization is based on my own observations. Further empirical research could elaborate and strengthen this analysis. This analysis is the result of conversations with STAP staff, evaluation of social media, and conversations with members of the community.

	Strengths	Weaknesses	
	<ul style="list-style-type: none"> • Organization has strong community support as demonstrated by volume of volunteer and social media following. • Organizational effectiveness has been demonstrated by government grants to start new programs 	<ul style="list-style-type: none"> • Large organizational budget with high surplus. • Organizational level reporting does not show where programming needs exist. • Members of the community are not aware all programs that the organization offers. 	
Opportunities	<ul style="list-style-type: none"> • Organizations community support has the potential to translate to financial support. Improved use of Social Media has potential for attracting new donors. • Disaggregated financial reporting can show programs that have funding deficits. 	<ul style="list-style-type: none"> • Anticipated changes in Medicaid will result in an undeterminable loss of revenue. • Potential impact of Cuomo's End of AIDS 2020 plan may result in additional funding cuts 	Threats



The Better Business Bureau Wise Giving Alliance established a fundraising efficiency ratio as a benchmark for measuring the effectiveness of fundraising efforts. This ratio compares fundraising expenditures to monies raised. The standard established is to maintain fundraising expenditures at no more than 35% of fundraising revenue. STAP does not currently meet this standard, but it closer than any comparable organization.

Recommendations

- **Start Slow** – Analysis indicates that the immediate changes will not be detrimental to the financial health of the organization. Based on the capacity analysis, the organization does not have the ability to take on a traditional annual campaign without additional staff. Previous campaigns generated approximately \$20,000 and the expense to hire an additional development staff would cost approximately \$60,000.
- **Implement Program Level and Impact Reporting** – Aggregate level reporting that the organization currently uses hides shortfalls in individual program funding. Program level reporting will demonstrate organizational need and how donor dollars are used. Impact reporting is a tool that was present in the annual reports of the organizations used in the comparative analysis. Impact reporting will demonstrate the volume of people served and the value of supporting STAP.
- **Hire a Database Consultant** – Much of the literature identifies that donor databases are a necessary tool for all stages of fundraising. Databases allow staff to accomplish more without less time and resources. This will help the organization increase it's capacity with a lower cost than additional staff.
- **Implement a Social Media Strategy** – Research on social media is still thin, but early indicators demonstrate that it is proving to be a powerful low cost tool for engaging stakeholders and generating additional revenue. Implementing a new strategy requires an investment of time and resources in the beginning, but once established have a relatively low cost and time commitment to maintain.
- **Hire an Intern** - Implementing these changes will require additional support in the beginning, and my analysis identifies that hiring additional staff would not be effective. An intern can provide the short term support the staff needs without increasing development expenditures.

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