

## **Strengthening SIGS Committee: Finances Subcommittee**

### **SIGS: How to Raise Money**

How do SIGs raise money? For programs, events, activities and communication with their members and the general public? And how do they keep that money in a bank account? Below are some options and answers.

- A. Ticket Sales | Opening a Bank Account**
- B. Collecting Dues**
- C. Tax-Deductible Contributions through Harvard**
- D. Creating a Not-For-Profit Organization**
- E. In-Kind Contributions**
- F. Partnerships**

#### **A. Ticket Sales**

Selling tickets to an activity or event is the simplest way to accept money. It also allows a wide audience easily to participate in your activities, because tickets can be purchased on site or online—by cash or credit (or even check if you choose to accept them),

#### **How to collect ticket sales – online and on site:**

##### **Online:**

1. Sign up for a merchant account. A merchant account is a bank account that allows you to accept credit card payments. One can establish a merchant account with any bank or credit card company. Merchant accounts often have various fees attached to them.
2. Choose a third-party processor. If you don't want to deal with setting up a merchant account, a third-party processor will use their merchant account to accept credit card payments on your behalf. You will be charged a processing fee by the third-party processor. Also, expect delays in transferring the money to your account. An example is "Tilt."
3. Use Paypal. Paypal offers opportunities to accept money online.

##### **On-site:**

1. Receive money by cell/smart phones as used by the taxi drivers using various apps, "levelup" etc.
2. Collect physical checks/cheques
3. Collect cash. The drawback here is the risk/exposure to theft. It is important to keep careful records of cash collected at events.

Note: With any ticket sales, it's important to collect the contact information of the people who are participating, so that you can communicate with them in the future about events.

**Setting up a bank account:**

1. For 501c-3
  - a. This is easier as all it entails is taking your 501c-3 certification to a local bank and you can set up an account for the organization. See below for setting up a not-for-profit organization)
2. For non-501c-3 groups:
  - a. This is slightly trickier in that you will have to set the account up with personal social security numbers. In doing so you want to set up non-interest bearing accounts so as to not trigger a taxable event if the account were to gain interest. You should also have checks and balances in place to watch over the account. You should also establish provisions in case someone becomes inaccessible (due to travel or lapsed participation).
  - b. The Class of 1993 was able to do this and we used the four officers (Harvard Marshal, Radcliffe Marshal, Secretary, and Treasurer) as signatories on the account. Each of the four receives a monthly statement. Each of us also has a checkbook should the need arise to disburse funds and these actions are agreed upon by email notification.

**B. Collecting Dues**

Some SIGs choose to collect annual dues, rather than—or in addition to—charging for individual events. Harvardwood is the prime, successful example. If you have an Alumni Magnet web site, it is possible to collect dues through the site.

**The advantages of this approach include:**

1. It's a reliable source of income
2. One big push can garner a significant amount of income
3. "Auto-Renewal" means that you obtain a credit card once and continue receiving annual dues until that person actively requests that it stop
4. People feel connected to an organization to which they "belong"
5. You have the opportunity to tier memberships (e.g., lower rate for recent grads)

**The disadvantages of this approach include:**

1. If you don't have consistent programming throughout the year, you can disappoint your membership. You must keep reinforcing the value-proposition
2. There are technical issues involved in keeping track of who is a dues-paying member, entitled to access for event registration--or perhaps even a discount rate when registering for an event. If you have an Alumni Magnet web site this is possible to arrange, but requires some housekeeping
3. You rely on technology and technology can fail. And when it does, a real live human being needs to troubleshoot the situation in a timely manner. (e.g., "I'm a dues-paying member but I don't see the discount for this event" or "I renewed my membership but the system isn't recognizing me as a member...")
4. You might want to have tiered membership (regular members; trial membership; membership for recent grads, etc.) and the more complex the membership tiers, the more potential for errors.

## **C. Tax-Deductible Contributions through Harvard**

### **Undergraduate-based SIGs**

If your SIG is connected to an undergraduate organization at Harvard, people can make donations to Harvard earmarked for that undergraduate organization. (Examples of undergraduate-based SIGs include The Harvard CityStep Alumni Alliance, which is connected to the undergraduate service organization, CityStep; Harvard World Model United Nations Alumni Group; The Signet Society Alumni; Alumnae and Friends of Radcliffe College; Crimson Key Society Alumni and Affiliates; and First Generation Harvard Alumni.) These contributions strengthen the student organization, something your SIG members would find valuable.

Though these contributions won't go directly to alumni activities, they can fund enrichment for the undergraduate organization that serves the SIG members as well. For example, donations to CityStep by alumni are used by the undergrad organization to host a reception for alumni at the annual CityStep Harvard show. It's an event that benefits both the undergraduate organization and the members of its related SIG.

### **The advantages of this approach include:**

- 1) Harvard takes care of the paperwork associated with the tax-deductible contributions, notifying donors with an official letter;
- 2) A bank account does not need to be opened; the money is safeguarded by Harvard;
- 3) It is easy for people to donate. They can send in a check or donate online.

### **The disadvantages of this approach include:**

- 1) It's hard to keep track of who gave what (CityStep asks that alums send them an email when they make a contribution to Harvard earmarked for CityStep so that they can keep their own accounting of these donations.)
- 2) Monies raised this way are not intended to go toward alumni experiences exclusively. They go toward the undergrad organization's activities. The organization can choose to use the funds to sponsor activities that benefit alums as well.
- 3) It works best when there is a close relationship and frequent communication between the undergraduate organization and its SIG.

### **How to donate through Harvard:**

1. People can **write checks** payable to "Harvard University" with [name of student organization] in the memo line. Checks can be mailed to the student organization so that they are aware of the donation and can pass them to Harvard.
2. People can **donate online**.  
(Note: these instructions can change when Harvard updates its web site.)
  - a. Go to <http://alumni.harvard.edu/give>
  - b. Select "make a gift to a school" and then select "College."
  - c. Choose "OTHER-Harvard College" from the dropdown menu and a box will appear allowing you to enter additional information regarding the gift ("Other

- fund name”). Be sure to include the name of the student organization and the student organization’s account number with Harvard (XXX-XXXXXX).
3. People can take advantage of their employer’s **Corporate Matching Gift Program**. You can tell your audience:
    - a. Search for details on your company's matching gifts programs at: <http://alumni.harvard.edu/ways-to-give/stocks-matching-gifts>
    - b. If your or your spouse's company has a matching gift program, please request a matching gift from the company and send us the completed form. You can send it separately or together with your gift contribution.

## **D. Creating a Not-For-Profit Organization**

Some SIGs have decided to form federally-recognized, 501(c)3 not-for-profit organizations, so that they can raise money directly through tax-deductible contributions. Examples include The Signet Society Alumni; The Harvard Glee Club; and most recently, The Harvard CityStep Alumni Alliance.

### **The advantages of this approach include:**

- 1) People can make tax-deductible contributions directly to the SIG
- 2) There is a bank account for the organization that is not associated with an individual’s SSN
- 3) The organization and its bank account continues even when individuals cycle off

### **The disadvantages of this approach include:**

- 1) There is quite a bit of organization and paperwork needed to incorporate
- 2) Careful records must be maintained, including budgets, minutes and annual federal forms; letters must be sent to donors acknowledging tax-deductible contributions (not necessary for ticket sales)
- 3) A board of directors of at least three people needs to pay attention and take responsibility
- 4) You have to maintain your own bank account

### **How to Incorporate as a not-for-profit organization**

The steps involved in incorporating are listed below. Since applications are often rejected for specific errors by either the state or the federal government, you might choose to spend \$2,000 and hire a service that walks you through the incorporation process and assures your having a successful outcome. An example of such a service is the Foundation Group, which CityStep used:

The Foundation Group, Inc.  
Nonprofits Get Started Here!  
1321 Murfreesboro Pike, Suite 610  
Nashville, TN 37217  
Phone 888-361-9445, 615-361-9445 (Nashville)  
Fax 615-361-9429

Here are the basic steps involved:

1. You file for your EIN (**Employer Identification Number**) with the federal government through an online form found at IRS.gov. The EIN allows you to open a bank account and file a tax return. You will need to enter, for example:
  - a. Official name of the organization
  - b. Physical location (address and state)
  - c. Name of the responsible party
  - d. The principal purpose of the organization
2. You file your **Articles of Incorporation** with your state's Department of Corporations. Since each state has a different way of doing things, you have to get more information from the state in which you choose to incorporate. In New York, for example, it costs about \$75 to submit your application and \$10 to get a certified copy. A few weeks later (quicker if you pay to expedite), you will receive your "certified" Articles of Incorporation back from the state and you are off and running. The Articles of Incorporation is a fairly short, simple document and includes:
  - a. The name and address of a person who is the "incorporator"
  - b. The names and addresses of the three initial members of the board of directors
  - c. Various checked boxes and boiler-plate language related to the non-profit motive and activities of the organization
3. **You hold your first board meeting**, at which several documents need to be officially approved by the board and signed and dated by the secretary, so that they can be included in your application to the federal government. They include:
  - a. **Approval of the Bylaws** (which can be amended from a boiler-plate version). These specify the mission of the organization; how many times per year the board of directors will meet; length of board terms; process for succession, etc.
  - b. **Nomination and election of officers and board members.** This includes the Roles and Responsibilities of the board members; and the list of the proposed board members (minimum of three)
  - c. **Approval of Bank Resolutions.** This includes the authority to open a bank account; delegation of authority to the officers so that they can pay general fees, reimbursements and expenses; establishment of the fiscal year; naming of the Registered Agent, etc.)
  - d. **Approval of Annual budget.**
  - e. **Approval of a hire.** If there is a hire, such as an executive director, then the job description and compensation must be approved by the board, including research on comparable salaries.

The board votes to adopt the resolutions, the board secretary signs and dates them, and these go into the package that will be filed with the federal government in order to get your nonprofit status.
4. **You file with the federal government**

## **E. In-Kind Contributions**

Creative thinking can garner for your SIG lots of additional resources for events. You have a community of Harvard-educated, committed adults of all ages to offer a business that makes an in-kind donation. They will get credit in your signage. This is a valuable commodity to a business that is looking to connect with your demographic. You would be surprised what companies and businesses will give you, but you need to ask. And don't forget to consider people within your own alumni network who can provide what you need in order to make an event successful. The following in-kind contributions have all been successfully garnered for SIG events:

- a. Donated food
- b. Donated or drastically discounted beverages, including liquor
- c. Discount signage and marketing materials
- d. Discounted or pro-bono consulting services (e.g., financial)
- e. Photography/videography
- f. Rental of chairs, tables, linens
- g. Space rental

## **F. Partnerships**

- G. Partner with other SIGs on events
- H. Partner with the local Harvard Club in order to have space
- I. Co-sponsor the event with another non-Harvard organization. They might be a similar group from another university--or an organization just related to the event topic
- J. Partner with a local eatery or watering hole. Often a bar will give you discounted drinks (or open bar) for a certain period of time on a given day for your people. Or they will allow you to cordon off an area for your members to gather. It might cost you nothing to organize a gathering of your members if they pay for their own (discounted) drinks. You can include one specialty drink free of charge (with one donated brand of liquor).