

Scenario Building for Nonprofit Capital Projects

*A guide for nonprofit leaders
and board members*



**THE
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Strengthening Nonprofits

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When you are starting to investigate the possibility of a capital project, remember that **you always have choices.**

Too many organizations jump straight into thinking they need to initiate a large philanthropic fundraising campaign without fully exploring all options.



Possible Scenarios

Organizations can buy, build, rent, expand, renovate, merge, share, or consolidate programs in your existing space.

You have lots of options and you should explore them all.



Restructure to increase efficiency using existing staff and facilities



Lease multiple new facilities in strategic geographic locations



Renovate and expand current facility



Purchase and renovate a new facility



Subcontract, partner or co-own a facility with another organization



Purchase land and build a new facility



Lease a new facility in a strategic location

Sources

Most capital project financing is a blend of sources.

Which sources depends on your programming and mission but potential sources include debt financing, organizational equity, government funding, tax credits, and private donations.



Cash reserves



Short or long term debt



Earned or tenant income



Individual giving



Government allocations
(lottery dollars, tourism dollars, etc.)



Private foundation grants



Bequest income



Tax credits (new market tax credits, etc.)



Investment and/or endowment revenue



Historic preservation dollars



Government grants

A Comprehensive Budget

Making sure that all elements are included in your budget planning is essential. How much money a project requires goes far beyond just the construction costs, and needs to include the following.



All capital project expenses



Expanded operating expenses

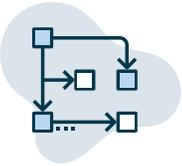


Fundraising and project management costs

Business Planning Key to Success

Capital campaigns consist of three interconnected planning elements with the business planning and scenario building piece the real key to success.

By exploring a wide range of possible paths forward, your organization will test the viability and sustainability of different scenarios and be prepared to answer critical questions from foundations and individual donors.



Project Planning

- › Your Vision
- › Community Need
- › Goals + Impact
- › Space Requirements



Business Planning

- › Sources + Uses
- › Business Model
- › Financing Strategy
- › Pro Forma Analysis



Fundraising Planning

- › Key Messages + Case for Support
- › Campaign Volunteer Leadership
- › Prospecting + Feasibility + Fundraising
- › Long-term Fundraising Capacity Building

Each element seeks to answer key questions to move your project forward

Project Planning

- › How does this project fit within our long-term strategic plan and vision?
- › What does the community need?
- › What impact are we seeking to make?
- › What are the core objectives for this campaign?
- › What long-term program goals do we have and what spaces will we need?
- › How much and what kind of space(s) do we need?

Business Planning

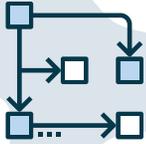
- › How will we fund this project?
- › What sources of revenue will we use?
- › How much of this project will we finance long-term?
- › What non-philanthropic revenue can we access?
- › Which sources of funds map to which aspects of the project?
- › How much will short-term bridge financing cost?
- › How much, on top of direct project costs, will running this campaign cost?
- › What is our financial model for sustainably operating post-campaign?

Fundraising Planning

- › How much money can be raised from philanthropic sources for this project?
- › Which individuals, foundations and corporations are the best donor prospects?
- › Which volunteer leaders will champion this project?
- › What messages will resonate with donors and the community?
- › How can we use this campaign to grow our annual fundraising?

Breakout of the 3 Planning Components

Project Planning



- Define long-term programmatic goals
- Outline campaign objectives
- Engage architecture and project visioning partners
- Community-centered visioning
- Quantify space requirements
- Engage owners representative

Business Planning



- Identify non-philanthropic revenue sources
- Develop pro forma for post-campaign
- Develop budget for campaign, including soft costs + campaign costs
- Develop business plan for project
- Develop working goal for project
- Engage financing partners
- Engage construction partners
- Finalize campaign goal

Fundraising Planning



- Engage capital campaign consulting partner
- Assess current fundraising capacity
- Engage lead donor prospects
- Screen donor + foundation lists for best prospects
- Develop project case + messaging
- Develop campaign volunteer leaders
- Execute feasibility study to test working goal
- Raise board, lead and major gifts
- Announce campaign to public
- Community fundraising phase

Building stronger nonprofits is our superpower.

The Varga Group consultants are trusted advisors, coaches and strategists to high-performing, high impact organizations and their leaders.

What makes us different?

When you work with The Varga Group, you can expect the same comprehensive services a large firm delivers – combined with the personal commitment, real collaboration and customized solutions of a boutique agency. We dig in deep and address your unique challenges with creative thinking and customized strategies.

We are capital campaigns experts.

The Varga Group is a management consulting firm specializing in capital campaigns, fundraising training, board development, retreat facilitation, and leadership Coaching.

About The Varga Group

The Varga Group is a management consulting firm specializing in capital campaigns, fundraising training, retreat facilitation, board development and leadership coaching.

Since 2013, we've worked with over 60 higher education institutions, independent schools and nonprofits to grow their fundraising, train their board, coach their leaders and successfully navigate their capital and comprehensive campaigns.

We have helped our clients raise more than \$90M since 2013.

Our team is based in Portland, Oregon and we work with clients nationwide.

The Varga Group is proud to be a woman-owned business.

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