

Goodworks, Inc.
The Business Case for Gift Planning

Where We Are:

- Goodworks has (#1) 325 living individual donors who have made a deferred gift commitment; this represents (#2) .03% of Goodworks's pool of active donors.
- Over the last ten years, Goodworks has received (#3) 17 estate gifts with an average gift size of (#4) \$145,643. Of these (#3) 17 decedents, (#5) 6 were members of the Legacy Society and (#6) 11 were unknown to Goodworks before the donor's death. This (#7) 25.3/64.7% known to unknown ratio reflects there may be at least (#8) 213 additional gift commitments undiscovered among Goodworks donors.
- Goodworks has a deferred gift "stick rate" of (#9) 75%. In other words, of the (#10) 8 members of the Legacy Society who died over the past ten years, (#11) 6 made a gift to Goodworks through their estate plan.
- Realized planned gifts represented (#12) \$375,000, or 5.73% of Goodworks revenue in 2019, its most recent fiscal year.
- Goodworks donors use cash to fund most gifts. Of the (#13) 5,025 individual gifts of \$1,000 or more in 2019, only (#14) 35 donors used publicly traded stock or other non-cash assets to make the gift, and no (#15) donors made blended gifts incorporating a current and deferred element to the gift.

The Opportunity:

- Goodworks has the opportunity to secure a substantial number of additional deferred gift commitments. Goodworks has (#16) 595 donors who have made a gift in ten or more of the past twelve years, indicating a high level of commitment to and partnership with the charity. Securing a deferred gift from 10% of these donors, using an average gift size of (#4) \$145,643, would generate (#17) \$8,680,323 in additional future revenue; securing a deferred gift from 15% of these donors, using an average gift size of (#4) \$145,643 would generate (#18) \$13,020,484 in additional revenue.
- Goodworks has the opportunity to discover an estimated (#8) 213 deferred gift commitments already in place to provide stewardship and donor engagement which will help secure that future revenue. Using the average gift size of (#4) \$145,643, these undiscovered gifts represent (#19) \$31,021,959 of future revenue.
- Research shows that donors who put deferred gifts in place generally increase their annual giving, impacting the stability and growth of current revenue.
- Goodworks has the opportunity to increase annual giving by expanding gift options to include non-cash gifts, split-interest gift forms, and engaging donors in blended gifts. Tapping into this broader range of assets will help to maximize donor benefits and the impact on Goodworks.

The Investment:

To realize this opportunity, Goodworks is committed to:

- Incorporating gift planning and deferred gift conversations into donor interactions across the donor base;
- Soliciting, valuing, counting, and tracking revocable deferred gift commitments;
- Expanding the charity's ability to analyze and accept non-cash gifts such as real estate, closely held securities, insurance, and tangible personal property;
- Adopting team structures, metrics, and goals that build collaboration among the teams and foster conversations with donors that encourage current, deferred, and blended gifts; and
- Committing to a stewardship plan that positions donors as partners in the short-term and long-term accomplishment of our mission.

Goodworks, Inc.
The Business Case for Gift Planning

Calculations for Inputs in the Business Case

- #1 Living Individual donors who have made a deferred gift to Goodworks**
325 members of Legacy Society
+4 notifications from donors who notified Goodworks but want to remain anonymous
329 Total
- #2 Percentage of active, living, individual donors who have made a deferred gift to Goodworks**
Goodworks has 1,246,734 individual donor records
209,000 of those individual donors have made at least one gift in the last three years

 $329/209,000 = .16\%$ of its active individual donors have made a deferred gift.
(.03% of all active individual donors)
- #3 Number of matured gifts from estates/resulting from donor's death received over the last ten years - make sure you count number of donors, not number of distributions.**

Goodworks had 17 donors leave estate gifts/IRA beneficiary designations/retirement plan distributions/pay on death provisions on financial account over the last ten fiscal years

Goodworks received \$2,475,926 from these 17 gifts.
- #4 Average matured deferred gift size over the last ten years**
 $\$2,475,926/17 = \$145,643$
- #5 The number of Legacy Society members (or anonymous but known) donors of the 17 who died and left gifts to Goodworks over the last ten years.**

6 of the 17 were "known" prior to death
- #6 The number of donors who died and left gifts to Goodworks over the last ten years who were not known prior to death.**

11 of the 17 were "unknown" prior to death
- #7 Percentage of known donors among the 17 decedents over the last 10 years**

 $6/17 = 35.3\%$ known
 $11/17 = 64.7\%$ unknown
- #8 Unknown gift commitments based on known/unknown ratio**

 $329 \times 64.7\% = 212.8$
- #9 What is the Stick rate?**
 $6/8 = 75\%$. (See #10 below for the counts)
- #10 How many members of the Legacy Society died over the past 10 years? How many of the individuals who died left a gift to Goodworks as they had indicated?**

8 members of the Legacy Society died over the ten year period
- #11 How many of the Legacy Society members (or anonymous informed) left a gift to Goodworks over the last 10 years (same as #5 above)**

6 of the 8 members of the Legacy Society who died left a gift to Goodworks.

Goodworks, Inc.
The Business Case for Gift Planning

#12 What percentage of the organization's revenue in the most recent fiscal years did estate gift maturities represent?

The organization had \$6,542,000 in revenue in 2021.
Deferred planned gift maturities/cash flow was \$675,000.
 $\$375,000/\$6,542,000 = 5.73\%$

#13 How many individual donors made gifts of \$1,000 or more?

Goodworks had 5,025 donors who made a gift of \$1,000 or larger

#14 How many of those individual donors making gifts of \$1,000 or larger used publicly traded stock or other non-cash assets to make the gift.

35
 $35/5,025 = .05\%$

#15 Number of donors who made a blended gift to Goodworks in 2021

0

#16 Number of donors who have made a gift in 10 or more of the last 10 years.
596

#17 The amount of revenue generated if 10% of these donors (in #16) made an average-size estate gift (\$145,643 - #4) to Goodworks.

$596 \times 10\% = 59.6$
 $59.6 \times \$145,643 = \$8,680,323$

#18 Same calculation, but assume 15% of the long-term donors.

$596 \times 15\% = 89.4$
 $89.4 \times \$145,643 = \$13,020,484$

#19 What is the value/potential revenue from undiscovered gifts (212.8 - #8 above)?

$213 \times \$145,643 = \$31,021,959.$