



Pathways for Philanthropy: Establishing a US based entity

May 2022



Agenda

1. About Sattva & AMC Consulting
2. Motivating Factors for Setting up a US based Entity
3. Background: Charitable Giving in the US
4. Key Considerations & Readiness factors
5. Resource Requirements and Critical Success factors
6. Modern Fundraising Practices & Models
7. Risks, Mitigation and Key Takeaways



Introduction to Sattva and AMC

About Sattva

We are an organisation driven by the mission to end poverty in our lifetime. Our work focuses on scalable solutions for sustainable social impact.

We work with our clients - **corporations, philanthropists, foundations and social organisations** - to achieve social impact goals effectively and maximise the social return on their investment.

Deep understanding across sectors and collaboration with multiple stakeholders drive our work. This approach helps us and our clients develop holistic solutions for solving critical societal problems.

We offer end-to-end support covering :

- ◆ Research
- ◆ Strategy consulting
- ◆ Implementation support
- ◆ Programme design and management
- ◆ Monitoring and Evaluation
- ◆ Impact assessment
- ◆ Social audit
- ◆ Talent solutions
- ◆ Organisation development programmes
- ◆ Data and technology products

and more as needed in our quest for better solutions.



www.sattva.co.in

📍 Bangalore | Mumbai | Delhi

Our comprehensive gamut of offerings enable non-profits to strengthen their effectiveness

Strategic Clarity



Organisational strategy

Co-create strategic direction through vision, mission and TOC for long-term strategy and scale

Organisational design

Build organisational, financial and legal structures appropriate to achieve objectives and aligned to vision

Retained advisory

Provide ongoing advisory support to co-create strategic direction along with organisation's leadership

Program Enablement



Design & execution

Assess program readiness and design pathways and solutions to pilot and scale programs

Collaborative orchestration

Facilitate program co-creation and management with multiple stakeholders such as government to enable systemic change

Empirical research

Generate evidence and actionable insights from the ground to enable decision making and program design

Impact measurement

Conduct rigorous evaluation of social programs to help prove and improve interventions

Functional Capability Building



Monitoring & Evaluation

Assess journey of program lifecycle, design M&E* framework and processes to measure program's impact

Fundraising readiness

Co-create fundraising strategy and build critical capabilities and systems to enable fundraising

Digital transformation

Integrate technology enabled systems to enhance organisation and program efficiency

Talent advisory

Enable executive search bundled with talent consulting, and compensation benchmarking

Sattva's footprint

Since 2009 we have driven **social impact action** in emerging economies in collaboration with the leading players across the ecosystem :



200+

Corporations



50+

Foundations



500+
Social organisations



Governments
and Multilateral
agencies



About AMC Consulting

AMC Consulting LLC is a U.S.-based boutique consulting firm founded by Alex Counts in 2018 that serves nonprofit organisations, foundations, and social enterprises in the following six categories:

- ❖ Fund-Raising Counsel.
- ❖ Executive Coaching.
- ❖ Nonprofit Governance.
- ❖ Coalition Effectiveness.
- ❖ Technical Writing.
- ❖ Starting a U.S. Arm of a Non-U.S. NGO.

www.alexcounts.com

Clients include: American India Foundation, Arogya World, ATREE USA, Indiaspora, Kiva, Magic Bus USA, Sehgal Foundation, Segal Family Foundation, and the Small and Medium Enterprise Financing Forum (SME-FF).

A full list can be found [here](#).



Introduction to the Facilitators



Alex Counts, Founder, Grameen Foundation; Founder & Principal, AMC Consulting

Alex Counts is an independent consultant to non-profit organisations, thought leader, Professor of Public Policy and advisor / board member to many well-known institutions. Alex founded Grameen Foundation in 1997 and became its President and CEO, a role he held for 18 years before moving on to lead American India Foundation in 2016-17. Grameen Foundation grew to become a leading \$25 million international humanitarian organisation working across various Grameen Bank-allied entities around the globe. He also served as a board member of Fonkoze USA (the U.S. arm of a Haitian NGO) for 11 years and served as its chairman for 3 years. Alex has also helped launch the India Philanthropy Alliance in 2019 and is the author of *Changing the World Without Losing Your Mind: Leadership Lessons from Three Decades of Social Entrepreneurship*.



Rathish Balakrishnan, Co-founder and Managing Partner, Sattva Consulting

Rathish Balakrishnan is a co-founder and Managing Partner at Sattva Consulting. As part of his role, Rathish has extensive experience in conceptualising and implementing large-scale solutions that brings together leading foundations, corporations, civil society organisations and the government. Over the last ten years, Rathish has worked closely with leading non-profit leaders in enabling organisations to create orbit shifting change. Together with the non-profit leaders, Rathish has designed and helped implement long-term organisational strategies, operational effectiveness initiatives and rigorous governance structures that enable them to scale their impact. He is a published author and TEDx speaker. Prior to Sattva, Rathish worked across multi-national and international organisations across research, engineering, product management and corporate strategy divisions.



Motivating factors for setting up a US-based entity

Multiple factors can serve as key motivators for Indian non-profits looking to set up a US-based entity



Leverage US as a strategic hub

A US entity can **serve as a hub** and enable Indian based orgs to take their innovations to other geographies such as **Asia, Africa and Latin America**, build a global audience, raise funds globally and leverage various tax incentives

Benefits of setting up a US-based entity



Access U.S.-based funds

US-based institutional donors who do not have a presence in India but have India as a priority country struggle to give to Indian non-profit entities due to regulations and thus prefer the simplicity of giving to Indian non-profits having a U.S. based entity.



Build a Global Audience

A U.S. based entity can help enable strategic partnerships with potential collaborators in the U.S. and globally, and build the brand for a global audience including the 4.1 million Indian diaspora based in the U.S.



Leverage Tax Incentives

Other donor groups such as individuals and bequests that constitute 75% of U.S. philanthropy effectively require a non-profit to be a U.S. entity in order for them to be able to leverage the tax advantages from donations

Case Studies of Indian Non-profits in the U.S. (based on public information)

1

Some organisations (e.g., AIF and Arogya World) were initially set up in the U.S. as public charities and their India operating unit is functionally a subsidiary of the U.S. “mothership” which fundraises in the U.S. Others, like the WISH Foundation, are private foundations that are funded mainly by a single, very wealthy individual. These cases are slightly less relevant for Indian non-profits looking to set up a fundraising sister organisation in the U.S.

2

Early movers in the more common model (Indian non-profit sets up U.S. sister org) include **Pratham USA** (founded 1999) and **Akshaya Patra USA** (2001). They have gradually built up their annual U.S. revenues to \$15-\$25 million.

3

In 2020, Pratham had global revenues of \$40m, of which 40% came from U.S. individuals and family foundations, with 18% coming from U.S.-based corporations. (Comparatively, 30% came from Indian corporations)

4

CRY set up a U.S. entity but was dissolved. A newly incorporated **CRY America** raises around \$1.5 million/year. Newer entrants include **Agastya USA** (established in 2019), which raised \$65,000 in its first year and \$302,000 in its second, and **Antara International** (established in 2020), raised \$306,000 in its first year, of which \$250,000 came from a single donor.

5

The U.S. sister organisation will typically send 50% to 85% of annual funds raised, depending mostly on the scale of operations (related to ratio of fixed costs vs. variable costs) and number of years in operation. Sometimes, a U.S. arm may deplete its reserve funds to respond to urgent needs in India, pushing the ratio above 100% temporarily.



US Philanthropy Landscape

Charitable giving in the United States reached a record level of ~USD 471 billion (INR 36,400 Crore) in 2020

- Most non-profits experienced a boost in contributions, with the strongest growth seen among public-society groups that include civil rights organisations and other charities, like United Way.
- The nearly 16% increase in contributions also included donations given to donor-advised funds*

\$41.91 Billion

Bequests

8.9%

\$16.88 Billion

Corporations

3.6%

Foundations

18.8%

\$88.55 Billion



86%

of affluent households increased or maintained their donations



19%

represents the increase in how much Foundations gave in 2020 as compared to 2019



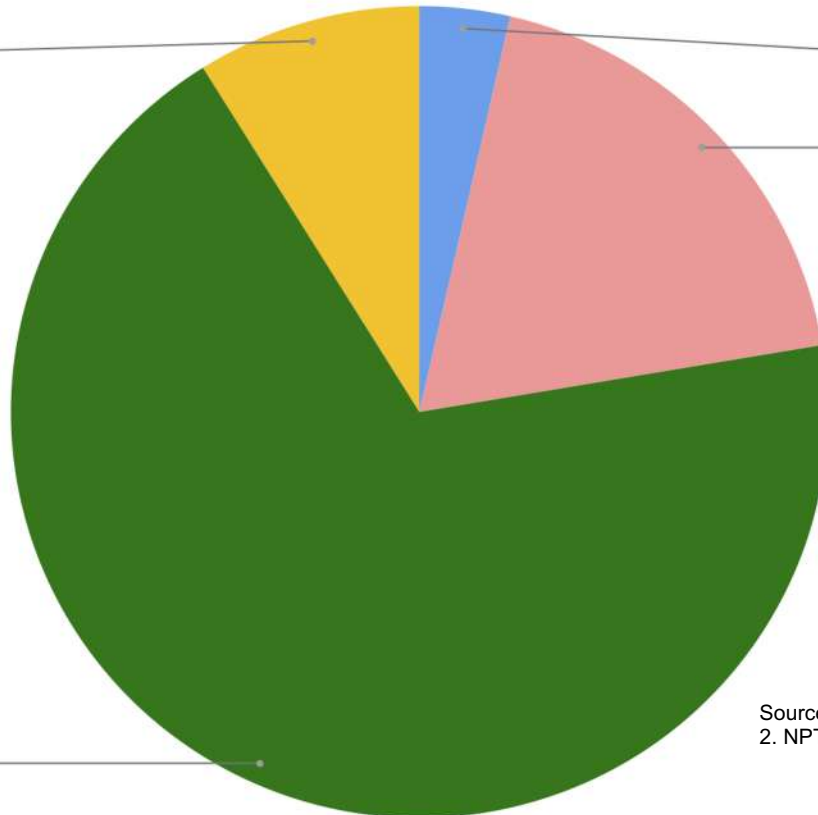
28%

of giving went towards religious causes followed by education, which accounted for 15% of giving

\$324.10 Billion

Individual donations

68.7%



Source: 1. Giving USA 2021 Annual Report
2. NPT Trust- Donor Advised Funds

* defined in slide 29

The Indian-American diaspora (“IAD”) stands out as a group with tremendous philanthropic potential and is a community of 4.1 million members

IAD High Net Worth Community at Glance



Level 1
IAD millionaires with net worth between \$30 million and \$100 million



Level 2
IAD millionaires with net worth between \$100 million and \$1 billion



Level 3
Billionaires with a combined net worth of \$12.8 billion

IAD possesses a high potential to give back

- As per the data released by the Union Home Ministry, **India based non-profits** have collectively received funds amounting to **USD 6 billion between 2016-2020** with 45% (USD 2.7 billion) coming from the US alone. Most of this is from diaspora donors.
- At **over \$3 billion dollars** annually, the **giving potential** of Indian Americans is enormous.
- IAD households have one of the **highest median household incomes** of any ethnic community in the US
- While the top 2 sectors amongst the IAD donors continue to be **Education, Livelihoods, and Healthcare**, there is rising interest in non-traditional sectors such as **financial inclusion, digital inclusion, environment, and LGBTQIA rights**

IAD contributes both time and monetary donations

- An **Indian American donor** typically **volunteers 220 hours** each year, far exceeding the U.S. national average of **~130 hours annually**.
- Positive correlations have been measured between **amount donated** and **monthly hours volunteered**.
- Most generous Indian American donors are more likely to be **actively engaged** with social work in the field and can hence serve as **philanthropic role models** to educate and galvanize their communities
- IAD donors use a clear, consistent methodology in **screening beneficiary organisations** focusing on listed **mission alignment, operational efficacy and transparency** as the three most important drivers of their decision to donate.

However, the IAD still has a long way to go to achieving its true giving potential

- Despite the rising interest among the IAD, according to a recent survey, there appears to be a large **'giving gap'** in the realm of at least **\$2 billion annually**.
- Giving is expected to grow from **\$1 billion to \$3 billion/year**.
- Who captures those donations is a critical question: This could be **Indian non-profits** or **local non-profits operating in the U.S.**

1

Large Giving Gap

Indian diaspora does not donate **relative to capacity** when benchmarked against the **wider American population**. This gap further rises with income.

2

Passion-Donation Gap

For every field except education, a **gap exists** between the proportion of people **passionate** about it and those who **actively donated** towards it

3

Inconsistent Application of Values

IAD's business decisions are not currently influenced much by **social** and **environmental** impact of their business.

Motivational Barriers

- **Lack of reliable, accessible information** to determine which organisations are reputable
- **Lack of trust** in philanthropic intermediaries
- **Cultural attitude** that favors 'informal' giving to family or friends over giving to social organisations
- **Poor self-perception** of giving among Indian Diaspora
- **Mismatch** between the expected vs. actual giving experience

Structural Barriers

- **Regulatory and compliance** constraints
- **Nascent 'giving' infrastructure** such as weak information systems, insufficient capacity of NGOs to manage funds, etc.
- **Unfavorable tax policy** including lack of financial incentives
- **Some of those competing for diaspora donations** have strong brands (e.g., Harvard University) and sophisticated fundraising teams

To help unlock this giving potential, we can help the IAD community harness its passions and potential and enable them to become better givers



- Only 1% of Indian NGOs (29k of 31 lakh) are licensed to receive diaspora and global giving under FCRA
- To increase the level of giving from IAD members who are already engaged in philanthropy, the focus should largely be on providing solutions that help improve the ease of giving



To enable current non-givers (but who have the potential to give) to start their giving journey, it requires tailored methods that focus on raising their motivation to give

Build a culture of giving by leveraging role models

- Non-profits should leverage their networks to identify opportunities to harness power of existing roles models in the IAD to orchestrate behavioural change given the tight knit nature of IAD community and the amplified network effects they can have on community-members.

Enhance trust in institutions

- Bridge the passion-donation gap by curating and disseminating resources that offer information to IAD about credible non-profits and ideally, help build connections between non-profits and potential donors.
- Organisations should design smarter volunteering opportunities among IAD to build trust amongst members, to help unlock greater giving.

Link business interests and social interests together

- Individuals in the IAD need to see the linkages between social impact and business/investing.
- Non-profits and philanthropy enablers need to invest in driving awareness and interest in sustainable investing principles.

Create a robust, evidence based-understanding of the issues

- Since charity patterns of IAD community remains largely unexplored till date, non-profits and ecosystem enablers should seek avenues for advancing research to build understanding of current non-donors, and to explore best practices across other diasporas for encouraging philanthropy.

Research lays out six distinct giving personas among wealthy Indian-American diaspora members



- Personas can help organisations understand **how to engage** with donors more strategically
- An individual can identify with **more than one persona**, even if they may have one **‘dominant’** persona



Equity Champion

Believer in **fundamental human rights** who seeks to bring **dignity** and **opportunity** to the less fortunate



Karmic Giver

Unconditional giver who attributes their success partially to luck and sees **giving** as part of a personal **moral imperative**



Legacy Seeker

Ambitious spender who seeks to make a name for themselves and **leave a mark** on the world



Networker

Social and **business-minded** individual who sees giving as an opportunity to build personal and business relationships



Challenge Chaser

Passionate **self-starter** and **risk-taker** who is drawn to the challenge of tackling big social problems



Hometown Hero

Empathetic and **dutiful migrant** who feels responsible for both **supporting** people from their **hometown** and showing them that they have done well

Key Takeaways on the US Market Potential

1

While many people assume that foundation and corporations do the bulk of U.S. giving, in fact **75% comes from individuals and bequests from individuals**

2

Indian non-profits that do not have a U.S. entity are **at a distinct disadvantage** in competing for Indian diaspora donations. Indian non-profits that have a poorly run U.S. entity are not that much better off.

3

Indian diaspora donors in the U.S. have the capacity to **give \$3 billion/year** but according to a 2018 survey only give one-third of that. Over time, these donors are expected to move closer to their giving potential. This growth would be the equivalent of **adding a second Bill and Melinda Gates Foundation.**

4

The extent to which this additional \$2 billion per year benefits Indian non-profits as opposed to those operating in the U.S. or in other countries (e.g., Africa) will be determined by **how aggressively Indian nonprofits inspire trust, use modern fundraising techniques, and overcome motivational barriers among Indian diaspora donors.**

5

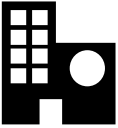
While there are **risks associated with starting a U.S. entity**, organisations can put in place **deliberate mitigation strategies**



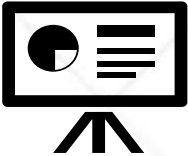
Key Considerations & Readiness Factors

There are several factors to consider to when assessing your organisation's readiness to set up a US based entity

Hard Factors



Ability to generate start-up funds

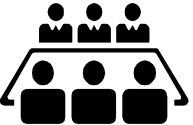


Evidence of program impact



Compliance and related systems

Soft Factors



A supportive Indian board



U.S. supporter network that can be tapped



Ability to establish a well-connected US Board



Strong brand visibility



Clear financial projections

Among the hard factors, there are three key considerations when assessing your organisation's readiness

Hard Factors

Around USD 300,000-400,000 in start up funds is ideally required over the first 2-3 years (under-investing can lead to long-term reputational issues)

Ability to generate start up funds

Hard Factors

Robust **quantitative and qualitative impact metrics** beyond anecdotal and output level data required to attract institutional donors (less sophisticated individual donors may be moved by compelling stories alone)

Clear evidence of impact

Adherence to Compliances

FCRA registration in India along with **US Federal** and **State level** registrations are required before legally soliciting funds from US based donors on a large scale (though GiveIndia has made it possible to do so on a limited scale without these U.S. registrations)

Similarly, there are five soft factors to consider when assessing your organisation's readiness

Soft Factors

A supportive Indian board

- The leadership team must be able to address any concerns on the governing body that they might have regarding setting up the US-based entity while disclosing costs and risks involved

An established US network

- Ideally, the Indian non-profit has allies who are program officers at larger foundations (or an ability to form those relationships)
- High net worth individuals and Family Foundations willing to give \$10,000 a year or more early on
- Law firms or other professional services firms that can offer pro-bono support
- Contacts at companies working in the US-India corridor
- Local champions willing to devote 100+ hours per year to volunteer during the setup phase

Ability to establish a strong US board

- Ability to gradually assemble a well reputed and connected local US Board
- Need not all be high profile and wealthy individual but ideally should be a mix of well-connected individuals along with members who can provide more hands on local leadership support

Strong brand visibility

- Past experience of speaking at well-known conferences in the US is ideal
- Mailing list of US contacts who have ideally been contacted and cultivated regularly over the years
- Strong social media following in the US across varied platforms

Clear financial projections

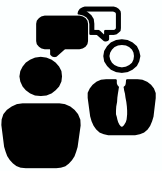
- Multi-year financial statements to understand resource requirements and projected outcomes in India
- 3 year fundraising strategy including funding goals and resource requirements in the US



Setup Mechanics and Critical Success Factors



There are several factors which can enable success when setting up a US based entity



Collaboration between US & India entity

- Both formal and informal governance mechanisms should exist to ensure full alignment and transparency;
- Robust governance mechanisms and collaboration practices are essential to ensure quick resolution of any conflicts or challenges.



Timeline & Costs

- Approximately 9 months to setup
- If outsourced, takes significantly lesser time to register, including federal and state registration
- \$300-400K USD initial capital investment required
- Break-even point could come in 3-4 years depending on various factors



Staff Capability & Capacity

- Team should be culturally sensitive
- India Leadership should have the ability to speak well to a US based audience and make 2-3 annual trips to the US
- US Head should understand India and the cause, should have expertise in US philanthropy ecosystem



Technology

- Curating and selecting technology enabled tools and solutions to streamline tracking and collection of data
- Leveraging technology to help enable data-driven decisions



Fundraising Collaterals

- Market relevant fundraising collaterals for effective mobilization including creating a case for support document
- A case for document informs prospective donors what the organisation hopes to accomplish with their philanthropic gifts.

An overview of Section 501(c)(3) and registration requirements for non-profits in the US

- In the US, a nonprofit organisation first incorporates in **one of the 50 U.S. states as an entity** technically independent of the Indian sister charity
- Then, this organisation needs to apply for **501c3 tax-exempt status** at the federal level by **filing Form 1023**
- It normally takes **9 months for the IRS to approve 501c3 status**; if you file papers without good legal advice, it may take longer
- To fundraise nationally (even though emails), **the organisation needs to register in all 50 states (though many organisations put this off for a few years and fines are rarely imposed for those that delay)**. For more on this requirement, see [this article](#).

Section 501(c)(3) of the US Tax Code

- Corporations, and any community chest, fund, or foundation, organized and operated exclusively for **religious, charitable, scientific, testing for public safety, literary, or educational purposes, or to foster national or international amateur sports competition** (but only if no part of its activities involve the provision of athletic facilities or equipment), or for the prevention of cruelty to children or animals
- **No part of the net earnings** of which inures to the **benefit of** any private shareholder or individual,
- **No substantial part of the activities** of which is carrying on propaganda, or otherwise attempting, **to influence legislation** (except as otherwise provided in subsection (h)), which **does not participate in, or intervene in** (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office.

There are also nonprofits incorporated under other parts of the tax code, such as 501c4 (for advocacy) and 501c6 (mutual benefit associations)

Main Requirements for a 501(c)(3) application

- Basic information including **organizational purpose, structure, and a description of your “charitable purpose”**
- Narrative description of your **activities**
- Description of **compensation and financial arrangements**
- **Organizational history** (while demonstrating independence from any foreign entity)
- **Financial data and projections**
- Indicate that you intend to be a **public charity** (subject to the public support test) and not a private foundation
- Other schedules as required

Documents required to register in all US states

IRS Form 990 (Tax Return)

501c3 determination letter

Statement of Charitable Purpose

Most recent budget/ Balance sheet

Articles of incorporation

Conflict of Interest Policy

Names & Contact of Board

Employee Identification Number

There are a few essential steps when forming a U.S. based non-profit entity

1

Choose a name and file articles of incorporation with the corporate filing office of one of the 50 U.S. states.

2

Submit a federal 501(c)(3) tax exemption application to the Internal Revenue Service along with a copy of your filed articles of incorporation. This will lead to you getting an **IRS determination letter and ID number** in about 9 months.

3

Apply for a state tax exemption, if applicable

4

Draft by-laws (to be adopted in the first board meeting) **and appoint directors** (most states require at least 3) **and hold your first board meeting**

5

Obtain licenses and permits- mostly at the local and state level



Modern Fundraising Practices & Models



Non-profits can leverage several channels when mobilising funds in the U.S.



Major Fundraising Gifts



Mid-range Gifts



Retail Fundraising



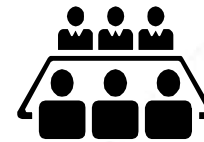
Bequests



Event Based Fundraising



Institutional Fundraising from Corporations



Institutional Fundraising from Foundations

There are several models of fundraising in the US (1/2)

Type of Donation	Description
Major Fundraising Gifts	<ul style="list-style-type: none">• These are the largest donations that a non-profit receives from individuals, which are used to fund specific projects, meet fundraising goals, or go into a general pool that helps the organisation accomplish its mission• Major giving program focuses on building relationships with a portfolio of donors who have the capacity and affinity to make a major gift• A typical major gift donor has a high net worth, owns real estate or stocks, is heavily involved with your nonprofit or others, and has made contributions in the past
Mid-range Giving	<ul style="list-style-type: none">• These are regular donations which are smaller in size from donors with less giving capacity than major gifts donors• Mid-range givers often make up the majority of the donor base and can be quite diverse in age, socio-economic background, and interests• Regular donors are either 'one-off' donors or recurring donors and it is recommended to convert 'one-off' donors into recurring donors (which takes considerable time and effort)
Retail Fundraising	<ul style="list-style-type: none">• Through COVID-19, retail fundraising campaigns have increased by 24% from USD 486.3M to USD \$605M in 2020• This shows that retail donations are resilient. In fact, retail donors often respond generously in bad times.• Individual donors also have the lowest requirements in terms of compliance and reporting.
Bequests	<ul style="list-style-type: none">• Bequests are gifts that are made as part of a will or trust• A bequest can be to a person, or it can be a charitable bequest to a nonprofit organisation, trust or foundation.• Anyone can make a bequest in any amount to an individual or charity; nonprofits can encourage this on their website

There are several models of fundraising in the US (2/2)

Type of Donation	Description
<p>Event Based Fundraising</p>	<ul style="list-style-type: none"> • A fundraising event is an event designed to raise awareness and support for an organisation’s mission. All events can be turned into fundraising events, or an opportunity to raise money • 82% of non-profits host fundraising events such as galas, golf tournaments, and competitive races to secure contributions • Indian non-profits in the US rely heavily (arguably too heavily) on event-based fundraising especially gala dinners
<p>Institutional Fundraising from Corporations</p>	<ul style="list-style-type: none"> • Corporations that conduct business in the India-US corridor increasingly make their grant decisions in India, making the value-add of the US entity less important • Some corporations give mainly because a high percentage of their US employees are of Indian heritage; in these cases, a US entity for an Indian non-profit can be very helpful • Examples include Coca Cola Foundation, Mastercard Foundation etc.
<p>Institutional Fundraising from Foundations</p>	<ul style="list-style-type: none"> • Philanthropic organisations are typically set up by wealthy families or individuals for the purpose of long-term charitable giving • Some very large NGOs have their own grant programs, or may contract or sub-grant to local organisations • Donor advised funds can be considered a part of this category where individual donors may choose to give their money to a firm to make donations on their behalf

Risks and Mitigation



There are potential risks that organisations should consider; however these risks can be mitigated in various ways (1/2)

Risk type	Risk	Mitigation
Readiness	Inability to raise sufficient capital investment required during the first 2-3 years of setting up the US entity	<ul style="list-style-type: none"> • Identify the amount of capital required for the first 2-3 years and avoid overly optimistic revenue projections from your U.S. entity. Be cautious about under-investing in your U.S. entity as it can lead to long-term problems. • Earmark any unrestricted funds that you can deploy for this purpose. Alternatively identify if there are any projects that you can divert funds from. • Identify any long-term funders/strategic givers you've cultivated a deep relationship with, who can understand the need to fund this exercise. Then ask them to help!
	Lack of clarity on funding / program numbers (need, potential for impact, unit economics, etc.)	<ul style="list-style-type: none"> • Understand the causes associated with lack of clarity and plug gaps or streamline processes around fundraising, impact measurement • Involve relevant stakeholders from the organisation - finance & accounting, program, M&E, communication teams etc. to collate this information • Revisit any past proposals, donor reports, annual reports, etc. that can help you gather this information
	Lack of cultural understanding / language barriers	<ul style="list-style-type: none"> • Identify U.S. champions: ambassadors and adviser who can promote + advise your organisation on integrating well into the U.S. philanthropic landscape (especially since many organisations have preceded you) • Recruit/allocate staff who have exposure to working in multicultural environments • Prepare any communication in English and bring on a communication expert who knows of American linguistic and stylistic nuances
	Insufficient understanding of the fundraising ecosystem in the US	<ul style="list-style-type: none"> • Identify sources of market intelligence: identify subscription services, membership-based platforms, aggregators, associations that can aid your effort in developing a brand building and go-to-market strategy • Carve out funds required to invest in memberships and consulting services that can help you avoid costly early mistakes and distinguish yourself from others competing for donor funds

There are potential risks that organisations should consider; however these risks can be mitigated in various ways (2/2)

Risk types	Risk	Mitigation
Compliance	Lack of adherence to compliance to federal and state regulations	<ul style="list-style-type: none"> ● Spend time in understanding both Indian and US regulations ● Involve relevant stakeholders and key decision makers from the organisation - the founder/CEO, COO, select board members, legal and finance team etc. ● If required, partner with organisations that specialize in legal advisory support who can help you navigate the system
Brand	Poor / inadequate brand visibility, communication collaterals and marketing	<ul style="list-style-type: none"> ● Identify and articulate the core message including your organisation’s values, motivations, intended impact, theory of change etc.) -- a case for support is typically the means to doing this in the U.S. (see appendix) ● Design attractive and compelling communication collateral and disseminate among via suitable channels that are frequented by your target audience ● Ensure a combination of evidence based quantitative impact and compelling qualitative narratives are highlighted ● Showcase anything that can build your organisation’s credibility - awards, recognition, and actively participate in speaking opportunities to build visibility
Capacity	Inadequate time at the leadership level due to competing priorities	<ul style="list-style-type: none"> ● Ensure capacity and skill development of the second line of leadership and management (this includes building their management and decision-making skills to manage operational and implementation work of the organisation thus reducing reliance on few senior leaders ● Prioritize setting up a local team for the US-based entity, especially for senior leadership positions who can support in building strategic partnerships and establish well connected network in the local philanthropy ecosystem; the benefits of staff stability and the costs of staff churn are both very high and underappreciated

Key Takeaways

- 1 If you simply want to process a limited number of donations on an annual basis, **you probably don't need a U.S. entity.** The largest donors have **set up Indian entities** or they can get an equivalency determination for your organisation if they are highly motivated to support you. **Smaller, less sophisticated donors can donate through GiveIndia or similar platforms that you can be listed on.**
- 2 If, however, you want to establish a **growing network of supporters, ambassadors, allies, and partners in the U.S.** to support your work in India and/or your growth internationally, **setting up a 501c3 organization is the way to go.** Doing this in an amateur way can save money but do long-term damage to your reputation in an already-crowded market.
- 3 Though there are theoretically other options, **the most practical one is to set an “independent” non-profit that is not obliged to provide your Indian non-profit with all or most of the money it raises** (after meeting its own operating costs, which will not be small), but will choose to do so year after year based on the people you install as its initial leaders and by nurturing the institutional relationship.
- 4 There is a long history of **U.S. based sister organisations having communication and partnership challenges with the Indian organisations** that are functionally their “parents.” Sometimes this can lead to a **messy public break up.** Good governance, not taking each other for granted, frequent communication, travel/exposure, and valuing complementary capabilities can mitigate this risk but not eliminate it entirely.
- 5 Being part of a coalition like the **India Philanthropy Alliance and/or retaining qualified consultants on institutional set-up, compliance, governance, fundraising, staff recruitment and retention,** etc. can appear costly but can maximize the opportunity and mitigate key risks if you take a long-term perspective.

Thank you and we look forward to continuing the conversation

For any further questions, please reach out to

✉ rathish@sattva.co.in

✉ alexcounts09@gmail.com

✉ rahul.shah@sattva.co.in

✉ harshita.sharma@sattva.co.in

Annexures



Illustrative Structure of a Case for Support Document (8-12 pages)

Header	Page Length	Description
Emotional Opening	1/2 page	An emotionally evocative and scene-setting anecdotal opening is crucial for success. Donors and prospects use the first paragraph or two of the case statement to decide whether or not the rest of the document is worth reading
Mission & Vision	1 page	Here we move on from the emotional opening to the reason the organisation exists. This section would answer questions like: Why does the organisation exist? What is the big, bold vision for the future?
Description of Problem	1 page	This section would include the summary of the problem the organisation is trying to solve and why is it so critical to society
History or the Organisation	1 page	Brief summary of the founding of your organisation and a short history of its work to date to add credibility to the case for support. If you've been successfully running programs to address the problems you are trying to solve, then say so, even if your organisation has only been in existence for 2 or 3 years.
Description of Current Programs	1 page	Summary of programs including the programs that are currently running, as well as those that you would like to run in the near future. Include a short explanation of each of your programs. Avoid jargons
Proof of Impact	1/2 page	In this section show proof that what the organisation is doing is not only working, but is worthwhile as well. Use statistics and charts, but more importantly, tell the stories of those the organisation has helped, and use testimonials from the clients, community leaders, and other supporters.
Team, Talent and other assets	1 page	In this section highlight the organisational capabilities, team strengths and any other assets which can further enhance the credibility of the organisation

Illustrative Structure of a Case for Support Document (contd.)

Header	Page Length	Description
Forward looking goals	1/2 page	This section would include a summary of organisational goals, milestones and objectives it is aiming for next 3 years and how these goals are tied to the long term vision and mission of the organisation
Financial needs to realize the future goals	1/2 page	How much money does the organisation need to raise this year and possibly over the next 3 years? Why does it need to raise that amount and what will it be used for? Why does the organisation need to raise it now? Mission focused giving statements can also be used in this section to highlight the unit economics of impact
Fundraising strategy	1/2 page	For a comprehensive campaign, the goals for each segment of the campaign—capital, programs, endowment—should be included in the case in order to have appropriate information for a variety of donors' interests.
Means of Support/ Conclusion	1/2 page	Highlight the different ways prospective donors can support your organisation. Write about annual giving campaign or planned opportunities with specific call for action.

The Internal Revenue Service allows tax-exempt charitable organisations through the granting of 501(c)(3) status through two ways, as private foundations or public charities.

	Private Foundations	Public Charity
Acquisition of Funds	<ul style="list-style-type: none"> Private foundation is generally funded by an endowment from a single source 	<ul style="list-style-type: none"> Public charity must continually solicit donations from individuals and organisations Public Charity can receive funds from a private foundation, but not vice versa
Disbursement of Funds	<ul style="list-style-type: none"> Private foundations make grants to individuals or other charities 	<ul style="list-style-type: none"> Public charities use their money to carry out direct activities.
Establishment	<ul style="list-style-type: none"> Establishing a private foundation requires a larger up-front commitment of income, both to start the foundation and to pay legal fees. 	<ul style="list-style-type: none"> Public charity then must prove to the IRS that it qualifies to be one.
Control	<ul style="list-style-type: none"> The board of directors for a private foundation can consist solely of the members of a single family 	<ul style="list-style-type: none"> The board composition of a public charity is reviewed by the IRS to ensure that the members are independent and represent a broad public interest Public charities must also field a quorum in order to conduct official business
Tax Purposes	<ul style="list-style-type: none"> Private Foundations have lower donor tax-deductible giving limits than private foundations 	<ul style="list-style-type: none"> Public charities generally have higher donor tax-deductible giving limits than private foundations From an individual perspective, public charities are desirable due to the flexibility accorded in making donations