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ART WITH IMPACT: NON-PROFIT FUNDRAISING

Matthew Philp, Bruno Lussier, and Frédéric Constantin wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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We are 100 per cent unique. No other organization—period—does what we do, which is a blessing and a curse.

Cary McQueen (founder and executive director, Art With Impact)

Sitting down for dinner in Montreal, Canada, Cary McQueen and her Canadian program director, Natalie Daley, debriefed after running a Movies for Mental Health workshop at a local college. It was February 2017; this marked the end of their 18th Canadian workshop in the 2016–17 school season, and four more were planned to finish off their fiscal year (FY) ending in May. With more and more schools across Canada and the United States devoting resources to the mental health of their students, these workshops resonated with universities and colleges. The program’s growth demonstrated this appeal. The two directors had delivered 21 workshops at campuses across Canada, up from 15 the year before, and expanded their reach from three to seven provinces. In the United States, they had run over 60 workshops across 17 states, and they were poised to continue their dramatic growth trajectory—adequate funds permitting.

McQueen and Daley found that this increased interest came with increased costs. Universities and colleges who invited the program Art With Impact (AWI) to run workshops were asked to cover only one-third of the costs, with the remaining expenses being raised through donations by AWI. The struggle for donations was where the conversation quickly turned. Looking ahead to the end of the year, McQueen and Daley were also working on their annual fundraising campaign. While they had been fortunate enough to have received enough donations to support their workshops, given the volatility of donations and donation sources, their ability to safely expand was limited.

McQueen and Daley had attempted to mitigate the risk of relying on donations. For the past several years, AWI had conducted month-long fundraising campaigns in both Canada (in June) and the United States (in July), with the goal to increase AWI’s funding and offer the workshops to a broader audience in the following year. These campaigns relied primarily on email communication with previous donors and calls for support over social media. While this strategy had worked in the past, the two directors continued to ask themselves whether more could be done.

Coming to the end of their third year operating in Canada and their sixth year overall, they hoped to expand their workshops to more colleges and universities across Canada and the United States. However, in order for this to occur, they needed to raise enough money in a sustainable way to ensure financial security and limit their exposure. Looking ahead, they hoped to do something drastically different for their next fundraising campaign. One thing was for sure, whatever they decided, it needed to communicate their uniqueness, resonate with a diversified audience, push people to donate, and do all those things on a very limited budget.

Art with Impact

AWI was founded in 2011, although its first full year of programs was completed in FY 2012–13 in the United States and in FY 2015–16 in Canada. At first, AWI was an initiative promoting the use of art and film to help people achieve overall well-being. However, McQueen quickly focused the organization’s mission on mental health and the stigmas surrounding talking about mental health issues. Through the Movies for Mental Health workshops, AWI facilitators travelled to different post-secondary institutions across Canada and the United States to promote mental wellness and break down stigmas by creating space for young people to learn and connect through art and media. The organization was fully committed to enabling participants to communicate freely and fearlessly about mental health. To attain this goal, AWI had three objectives:

* Provide unique and safe spaces to learn, cultivate empathy, and reduce stigma in all regions of North America, connecting individuals to comprehensive mental health resources.
* Continue to expand and make available the world’s most diverse and compelling collection of short films on mental health, supporting a network of filmmakers, artists, and young people.
* Maximize collaboration between the arts and social movements by engaging professionals and academic institutions through sustainable partnerships and transparent methods and outcomes.

All of these ideas originated with McQueen, who had always been an arts-oriented person. After obtaining a master of arts management degree from Carnegie Mellon University in Pittsburgh, McQueen was appointed executive director of the Centre for Arts Management and Technology, an applied research centre at the university. With that experience and knowledge, she moved on to consult for non-profit groups, where she made use of data and classic marketing techniques to help arts organizations flourish under financial constraints.

McQueen had always been observant and data driven. She was interested in finding patterns showing the effect of one factor on another. For example, while consulting for arts organizations, she noticed that art, as a medium, could lead people to open up and talk about their experiences. Being aware of young people’s widespread need for mental health intervention, she therefore saw an opportunity to use art as an ideal tool to help break down the stigma surrounding mental health and get people to open up. It was that realization that led her to commit to facilitating and enabling young people to talk freely about their mental health.

A unique proposition

Through AWI, McQueen found an innovative way to bring young people together and enable them to speak freely about their mental health. The process was simple. AWI showed three short films about mental health, created by diverse filmmakers from around the world, intended to encourage a conversation. As well, attendees shared experiences of their own struggles with issues related to mental health. Each workshop was organized and guided by one of AWI’s facilitators, who travelled with the films to each location. McQueen believed that art (through film) had the power to implicitly raise questions that could break down the internalized stigmas associated with mental health issues. The key factor to this method was not to formally educate participants on the statistics and commonalities around mental health, but allow them to change their minds about mental illness on their own, by talking about it.

The three-film model stemmed from McQueen’s curiosity and desire to experiment. During the first year of the organization’s existence she explored different ways of engaging young people through film. She found that showing only one feature-length film did not encourage people to talk and exchange ideas about their past experiences. Showing two medium-length films only got people to compare the two films, without talking about mental health issues in general or about their own experiences. Three short films, however, emerged as the most efficient strategy. She found that this elevated the conversation away from the specifics of each film and that participants opened up. They talked about their own experiences and about how those experiences related to the films. McQueen soon realized that she had a concept that could work on a broad scale.

By 2017, AWI had taken its three-film model across the United States and Canada. Each workshop directly connected students with local mental health resources and encouraged early help-seeking.

This method was particularly unique because attempts to break the stigma surrounding mental health were normally made through regular education. The typical process would list facts and figures for participants, who suffered in silence, with the expectation that sufferers would change their opinion. However, AWI believed that the way to truly reach and hold young people’s interest about this issue was to make them active participants in the learning process. Based on this premise, the Movies for Mental Health workshops could not exist or be effective without the participants, who contributed ideas, stimulated discussions, shared experiences, and supplied personal insights.

However, AWI’s unique approach proved to be both a blessing and a curse. Although the workshops proved to be helpful for the participants involved in the process, it was difficult to communicate the success of the unique approach to potential donors, especially in an already crowded charitable donation environment.

Mental health in North America

The definition of mental health and mental health disorder spanned a broad spectrum. The World Health Organization defined mental health as “a state of well-being in which every individual realizes his or her own potential, can cope with the normal stresses of life, can work productively and fruitfully, and is able to make a contribution to her or his community.”[[1]](#footnote-1) Therefore, any internal factor that disrupted an individual’s ability to realize this state over a sustained period of time would constitute a mental health disorder. Under the umbrella of mental health disorders were such common ailments as social anxiety, obsessive compulsive disorder, drug addiction, and depression.

Mental illnesses were very common, and this was reflected in the costs for public health. The United States spent US$113 billion[[2]](#footnote-2) annually on mental health treatment, which accounted for almost 6 per cent of all health spending. Other estimates, considering health care cost, lost productivity, and reductions in health-related quality of life, brought mental health costs closer to $210 billion each year.[[3]](#footnote-3) In Canada, these two cost estimates were $14.3 billion and $51 billion, respectively.[[4]](#footnote-4) It was also found that mental health expenses were incurred mainly from prescription drugs and outpatient treatment costs, rather than from costs for consultation and destigmatizing of mental health issues, according to the Kaiser Family Foundation.[[5]](#footnote-5)

Mental health problems were considered to be widespread across North America. According to the World Health Organization and the World Economic Forum, of the 450 million people who suffered from mental health conditions, around 60 per cent had not received any form of care. In Canada, it was estimated that one in five people would experience mental health problems each year, and that by age 40, about 50 per cent of the population would have had a mental illness. Of those affected by mental health issues, young people aged 15 to 24 were more likely than any other age group to have experienced mental illness or substance abuse disorders.[[6]](#footnote-6)

The stigma associated with mental health issues had been reduced in recent years with more people becoming aware of mental health issues. However, it was still a significant problem, leading to only half of Canadians speaking to their friends or co-workers about a family member with a mental illness, compared to almost three-quarters talking to others about a diagnosis of cancer. Research suggested that many people still held negative attitudes and stereotypes toward people with mental illness. For example, the terms “crazy” or “weird” were often used when describing others who suffered from a mental illness—both among youth and throughout adulthood.

Negative stereotypes also involved a perception that people with mental illness were dangerous. This negative view was fuelled by media stories that irresponsibly depicted criminals as “mentally ill” or “mentally disturbed,” without explanation of the broad spectrum of mental illness. In fact, the vast majority of people who had a mental illness had no violent tendencies. Furthermore, people who had a mental illness were 10 times more likely to be victims of violent crime than people who did not have a mental illness.[[7]](#footnote-7) Despite the facts, negative stereotypes affected how people reacted when encountering a person living with mental illness, which was often to socially distance themselves from the person with mental illness.

Another negative connotation of mental illness included the perception by 42 per cent of Canadians that people used mental illness as an excuse for bad behaviour, so they were unlikely to socialize with people affected with mental illness.[[8]](#footnote-8) This social distancing sometimes caused people with mental health issues to develop a so-called “self-stigma,” where they became aware of their condition and stigmatized themselves, which caused a downward spiral of stigmatization. Even more damaging was the fact that these stigmas deterred people from seeking help at early stages, worried about being negatively labelled.

However, mental health issues could be treated effectively if tackled early. Once depression was recognized, getting help could make a difference for 80 per cent of people who were affected, allowing them to resume regular activities.[[9]](#footnote-9) Treatment involving consultation with professionals and discussion groups was as effective—if not more effective—than medication alone.[[10]](#footnote-10) The main problem, however, was finding ways and means to talk about mental health. This was where AWI excelled.

Funding history and Current Status

AWI operated as two separate charitable organizations—one in Canada and the other in the United States—with separate boards of directors, by-laws, and budgets. The charity in the United States had a six-member board of directors, whereas the one in Canada had a five-member board. McQueen served as executive director for both boards, which included professionals with varying levels of experience in media, film, marketing, psychiatry, and fundraising. In addition to a board of directors, each organization had its own independent advisory board, consisting of individuals with varying backgrounds such as filmmakers, therapists, psychologists, psychotherapists, educators, and students.

The most recent round of funding for both organizations came from four primary sources: governmental, private foundation or corporation, private individual, and earned income (see Exhibit 1).

In the United States, AWI secured two government grants that paid a combined annual amount of $102,800, originating primarily from the Californian Mental Health Services Act (MHSA). Adopted in 2004, this act stipulated that any California taxpayer who earned more than $1 million paid a 1 per cent tax surcharge for the income amount above $1 million. The funds generated from this tax were used to transform, expand, and revolutionize the state’s public mental health system, with a focus on promoting recovery-oriented programs. When AWI was initially recognized as a program under the MHSA, the organization received $50,000 per year, which was raised to $80,000 for the most recent year.

Because AWI was classified as both an arts organization and a mental health organization, it was also able to secure a $25,000 federal grant from the National Endowment for the Arts. In order to receive this competitive, peer-reviewed grant, AWI was required to reapply each year, and funding was not guaranteed. In fact, in the most recent budget passed by the current U.S. government, the National Endowment for the Arts was slated for termination after funds were granted in 2018.

In 2017, the Canadian operation had not been supported by any government grants. However, the Alberta Culture and Tourism Bureau, in partnership with the Alberta Students’ Executive Council, had provided some support in FY 2015–16. Therefore, although some government funding existed in Canada, it was subject to application and was not a permanent source.

Outside of these government sources, McQueen’s efforts were successful in securing donations for AWI from several private foundations and corporations. In FY 2016–17, the amount from these donors totalled $50,290 and $6,000 for the U.S. and Canadian operations, respectively. Although corporate funding from the pharmaceutical industry could be considered a relevant source of donations for mental health education, AWI chose to exclude this option to avoid any conflict of interest in its programming. AWI did not want to be seen as promoting medication as a route to wellness over other forms of treatment. AWI’s philosophy clearly conveyed the message that each person needed to determine his or her own path to wellness. However, this meant that AWI needed to find other sources of funding to make up for the lost opportunity from such a lucrative industry.

Each year, AWI ran a fundraising campaign seeking private donations from everyday individuals looking to support their cause. Although AWI accepted donations year-round, each June (in Canada) and July (in the United States) the organization made a special effort to encourage donations. The organization’s strategy had always been to post calls for donations on various social media channels, as well as to make personal calls to previous donors. In Canada, the fundraising drive was timed with the “Great Canadian Giving Challenge,” where every dollar raised in June qualified AWI to win an additional $10,000. However, the organization had yet to win this bonus prize. Additionally, as a registered charity in Canada, AWI provided receipts to donors so that any contributions could be claimed on their personal income tax returns. Overall, a total of 73 U.S. and 32 Canadian private individual donors helped the organization raise $90,719 and $6,445, respectively.[[11]](#footnote-11)

In addition to the above fundraising efforts, the host institution at each workshop that AWI held was asked to contribute one-third of the cost of running the workshop. This helped cover costs for the facilitators’ time and travel as well as licensing agreements for the creators of the films that were shown. Therefore, although AWI was a non-profit organization, the organization sold workshops (at a loss) to each host institution. Over the previous year, this earned income amounted to $40,959 in the United States and $27,686 in Canada.

Potential donors and their passion points

On a national scale, donation behaviour had been shifting. Specifically, a Statistics Canada report noted that the number of donors in 2016 fell by 1.8 per cent compared to 2015, continuing a steady yearly decline since 2011.[[12]](#footnote-12) This contrasted with the United States, where one report noted that donations had grown by 4 per cent in 2016 to reach an all-time high. [[13]](#footnote-13) When engaged in a campaign across both Canada and the United States, the macro donating trends, as well as trends in specific regions, could not be ignored.

How people were donating was also changing. Non-profit organizations seized the opportunity to use social media and crowdfunding platforms to communicate their causes at a low cost. For example, it was estimated that 30 per cent of all money raised on crowdfunding platforms in 2012 went towards social causes.[[14]](#footnote-14) To help organizations navigate this new landscape of social fundraising, some of these crowdfunding platforms, such as Indiegogo, offered helpful guides for best practices when fundraising with their platform.[[15]](#footnote-15)

While understanding the national donating landscape was a good first step, AWI was eager to learn more about its potential donors. Therefore, in 2015, the organization conducted a national survey in the United States of 535 potential donors. The results were compared to a national study that surveyed donors of more than $300 to charities on a yearly basis. AWI found that over 20 per cent of potential donors reported a willingness to donate directly to AWI, and more than 50 per cent expressed an interest in signing a petition to get more government funding for the organization. Clearly, there was interest by potential donors in seeing AWI succeed (see Exhibit 2).

The study was also designed to provide information about potential donors’ perceptions of mental illness. From a series of questions on this topic, AWI learned that 40 per cent of respondents had struggled in the past with their own mental health or knew someone who had been affected. In comparison, 29 per cent of national donors who regularly donated over $300 had the same experiences. Additionally, 65 per cent of potential donors found it important to have a personal connection to the cause and wanted to be sure that the money would be spent wisely. Similarly, 88 per cent of potential donors believed it was important to educate people on the biological basis of mental health disorders and effective treatment, compared to 63 per cent of those who were not interested in donating to AWI. Finally, 84 per cent of respondents believed that getting people to talk openly and honestly about mental health problems was necessary and that people should be given the tools to do it, compared to 52 per cent of those not likely to donate.

The AWI survey was also designed to help the organization learn and understand the so-called “passion points” that would push potential donors to donate to AWI. These passion points, also called trigger points, were the reasons why people considered donating to an organization. The passion points that AWI identified as most important were separated into three categories: early intervention, art as a communication enabler, and the stigma of mental health.

The first passion point that potential donors believed was important was for mental health issues to be detected as early as possible and to be treated sooner rather than later to prevent high-risk behaviours. The second passion point identified in the survey was the concept of art as a communication enabler. Potential donors truly believed that art was a form of therapy, and that it often communicated when words were lacking. Moreover, art provided a platform where young people could safely communicate their feelings about mental illness. Almost 50 per cent of respondents were worried about arts education disappearing from schools, and they believed that art should be experienced by everyone. The third passion point identified was about learning and empathizing to reduce the stigma related to mental health issues. According to potential donors, getting people to talk openly and honestly about mental illness was important. They also strongly believed that mental health was a priority and that it needed to be put at the forefront of the issues to be addressed in schools and in the workplace.

The Challenge

AWI had by this time identified a key problem: how could it reach these potential donors? The organization’s goal was to reach a recurring donation amount of $500,000 from all funding sources in the United States and $120,000 in Canada. This would fund all the infrastructure that was needed for the workshops and for expansion of the film programs to approximately 150 colleges in the United States and 30 in Canada. Supplementing the bulk of the funding with small independent donors, to exceed the $620,000 target, would be considered a huge success. However, the organization was particularly interested in simply attracting as many small donors as possible, with a goal of reaching 1,000 independent donors. This number would render it worthwhile to hire a marketing research firm to better understand the typical AWI donor and refine future fundraising strategies.

AWI had used direct email and social media outreach in the past, but McQueen believed that these tools were not being used to their full potential. Something more was needed that could be shared and carried beyond the circle of immediate friends and family. Although some charities had been successful with social media campaigns, it seemed that for every success, there were hundreds of attempts that failed. McQueen knew that a clear strategy was necessary, but who should be targeted and what message should be sent? AWI had found it difficult in the past to communicate the benefits and uniqueness of what the organization did, and how it did it. And the confined space and fleeting nature of the social media medium only made this more of a challenge. Whatever strategy AWI chose, the organization’s unique proposition needed to be communicated accurately.

Although the goal was to raise as much money as possible, the funding needed to be diversified. Was there an ideal strategy to achieve high levels of funding and high numbers of donors? Or would it be best to focus solely on raising the number of donors to build a database, collect data, and refine its strategy to collect more funding from AWI’s donors in the future?

EXHIBIT 1: 2016–17 Funding Sources and Summary

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | **Funds (in US$)** | |
|  |  | | **United States** | **Canada** |
| **Revenue** | | |  |  |
|  | Government | |  |  |
|  |  | Federal | 25,000 | 0 |
|  |  | State/Provincial | 80,000 | 0 |
|  | Private Foundations and Corporations | | 50,290 | 6,000 |
|  | Earned Income | | 40,959 | 27,686 |
|  | Private Individual Donations | | 90,719 | 6,445 |
|  | In-Kind and Other Income | | 2,455 | 0 |
|  | **Gross Income** | | **289,423** | **40,131** |
| **Expenditures** | | |  |  |
|  | Program | | 68,708 | 24,368 |
|  | Travel | | 19,905 | 14,584 |
|  | Professional Fees | | 2,145 | 6,632 |
|  | Fundraising | | 8,277 | 3,194 |
|  | Office | | 7,330 | 1,922 |
|  | Conferences | | 7,547 | 1,824 |
|  | Employee and Contractor Wages | | 137,025 | 1,439 |
|  | Bad Debts | | 0 | 1,325 |
|  | Advertising and Promotion | | 14,640 | 86 |
|  | **Total Expenditures** | | **265,577** | **55,374** |
| **Net Profit (Loss)** | | | **23,846** | **−15,243** |

Source: Company files.

EXHIBIT 2: donation Habits by Generation

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Generation** | **Annual Donations (in US$)** | **Ways to Get Involved** | **Donation Interests** | **Characteristics** |
| Millennials (1981–1997) | $644.92 | Volunteering and donations | Youth development | * Receptive to crowdfunding (87 per cent) * More likely to follow and interact with charities on social media * Group with the lowest donations per individual |
| Generation X (1965–1980) | $1,033.28 | Donations and volunteering | Youth development | * Receptive to crowdfunding (87 per cent) * Almost a third expecting to give to a charity through social media in the future * Group that has donated to charities most frequently |
| Baby Boomers (1946–1964) | $1,248.80 | Donations and personal stories | Place of worship | * Almost half (47 per cent) donating more than once a year * Donations to more than three non-profit organizations per year |
| Mature Adults (born in 1945 or earlier) | $1,435.00 | Donations | Place of worship | * Group that donates most to charities * Least receptive group to crowdfunding (63 per cent) |

Source: Patrick Sullivan, “Millennials Give the Least, Want Money Used Wisely,” The NonProfit Times, April 15, 2015, accessed February 13, 2018, www.thenonprofittimes.com/news-articles/millennials-give-the-least-want-money-used-wisely.

1. World Health Organization, “Mental Health: A State of Well-Being,” World Health Organization, August 2014, accessed October 1, 2017, www.who.int/features/factfiles/mental\_health/en/. [↑](#footnote-ref-1)
2. All currency amounts are in US$ unless otherwise specified. [↑](#footnote-ref-2)
3. Tami L. Mark, Katharine R. Levit, Rita Vandivort-Warren, Jeffrey A. Buck, and Rosanna M. Coffey, “Changes in US Spending on Mental Health and Substance Abuse Treatment, 1986–2005, and Implications for Policy,” *Health Affairs,* 30, no. 2 (2011): 284–292. [↑](#footnote-ref-3)
4. P. Smetanin, D. Stiff, C. Briante, C.E. Adair, S. Ahmad, S. and M. Khan, *The Life and Economic Impact of Major Mental Illnesses in Canada: 2011–2041*, RiskAnalytica, on behalf of the Mental Health Commission of Canada (Toronto: Mental Health Commission of Canada,, 2011), accessed March 29, 2018, https://www.mentalhealthcommission.ca/sites/default/files/

   MHCC\_Report\_Base\_Case\_FINAL\_ENG\_0\_0.pdf. [↑](#footnote-ref-4)
5. Substance Abuse and Mental Health Services Administration, *Projections of National Expenditures for Treatment of Mental and Substance Use Disorders, 2010–2020*, U.S. Department of Health and Human Services, 2014, accessed August 29, 2017, https://store.samhsa.gov/shin/content//SMA14-4883/SMA14-4883.pdf. [↑](#footnote-ref-5)
6. “Mental Illness and Addictions: Facts and Statistics,” Centre for Addiction and Mental Health, accessed August 29, 2017, www.camh.ca/en/hospital/about\_camh/newsroom/for\_reporters/Pages/addictionmentalhealthstatistics.aspx. [↑](#footnote-ref-6)
7. Ibid. [↑](#footnote-ref-7)
8. “Fast Facts about Mental Illnesses,” Canadian Mental Health Association, accessed August 29, 2017, https://cmha.ca/media/fast-facts-about-mental-illness. [↑](#footnote-ref-8)
9. Ibid. [↑](#footnote-ref-9)
10. John Hunsley, Katherine Elliot, Zoé Therrien, “The Efficacy and Effectiveness of Psychological Treatments,” *Canadian Psychology/Psychologie canadienne* 55, no. 3 (2014): 161. [↑](#footnote-ref-10)
11. Out of the 73 U.S. individual donors, 46 gave less than $100, 14 gave between $100 and $499, five gave between $500 and $999, six gave between $1,000 and $2,500, one person gave $6,000, and one person gave $50,000. Out of the 32 Canadian individual donors, 15 gave less than $100, 14 gave between $100 and $499, and three people donated $500. [↑](#footnote-ref-11)
12. “Charitable Donors, 2016,” Statistics Canada, February 14, 2018, accessed March 13, 2018, www.statcan.gc.ca/daily-quotidien/180214/dq180214a-eng.htm. [↑](#footnote-ref-12)
13. “Giving USA 2017: Total Charitable Donations Rise to New High of $390.05 Billion,” Giving USA, June 12, 2017, accessed October 1, 2017, https://givingusa.org/giving-usa-2017-total-charitable-donations-rise-to-new-high-of-390-05-billion. [↑](#footnote-ref-13)
14. Irene Ogrodnik, “Is Crowdfunding the New Frontier for Charitable Donations?” Global News, October 21, 2014, accessed February 13, 2018, https://globalnews.ca/news/1625704/is-crowdfunding-the-new. [↑](#footnote-ref-14)
15. “The Essential Guide to Crowdfunding,”Indiegogo Inc., accessed March 22, 2018, https://learn.indiegogo.com/the-essential-guide-to-crowdfunding/. [↑](#footnote-ref-15)