

# The Feasibility Study: Determining Your School's Readiness for a Capital Campaign

Henry Contant  
Executive Director

Cathy Kits  
Development Consultant

Tim Williams  
Director of Finance



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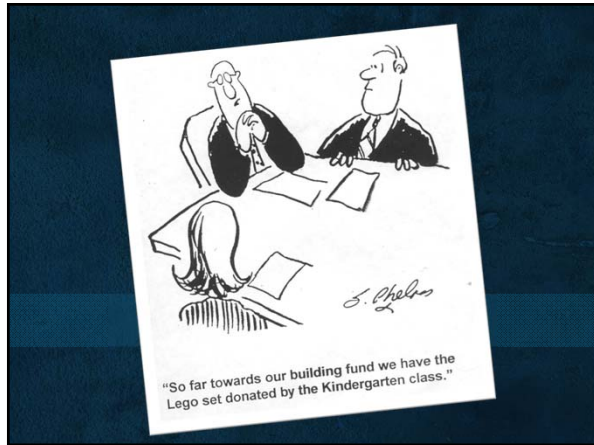
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## Group Discussion

What would your school board and development team want to know prior to launching a major capital campaign?

- 1.
- 2.
- 3.
- 4.
- 5.

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## Group Responses

- 1.
- 2.
- 3.
- 4.
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- 9.

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## Raising funds should grow out of vision

Raising funds for new buildings, facilities, and programs should grow out of the school's mission and vision.

The way in which funds are raised should both reflect and strengthen the vision.

A set of strategies will be outlined for conducting a feasibility study as necessary first step in planning a major capital campaign.

Planning a capital campaign must always be done within the context of a larger on-going School Development Master Plan.

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## Growing Givers' Hearts

Pushing supporters to make quick and unexpected giving decisions usually results in smaller gifts than what might have been received had the persons who support the organization been allowed to plan their giving.

"It has been my experience that when a family plans to give, they will give substantially more than the family that gives out of excess, for there is rarely any excess."

~ Ron Blue

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## Feasibility Study: Definition

"A tool that can take us from an idea to a decision by looking at a lot of information, analyzing the information, having a hypothesis tested against either one particular option or multiple options, to figure out whether it is possible for the organization to make a decision on whether to act."

~ Ted Sudol, The Fundraising Summit 2015

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## Feasibility Study: Definition

"Suppose one of you wants to build a tower. Won't you first sit down and estimate the cost to see if you have enough money to complete it?"

Luke 14:28 (NIV)

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## The Feasibility Study Purpose

- ▶ Assess general reputation of the school
- ▶ Determine awareness, acceptance and degree of support for the project
- ▶ Identify strengths that can be highlighted
- ▶ Identified weaknesses that need to be addressed
- ▶ Identify target groups and level of expected support

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## The Feasibility Study Purpose

- ▶ Determine major financial contributors
- ▶ Identify potential leaders
- ▶ Determine willingness of volunteers
- ▶ Determine if goal is realistic and attainable
- ▶ Determine appropriate timing
- ▶ Solicit advice from supporters
- ▶ Unearth problems that could derail campaign and identify possible solutions

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## Conducting the Feasibility Study



- ▶ Identify a meaningful cross-section of individuals and stakeholder groups to be interviewed
- ▶ Draft critical questions to be asked
- ▶ Design and conduct the actual interview process
- ▶ Organize other stakeholder groups as needed
- ▶ Prepare the confidential feasibility report for the school board and leadership team

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## The Feasibility Study Report



### Guides and Protects the Board

- Red: No...** poor timing, not enough resources, insufficient support
- Yellow: Caution...** move ahead but address issues identified in the study
- Green: Go ...** build on momentum created by study

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## The Feasibility Report Finding

- ▶ List of Participants in the Feasibility Survey
- ▶ Gifting Table for \$ \_\_\_ Million Capital Campaign
- ▶ Estimated Levels of Support
- ▶ Estimated Level of Giving for Entire Campaign
- ▶ Feasibility Study Interview Questionnaire
- ▶ List of Volunteers willing to do Campaign Visits
- ▶ Identified by Others as Good Campaign Leaders
- ▶ Additional People Recommended for Campaign Visits
- ▶ Recommended Foundations/Organizations to Approach
- ▶ Proposed Capital Campaign Timeline

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## Campaign Readiness

- ▶ Leadership
- ▶ Compelling and emotional case for support
- ▶ Sufficient contributable dollars
- ▶ Adequate resources
- ▶ Well organized team

Bob Carter: The Fundraising Summit 2015

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## Leadership: Role of Board, Committees and Administration



- ▶ Board, committees and leadership team are the key to the success of a capital campaign
- ▶ Boards cannot expect others to do what they are not willing to do themselves
- ▶ Value of 100% participation rate

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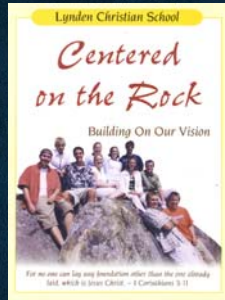
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## Compelling Case for Support

### Telling the Story

- ▶ Visuals
- ▶ Scale Models
- ▶ 3D Videos
- ▶ Look Book
- ▶ Video

- Brief History
- Proposed Project
- Campaign Plan




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## Sufficient Contributable Dollars

Gift Level	Number of Gifts	Subtotal	Cumulative Total	Cumulative Percentage
\$1,000,000	1	\$1,000,000	\$1,000,000	20%
\$750,000	1	\$750,000	\$1,750,000	35%
\$500,000	1	\$500,000	\$2,250,000	45%
\$250,000	1	\$250,000	\$2,500,000	50%
\$100,000	3	\$300,000	\$2,800,000	56%
\$75,000	4	\$300,000	\$3,100,000	62%
\$50,000	6	\$300,000	\$3,400,000	68%
\$40,000	6	\$240,000	\$3,640,000	72.8%
\$30,000	7	\$210,000	\$3,850,000	77%
\$25,000	10	\$250,000	\$4,100,000	82%
\$20,000	10	\$200,000	\$4,300,000	86%
\$15,000	10	\$150,000	\$4,450,000	89%
\$10,000	15	\$150,000	\$4,600,000	92%
\$5,000	30	\$150,000	\$4,750,000	95%
\$2,000	50	\$100,000	\$4,850,000	97%
\$1,500	50	\$75,000	\$4,925,000	98.5%
\$1,000	50	\$50,000	\$4,975,000	99.5%
\$500	50	\$25,000	\$5,000,000	100%

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## Giving Tables: Your Actual Cost

Gift	Tax Credit	Actual Total Cost	Actual Annual Cost	Actual Monthly Cost
\$75,000	\$32,728	\$42,272	\$14,091	\$1,174
\$50,000	\$21,803	\$28,197	\$9,399	\$ 783
\$25,000	\$10,878	\$14,122	\$4,707	\$ 392
\$10,000	\$4,323	\$5,677	\$1,892	\$ 158
\$5,000	\$2,138	\$2,862	\$ 954	\$ 80
\$2,000	\$ 827	\$1,173	\$ 391	\$ 33
\$1,000	\$ 390	\$ 610	\$ 203	\$ 17

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## Adequate Resources ?

- ▶ **Database:** who is our support community?
- ▶ **Office Support:** You need to spend a little money to raise a lot of money.
- ▶ **Software programs:** Donor tracking software



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## Well Organized Campaign Committee?

Campaign Chair:

Campaign Staff:

Campaign Volunteers:



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## What do bankers look for when lending to schools?



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## What do lenders look for?

The three C's of lending:

- Character
- Capacity
- Collateral



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## Character

- School's credit rating
- History of good banking practice
- Who is on your board and finance committee?
- Credentials of key staff and management
- Professional looking loan application that shows competency

**Bottom line:** is your school honest, capable and competent to lend money to?

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## Capacity

- History of surpluses - previous 3 years financial statements
- History of positive cashflow - previous 3 years cashflow statements
- Projected income statements - 10 years
- Projected cashflow - 10 years
- Student enrollment history and projections - 10 years
- Other debt commitments eg., leases on buses, computers, etc
- **Debt service ratio** - significant buffer between positive cashflow and loan repayments
- **Interest cover ratio** - significant buffer between surplus revenue and interest expense

**Bottom line:** do you have capacity to repay the loan if interest rates increase?

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## Collateral

- Current market value of land, buildings and other assets
- Projected market value of assets after construction is complete
- Details of construction contract, plans and specifications
- Details of contingency reserve above the cost of construction
- Details of architect, engineers and general contractor - experience with school construction
- Balance Sheet - previous 3 years
- Projected Balance Sheet - upon completion of building project
- **Loan-to-Value Ratio** - prefer maximum of 50% but may go as high as 70%

**Bottom line:** if they have to sell the school property, will there be enough equity to get their money back?

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## Who lends money?

- CRC Extension Fund
- Canadian Conference of MB Churches
- Banks and Credit Unions
- Private Financing
- Parents directly or through RRSP plans

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Mona Drive Vancouver Redevelopment Project

### Table of Contents

1. Executive Summary.....	3
11. Background.....	3
12. Financing Request.....	4
13. Key Highlights.....	4
2. The VCS Story.....	5
21. Our 50 Year History.....	5
22. Who we are today.....	6
23. The VCS Competitive Advantage.....	7
24. Our Leadership.....	9
25. Building Project Committees.....	14
Capital Campaign Committee.....	14
Building Committee.....	14
Finance Committee.....	14
3. School Building Project.....	15
31. Location and the Mona Drive Vancouver Site Advantage.....	15
32. A Need to Build New.....	16
33. Beneficial Elements of the New School.....	16
34. Urban Design and Environmental Sustainability.....	17
35. Project Timeline.....	18
36. Neighbourhood Communications Strategy.....	18
4. Project Team.....	19
5. Project Drawings and Plans.....	21
5.1. Renderings of New School.....	21
5.2. Floor Plans.....	26
5.3. Landscape Plans.....	29
6. Financing Analysis.....	32
6.1. Project Summary.....	32
6.2. Estimated Project Costs.....	33
6.3. Three Year Historical Comparative Summary.....	34
6.4. Ten Year Projection - Revenues.....	36
6.5. Ten Year Projection - Net Income & Cash Flow.....	38
7. List of Appendices.....	41

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West Side Vancouver Redevelopment Project

List  
OF  
Appendices

1	VCS Mission, Vision, and Core Values
2	VCS Financial Statements for the Last 3 Years
3	City of Vancouver Development Permit
4	Appraisal of West Side Vancouver Projects by Atlas
5	Environmental Phase 1 Site Investigation by Keystone Environmental
6	Building Capacity Review by Onicon
7	Detailed Employment Forecasts
8	A Community Support Book

Vancouver Chamber of Commerce

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## New Financial Realities

Higher...

- ▶ Financing Costs
- ▶ Insurance Costs
- ▶ Utility Costs
- ▶ Janitorial Costs




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## Hindsight is 20/20

- ▶ Value of proper preparation
- ▶ Short cuts don't work
- ▶ Leadership is crucial
- ▶ Proper training is vital
- ▶ Surround campaign with prayer
- ▶ You need to spend some money to raise a lot of money
- ▶ Communicate communicate
- ▶ Confidentiality must be upheld
- ▶ The capital campaign will help launch other development activities




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## Capital campaigns are about more than raising money

A campaign should...

- ▶ rekindle vision and commitment
- ▶ build community
- ▶ expand your support base
- ▶ raise funds



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## For additional support

Henry Contant  
Executive  
Director

Cathy Kits  
Development  
Consultant

Tim Williams  
Director of  
Finance



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