

Furniture Bank Start-up Manual

A Guide to Establishing a Furniture Donation Organization

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Introduction

What is a furniture bank?

A furniture bank is a 501(c)(3) organization that provides household furnishings to individuals and families in need. While furniture banks vary greatly in structure, most are a hub for social service agencies in their local community, providing household furnishings for the clients of their collaborative partner agencies.

Furniture banks serve anywhere from one agency to a network of over 100 agencies. Some furniture banks focus on one segment of the population such as homeless people, while others work with a variety of those in need, including people living with HIV/AIDS, refugees, people who are mentally ill, people fleeing domestic abuse, senior citizens, migrant workers and the working poor.

By providing household furnishings, furniture banks assist clients in the following areas:

Financial: Furniture banks help people stay within their budget and maintain stability after making the transition from homelessness.

Physical: Furniture banks create a better environment for eating and sleeping, leading to better illness prevention.

Social: Furniture banks promote family interaction; without a table or living room furniture, there is no gathering point for family conversation or interaction.

In addition to assisting families, furniture banks help the community by reusing furnishings that would otherwise go to landfills, and they provide economic benefits by actually putting wealth back into the community. **The value of furnishings redistributed to the community is several times the cost of that redistribution.**

The Purpose of this Manual

The purpose of this manual is to provide a base of information about furniture banks that can be used as a working guide to develop and support furniture banks. This manual is not a fully comprehensive “how to” guide prescribing a step-by-step approach for how a furniture bank *must* be started. This manual is intended to help potential furniture bank programs consider the primary issues that need to be addressed in deciding whether to start a program.

This manual highlights the experiences of people who have started or run furniture banks, using examples of different styles of operation. Use these insights as a tool; modify the experiences of others to meet your specific needs and objectives.



Chapter 1: Before You Begin

Creating a Furniture Bank Concept For Your Community

What is your broad vision for the furniture bank? Most furniture banks act as a hub for their community social service agencies, serving clients from a number of agencies. The people served might include homeless people moving out of a shelter or transitional facility, families fleeing domestic violence, refugees, people living with HIV/AIDS, mentally ill people, senior citizens or the working poor. The development of this kind of program requires widespread community commitment, many sources of funding, a large facility and staff, many volunteers, and a large budget. In contrast, some agencies choose to serve only one type of client. For example, the furniture bank might be focused entirely on people living with HIV/AIDS and only assist clients referred by AIDS service agencies.

Some furniture banks are set up as an adjunct of one particular agency, serving one specific client population. For example, a battered women's shelter may offer a small furniture bank as part of its services. The resources for this type of program would be limited and the number of people served would be small. While the process would be similar to that of larger agencies, set up and operation would be relatively easy, with minimal cost and minimal community buy-in. Funding needs would be small and might be almost entirely from one agency or municipality. One or two people could run the program, with the help of some volunteers.

Does your community need a furniture bank?

Before a furniture bank is started in a community, the need for such a program must be assessed. It is possible that there is already a program in the community filling a need for furniture. There may also be existing furniture donation programs that are not meeting all of the needs in the community. For instance, a program that targets assistance to those with HIV/AIDS may provide furniture only to that limited group, while many other needy families in the community have no place to go. Conversely, some churches offer small programs to help members of their parish, but again, there will be many others who can utilize furniture bank services.

As a community plans a furniture bank, it makes sense to know what, if any, existing services are being offered, and also consider if it makes sense to simply build up an existing program, or start an independent program.

It is essential to communicate with all the groups that are working on similar housing and social service issues in the community. If you have determined that there is no current program to fill the furniture needs of low-income people, then it is necessary to determine the size and demographics of the populations that could be served by such a program.

It will be necessary to do research with several groups before you can make a decision. First, based on your vision of who you wish to serve, you will need to explore potential recipient agencies. A local collaborative group or coalition, such as a homeless service provider coalition, is a good place to start. The response of potential recipient agencies will play a key role in deciding whether to move forward with starting your program.

Types of Organizations Typically Interested in a Furniture Bank Program

Emergency Shelters. These programs are temporary housing programs for homeless families and individuals. A church or social service agency may sponsor an emergency shelter or it may be a separate non-profit entity. Typically, these clients move back into housing, are referred to other programs, or return to the streets.

Transitional Facilities. These programs are also for homeless people and may provide housing for up to 24 months. Clients of these programs are typically referred from emergency shelters and have long-term needs that must be addressed before they are ready to move back into permanent living situations. These issues may include substance abuse, domestic violence, job readiness skills, basic living skills, basic education (GED) skills, mental or physical illness, or other conditions that prevent them from living independently.

State Family and Children Services. These programs work with indigent people who may have furnishings needs. Some states have funds for furnishings for their clients and use existing furniture bank programs to purchase new and used furnishings.

Foster Care Programs. In many states, children may not be placed in foster care homes unless there is a bed for each child. This is particularly problematic for grandparents seeking custody of their grandchildren.

Refugee Programs. Refugees arriving from other countries often have no possessions, and the agencies that assist them benefit from a furniture bank program because of limited agency resources.

Local Disaster Relief Agencies. Organizations such as the American Red Cross or the Salvation Army work with fire or storm victims and often have limited resources to provide furnishings.

Ministries. Many religious organizations are heavily involved in the community and may be interested in supporting a furniture bank program.

Government Partners. City, county, state, and federal agencies may be interested in your program to help expand the range of services they are able to provide.

If you can not locate community groups that may be interested in a furniture bank program, contact United Way or your city/county human services or community development departments.

Organizing a steering committee

The steering committee is the first formal organizational step on the road to developing a furniture bank. A steering committee is not a legally organized body, but simply a group of individuals willing to work together to get a furniture bank started in the community.

The initial steering committee person is the visionary who wants to start a furniture bank. Additional steering committee members should be equally committed to the program and be willing to speak at meetings and other gatherings to gauge the level of interest in the furniture bank concept in the community and to identify a diverse pool of people who will continue to support the program. Some steering committee members will likely be the incorporators of the furniture bank and may constitute the first Board of Directors.



Chapter 2: Assessing Needs and Resources

Creating a Mission Statement

Your mission statement expresses the core goals of the organization. Every activity that you choose to do as part of your furniture bank operation should be related back to your mission.

Mission statements are typically brief, focusing on the key elements of your organizational goals. In the case of a furniture bank organization, your mission may target:

- Social goals, such as serving low-income people, meeting low-income housing needs, providing jobs for the jobless or underemployed;
- Environmental goals, such as keeping merchandise out of the landfill, conserving natural resources; or
- Economic goals, such as providing low cost merchandise or targeting affordable housing needs for low income people.

Mission statements should change as your organization evolves. Revisit your mission statement every two years to see if:

- Your organization is following its intended mission.
- The activities of the organization have evolved or changed, and therefore requires a new mission statement to better represent the current organization.

Developing a Business Plan

Once you have thoroughly assessed your needs and resources, you are ready to develop your organization's business plan. Your business plan will function as a plan of action that will guide the Board of Directors, key stakeholders, and collaborative partners.

Furniture bank business plans vary, as organizations address the needs of different populations through varying distribution methods.

A comprehensive Business Plan for a Furniture bank program should include the following components:

- Executive Summary
- Organization's Mission Statement
- Objectives
- Market Analysis
- Organizational Structure and Administration
- Product and Service Descriptions
- Cash Flow Analysis

Developing a Budget

Because furniture banks vary dramatically, there is not a specific dollar figure that must be included in an organizational budget. Factors such as offered salaries, organizational size, rent, utilities, donated materials, and region of the country result in different budget needs.

Despite these variances, there are standard line items you will need to consider as you develop your startup budget. Consult the budgets of organizations in your community and the samples provided by the National Furniture Bank Association, and use these documents as a template for completing your own budget.

Physical Resources

Warehouse/Facility Space

A furniture bank needs a small office space, but the majority of the space needs to be dedicated to warehouse or open-floor space.

While some furniture banks are started out of a church basement, a garage, or a small warehouse space, the most successful furniture banks rely on a large space in which to process and store furniture. To facilitate efficient and effective operations, a furniture bank should be at least 4,000 square feet. Furniture takes up a large amount of floor space and cannot easily be stacked. Most furniture banks do not put furniture on shelves as that requires double and triple handling of the item, and does not make the item easily accessible to clients shopping and picking out items.

In most cases, ceiling heights of 8 to 10 feet is adequate. Racking can be installed around the perimeter for storing and displaying small items such as lamps, linens, dishes, and even tables. *Bridging, Inc.*, a furniture bank in Bloomington, Minnesota, uses racking for almost all of their items.

If a furniture bank receives donations from manufacturers, distributors, retailers or other businesses, having a dock area for the ease of unloading semi-tractor trailers is important. It will also assist the furniture bank operation in the loading of trucks for deliveries. With a dock, there is a need for a dock plate to cover the difference between the dock height and the truck bed. In addition, a dock should have an overhead door.

Pick a location that is convenient to those you serve. Your facility must also be reasonably accessible to those providing the reusable merchandise to your facility. Many furniture banks are intentionally sited in economically depressed areas of the city to be convenient to their client population. Consider locating on a bus route to accommodate those without personal vehicles.

Start out small, but have a plan for growth. You probably do not want to burden your budget with a large space if you only initially require a small space to conduct the activities of your furniture bank organization. Over time, however, you may require more space, and it might be easier to grow within your existing space than to plan a move.

The largest furniture bank, Furnish a Future in Brooklyn, New York, is 40,000 square feet of space. Most furniture banks, such as the Furniture Bank of Metro Atlanta and The Mustard Seed in Orlando, Florida, average about 20,000 square feet. The Sharehouse in Seattle, WA has about 8,000 square feet.

Tips for Locating Warehouse Space

- Warehouse space may be obtained at a free or very reasonable rate from surplus buildings (schools and warehouses) in your city or county. Check with your local school system or local Community Planning Department.
- A member of the National Association of Industrial and Office Properties (NAIOP) in your community may be a resource for free or low cost facilities.
- Find a commercial real estate broker, explain your needs and have that person look for space. Typically, you will sign a 1-3 year lease on any facility that is not donated.

Vehicles

Transportation can make up a large expense in your organization. There are many transportation options, and when starting up a furniture bank enterprise, you should think about them all.

You may consider having all merchandise transported to your site by the generating person or organization, but this may mean that some merchandise will never make it to your doorstep. If the generator is responsible for transporting the material to your site, you may want to carefully screen material, and schedule a delivery time. This will help in managing the influx of material coming into the furniture bank organization.

If you choose to pick up furniture from donors, you have four options:

- You can contract with an independent transportation firm.
- You can rent a truck as needed, such as one day a month or once a week, to do pick-ups.
- You can lease a truck on an on-going basis
- You can purchase your own truck[s].

The Furniture Bank of Metro Atlanta uses two 24-foot box trucks.

Whatever trucking transportation method you choose, start out slowly and acquire only the transportation systems to meet your current needs. You must consider that your budget will include fuel, maintenance, and insurance when managing your own trucks.

Most furniture banks own trucks, although some lease vehicles as the need arises, and some do a combination of leasing and owning. Most organizations use 14-16 foot trucks, although some furniture banks use 24-foot trucks. Stick shift diesel trucks are the most economical vehicles to drive, but many potential drivers will not know how to drive stick shifts, so you may want to consider automatic transmissions.

Material Storage Equipment

Many furniture banks try to get by on only donated material storage equipment. Using donated equipment further supports your furniture bank mission and can be an inexpensive way to acquire the storage units and shelving that you need. Look for opportunities to acquire large quantities of like shelving for a consistent look and ease of set-up and reconfiguration. When discount or department stores renovate, refurbish, or shut down a facility, they may be willing to donate the old fixtures and shelving for use within a furniture bank organization.

Material Handling and Repair Equipment

Furniture is not usually heavy (except items like sofa beds), but it is bulky, and therefore requires some specialized equipment to ease in movement of items. Safety must also be a key consideration.

In the warehouse, some items which may appear feeble may just need to be tightened up, and can easily be done with a screwdriver. Today, many furniture banks can benefit from power drill/screwdrivers, as they are easy to use, efficient, and not very expensive. You should also keep an assortment of space parts around for minor repairs, such as screws, nails, casters, and bolts.

It will be necessary to train employees on the proper usage of all equipment, including driving and operation, and to set protocol within the facility to avoid employee injury.

Useful Material Handling Equipment

Floaters. They come in several sizes and it is good to have small and large ones to move furniture, especially couches.

Hand trucks and dollies. These two wheel carts can allow one person to move dressers, tables and other items. Be sure to get a tongue extension to help get under items.

Appliance dollies. Though not required for a furniture bank, an appliance dolly can make moving larger items much easier. Appliance dollies are especially useful when taking items up and down stairs, they provide tie down straps to keep items steady, and are heavy-duty.

Pushcarts. These carts have a flatbed and handles, and are useful for moving stacked chairs, boxes of goods, or several dressers at once.

Pallet jacks. This hydraulically operated equipment has a handle for easy pulling and maneuverability. This equipment, while not crucial for a furniture bank, can grab and lift a pallet of items from a truck, a dock, or a flatbed. It is also useful for moving pallets of merchandise around a warehouse with minimal risk of employee injury from lifting.

Tool kits. Having toolkits available at the furniture bank warehouse and on the trucks can be very useful. When staff is picking up an item, it is sometimes easier to disassemble the item prior to loading on a truck. Other times it is necessary to remove table legs or casters to get the item out of the house.

Office Equipment

Furniture banks, like any other kind of business, need proper office equipment to function effectively.

Necessary Office Equipment

- At least a two line phone system with an answering machine or voice mail capabilities and the capacity for expansion
- A fax machine
- At least one computer for record keeping and general office work
- Software, including an information management program like Microsoft Office and database management programs like Access or FileMaker Pro
- Internet access
- A printer
- A copy machine
- General office furniture such as desks, chairs, file cabinets and storage space for supplies.

Many of these items are available for free or at reduced prices to non-profits through technology programs in the community. Check with your United Way and other resources before purchasing this equipment.

In-Kind Donations

Consistent in-kind donations of furniture are essential to your program; your inventory level (and thus your client service level) will depend almost entirely on these contributions.

Most furniture banks accept donations from individuals and corporations. Large corporate donations from furniture retailers and hotels will be the most efficient way to initially build your inventory.

To assess the availability of in-kind donations in your community:

- Schedule meetings with the owners of furniture retailers in your area to describe your vision and ask for their support.
- Speak with the hotel and motel owners and managers about donating to your organization when they change out old furnishings or when they renovate.
- Ask local religious leaders to let you speak during worship services at their church, mosque, or synagogue.



Chapter 3: Legal and Tax Issues

This section of the handbook is not a comprehensive review of all the legal aspects involved in incorporating and operating a furniture bank; it highlights the important legal areas and provides a general explanation of the work involved.

Forming a nonprofit corporation is a complex legal situation that should probably not be undertaken by laypersons. To ensure compliance with all of the relevant state and federal laws concerning incorporation (including tax laws), your group should secure the services of a reputable business attorney. (An attorney may be willing to donate his or her services.) The collective relationships of the steering committee probably will produce some viable attorney contacts. You may also call the local or state bar association or a lawyer referral service. Your attorney should be able to assist with the details and process of incorporating your organization as well as other financial and business issues.

Incorporation

Prior to engaging in any substantial financial activities you will need to incorporate your agency as a non-profit organization. As a non-profit, you will be able to accept donations and limit the potential personal liability of the initial organizers. After incorporating, your organization can establish bank accounts, obtain insurance, and apply for funding.

How do you do this?

As a new non-profit organization you have a unique opportunity. Not-for-profit organizations are required to make disclosure upon request, which gives you access to the official documents of existing agencies. It will be helpful to you to secure copies of bylaws, applications for tax exempt status, and other relevant information, as guidelines for your organization's documents.

Federal Taxpayer (Employer) Identification Number

As soon as you have become incorporated, you should obtain a federal taxpayer (employer) identification number by filing Form SS-4 with the Internal Revenue Service. The federal identification number can be secured very quickly, even over the phone. This number is needed when filing state and federal tax forms, opening a bank account, and dealing with local state, and federal agencies.

State Requirements for the Articles of Incorporation

To become a nonprofit corporation, you must prepare and file the articles of incorporation or the corporate charter. Forms of the articles of incorporation are available from the Secretary of State in most states but should be adapted for use by your organization. Your attorney should be able to guide the steering committee through the process. In addition to the provisions required or permitted by state law, certain specific purposes, powers and dissolution provisions **must** be included in your articles of incorporation in order to obtain tax-exempt status. Once your articles of incorporation have been prepared, they must be filed with the office of your Secretary of State (or its equivalent). The office will often charge a filing fee.

After you file the articles of incorporation, your organizations should have an organizational meeting where the incorporators (i.e., the people signing the articles of incorporation) elect a permanent board of directors. The board can include the same people as the incorporators. Also at this meeting, the incorporators should adopt a fiscal year, adopt the bylaws for the corporation, and designate the person to receive court papers on behalf of the corporation.

The bylaws provide guidelines for regulating the internal affairs of the corporation. Your attorney should review the bylaws to ensure that they conform to state law and to the articles of incorporation. The bylaws specify the means and manner in which the organization operates.

Your organization's bylaws should address the following issues:

- Does the organization have members?
- Terms of office for the Directors
- Voting requirements for Board meetings
- Quorum requirements for the Board of Directors
- Date and location of Board meetings
- Position requirements or responsibilities of officers of Board of Directors
- A statement as to the exempt purpose of the organization

The Internal Revenue Service requires the submission of “conformed bylaws” at the time of application for tax-exempt status. It is important that the records of the organization be maintained in a corporate minutes book. The minutes of the organization cover the significant decisions, and are not a transcript of all that has been discussed at a meeting. It is important for the organization to maintain the minutes from the onset of its first meeting.

Securing Tax-Exempt/501(C)(3) Status

Recognition from the IRS as a charitable tax-exempt organization makes donations to your organization tax-deductible to the greatest extent possible under the tax laws. Tax-exempt classification is retroactive to the date of incorporation if applied for within 15 months of incorporation.

The application for tax exempt status for an Internal Revenue Code 501(c)(3) organization is on IRS Form 1023. The application form is a very extensive document that requires a significant amount of time in preparing

Thorough and complete documentation will help ensure a successful application.

A newly formed organization typically requests an “advance ruling”. The advance ruling is a probationary status for the organization. An advance ruling is based on the organization's current status and projected growth. In lieu of preparing financial statements, the non-profit organization must submit projected budgets for the current year and for the next two succeeding years. The Internal Revenue Service reviews the document and bases their decision upon what the organization deems as their exempt purpose and what they will see themselves doing in the future.

Taxes

If your furniture bank's annual gross receipts total \$25,000 or more you are required to file Form 990 with the IRS. A fine is issued for failing to file this return. The IRS forms that you may need to file include:

1. Form 990: *Return of Organization Exempt from Income Tax* or Form 990EZ: *Short Form Return of Organization Exempt from Income Tax*
2. Schedule A (Form 990): *Organization Exempt Under 501(c)(3) Supplementary Information*. Organizations required to file Form 990 or 990EZ (gross receipts normally \$25,000 or more) must complete and attach Schedule A.

Anyone preparing tax and annual report forms for your organization should read the applicable instructions and consult your accountant or attorney to ensure that the required forms are properly completed and filed.

Unrelated Business Income Tax

An organization is subject to tax on unrelated business income if the income is from a trade or business which is regularly carried on by the organization and which is not substantially related to the exempt purpose, except that the profits are needed from the activity to fund the exempt organizations. "Regularly carried on" means frequent and continuous and conducted in a manner similar to a commercial activity. Once a year is not regularly carried on, but once a month may be. For more information, see IRS Publication 598 on Unrelated Business Income of Exempt Organizations.



Chapter 4: Board of Directors

An organization's success depends on the performance and dedication of its board members.

The Board of Directors is the decision-making and policy-setting body of your organization. The board sets financial goals and priorities, manages legal matters, and provides oversight to the operations of the affiliate. Once your prospective organization is incorporated, any action that is taken on behalf of the corporation or any decision made with respect to the corporation must be authorized by the board of directors. The authority to act must be delegated to an officer of the organization. The board generally authorizes the Executive Director to act for the organization in the day-to-day affairs of the furniture bank.

Your board will probably consist initially of the members of your steering committee, but you will want to practice solid recruitment techniques to ensure that the board remains a vital resource.

To ensure the strength of your board, recruit members of the community that fit the following profiles:

- An attorney to provide legal counsel and assistance
- A CPA or other financial expert to assist with bookkeeping review, tax filings, IRS issues, and to provide financial guidance
- A leading furniture retailer who believes in your mission and who will provide in-kind and financial support as well as access to the retail furnishings community
- A local furniture manufacturer for donations
- A leader in the hospitality industry, particularly hotel/motel managers to generate in-kind donations
- A transportation professional to assist with trucking needs
- A member of the client population you serve to meet the requirements of some donors and to provide insight to your services
- A director of a non-profit you collaborate with to provide perspective and insight
- A leader in the interior design community to provide leads for in-kind donations and to help with fundraising
- A person with money or access to money
- A local elected official to advocate for your program
- A member of the news media
- A public relations professional
- A banker

Board development is an ongoing process and board members should have staggered terms, with some going off and coming on each year. As the agency matures, different types of board members with different skills may need to be recruited.

The board should have four officers: a Chairperson, a Vice-Chairperson, a Secretary, and a Treasurer:

Board Chairperson. The primary responsibility of the board chairperson is to moderate and provide leadership at board meetings. An accomplished moderator ensures that all points of view are heard and keeps the discussion focused on oversight and planning issues and not day-to-day operational issues. The chairperson is also responsible for signing legal documents and contracts. The board chairperson must ensure that board members do their work. The board chairperson should contact the committee chairpersons between meetings to determine their progress, possibly reminding them of specific tasks the board has assigned them. The board chairperson's job should not generate a tremendous workload, but spending time on the telephone is often imperative. The chairperson should not be timid about encouraging others to fulfill their commitments.

Board Vice-Chairperson. This position assumes all the responsibilities of the Chairperson in his or her absence.

Board Secretary. The secretary takes minutes at board meetings and ensures minutes are distributed to members shortly after each meeting. The secretary should be sufficiently familiar with legal documents (articles, by-laws, IRS letters, etc.) to note applicability during meetings.

Board Treasurer. The Board treasurer is responsible for keeping and maintaining all financial records of the organization. The position also should have custody of all corporate funds and securities, and should keep accurate profit and loss journals and present them to the board on a regular basis, preparing and certifying the financial condition of the organization. In some instances, the treasurer will sign and disburse agency funds. In all practicality, many of these functions are assumed by the Executive Director or staff, and, in consultation with the treasurer, financial reports are developed and presented to the Board by the treasurer.

A Board should have at least four members and may have 20 or more members. Typically, larger boards have several standing committees, such as executive, recruitment, strategic and long planning, finance and budget, development, volunteer, human resources, and nominating. Smaller boards typically have few standing committees and use *ad hoc* committees as the need arises. Discussions on these and other committees can be found in any number of books on board development.



Chapter 5: Fundraising

Resources

Before beginning any fundraising program or campaign, you will need to have several resources in place. Locating and/or creating these pieces will make your proposals and solicitations much more effective.

Case Statement

A case statement is basically a large brochure in which you state your organization's purpose and needs for funding. A typical case statement should include:

- Your organization's mission
- Your organization's goals
- Your organization's objectives
- An explanation of your programs/services
- An overview of your governance and staff
- A description of your organization's location
- A summary of your financial picture
- Your organization's fundraising plan
- Your organization's history

Sample case statements and more tips can be found in the NFBA library.

Budget

Developing a budget was discussed in Chapter 2. Your current budget will be requested by nearly every donor. Consider developing program-specific budgets if you are searching for funding for discreet areas of your operations.

Master Proposal

You will need to develop a master proposal that will serve as the basis for all of your proposals to foundations and corporations. Creating this document is a lengthy process, but it will make your fundraising efforts more efficient in the future. Your master proposal will include information on every facet of your organization's financial needs; future proposals can then be comprised primarily of excerpts from this document.

Fundraising Plan

Your fundraising plan is an essential part of your organization's business plan. This piece should address each audience for your fundraising efforts (foundations, churches, individuals, etc.), and outline a particular strategy (both short- and long-term) for each. This document will serve as a map for your organization's fundraising activities.

Record-keeping

In order to run a successful fundraising program, you *must* have a method of tracking donations and donor information. This can be a simple database system like Microsoft Access, or you may choose to invest in a more advanced donor-specific system like Raiser's Edge.

Tracking individual donors will allow you to evaluate giving patterns and identify major gifts prospects. Tracking foundation and corporate givers will allow you to develop reporting schedules and adhere to important deadlines.

As you begin offering services, it is also essential to track your client's data, as this information will often be requested by your donors. This is discussed in greater detail in Chapter 7.

Government Funding

Government funding can play a large role in start up and ongoing support for your organization. Meet with your local elected officials to explain your vision and ask for their support of your work through federal or local funding. Some possible sources of government funding are:

Local/City

General Tax Revenues

Many cities have an emergency fund or general fund that can be utilized by non-profit agencies. This is usually available by going to the Human Service Department, Community Affairs, Community Services or other departments that are charged with providing services to the community.

The second option is through your City Council members or the Mayor/Chief Executive. Usually individual members have individual funds they can access to support non-profits. Additionally, they can advocate for you to obtain emergency or general operating funds.

Community Development Block Grant (CDBG), Emergency Shelter Grant (ESG) and Housing Opportunities for People With AIDS (HOPWA) pass through grants

Each of these grants is received on a pro-rata basis from the U.S. Department of Housing and Urban Affairs (HUD) by the local jurisdiction and awarded to local non-profits through a Request for Proposal (RFP) process. This involves completing an application in competition with other non-profits. RFP's for all three of these grants are typically due in May and start the following April.

CDBG is awarded by HUD to local jurisdictions and is primarily used to provide for infrastructure improvements, principally for urban renovations, renewal, streets, lights, etc. 15% of the money may be used for social services.

ESG is awarded by HUD to local jurisdictions and is used principally to support emergency homeless shelters. 30% of the funds can be used to provide essential services, which includes furniture banks.

HUD awards HOPWA to local jurisdictions to provide housing related services to low income and/or homeless people living with HIV/AIDS. Clients need not be homeless, but they must meet HUD Section 8 income guidelines. Those guidelines vary by metropolitan area.

Environmental Funds

Some cities provide grants or services for diverting materials from landfills. New York City provides free Sanitation Department pickup for that furniture bank.

Local-County

In some areas, the county is the primary unit of government. The procedures for obtaining grants through the county are identical to those used by the city.

State Funding

Legislative Grants

Your local state representative may be able to advocate for you to receive a grant through House or Senate legislation. The process will vary from state to state so you would need to discuss it with your representative.

Governor's Fund

The Governors of many states have a fund that can be used for general purposes. The process again will vary from area to area. Your local legislator(s) must advocate for you.

Federal

HUD has a Supportive Housing Program grant, also known as the Super Notice of Funds Availability. This purpose of this grant is to provide a continuum of care for homeless people transitioning from emergency shelter to transitional housing to permanent housing. The grant is usually released through a collaboration of local jurisdictions. However, the contract is usually between the funded agency and HUD.

Furniture banks may also be eligible for government programs that focus specially on waste reduction, particularly through the EPA.

Because reuse of items also keeps these large, virtually non-recyclable items out of the landfills and incinerators, there also may be state or local grants available for which to apply. Typically there will be some requirement of tracking the amount of material diverted from disposal by weight or volume. Recycling or waste prevention grants are not typically used as a regular revenue stream, but instead appropriate for special projects or one-time grants where you will dramatically increase your diversion by purchasing a new truck for material pick-ups, or initiating a new public education campaign to avoid dumping -- donate instead.

Georgia has a Homeless Housing Trust Fund that was created by legislative action in the late 1980's. This was funded out of general tax revenues and supplemented by federal funds. The Georgia Department of Community Affairs, a quasi-state agency, administers this fund. Other states may have similar types of programs. A call to your city or county Human Services or Community Services department will generate that information.

Foundations and Churches

Local foundations, particularly a community foundation, may have an interest in funding a new furniture bank. Small family foundations are another good source for funding.

Churches and other religious organizations can be potential sources of revenue, as well as in-kind donations and volunteers. In many cases, they will not provide start-up funding, but, once members of the congregation are involved with your furniture bank, the Missions or Outreach departments are much more likely to put your organization in their budget. Besides speaking at church services, try to meet with Sunday school classes (adult and children) to involve them in furniture or soft goods (sheets, blankets, and pillows) drives, fundraising special events, or volunteering at your warehouse.

Most of these organizations have set application procedures and deadlines; it will be helpful for you to prepare a foundation and church calendar as part of your fundraising plan.

In order to apply for funding from these organizations, you will need to create a master proposal. This is an intensive document that will serve as the basis for all of your proposals. There are many resources available with guidance on this subject; consult your local foundation library or center for non-profits and consider attending local grant-writing courses.

Corporate Funding

Many corporations have foundations and employee giving programs. The Chamber of Commerce in your area can provide lists of local corporations.

Primary prospects for furniture banks are furniture retailers, design firms, and hotels. Many of these companies will be more interested in making in-kind donations initially, and will require a strong relationship development before parting with a financial donation.

Publicity is the primary incentive for corporations to donate to your organization. The next chapter will introduce ways to publicize your community partnerships.

Individual Funding

The cornerstone to any fundraising program is a healthy major gifts component. Unfortunately, individual donor programs take more time to build than other fundraising programs.

Start your program by cultivating personal connections between board members, committee members and prospective donors in the community. Build your program by capturing the names and contact information of volunteers and other involved parties who may be willing to contribute a small amount of money each year.

Consider whether a direct mail campaign is right for your organization. Many small agencies net \$10-\$15,000 dollars from these efforts. A direct mail program is an effective tool for getting your small donors in the habit of giving so that they may eventually grow into major gifts prospects.

Board giving

Fundraising is crucial to the work of your organization and should begin with your leadership. Members of the board of directors and committees should pledge financial support to the affiliate to the extent that they are able. This does **not** mean that only persons with substantial personal wealth should serve on the board of directors or committees. It does mean that board and committee members should provide as much financial support as their personal circumstances allow, and should support other resource development efforts initiated by the committee. Board members should understand and agree with their responsibility to take the lead role in fund-raising.

Many grant makers ask for the level of the organization's board commitment, and you want to be able to report that all of your members have pledged a financial contribution.

Special Events

Eventually, your organization may want to consider holding one or more special events each year. Although not the most efficient fundraising method, special events are very useful marketing tools.

As you plan your event(s), be careful to plan for long-term benefits from the function. For example, hold a raffle at your banquet, and enter the information from the raffle tickets into your newsletter list. Try to use your event as a way to build interest in your organization throughout your community.

There are many different kinds of events that can benefit your organization. Initially, you may want to partner with an existing organization or corporation that can provide community contacts and manpower for planning the event.

The Furniture Bank of Metro Atlanta holds an annual auction of designer chairs and other furnishings. Other organizations work with local furniture retailers to hold designer showcases and warehouse sales. These and other ideas are a useful way to spread the word about your organization to a community of potential donors.



Chapter 6: Publicizing and Marketing Your Organization

Schedule a Public Meeting

Once you have determined the need for a furniture bank in your community and have made the commitment to start a furniture bank, schedule a public meeting. You may schedule more than one public meeting in different parts of town.

A public meetings will provide an opportunity to find new partners and will help establish the presence of your organization in the community. A well-attended public meeting can help you locate volunteers and supporters.

Guidelines for Securing High Attendance at Your Public Meeting

- Send a press release to local newspapers, radio stations and TV stations.
- Request free announcements prior to the meeting in the newspaper and on the radio.
- Invite local media outlets to cover the event.
- Contact religious organizations, social services agencies and other community organizations; put announcements in the bulletins and newsletters of responsive organizations.
- Invite members of your local design community to the meeting. Members of the American Society of Interior Designers, the International Interior Design Association, and the Network of Executive Women in Hospitality have proven to be good resources for furniture banks.
- Invite members of your local hospitality industry, particularly hotel/motel representatives.
- Invite representatives from local furniture retailers.
- Recruit a public official (the mayor or a city council member) to speak briefly about the need for a furniture bank in your community.

Developing a Media Strategy

Publicity is a key component of a successful furniture bank operation. You should develop a media strategy when you are designing your business plan. Some of the most common forms of marketing include: newsletters, direct mail letters, in-person presentations, promotional videos, media packets, news releases, press conferences, public affairs programs, articles in neighborhood, church, or employee bulletins, education and outreach booths at special events, or holding your own special events.

Newspaper articles, television news coverage, public service programming (radio and television) church bulletins, neighborhood newsletters, business newsletters -- these are all ways of getting the word out without having to spend a great deal of money.

When thinking about a strategy, new furniture banks should consider the following:

- Positive media coverage can boost public recognition and support for a program.
- Positive media coverage can build a program's credibility with potential donors, agencies, and other important constituencies.
- Using the media to publicize the program's donors and partners is an excellent means of acknowledging their support.
- Attracting media coverage can be an expensive and time consuming process, potentially detracting from the time and funding available for operating a program.
- Presenting a clear, consistent and positive message can help to ensure that the program attracts favorable media coverage.

Create a mailing list of all the information outlets in your community. Though some communications are generic, target some press releases and other forms of communication to specific topics that you know are of interest to specialized media outlets. Continue to feed information to these outlets, and remind them that your furniture bank organization is doing positive things for the local community.

As new programs are added, communicate these new programs to your communication outlets. The concept of furniture banks is new, exciting, and newsworthy! Build relationships with the local media, and invite them to attend special events. Provide the media with real life examples of local people benefiting from the furniture bank's programs and merchandise.

Brochures and Newsletters

Your brochure should simply and precisely present the furniture bank concept to the uninitiated. This document will be your primary informational piece. Some tips on your first brochure:

- Keep it simple and inexpensive. Your brochure will quickly become outdated and will need to be revised. A tri-fold 8X11 on regular 20# stock paper will work well for initial brochures. As your agency matures, you may want to develop more sophisticated brochures on higher quality paper.
- Identify your organization. Put your prospective furniture bank name clearly on the front. Make it easy to find the address and phone number.
- Keep the text to a minimum. If you try to say too much, little will be read and nothing will be retained.
- Divide the text into topic areas. Long blocks of uninterrupted text are unattractive and not easily read.

Your newsletter is the best tool for building and encouraging the support of those who have indicated an interest in your organization. A thoughtfully written newsletter stimulates interest, recognizes donors and volunteers, updates supporters and provides an account to donors that their money is well spent on productive projects. Some tips on your first newsletter:

- Add people to your mailing list. Don't be reluctant to add potential supporters to your mailing list. Postage and printing are necessary expenses to keep people involved.
- Get a bulk mailing permit. As soon as your organization has met all the U.S. Postal Service requirements necessary to qualify for a nonprofit mailing permit, you should apply for the permit to save money on postage. Requirements include Articles of Incorporation or bylaws, 501(c)(3) tax-exempt status and documentation of the organization's operations over a period of time. Contact the United States Postal Service for more information on qualifying for and applying for the permit, and for a booklet outlining the requirements for bulk mailings -- there are restrictions on size, placement of mailing labels, sorting

requirements, minimum number of pieces per mailing, etc. There is an annual fee for the permit, in addition to postage costs, but the savings in postage should quickly offset the cost of the permit.

- Keep the newsletter simple but neat. You can produce elaborate newsletters after you are up and running.
- Use the newsletter as a fundraising tool. Include a list of board and committee members in every issue because “people give to people,” not organizations. Your board and committee membership lists help establish your credibility with potential donors. Write about the success stories and progress of your affiliate. Recognize outstanding volunteers and donors in your newsletter. This coverage inspires continued giving on the part of those recognized and first time giving by others.
- Tell human-interest stories. Get quotes from the families you have served. Readers may be inspired by such stories.
- Publish about every ten weeks. This keeps your prospective affiliate in the minds of your supporters.
- Enlist the services of a local printer and/or graphic artist. You may be able to get an artist and/or company to donate design work and printing for an extended period of time (e.g. 6 - 12 months). Working with these experts will save you money, will involve more community members in the work, and will allow you to spend more time developing the content of a very professional newsletter.

Website

A website is an essential tool that allows you to distribute information to a very large audience with minimal effort. Your organization will need to recruit a professional designer (a good idea for a board member or volunteer!) or purchase software to assist you as you design your pages.

Your website will allow you to:

- Broadcast information for clients and caseworkers, and allow them to download necessary forms
- Publicize donors and partners
- Post directions and other information that is requested frequently
- Give information about donating and volunteering
- Explain your mission and goals in a brochure-like format that is accessible to many
- Demonstrate your professionalism and maturity as an organization

Specific design and implementation guidelines for developing a website are given in a separate publication.



Chapter 7: Operations

Staffing Needs

There are specific tasks that must be accomplished in every furniture bank organization, and whether you are a volunteer-run organization, a staff of two, or a staff of twenty, there should be personnel responsible for each of the following areas:

Operations Management.

A person must be charged with overseeing the entire furniture bank operation, and making sure that all aspects of the organization are operating to their maximum capacity and efficiency. Typically, operations management is a senior level position within the facility.

Financial Management

The staff person charged with financial management may perform accounting and bookkeeping functions, or may facilitate that work through an outside contractual arrangement with an accounting firm. Either way, it is critical that an organization sets and follows budgets, oversees spending, and ensures appropriate utilization of the funding. Non-profits require good financial management when it comes time to pay the bills, distribute payroll, pay appropriate taxes, and file appropriate local, state, and federal legal and tax forms.

The staffing needs of each furniture bank will vary:

- The Furniture Bank of Metro Atlanta has 8 full time employees
- The Sharehouse in Seattle, WA has 4 full time employees.
- The Mustard Seed in Orlando, FL has 10 full time employees.

Marketing/Outreach Management

Often the most ignored area, marketing, public relations, advertising, and outreach are a necessary part of any non-profit organization in order to keep customers, clients, business partners, donors, and others aware of your programs and services. Many furniture banks do marketing activities in-house; some contract it out.

Donations/Merchandise Acceptance Management

There must be a dedicated effort of soliciting material, scheduling delivery or pick up of the merchandise, and ensuring appropriate merchandise is being accepted and inappropriate items are being rejected or referred to another furniture bank organization.

Fundraising

Fundraising is a critical aspect of the overall operations of a furniture bank organization. Fundraisers should be proficient in written and verbal communications and have effective grant-writing experience. Some organizations hire an outside contractor to initiate fundraising. While there are many effective fundraising consultants, realize that no one can exude the passion for your organization like those who work in it every day. If you choose to hire a consultant, expect to assist in the fundraising activities, such as reviewing letters, grant applications, and other fundraising merchandise to make certain that it accurately and best describes your organizations mission and programs.

Personnel Management

The person in charge of personnel management is responsible for making certain that the organization is following all local, state, and federal employment laws. In addition, this person oversees the solicitation, interviewing, hiring, and firing of all personnel (though others may participate or make recommendations). Personnel manager must keep files on each employee, document violations of procedures, and other critical documentation. It is also the personnel manager's responsibility to create job descriptions. This person tracks organizational procedures and policies, and makes certain all new employees are provided and understand this information. Many organizations create a personnel manual for each new employee, outlining all these policies and procedures. In a smaller organization, this person may also coordinate volunteer activities.

Office Management

Every office needs someone in charge of ordering office supplies and equipment, business forms, printing, and postage.

Warehouse Management

Keeping the warehouse neat, orderly, organized, and easy to shop needs to be a priority for every furniture bank organization. Some furniture banks have employees responsible for specific areas of the warehouse; others have a single employee who is responsible for oversight of all areas within the warehouse.

Inventory Management

There may be a single individual responsible for the checking in, stocking, and storing of items in the furniture bank organization, or there may be a variety of persons responsible for these tasks. If multiple employees handle inventory, it is best to have an established consistent method among all personnel.

Transportation Management

Whether the organization operates its own vehicles, leases vehicles, or uses a service for hire, a staff person needs to be responsible for the day-to-day management of transportation, transportation flow, transportation contracts, transportation maintenance, flow in and out of facility and other issues relating to transporting reusable goods to the facility.

Some major metropolitan areas have a non-profit resource center where job listings can be posted. Some areas publish a non-profit job-listing periodical. Newspapers, community publications, churches and colleges are also good potential resources. The Internet also has some very good resources for finding staff.

Often one employee, usually the Executive Director, carries many of these functions out. New agencies that operate one truck need to have 4 to 6 employees—two people on the truck, an Executive Director, an employee to schedule pickups and deliveries and assist the Executive Director, and a person to maintain order in the warehouse.

Volunteers

Staff can make up your single largest cost for your organization. Some furniture banks use volunteers to fill administrative and warehouse positions.

Some furniture banks use volunteers on an on-going basis. There are organizations that provide low- or no-cost assistance in a variety of areas. Many local organizations and corporations seek opportunities for their employees or members to volunteer time for worthwhile project. As a furniture bank organization, you can tap into environmental organizations, community development organizations, church groups, businesses and individuals in your neighborhood, and even the businesses that are donating or providing merchandise to your organization. Set aside one day a month to bring in a group of volunteers to work on targeted projects: organize shelves, make signs, teach a class, paint a wall -- whatever the task, volunteers can be an excellent way to keep the community involved and accomplish many projects.

There are typically a variety of individuals and organizations that take an interest in a local furniture bank program. It is important to tap into that enthusiasm and provide volunteer opportunities. This keeps interested parties even more invested and interested in your organizations goals. Develop an interest/skills survey and distribute it to potential or actual volunteers. This survey will identify the activities that the volunteer will enjoy most and that would benefit the agency most.

Government agencies, charitable and business organizations should be approached for volunteer assistance. Many high schools and colleges can provide volunteers for projects. Fraternities and sororities are resources. People who need to perform community service through the court system are frequently available. Many cities have a centralized volunteer bureau available. Your common goals toward environmental and human service benefits can be met through an organization supplying volunteers to your organization. Many corporations have a philosophical mission to contribute to their local community. Tapping into that desire for them to find appropriate team building volunteer opportunities for their employees can help you accomplish more with fewer financial resources. Keeping items out of the landfill, or helping an individual or agency may not generate the revenues equal or greater to the cost of the programming. This is why volunteers are so important to furniture banks -- volunteers can help you with your bottom line.

Finding the Right Volunteer

Sometimes you may have plenty of volunteers, but none with the specific skills needed. Write short volunteer job descriptions, including title, time commitment and specific tasks and skills needed. Distribute the job descriptions along with contact information to churches, local volunteer organizations and other programs that may be able to fulfill your requests. Properly advertising a volunteer position will produce eager, skilled volunteers who will contribute many hours to your affiliate.

Volunteer Orientation

Provide all volunteers with an orientation program. This program includes an explanation of your furniture bank's mission and program, training in furnishing methods, safety, office procedures and other appropriate tasks.

Manuals

Operations Manual

The operations manual details the information necessary for employees and volunteers to understand and fulfill the day-to-day operation of a furniture bank. Copies should be available for volunteers and issued to employees. This notebook should contain the various policies governing the function of the organization and the documents related to them. Its contents will vary depending on the structure of the organization but should have sections and forms on such basic areas as:

Your Operations Manual should include:

- Overview of the organization
- Furniture distribution
- Volunteer management
- Client services
- Client record keeping
- Agency record keeping
- Money handling
- Materials procurement
- In-kind donations
- Contracts with agencies or clients

Employee Manual

The employee manual is the document that sets out the organization's current policies, practices and procedures for employees. It clearly defines the expectations of the agency and the rights of the employee. This manual should be distributed to new employees on their first day of employment. The employee and personnel person should review it together. After the review is completed, the employee should sign a form acknowledging receipt of the manual and that form should be placed in the employee personnel file.

An employee manual should include some or all of these basics:

- Overview of the organization
- Employment and termination policies
- Job descriptions
- EEO Policies
- Sexual harassment policies
- Employee behavior in the workplace
- Office hours
- Tardiness/absences policies
- Probation/Termination policies
- Use of agency resources
- Confidentiality of client records
- Nepotism
- Wage/salary payments
- Vacation/Sick leave policies, and,
- Other employee benefits

Material Acquisition

Furniture banks survive on their ability to acquire furniture and home furnishing items that are needed by people in their community. Some of the most critical needs that clients have are beds, dressers and dining room sets.

Donations typically come from three major sources: individuals, businesses, and manufacturers, distributors and retailers. The majority of donations for most furniture banks come from individuals, although a few focus on hotels/motels or retailers.

Donation from Individuals

Individual donors typically call to make a donation because they are moving or redecorating. They may find out about your organization from another agency (referred by the food bank, a shelter, or the local housing agency). They often call looking for items to be picked up in a short period of time. Furniture banks can provide pick-up (which is the most requested form of material acquisition), and drop-off. Either way, it is important to begin screening materials at the time the furniture bank receives the first phone call from an individual interested in donating items.

From the beginning of the interaction with the donor, provide them with minimal requirements for accepting furniture items, the furniture bank schedule of pick-up or drop-off, service area, and other details to "triage" the proposed donation.

Furniture banks report that it is not unusual that a donor will be somewhat misleading about the condition of a piece of furniture. Sometimes it is not the donor's intention to mislead, but they have sentimental feelings toward the furniture or really want to help a local organization. Other times, donors are just trying to avoid a dump fee or having to transport the items somewhere, so they mislead to secure a cheap, convenient method for dealing with this large, bulky item that they no longer need. Still other donors are motivated to receive a tax deduction for their donation. Again, the best means of deterring donation of items that are not going to be useful to your client is to begin the screen process with the first call, have written guidelines for what is acceptable and what is unacceptable, and follow-through with the policy throughout the process. Drivers making the pickup can make the final decision whether the items will be picked up.

For efficiency, the furniture bank can provide a letter to the donor at the time the donation is made that verifies the donation for tax purposes. Furniture banks also have to be careful about people illegally dumping items on their doorsteps after business hours. Illegal dumping of items should be deterred as it is often a source of unusable or inappropriate items and the furniture bank must bear the cost of handling and disposing of items, which can become very costly to the furniture bank operation.

Donations from Businesses

Hotels, restaurants, hospitals, and nursing homes are good sources of materials for a furniture bank. Partnerships with these organizations may generate much-needed donations such as beds, dressers, and dining room tables. They are also a source for large quantities of materials, and are often in better condition since they are typically generated as a result of a refurbishment. There are also opportunities for donations of home furnishing items such as lamps, linens, dishes, and draperies. Like individuals, businesses often will offer the donation as an "all or nothing" arrangement, meaning that the furniture bank must take the entire load including pieces needing repair and/or cleaning.

Furniture banks are sometimes competing for donations for hotel and restaurant furniture with liquidators, for-profit businesspeople that will clear out a hotel or restaurant of all the items that are no longer needed. Liquidators typically pay for the items in a bulk price arrangement and resell items. Liquidators are often difficult to compete with because they will take everything and they often remove all the items in an efficient, coordinated effort. A furniture bank may have a difficult time competing with the economic incentive, but a furniture bank can offer good service, a tax deduction, publicity, and the opportunity for the business owner to contribute to their community by donating instead of liquidating. Hotels often begin planning refurbishments and liquidations/donations a year or two in advance of the actual work.

A furniture bank will only get one chance with a hotel or restaurant, and if commitments are not kept or the project is unorganized, they will not work with the furniture bank again. Understanding the challenges, providing reasonable and clear expectations of what the furniture bank can accomplish, and keeping all commitments with hotels and restaurants will help create a mutually beneficial and successful relationship between the furniture bank and the business. Because hotels, restaurants, and other local businesses can be such an important source for donations, furniture banks should network with local associations and groups that support these industries. Once a relationship is developed with hotel or restaurant general management and a donation is planned, the furniture bank will usually work with maintenance, engineering or housekeeping management and staff to actually implement the donation.

Donations from manufacturers, distributors and retailers

Some furniture banks have on-going relationships with furniture companies to take their "scratch and dent items" or "year-end inventory". The company receives a tax deduction and regains their warehouse or showroom floor space. Even though retailer donations are generally high-quality, items should be inspected prior to accepting a donation, especially in the case of very large donations. These relationships typically result in smaller, ongoing donations. As with the other types of donors, it is important to share your guidelines and processes early in the relationship to avoid unrealistic expectations. In the case of manufacturers, enhanced tax write offs are available through the IRS 170(e)(3) guidelines. Contact your tax advisor for more information.

It is important to have a quality control process in place to screen incoming materials. Providing a good system for screening items will ensure that clients are receiving safe, useful furniture. For upholstered items, accept no items with rips or tears or items that are excessively dirty. Most furniture banks do not repair or refurbish items, and therefore are not in a position to accept items that are not reusable “as is”. A furniture bank can end up with huge trash disposal bills if it accepts items that are not of value to their organization.

With hard goods, such as dressers and tables, the issue is typically not safety, but utility. These items may often be scratched or dented, but if they are still functional and safe, they are often accepted. Clearly communicate what your organization does and does not accept to all those giving merchandise to your organization. If you determine that the merchandise is not usable or not appropriate for your program, try to identify organizations to which to refer the donation. It may be that a landfill is the appropriate referral if the items are in bad condition.

Inventory Control

It is necessary to have an inventory control mechanism in place. Regardless of the intricacy of your system, it is important to be able to tell potential donors how much inventory you have collected and how much you have distributed. The dollar value of goods distributed and the tonnage diverted from landfills will have value to human services and environmental donors. It will probably be impractical to count every small item that comes in (silverware, dishes, sheets, etc.), so you may want to assign dollar values to different sizes of boxes of donated merchandise.

The Distribution System

Once developed, adherence to distribution policies and procedures is critical for the efficient running of the organization. It is important to review the policies and procedures on a regular basis and to modify them to provide the highest level of service possible. These policies should outline the day-to-day service provision to clients. Your policies will depend on many factors, including the clients you serve, the agencies you work with, the in-kind donations available, and your physical resources.

Service delivery models used by furniture banks generally fall into two basic categories: client based and client agency based. Those that use the client based model have more interaction with clients and deal with them individually. The client agency based model utilizes caseworkers to provide services.

Most furniture banks have a regular schedule of client services (every Tuesday and Thursday or Wednesday and Saturday). Some operate on a first come, first served basis. Some schedule appointments for each client. Some require caseworkers to accompany the families, some allow families to come without supervision. Some furniture banks require that all clients come to the warehouse to be served, while others do a combination of warehouse pickups and delivery to the client homes.

Most furniture banks establish a frequency of service for client families—once a year, once a lifetime, etc. Nearly all furniture banks do not guarantee specific merchandise to clients—the items they receive are wholly dependent on current inventory. Some furniture banks will hold merchandise for a couple of days to allow the client to obtain transportation and others require that the client take the furniture immediately.

Some agencies use volunteers and assign families to them as the families arrive. Other agencies use paid staff to assist clients, and, as mentioned above, some use caseworkers. Most agencies use some type of client merchandise request form. Some will allow deviations from the requested items and others will not. Nearly all agencies have certain safeguards in place to screen clients. With quality furniture going out into the community, the potential for fraud is present. Most furniture banks require some form of identification to be presented before services are provided and others work with client agencies to assure that appropriate people are served.

Developing a client agency network

Most furniture banks provide service to clients from a network of agencies. They act as a hub for furniture distribution to those in need in their communities. Most metropolitan areas have groups of providers that come together around their service areas. Shelter providers, AIDS service providers, homeless service providers and others likely have periodic meetings to discuss issues and inform each other of current affairs and opportunities. Your city or county human services or community development departments or United Way can help identify groups. You can also make contact with individual agencies asking them about networking meetings. However you identify the groups, making presentations to them will be a valuable tool for developing a network.

Once your network is established, you will be able to regulate the use of standard request forms and other paperwork. Working with a consistent network of agencies helps to ensure proper reporting and management of clients.

Tracking Client Data

It is very important to collect demographics on each client served—Individuals and families. A standardized request for services form for each individual/family will assist your organization in gathering and reporting this information. The data collected should be entered daily or weekly into a database (manual record-keeping can be inaccurate and is very time-consuming).

The client figures you record will make your applications for funding and your reports to donors more substantial and legitimate. Different donors will be interested in different populations; an AIDS-specific grantor will want to know about your service levels to that population. When selecting a database system, choose a program such as FileMaker Pro or Microsoft Access that will enable you to efficiently generate reports for donors.

Consider using your intake forms to track information about the following special needs/populations:

- Domestic violence
- Refugees
- Senior citizens
- Substance abuse
- Homelessness
- Mental/Physical Disability
- HIV/AIDS

Service Fees

An income budget for furniture banks should be composed of three major income sources: public funding, private funding and fees for services.

Client fees and membership fees for client agencies can be important revenue streams for furniture banks. Paying a fee can provide a sense of pride and ownership for the client, who may be reluctant to receive a handout. In addition, charging fees helps ensure that the client is ready to move into housing and committed to their new lifestyle. Fees for clients usually range between \$25 and \$40 for an order.

Furniture banks that charge membership fees to participating agencies usually charge between \$100 and \$250 annually and may use a sliding scale. Most agencies willing to pay the fee because they recognize the value of the service a furniture bank provides to their clients.

As a new agency, it may be necessary to have no fees for either clients or client agencies for the first year until you prove your value. After a year of good service, client agencies and clients will be more willing to pay fees.

Truck Maintenance

The expense involved in operating a vehicle can be a significant portion of your operating costs. While insurance and fuel costs are somewhat beyond your control, preventive maintenance can have a considerable impact on your repair costs.

A good preventive maintenance program should include daily and weekly inspection of the vehicle. On a daily basis, the truck crew should do a safety inspection of all headlights, taillights and turn signal lights as well as checking the tires and brakes. On a weekly basis, all fluid levels should be checked-oil, brake, windshield washer, battery and transmission.

Each truck should have a truck log with a maintenance checklist and mileage out and in. This log can be a clipboard or loose leaf notebook, but should be kept daily and reviewed periodically by the truck crew supervisor. Many truck repair shops can provide a checklist for your use.

Oil changes and tire rotation should be scheduled on a regular basis. When planning your truck schedules, allow for days when the truck will be off the road for routine maintenance. You may want to utilize different sources for different services. A general truck repair facility can handle oil changes, batteries, tire rotations, fluids and other routine maintenance. A dealer or truck shop specializing in the vehicle make may better solve electrical problems. Body repair can be handled by body shops.

Spending money up front to maintain your vehicles can save you thousands of dollars over time.

Insurance

This listing provides basic and specialized insurance coverage that an organization might need in operating its business.

Basic Coverage

Unemployment Insurance (UI) is required by law and provides payment to employees who lose their job due to lack of work, illness or other causes that are not the employee's fault. Employees who are terminated for cause are not eligible. For cause means employees who violate company policy, such as failure to appear for work, theft, fighting or other violations of the furniture bank employment manual.

Worker's Compensation Insurance is also required by law and pays the costs of work related injuries to employees or casual labor. It is based on a relatively standardized list of employee classification codes that have been adopted by many states. In 1999 most states adopted a new set of classification codes for nonprofit agencies- 8861 NP orgs professional (including clerical) and 9110 NP orgs all other (including drivers). The rates associated with those codes could be dramatically lower than other codes you may be quoted. Be sure to discuss these codes with your insurance professional.

Commercial General Liability is a form of insurance that protects the affiliate if a person brings suit claiming bodily injury or property damage as a result of the organization's negligence. This insurance also pays for the cost of defending the suit.

Property Insurance covers loss from fire, theft, vandalism and other causes, to property owned by the organization or for which the organization is legally responsible

Vehicle Insurance is insurance that covers your owned vehicles in the event of an accident during the course of daily furniture bank operation.

Non-Owned and Hired Automobile Liability is a form of insurance that protects the organization if a person sues for damages as a result of an automobile or truck accident involving a vehicle that the organization does not own, but that is being operated in the course of the organization's business. Examples are a leased truck or a personal automobile driven in the course of business. This insurance is usually secondary to the leased vehicle policy or personal vehicle policy and is an endorsement to the Vehicle Insurance policy.

Specialized Coverage

Employee/Staff Dishonesty Bond is a form of insurance that protects the organization from financial loss as the result of the dishonest acts of an employee or volunteer member of the staff. It is required by many funding sources, particularly government sources.

Directors and Officers Liability Insurance provides for defense costs and settlement if a person claims financial damages as the result of a "wrongful act" committed by the organization, its board of directors, officers, employees, volunteers, or individual board members.

Volunteer Accident Medical Insurance is designed to cover volunteer workers participating in a furniture bank program in the event of accidental bodily injury or death. The policy is written on an excess basis if the injured person has primary coverage. If the volunteer does not have primary coverage, this program becomes the primary coverage.

Umbrella Insurance provides excess coverage in addition to the affiliate's General Liability, Automobile Liability and Workers Compensation Insurance.

Financial Management

Even as a non-profit operation, you must operate as a business. You still have to pay rent and utilities, meet payroll and taxes, and budget for all of the other items to run your day-to-day operations. Regardless of the legal and organizational structure of your furniture bank organization, all aspects of your business must be mission statement driven and fiscally responsible.

Going through the business planning process is necessary in helping you determine the services or programs your market wants, those you can effectively provide, and the processes required in delivering them to your clients and customers. This same business planning process also *demand*s that you take an honest look at all the resources required to help guide your success. As part of the business planning process, you will have completed a section on financial projections.

After completing the business plan, make sure that you have established the proper accounting and bookkeeping procedures. These will give you the information you require to run your business and plan for your future.

Although this section can not teach you all that is required for successful accounting and bookkeeping, it will provide the basic accounting forms. It is not a requirement for success (or, even practical) for the business manager to learn and understand all the accounting principals and practices required to run a business. As a manager, you must

understand your organization's overall financial position; the organization's earnings and expenses during a given period of time; the organization's current cash flow. And you must have the ability to interpret and act upon the financial information you have at your disposal. Below are examples of the most common financial statements.

The Balance Sheet

The balance sheet summarizes a business's financial status at the end of an accounting period. It is a statement of financial position, and is required by most businesses as a monthly and year-end report. The balance sheet is an "estimate" of the value of the business at that time. The balance sheet reports measures of changes in the business. By reviewing an organization's balance sheets over several years, or even, over several months, one can recognize the growth or decline in their organization's financial position. The balance sheet also reports the organization's ability to meet short-term and long-term financial debts.

The components of the Balance Sheet include:

Assets. Assets are everything of value that an organization owns or holds. Assets are listed first on the balance sheet, and usually in order of decreasing liquidity (the ease of which they can be turned into cash). There are typically three types of assets:

- **Current Assets:** Cash, and other assets (that most likely will be converted into cash), within the year.
- **Fixed Assets:** These are tangible assets, and are assets that an organization expects to have and to use for more than a year. Examples include furniture and equipment utilized during the daily operations of a business.
- **Intangible Assets (sometimes listed as "Other", or "Equity", or "Capital"):** These are long term assets that have no tangible substance, and their value is based on rights or privileges belonging to the owner, or the organization.

Liabilities. Liabilities are simply defined as the amounts owed to others. Like assets, liabilities are either current, or fixed:

- **Current Liabilities:** These are debts, which are due within the next twelve months. Examples are those accounts payable and notes payable, but only within the next twelve months.
- **Long Term Liabilities:** These are debts which are due and payable more than a year after the date of the balance sheet, such as mortgages, and other long term notes.

The Income Statement

The income statement summarizes what a business has earned and spent over a given period – most often utilized monthly and at the end of the year. It reports all income less all expenses, measuring the amount of profit or loss generated by the organization for that specific period. Often times the income statement is referred to as the profit and loss statement or the income and expense statement.

The income statement first reports a business's sources and amounts of revenues; and then reports (and deducts) expenses (cost of goods sold and operating expenses). The result is the organization's profit or loss for that period. Revenues and expenses can be recorded one of two ways. On an accrual basis, sales and expenses are recorded on the dates they are incurred, regardless of whether or not money actually was exchanged. A cash basis of accounting reports sales and expenses according to the date that the money actually changed hands. Most accounting is conducted on the accrual basis.

The major components or categories of the income statement are:

Revenues. All income that flows into the business or organization is listed as revenue. Generally, your organization's income will come from private funding, public funding, and fees for services.

Operating Expenses. These are expenses that contribute directly to the operation of your programs. Most non-profit income statements divide operating expenses into three categories:

- Administrative expenses, or general expenses, are the overall costs of operating the business.
- Program expenses are those costs directly related to providing services to achieve your public charity status.
- Fundraising expenses are costs directly related to soliciting donations to provide financial support for your organization. Generally accepted practices, allow for fundraising expenses to be no more than 30% of your overall expenses. Most well run programs operate with fundraising expenses in the 10 – 20% range.

Net Income. As a mathematical formula, this is simply the difference between total operating expenses and gross revenues. You are left with the amount of profit or loss the business has generated, before taxes, during that specific accounting period.

Cash Flow Statement/Cash Flow Analysis

Projecting cash flow is critical to any business because it identifies and predicts immediate and future cash flow issues. It can be a part of a business's weekly or monthly reporting. The cash flow statement is a measure of past receipts and disbursements, and an estimate of these for future months (weeks, years). When completed at the beginning of the year, and calculated on a monthly basis for the entire year, the cash flow statement has many characteristics of a budget. A cash flow analysis, also referred to as a schedule of receipts, is a measure of cash on hand the business has from accounting period to accounting period. It simply reports and projects all cash received less all cash disbursed.

Both the cash flow statement and cash flow analysis statements record and report the cash balance on hand at the beginning of a specific accounting period, add to it all cash received during that same specific period, subtract all the cash disbursed during the same period to arrive at the amount of cash on hand at the end of that specific accounting period. Both statements report "warnings" for both immediate and future cash shortages, as well as showing cash surplus funds. By utilizing these reports and having the information on hand, a business can make the necessary operational adjustments based on their cash position.

There are many business software programs such as M.Y.O.B. or Quick Books that can easily generate the balance sheet, income statement, and cash flow statement once the data is entered. Most beginning furniture bank organizations do their own bookkeeping with a periodic review by the Board treasurer or financial professional, usually done on a volunteer basis.

Payroll Taxes

Keeping track of payroll taxes (social security, Medicare, and withheld income taxes) and making sure they are paid on time is very important. While the software you use can generate payroll tax reports, you will be responsible for filing the required quarterly 941 tax forms and paying the incurred liability (when you have a pay day) on a semi-weekly or monthly basis for the IRS. The size of your payroll will determine how often you must pay the taxes. Generally, you will pay monthly if your tax liability is less than \$50,000 annually and semi-weekly if it exceeds that figure.

Additionally, you will be required to file state tax forms on a regular basis. These requirements will vary from state to state but will generally be related to federal tax payments. For a minimal cost, a payroll service will manage your payroll, issuing payroll checks, filing and paying federal and state taxes, and, issuing W-2 and W-3 tax forms on annual basis. The cost of that service should be well under \$1000. If you choose to do your own payroll administration, make sure that they are reviewed by a tax professional.

Audit

You will need to have an annual review of your financial situation. The depth of this review depends on many factors, but will be needed by potential donors to determine your potential for successfully managing a donation. Some furniture bank organizations may need only to supply a Form 990 and a profit and loss statement. Others may need to have their financial statement reviewed by an independent auditor. Many furniture bank operations will need to have a certified financial statement prepared by an independent certified public accountant. Agencies receiving

Federal funding will have to provide a specialized audit depending on how much Federal money you receive. Generally, agencies receiving less than \$300,000 will need to fulfill the requirements of an A-110 audit, over that amount, an A-133 audit. Consult with a non-profit audit specialist to determine the requirements of those audits.

Fiscal Safeguards

Your organization should adopt accounting methods that protect your agency. Document your fiscal safeguards through the bylaws or by corporate resolution. Recommended safeguards include:

- bonding of financial officers
- annual audit or review by a CPA
- requirement of two signatures on checks over a certain amount (a minimum of \$100 - \$500 is typical) separation of fiscal duties among two or more people (e.g., one person records contributions; another makes deposits and pays bills; a third reconciles the bank statements and prepares a monthly financial report for the board)

Conclusion

Furniture banks are an essential component of the effort to fight homelessness in this country. Starting such an organization is a challenging entrepreneurial effort that requires outstanding commitment and extensive support.

As you take the first steps toward opening your own organization, this manual will provide you with starting points to help shape your concept and define your goals. Remember, however, that every organization is unique, and you must work to find the best system to meet the specific need of you client and community.

With adequate determination, you can create a viable organization that will have a tremendous impact on the people you serve. Good luck!