The ICMA Fund for Professional Management

Supporting the council-manager form and professional local government management.

June 30 2009

ANNUAL REPORT

ICMA *Leaders at the Core of Better Communities*

Communities Receiving ICMA Fund Contributions
in support of
Form-of-Government Campaigns
1994-2009

Alabama
Cullman

Arkansas
Arkadelphia
Maumelle

California
Oakland
San Diego

Connecticut
Berlin
Hartford (2)
Stratford

Florida
Belle Isle
Broward County
Fort Myers
Hillsborough County
Miami-Dade County
Palm Beach County
Sanford
Sarasota (2)

Georgia
Catoosa County
Fort Oglethorpe

Iowa
Cedar Rapids

Illinois
Canton
Collinsville
Decatur
Freeport
Kewanee
Mattoon

Kansas
Topeka

Kentucky
Danville

Maryland
Annapolis

Massachusetts
Braintree
Palmer
Plymouth
Randolph

Michigan
Ferndale
Inkster
Saginaw

Minnesota
Northfield

New Jersey
West Orange

New York
Buffalo
Long Beach
New Rochelle
Troy

Ohio
Ashtabula
Bexley
Brunswick
Cincinnati
Evendale
Forrest Park

Oklahoma
Miami

Pennsylvania
Reading

South Dakota
Sturgis

Texas
Corpus Christi
Dallas
Pasadena
Seabrook

Utah
Bluffdale
Draper
Kent
Medina
Mentor
Sandusky
Summit County
Syracuse

Washington
Bainbridge Island
Blaine
Bremerton
Des Moines
Federal Way
Ferndale
Island County
Marysville
Redmond
SeaTac
Spokane
Sultan

Wisconsin
Beloit
Oshkosh
Superior

Financial Report

History and Background

An ICMA Executive Board resolution in October 1985 established the Endowment Fund for the Profession (renamed in July 1997 as the Fund for Professional Management) to supersede the ICMA Foundation. The resolution narrowed the Fund's purpose to:

> "...supporting professional management in all forms of local government and specifically to encourage local governments to adopt and retain the council-manager and general-management plans."

In July 2000, the Board adopted a strategic plan for ICMA, which outlined the following as an objective and strategy for the organization to:

> "Build the Fund for Professional Management to finance efforts to promote, adopt and retain council-manager government."

ICMA launched a major fundraising campaign for the Fund in 1987 with the goal of raising a million dollars in donations and pledges by the conclusion of the organization's 75th anniversary celebration. Board policy stated that only interest earned on contributions to the Fund was to be spent for fundraising and program activities until such time as the Fund corpus reached $1 million. The Fund surpassed the $1 million target in 2004, and the board voted in 2006 to authorize the use of interest earnings to support Fund program activities.

In an effort to enhance fundraising efforts, the board hired a consultant in 2005 to assess ICMA's fundraising capacity and conduct research into existing donors and members to determine giving patterns, the range of activities/programs that appeal to them, and what would motivate them to support the Fund. Following discussion of the consultant's report, the board agreed in February 2006 to:

1. Retain the current Fund mission;
2. Continue to use interest earned on the Fund corpus to finance activities in support of council-manager government adoption and retention, educating citizens about the value of professional management, civic education, and research on council-manager government and professional management;
3. Create an advisory board to provide leadership and oversight for fundraising activities in addition to actively soliciting funds; and
4. Include an investment in the FY2007-2009 Financial Plan using a combination of general fund and Fund corpus monies to build the infrastructure and capacity to create and implement an annual giving program, to create effective donor stewardship programs, and to create and implement a planned giving program focused initially on soliciting bequests and gifts of appreciated stocks; and
5. Review progress in the third year (end of FY10) and determine whether to continue this investment.

Financial Report

The FY2007 financial plan included resources to hire development staff and cover program start-up costs. ICMA hired staff in 2007 and began implementing the consultant's recommendations. Activities included establishing the Fund Advisory Council which consists of 10 members plus the ICMA president, president elect, past president, and executive director, in September 2007. The Council is charged with providing strategic fundraising leadership and donor stewardship and cultivation.

Program Activity

Advocacy and Defense Ballot Measures
Since 1994, the Fund has provided financial assistance to efforts to adopt or retain council-manager government in 77 communities. In FY09, the Fund provided $43,490 in financial support to assist six community-based efforts to adopt or retain the form:

Election Date	Local Government	Fund Contribution	Outcome
November 2008	Danville, Kentucky	$1,550	Retained (61%)
November 2008	Freeport, Illinois	$1,300	Rejected (65%)
November 2008	Hillsborough County, Florida	$31,000	Retained (vote to strike the issue from ballot)
March 2009	Sarasota, Florida	$1,500	Retained (65%)
May 2009	Bainbridge Island, Washington	$4,500	Adopted (71%)
May 2009	Randolph, Massachusetts	$3,640	Adopted (74%)
		$43,490	

Non-Ballot Funding
In FY09, ICMA Fund support was also used to educate citizens about and garner support for professional local government management. In Annapolis, Maryland, the Fund granted $1,000 to a citizens group attempting to gather the required signatures to place a form-of-government measure on the ballot. The Fund also underwrote the expenses that resulted from having ICMA leadership speak at a public forum in Buffalo, New York.

Fund Development

Annual Campaign—Staff mailed two targeted solicitation letters (one to past donors and one for in-service non-donors) to a total of 6,648 people in Georgia, Illinois, and Virginia, and discussed the goal of having 100% of members contribute $100 by ICMA's 100th anniversary.

Annual Giving Recognition—ICMA recognized those Fund donors who had achieved annual as well as lifetime giving levels. Individuals and organizations who contributed during calendar year 2008 were highlighted in the April issue of ICMA's *PM* magazine. For the first time, the organization also recognized sustaining donors (who have contributed in each of the past 10 years), individuals recognized through memorials or honorariums, and members who have designated the Fund with a planned gift. A total of 802 donors contributed in 2008.

Members who achieved Platinum, Gold, Silver, or Bronze (more than $5,000, $2,500, $1,000 or $500 respectively since the Fund's inception) lifetime giving levels were highlighted in the ICMA Annual Conference program. New Platinum, Gold, and Silver donors were recognized at the Conference closing session. The Community Builders Legacy Society recognizes individuals and couples who have included the Fund in their estate planning.

Fund Advisory Council (FAC)—The FAC was established to provide strategic leadership of ICMA's fundraising efforts while actively cultivating donors and soliciting donations. Appointed by the ICMA president, each member of the 13-member council (which includes the ICMA past president and president elect) serves a four-year term.

During FY09, the FAC developed a state-by-state, personal outreach strategy that will launch in six states during FY10. Based on the success of similar efforts in Illinois, this approach will engage current Fund donors, who will be asked to encourage nondonor colleagues in their state to support the Fund.

Fund Image—Working with ICMA's Marketing & Communications and Creative Services Teams, Fund staff developed a new Fund positioning statement and visual brand that will help promote the Fund while complimenting ICMA's brand standards. The new statement reads "Grow the profession; give to the Fund," and the image evokes dandelions being scattered (see cover of this report). This image will be used on the Fund Web site, in blast emails, and on Fund marketing materials. Creative Services Team staff also designed a series of online ads that will run in the *ICMA Newsletter* and *PM* magazine.

Fund Web Site—The Fund Web site now includes the functionality that enable users to make online donations, establish pledges, and make payments against pledges. ICMA also launched a new feature through SunTrust Bank that allows donors to authorize recurring, automatic contributions directly from their bank accounts. To access these new features, visit icma.org/donate.

National Value of the Profession Awareness Campaign—In 2008, the ICMA Executive Board endorsed the creation of a national campaign to raise awareness about the contributions professional managers make toward improving the quality of life in our communities. ICMA selected GMMB, a well-known advertising agency, to develop the campaign and has solicited feedback from ICMA members and other local government officials to ensure the end product is relevant and viable.

The campaign is being funded in two phases: a development phase (estimated at $130,000), during which a concept and creative materials was produced, and an implementation phase (estimated at $3-$5 million). The Fund's corpus provided $65,000 of the $130,000 needed for the first phase, and state and assistant associations contributed an additional $55,000. Staff will engage ICMA members, strategic partners, and other stakeholders to underwrite the campaign's implementation. Depending on funding, the campaign will launch in FY10.

Planned Giving—Staff continues to promote planned giving as an additional avenue for local government stakeholders to support the Fund. The Community Builders Legacy Society, which honors those who have designated the Fund as a beneficiary in their estate planning, currently includes 13 members.

Financial Report

Financial Narrative

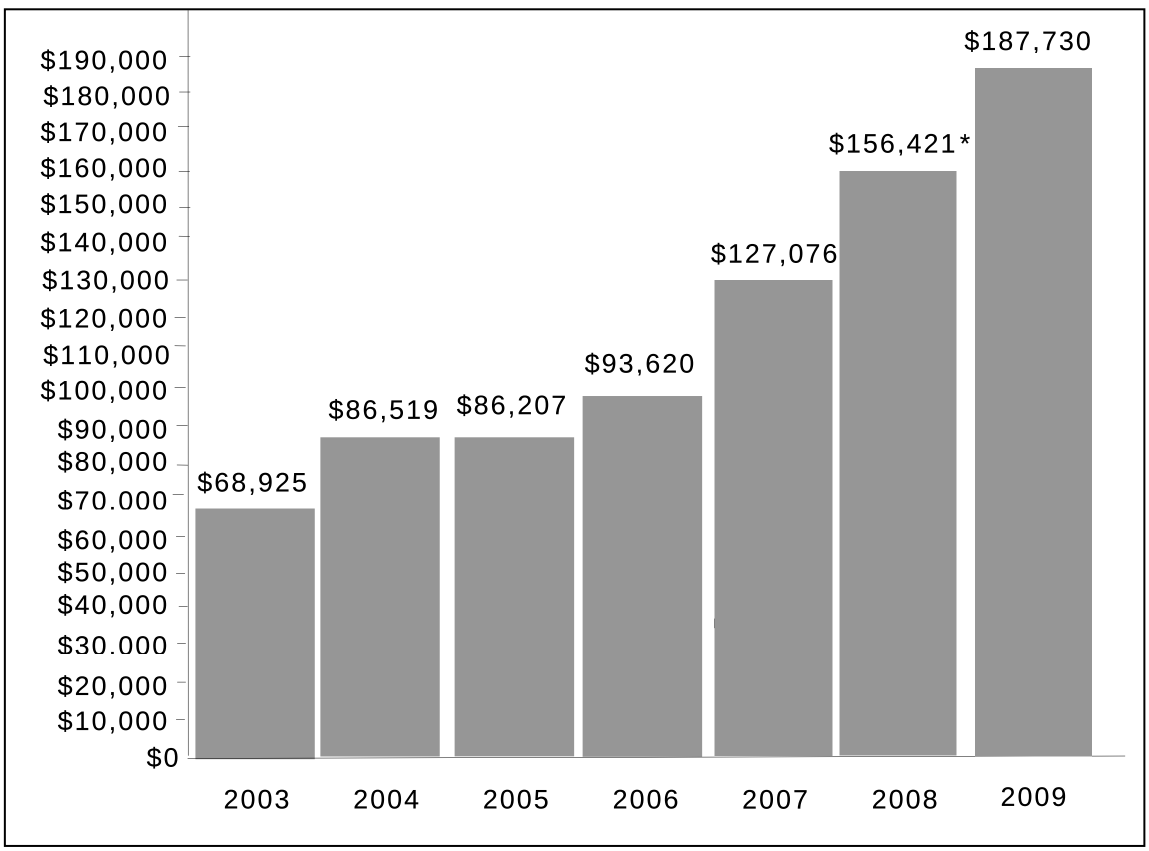
As of June 30, 2009, the net assets (Fund balance) for the Fund were $1,112,917, down 12 percent from the previous year. Net assets are composed of $1,111,717 in cash, investments, accrued dividends, and $1,200 due from the ICMA General Fund.

By Board policy, contributions to the Fund are restricted to investment only. Interest and dividends earned may be expended in any given year for approved Fund activities. Unexpended, unrestricted funds are available for activities in subsequent years. These are represented in the operations balance in net assets and totaled $45,630 as of June 30, 2009.

Fund assets can be used only for approved activities that focus on council-manager government advocacy and retention. An amount "due to ICMA General Fund" represents expenditures for approved Fund-supported purposes paid out of General Fund cash and yet to be reimbursed to the General Fund. These funds are settled in the first quarter of the next fiscal year.

The Fund investment portfolio is composed of high-grade fixed-income instruments, in accordance with an ICMA Executive Board-approved investment policy. Inception to date performance as of June 30, 2009 (October 2005 – June 2009) was negative two percent. Changes in market value are reflected as unrealized gains and losses. The Board's intentions are to maximize gains or to hold investments until maturity to avoid realizing investment losses.

Annual Contributions by Fiscal Year



*Includes $15,000 received when the Florida City/County Management Association transferred the remaining balance of their foundation into the Fund.

Financial Report

Financial Statements

ICMA Fund for Professional Management
Statements of financial positions
At June 30, 2009 and 2008

Assets	**2009**	**2008**
Cash, Investments, and Accrued Dividends	$ 1,111,717	$ 1,259,779
Due from ICMA General Fund	1,200	8,389
Total Assets	**$ 1,112,917**	**$ 1,268,168**
Liabilities and Net Assets		
Due to ICMA General Fund	$ --	$ --
Net Assets:		
Restricted*	$ 1,067,287	$ 1,198,430
Operations*	45,630	69,738
Total Net	$ 1,112,917	$ 1,268,168
Total Liabilities and Net Assets	**$ 1,112,917**	**$ 1,268,168**

*Restricted funds are invested and not available for use on form-of-government campaigns or civic education initiatives. The balance available in operations is used to fund these efforts.

ICMA Fund for Professional Management
Statements of activities and changes in net assets
At June 30, 2009 and 2008

Revenues	2009	2008
Contributions	$ 187,730	$ 156,421
Interest	86,234	97,131
Unrealized Gain/(Loss)	(229,169)	(115,367)
Total Revenues	**$ 44,795**	**$ 138,185**
Expenses	**$ 200,044**	**$ 124,949**
Addition to Net Assets	(155,249)	13,236
Beginning Net Assets	1,268,165	1,254,929
Ending Net Assets	**$ 1,112,917**	**$ 1,268,165**

Note the increase in total amount of contributions, but also the impact of market fluctuations and expenses (labor, ODC's, disbursements, etc.).

If you have questions or want to learn more about the Fund, please contact Abigail Lundy, Manager, Fund Development, at fund@icma.org or (202) 962-3594.