

MENTORING^{plus}
Workshop Series

SERIES 3

SHOW US THE MONEY!
Fundraising Fundamentals for Mentoring Programs

by Barbara E. Webster



Produced by The EMT Group for the California Department of Alcohol and Drug Programs



The Mentoring Plus Workshop Series is a project of The EMT Group, Inc., funded through the California Department of Alcohol and Drug Programs.

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WORKSHOP AGENDA

SHOW US THE MONEY! **Fundraising Fundamentals for Mentoring Programs**

8:00 REGISTRATION AND NETWORKING

8:30 WELCOME AND INTRODUCTIONS

MODULE 1: FUNDRAISING GOALS

10:00 Break

MODULE 2: ABOUT MONEY

MODULE 3: "KNOW HOW"

12:00 Lunch

1:00 MODULE 4: ASKING INDIVIDUALS

2:00 Break

MODULE 4: ASKING INDIVIDUALS (continued)

NEXT STEPS: BUILDING A LEGACY

3:00 EVALUATION AND ADJOURNMENT

ABOUT THE AUTHOR

Barbara E. Webster

Barbara Webster is a consultant providing technical assistance, training, and writing services for nonprofit organizations throughout California. She holds a Master of Nonprofit Administration degree from the University of San Francisco, and has fourteen years of experience in the management of nonprofit human service organizations.

She was the founding executive director of the Sacramento Court Appointed Special Advocate (CASA) Program, which recruits, screens, trains and supports volunteer community members appointed by juvenile court judges to advocate for children who have been removed from their homes due to abuse or neglect. Later, as Director of Development for a statewide association representing dozens of CASA programs in California, Barbara provided training and technical assistance on volunteerism, diversity, public relations, fundraising, planning and program development to executive directors, program directors, and members of governing boards of organizations starting or expanding child advocacy services. She has also served as the director of other programs, including rape crisis, domestic violence, child abuse prevention, parenting classes, and employability for women.

Barbara now provides services as an independent consultant to a variety of human service agencies throughout the state through Webster Strategies. In addition to providing management consulting, meeting facilitation and training, she writes and edits training curricula, strategic plans, newsletter articles, brochures, press releases, policies and procedures manuals, reports, and grant proposals.

Barbara is an EMT consultant approved by the California Department of Alcohol and Drug Programs to provide state-funded technical assistance for mentoring programs and substance abuse prevention programs. She has assisted many groups in developing and expanding youth mentor programs and other community-based human services throughout California.

ABOUT THE SERIES

About the Mentoring Plus Workshop Series

The Mentoring Plus Workshop Series addresses topics most critical to effective mentoring programs. The goal of these workshops is to assist new and existing mentoring programs in providing children and youth with the best mentoring practices available. Mentoring Plus offers:

- Free workshops by request
- Curricula developed by experts in the mentoring field
- A workshop manual that includes all presentation material
- Information on accessing personalized technical assistance
- Networking opportunities

Additional Training and Technical Assistance

Community- and school-based youth mentoring programs may receive free technical assistance and training from The Evaluation, Management and Training (EMT) Group, which is funded to provide this service by the California Department of Alcohol and Drug Programs. Drawing on a statewide pool of diverse consultants, EMT tailors technical assistance to the specific needs of the requesting group.

Please ask a workshop trainer for more information about available services. A Technical Assistance Application is provided for your use in the Program Development Resources section of this binder. You may also contact Lisa Scott or Shelly Boehm of EMT directly at:

- Mail: 391 South Lexington Drive, Suite 110, Folsom, California 95630
- Tel: 916.983.9506
- Fax: 916.983.5738
- Email: lisa@emt.org or shellyb@emt.org
- Website: www.emt.org



SHOW US THE MONEY! Fundraising Fundamentals for Mentoring Programs

PURPOSE

Most of us know that effective fundraising is the key to ensuring the future of our mentoring programs. Yet the day-to-day challenges of providing services combined with our own insecurities about asking for money often prevent us from planning and implementing meaningful fund development strategies that will yield the dollars we need to continue to provide mentors for children and youth.

This interactive, problem-solving workshop is designed to give you the skills, techniques and knowledge you need to sustain your mentoring program into the future.

MODULES

Fundraising Goals
About Money
"Know How"
Asking Individuals
Grants & Events
Readiness
The Future
Building a Legacy
Resources

SHOW US THE MONEY!

Fundraising Fundamentals for Mentoring Programs

1: FUNDRAISING GOALS

What is "Effective" Fund Development?

- Multiple goals of fund development
- Four types of fundraising campaigns
- Diversified funding and why it is important
- Diagnosing your organization's revenue diversity

2: ABOUT MONEY

Attitudes, Motivations About Asking and Giving

- How small organizations usually operate
- Exploring attitudes about money, giving, asking and receiving
- The key to shifting your paradigm and attitude
- Motivations for financially supporting nonprofits

Supplementary Material

The Private Sector Speaks: Tips for Approaching the Private Sector (The EMT Group)

3: "KNOW HOW"

Fundraising Methods

- Pros & cons of fundraising approaches
- Organizations that have flourished and the facts of charitable support
- Your hottest prospects for future support

Supplementary Material

Funding Sources & Considerations (The EMT Group)

4: ASKING INDIVIDUALS

Principles of Individual Giving & Asking

- Key concepts about individual giving
- Goals of relationship building with prospects and donors
- The gift range chart (a planning tool)
- Effective solicitation techniques
- What to do before you ask for money
- Interpersonal solicitation skills

Supplementary Material

Blank Gift Range Charts

5: GRANTS & EVENTS

The Fundamentals of Grantsmanship & Special Events

- Best practices for special events
- Break-even analysis
- Common mistakes in grantsmanship

Supplementary Materials

Funder Prospect Worksheet

A 10-Step Checklist for Readable Grant Proposals (Webster Strategies)

Common Elements of Grant Proposals

Common Grant Application (National Network of Grantmakers)

Grant Writing Handbook: Developing and Maintaining Prevention Programs
(Vic Colman, The EMT Group)

6: READINESS

Organizational Prerequisites and Steps

- What funders, donors, partners all need
- Legal requirements and ethics
- Preparing, planning and making the case for support
- Budgeting for fund development
- Tax requirements for donations
- "People power" and successful fund development

Supplementary Material

As a board member, what can I do to support the fund raising effort?

20 Ways for Board Members to Raise \$500 (Kim Klein)

Fundraising: A Team Effort (The EMT Group)

Statements of Ethical Principles (National Society of Fund Raising Executives)

Standards in Philanthropy (National Chairities Information Bureau)

Measuring Fundraising Productivity: Example (James M. Greenfield)

Report on Results of Fund Raising Programs: Form

Report on Sources of Gifts: Form

7: THE FUTURE

Trends in Fund Development

- Fundraising and the Internet
- Community wealth creation, social enterprise, and venture philanthropy
- Organizing to affect government resource allocation and policy implementation

Supplementary Materials

Join Together Online

Philanthropy News Digest

8: BUILDING A LEGACY

A Viable, Sustainable Program

- How to leave a legacy
- Next steps to take in building a legacy
- Where to find needed information and resources

Supplementary Materials

Mentoring Technical Assistance Brochure

Technical Assistance Application for Mentor Programs

Fundraising Quiz Answers

9: RESOURCES

Fundraising Resources

Publications on Fund Development

Publications on Related Topics

Online Resources

CMI Proposed Mentor Program Funding Opportunities (June 22, 1999)

Mentoring Resources

CMI Quality Assurance Standards

Mentoring/Prevention Web Sites

Mentor Publications

1999 Publications Catalog (Department of Alcohol and Drug Programs)

Live Scan Information

“The basics of fund development are a lot like vegetable gardening. Careful soil preparation and the planting of seeds comes first. Radishes appear almost overnight. Tomatoes, carrots, and squash require the entire growing season. Patience is required to realize the full benefits . . . Wise organizations first become radish experts.”



James M. Greenfield

Fund-Raising: Evaluating and Managing the Fund Development Process

NOTES

4 key concepts

1. Develop and maintain relationships
2. Connect to the community by connecting with individuals
3. Think long-term
4. Know that you have the power to make a difference

FUNDRAISING GOALS

What is “Effective” Fund Development?

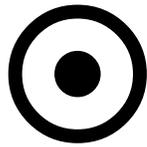
Multiple goals of fund development

Four types of fundraising campaigns

Diversified funding and why it is important

Diagnosing your organization's revenue diversity

NOTES

FUND DEVELOPMENT HAS MULTIPLE GOALS

The goal of fund development is not just “getting by.” Remember that the answer goes beyond simply “to pay the bills.” Even when times are tight, remember that we are working to:

- **Fulfill the organization’s mission.**

The “reason for being” is always be foremost.

- **Garner sufficient annual revenues to do the job well, not barely.**

“Paying the bills” implies just doing the minimum. The dollar goals we set should be based on what it takes to do the job right, not merely “get by.” Fulfilling the mission requires good management, good governance, and good services, and all of these cost money to do well.

- **Develop a reserve against shortfalls.**

“Nonprofit” does not have to mean “surviving hand-to-mouth.” A healthy nonprofit organization has at least enough money saved to cover expenses for 4 months without any income. A reserve that would last a year is even better. Start saving, even small amounts, with this goal in mind.

- **Assure the organization’s long-term viability.**

Picture your program in 10 years, in 50 years, and in 100 years. Ask yourself what efforts you can make today that will help ensure that future. Could your organization start an endowment that will someday produce income from interest and dividends? Could you ask board members, volunteers, donors, and other supporters to put your organization in their wills?

FUNDRAISING CAMPAIGNS

- **The Annual Fund**

A continuing effort to seek operational support from an organization's constituency and to broaden the base of support

- **Special Gift Campaigns**

The solicitation of special major gifts for short-term program development, projects, or equipment

- **Capital Campaigns**

An intensive fund raising program designed to raise a specified sum of money to meet non-recurring capital needs such as for equipment, buildings, and endowments.

- **Planned Giving**

Legal arrangements are made during the donors lifetime, but the benefit to the recipient organization is usually received at a later time. Planned giving is complex in that it generally encompasses a major gift reflecting a transfer of assets from the donor's estate assets, rather than from current income.

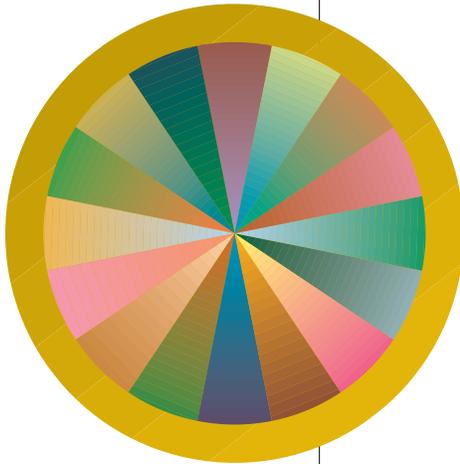
NOTES



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DEVELOPING A DIVERSE REVENUE BASE

A diverse revenue base is the key to successful fund development!



If you do nothing else to ensure your organization's future, do this one thing. Diversifying takes courage, tenacity, and trust because it will take several years to achieve it and it is so much easier to stick to the status quo.

Why should you diversify?

- **It provides stability.**

A diverse funding base has no single funding source making up more than 30 percent of income. It draws from all types of sources, in many different forms, and has many financial supporters.

- **It assures independence.**

A thousand people donating \$10 each is healthier for your program than a single \$10,000 grant. A diverse funding base not only provides stability, it assures independence.

- **It protects public charity status.**

To a degree, diversified funding is required for charitable status under the Internal Revenue Code.

DIVERSITY OF SOURCES

- Individuals
- Businesses
- Foundations
- Civic Groups
- Churches
- Government

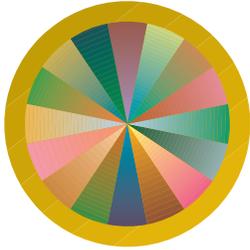
DIVERSITY OF REVENUE FORMS

- Donations
- In-Kind Contributions
- Events
- Sponsorships
- Planned Gifts
- Business Income
- Fees
- Grants
- Interest & Dividends

You may not think that some of these are “right” for your organization, but most of them will be — whether yours is a rural program, an inner city program, a program in an immigrant community, or in a very wealthy area. If you think that one of them won’t work for you, look again — you may just need to learn more about it. If one of them isn’t appropriate, it will be because it is inconsistent with your mission, not because it won’t work if you learn how.

These strategies are proven over time in every kind of community, though the specifics of how they are organized and implemented may differ.

NOTES



eXercise

DIAGNOSING YOUR REVENUE DIVERSITY

1. Add number (not amounts) of sources to determine how many financial supporters you have: # _____
2. Total all annual revenues: \$ _____

Average reliance per source

3. Divide revenues by number of sources to find out average percent that sources comprise.

TOTAL REVENUES \$ _____ ÷ BY # _____ OF SUPPORTERS = \$ _____ AVERAGE PER SOURCE

Reliance on single sources

4. Divide largest single source (donor or grant) by total revenues to determine dependence on a single source. Repeat for 2nd & 3rd largest sources, if significant.

LARGEST SINGLE SOURCE (NAME OF DONOR/GRANT): _____

\$ _____ ÷ TOTAL REVENUE \$ _____ = _____ % RELIANCE

2ND LARGEST SINGLE SOURCE (NAME OF DONOR/GRANT): _____

\$ _____ ÷ TOTAL REVENUE \$ _____ = _____ % RELIANCE

3RD LARGEST SINGLE SOURCE (NAME OF DONOR OR GRANT): _____

\$ _____ ÷ TOTAL REVENUE \$ _____ = _____ % RELIANCE

Reliance on grants

5. Add all grants and divide by total revenues to determine reliance on grants. For further detail, repeat process separately for foundation grants and government grants (federal, state, local).

ALL GRANTS \$ _____ ÷ TOTAL REVENUE \$ _____ = _____ % RELIANCE

FOUNDATION GRANTS \$ _____ ÷ TOTAL REVENUE \$ _____ = _____ % RELIANCE

GOVERNMENT GRANTS \$ _____ ÷ TOTAL REVENUE \$ _____ = _____ % RELIANCE

MODULE 2

ABOUT MONEY

Attitudes, Motivations About Asking and Giving

How small organizations usually operate

Exploring attitudes about money, giving, asking and receiving

The key to shifting your paradigm and attitude

Motivations for financially supporting nonprofits

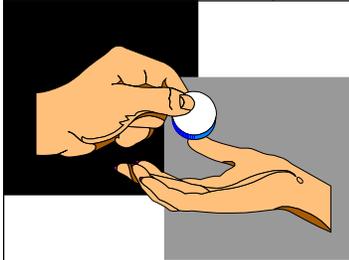
Supplementary Material

The Private Sector Speaks:
Tips for Approaching the Private Sector
(The EMT Group)

NOTES

**TRADITIONAL ATTITUDE
of small community-based organizations**

- Squeaking by
- Revenue = problem
- Crisis impending



eXercise

Exploring attitudes . . .

ABOUT MONEY

Do you remember the earliest messages you received about money?
What were they?

ABOUT ASKING

Can you recall a childhood experience of asking for money?

ABOUT GIVING

Remember a significant adult experience (positive or negative) of giving
money to a good cause.

CURRENT FEELINGS

How do you feel about handling your own personal financial affairs?

How do you feel talking to family and friends about money?

NOTES

"TALKING ABOUT MONEY FRANKLY, OPENLY, AND HONESTLY
CAN SAVE LIVES, BREAK CHAINS, AND FACILITATE CHANGE"

Kim Klein

Shift your paradigm!

FROM



Short-term, crisis-oriented, powerlessness
for mere survival

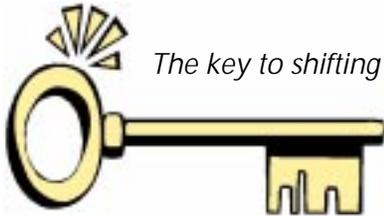
TO

Holistic, long-term, integrated thinking and acting
to achieve a viable, resilient, sustainable organization



NOTES

EXCHANGE of Value



The key to shifting your paradigm is understanding that:

Financial support for the work of a charitable organization is an “exchange of value” — not a one-sided hand out.

Motivations for Giving

The exchange of value perspective leads us to explore:

1. Why our supporters give
2. How motivation affects giving, including:
 - To which organizations or services a funder or donor gives
 - The ways a funder or donor gives
3. How we can help fulfill the exchange so our supporters get what they seek from giving

Why Give to Mentoring Programs?

Examples of Possible Motivations

Reasons a *corporation* may contribute to your program:

- A community that provides services for families helps attract and retain the employees.
- Because of this motivation, the corporation might give only in the communities around their headquarters or major centers of operations.

Reasons a *local foundation* may provide a grant to your program:

- The program guidelines established by the board of trustees includes a focus on funding the establishment of programs for children and youth that involve volunteers.
- Because of this motivation, the foundation may only give grants to the mentoring program during its planning and first year of services.

Reasons a *civic group*, such as the Rotary Club, may raise money to give to your program:

- Its members like activities they can do together and feel good about.
- Because part of its goal is to offer activities for its members to participate in together, the club itself may want to develop and hold a fundraising event that benefits your organization — rather than participating in the organizations other fundraising efforts.

Reasons a *county agency* may give a grant to your program:

- Their research shows that community-based programs for youth and families are more cost effective than government programs.
- Annual statistics showing the average cost per child your mentoring program serves will help this funder justify their support.

Reasons an *individual* may donate to your program:

- When she was a youth, a mentor changed her life.
- This individual would love to get a newsletter that regularly relates success stories in mentees own words.

NOTES

exercise

EXPLORING MOTIVATIONS FOR GIVING

& how understanding motivation can help us

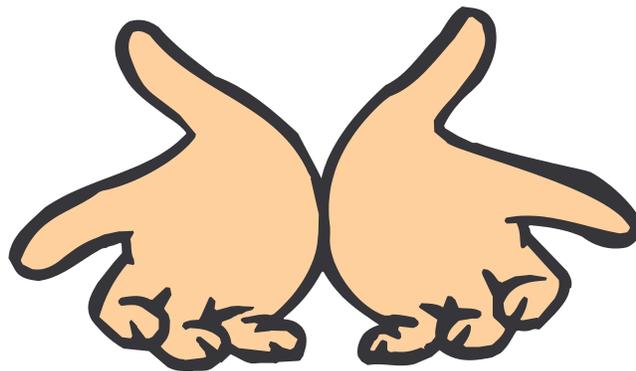
1. Break into 5 groups. Choose someone to be your group's recorder.
2. Each group will have 5 minutes to brainstorm why a particular funding source gives to nonprofit organizations. List the motivations your group comes up with.
3. Take 5 more minutes to brainstorm one way in which each motivation for giving affects how the funder gives, to whom, and/or what they expect in return.
4. Report out the results of your group's brainstorming effort.

Reason for being

To understand motivation, consider the funder's or donor's "reason for being." Generally speaking, the purpose of a . . .

- **BUSINESS** is to make a profit.
- **FOUNDATION** is to efficiently and effectively give money to the philanthropic causes they define as priorities.
- **CIVIC GROUP** is to bring similar or like-minded people together as members for mutual social, community, business or professional benefit.
- **GOVERNMENT** is to provide services for the public that cannot, will not, or should not be provided by the market alone.

INDIVIDUALS define their purposes and reasons for being in various ways based on their own experiences and philosophies about the meaning of life.



FUNDING SOURCES & CONSIDERATIONS

Prepared by The EMT Group, July 1998

Sources of Funding

Individual Donor Programs: All individual donor programs require an ever-expanding network of contacts. Each new donor leads to more new donors. All successful self-sufficient organizations have one, and usually several forms of individual donor programs.

- Annual Giving Campaigns
 - Membership drives
 - Dues, subscriptions
 - Pledging
- Direct Mail, or small mail appeals
- Door-to-door canvassing
- Major gifts

Special Events: Usually planned in terms of small (net \$100-\$300), medium (net \$1,000-\$5,000), and large (over \$5,000). However, the size reflects not only the profit earned, but the amount of work, lead time, and front money required. In planning special events such as concerts, or any event that requires a *"star"* for a draw, start with who you know. A Rolling Stones concern would be a great money maker; but if no one knows who knows the Stones, it will take 3-4 years to plan. You will probably want to start smaller, such as with the High School Glee Club.

Fees for Service: Seeking funds from clients as payment for services rendered. This can be set up on a sliding scale so that you can serve all the people you want to, but those who can pay will pay what they can afford.

Sale of Products: T-shirts, bumper stickers, buttons, or developing other products such as toys, games, stationery, etc.

Sale of Information: Almost always, parts of the program of an organization would be useful to people in written form. Developing booklets, pamphlets, and manuals and selling them for four to five times their cost can be a real money-maker. The information is useful to the person buying it, and generally he/she gets it cheaper from you than from any other source they would have to approach for it (such as an attorney, doctor, or regular bookstore).

Training/Education Programs: Similar to the sale of information, offering continuing education credit for doctors, nurses, lawyers, or other professionals, or a seminar for the general public, with a charge per participant is a way of doing your program work, offering a needed service and information to people, and still making money.

Honoraria: Service clubs, guilds, professional organizations, and other groups seek speakers for their monthly or quarterly meetings. Up to now, your group may have spoken at these gatherings for free; but if you ask for a reasonable honorarium, you will probably get it.

Grants: From government, corporations or foundations, service clubs (Kiwanis, Rotary, Junior League), United Way, or churches.

Churches: Give grants through their local parish structure, and from their national arms. They are also able to take a "*second collection*" for you on a Sunday, or loan you the use of duplicating equipment, typewriters, etc., or give you office and conference space rent free.

Loans: Various types of loans, lines of credit, interest rates, etc., can be worked out either through a bank or savings and loan, or credit union, or through an individual, foundation, or corporation. It often makes good business sense to seek a loan when you are first doing grassroots fundraising. Loans can be used for front money, or for cash flow problems until your fundraising begins to pay off.

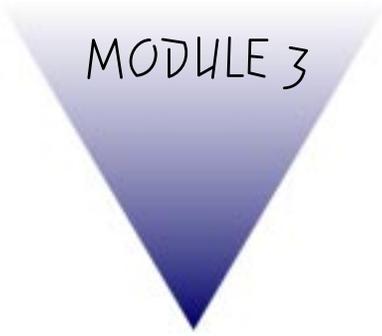
Funding Source Considerations

These considerations can be written across the top of a sheet or butcher paper or chart, to be answered for each source. Some research may be required for adequate answers to each question.

1. How much time spent researching and planning does this source require (i.e., foundation grants require research even before a proposal)?
2. How much lead time is needed once the planning is underway?
3. How many people are needed?
4. How much front money is required?
5. What special knowledge is required, and who has it?
6. Is the plan cost effective (count staff salaries, overhead expenses, and volunteer time that could be used in different ways)?
7. Are there strings attached?
8. How much money will the source bring in?
9. Is this a stable source of funding?
10. What is the worse thing that could happen?
11. What is the best we can hope for?

NOTES

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MODULE 3

“KNOW HOW”

Fundraising Methods

Pros & cons of fundraising approaches

Organizations that have flourished
and the facts of charitable support

Your hottest prospects for future support

Supplementary Material

Funding Sources & Considerations
(The EMT Group)

NOTES

GRANTS



- A great financial start for new and distinct agencies, programs, projects, and initiatives.
- The proposal can serve as a planning tool, putting into writing the project's goals, objectives, activities and timelines.
- One person can write a grant, so it can usually get done without a lot of committees, coordination, cooperation, and commitment.
- A prominent grantor can enhance the program's reputation, thereby leveraging additional support.
- Funders' reporting requirements can spur an organization to keep better records and set up systems to maintain more accountability.

Cons

- Most grants are short-term (1–3 years).
- They usually do not grow and often are non-renewable.
- Expenditures are restricted to line items and time frames specified in grant budget.
- Grant decisions often come very near the start of a fiscal year, causing the stress of not knowing whether you will have sufficient income to start the year.
- Many grants are paid on a reimbursement basis, so other money must be used at the time expenses are incurred.
- Grant writing duties often fall to overburdened staff.
- Often staff have little or no training in grant writing.



EVENTS



- Great "friend-raisers."
- Events draw the attention of the community to your program or agency through event-related publicity.
- People attending the event can be educated about your organization, and become supporters.
- Mailing lists of potential donors can be gleaned from registration or ticket information.
- Business sponsorships can underwrite costs and businesses that get involved may later help in other ways.

Cons

- Events often do not net much money when you figure in the cost of staff time devoted to the event.
- Sometimes events lose money.
- Volunteers burn out from overwork.
- Board members may consider events their sole fundraising responsibility.
- In small agencies, fundraising events can draw staff away from fulfilling their service-related responsibilities, sometimes for weeks at a time.
- Events occasionally raise contentious mission-related questions, such as whether to serve alcohol or if only low-priced events should be offered so low-income people can attend.

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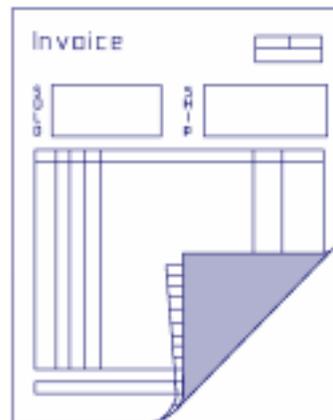


BUSINESS INCOME

- If a business venture turns a profit, it can be a steady source of unrestricted income.
- If the business is substantially related to the organization's purpose, it can enhance the achievement of the mission.

Cons

- Unrelated business income is generally taxable.
- Business ventures are financially risky.
- Organizations can lose money and increase debt.
- Resources sometimes are diverted away from provision of services related to mission.
- If people with skills and interest in business are not available or added, service-oriented staff can burnout or become disillusioned.

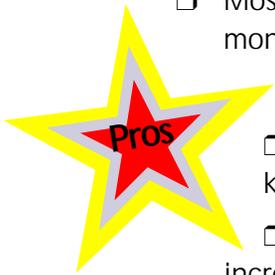


INDIVIDUAL DONATIONS

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Cons

- Individual donations are not a quick fix.
- Development of a substantial donor base can take several years.
- It costs money to build a donor base, so benefits are not immediate.
- Active board leadership is required.
- Volunteer structure for fundraising must be developed, maintained.
- Good public relations skills need to be employed continuously.
- A careful data collection and donor response system must be in place so each donor can be thanked within two working days and donations can be tracked.
- Most people cannot picture themselves asking other people for money, so the board, staff and others need training and support.



- Donations keep your organization viable and vital by keeping "community" in your community-based organization.
- Individuals often support the organization for many years, increasing the amount and types of their gifts.
- Donors feel good about supporting the cause, and they spread those good feelings to others in the community.
- Donors can open doors for the organization and can be a valuable source of ideas and perspectives.
- Most donations are unrestricted, and can be used where the greatest need exists.
- Individual donors may come and go, but a well-maintained donor base does not suffer as donors are added and others lapse.
- Organizations with a strong individual donor program also generally have (by necessity) developed and maintained active, committed, and competent boards of directors.
- Strong marketing materials and public relations skills developed to attract donors benefit the organization in additional ways.
- Fundraising through individual donor campaigns is a well-developed, step-by-step process—its concepts are readily learned from widely available books and training.



NOTES

Organizational Stages & Fundraising Methods

YOUNG AGENCIES operating year-to-year depend largely upon:

- Grants and in-kind (nonmonetary) donations, supplemented by fundraising events
- Staff leadership supported by volunteers

EXPERIENCED, future-oriented, venerable organizations know:

- Cash donations are the bread and butter of charitable organizations
- Planned gifts (wills, real estate, stock, trusts) assure a future
- The board of directors is the center of the fundraising universe

The Facts of Charitable Giving

Who gives?

- 77% of private giving is from individuals
- 10% of private giving is from foundations
- 8% of private giving is from bequests
- 5% of private giving is from corporations

Who receives private gifts?

- Churches received 44% of all private gifts.
- Education received 14% of all private gifts.
- Health received 10% of all private gifts.
- Human services received 9% of all private gifts.
- Arts, environment, international affairs and foundations received the balance.

How much do people give?

- Total giving by individuals amounted to \$148.5 billion.
- 80% of individual giving is from people with incomes under \$50,000.

What do people say about giving?

- 91% of Americans report that giving makes them feel good.
- 90% report that believe a person like themselves can make a difference by giving to charity.
- 65% feel they can make more of a difference by giving to a small charity than a big organization.
- 80% of Americans report that they would not give less if donations were not tax deductible.

Sources: *Giving USA* and *Fidelity Investments Charitable Gift Fund*

Did you know...

that government funding (including grants, contracts and fees for service) accounts for 45–60% of all revenue in the budgets of nonprofit social service agencies?

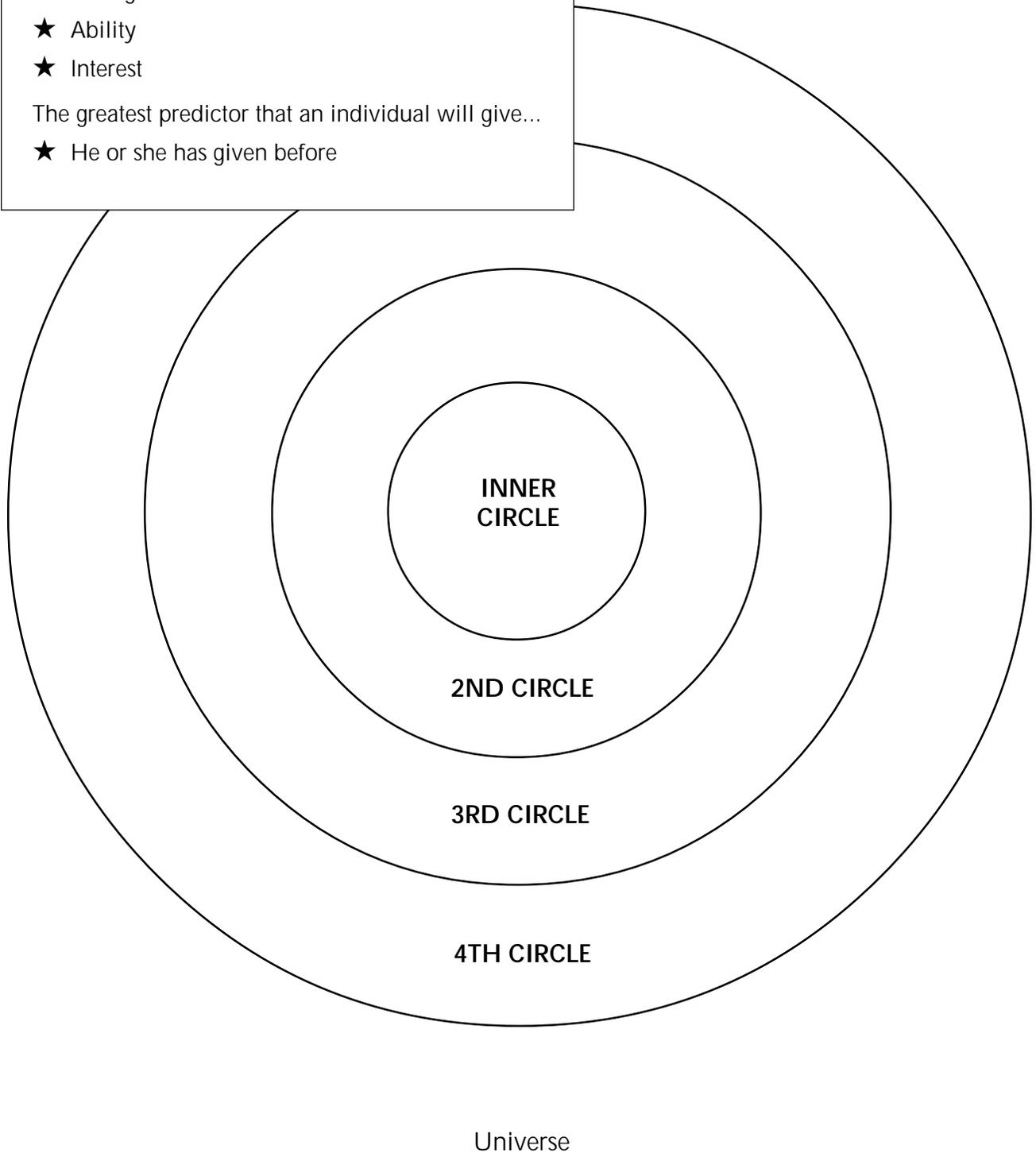
NOTES

HOT PROSPECTS FOR SUPPORT

- ★ Linkage
- ★ Ability
- ★ Interest

The greatest predictor that an individual will give...

- ★ He or she has given before





MODULE 4

ASKING INDIVIDUALS

Principles of Individual Giving & Asking

Key concepts about individual giving

Goals of relationship building with prospects and donors

The gift range chart (a planning tool)

Effective solicitation techniques

What to do before you ask for money

Interpersonal solicitation skills

Supplementary Material

Blank Gift Range Charts

NOTES

ANNUAL FUND PYRAMIDS

TIP: 10% of donors give 60% of \$\$

UPGRADED GIFTS: 20% of donors give 20% of \$\$

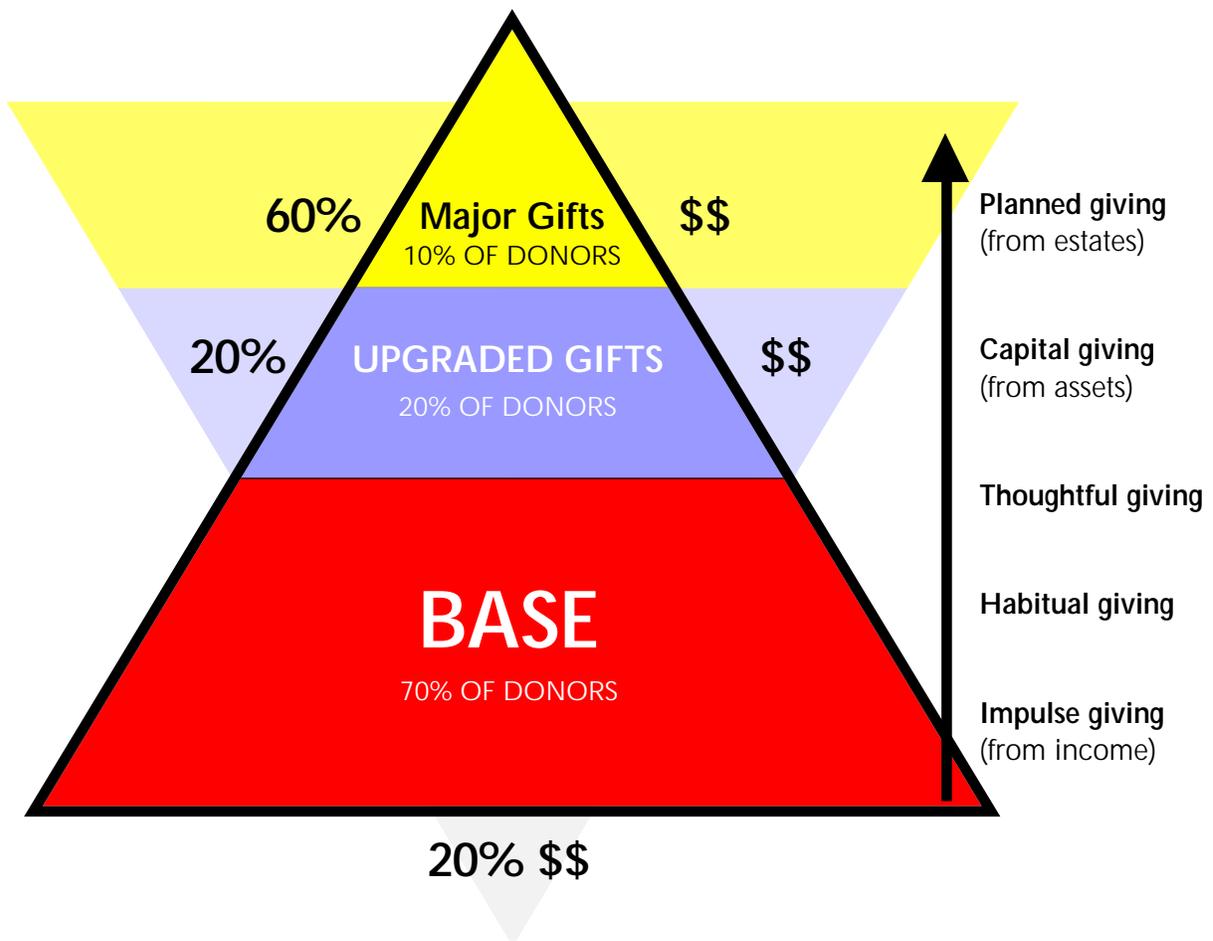
BASE & THE FUTURE: 70% of donors give 20% of \$\$

Objective

Build the base through acquisition of new donors, develop relationships, move people up the pyramid

Vehicles

Direct mail, phone appeals, personal solicitation of major gifts, recognition groups, challenge gifts, special events for "friend-raising"



SOURCE: The Funding Raising School Center on Philanthropy

Sample Gift Range Chart		\$60,000	
GIFT RANGE	# GIFTS	# PROSPECTS	\$ PER RANGE
\$3,000	2	10 (5:1)	\$6,000
\$1,500	4	20 (5:1)	\$6,000
\$750	12	48 (4:1)	\$9,000
\$500	18	72 (4:1)	\$9,000
\$250	24	72 (3:1)	\$6,000
MAJOR GIFTS	60	222 (3.7:1)	\$36,000
10% OF DONORS		60% OF GOAL	
\$100	120	360 (3:1)	\$12,000
20% OF DONORS		20% OF GOAL	
< \$100	400	800 (2:1)	\$12,000
70% OF DONORS		20% OF GOAL	

How to Create Your Own Chart

1. Top 2 gifts should equal 10% of goal (5% each at top level).
2. Reduce the dollar range by one-half for each level.
3. Test levels by using percentages.

Uses for Chart

- Assess how realistic your goals and objectives are.
- Choose \$\$ levels to ask specific donors for.
- Check progress toward annual fundraising goal.
- Focus effort where the need is.



NOTES

EFFECTIVENESS OF APPROACHES

Consider goals, costs, risks, relationship (not just response rate) when you assess approaches.

Personal face-to-face solicitation

- 50% say yes. Half of these give less than the amount asked.
- 2-person team increases response.

Personal phone call

- 15-20% response rate.
- Letter follow-up increases response

Personal letter (relationship with signer) *

- 10-20% response rate.
- Telephone follow-up increases response.

Door-to-door canvas

- 15% response rate.

Phone-a-thon

- 5% response rate.

Direct mail **

- 1% response rate.

SOURCE: *Grassroots Fundraising Journal*

* By comparison, the Fund Raising School's "ladder of effectiveness" places personal letters (on personal stationary) above personal telephone calls

** The Fund Raising School puts direct mail above phone-a-thons, followed by special events, door-to-door canvassing, and media advertising.

BEFORE ASKING FOR MONEY

- Identify prospects.
- Cultivate interest.
- For continuing donors, build the relationship.
- Identify person(s) to do the asking.
- Know your goals (\$\$ and relationship).
- Know or have key information available.
- Remember the #1 reason people give donations: *they are asked*.
- Practice.
- Measure success by the number of asks.

NOTES

CULTIVATING INTEREST...**BUILDING THE RELATIONSHIP...**

Trust

Communication

Esteem

NOTES

THE PROCESS OF ASKING

- ★ Let your cause walk in your shoes.
- ★ Bear in mind the exchange of value: *it feels great to give!*
- ★ Employ your proven communication skills.
- ★ Make it easy to give.
- ★ Be sure to ask!
- ★ Listen for the answer.

ASKING STEPS

Opening

- Briefly establish rapport

Involvement

- 2-way discussion of organization through questions, information sharing

Presentation

- Positive, one-sided description of the program or project and money needed to make it happen.
- Answer questions.

Closing

- Ask for the gift.
- Recommend amount and method of giving, based on donor's perception of his/her own ability to give.
- Listen quietly for the answer, then clarify.

Follow-up

- Immediate thank-you, regardless of outcome.

exercise PRACTICE ASKING

WHAT WORKS	WHAT DOESN'T
Opening	
Involvement	
Presentation	
Closing	
Follow-up	

GRANTS & EVENTS

The Fundamentals of Grantsmanship & Special Events

Best practices for special events

Break-even analysis

Common mistakes in grantsmanship

Supplementary Materials

Funder Prospect Worksheet

A 10-Step Checklist for Readable Grant Proposals
(Webster Strategies)

Common Elements of Grant Proposals

Common Grant Application
(National Network of Grantmakers)

*Grant Writing Handbook:
Developing and Maintaining Prevention Programs*
(Vic Colman, The EMT Group)

NOTES

BEST PRACTICES FOR SPECIAL EVENTS

Think through:

- Competition
(repetition, timing, weather, other events or attractions)

Site issues

(attraction of the site, availability of facilities/services)

- Demographics/population/attitudes of potential attendees
- Potential conflicts with your mission or reputation
(serving alcohol, gambling, etc.)

Consider potential risks and benefits:

- Explore the potential for sponsorships
- Factor in the costs of staff time and risks of volunteer burnout
- Figure out exactly what it will take to break even and do some contingency planning in case it becomes a money-losing event
- Consider goals other than fundraising
(community awareness, publicity, developing a mailing list, public recognition of supporters)
- Talk to your insurer about liability insurance

Jackson & Schmader's list of what causes poor events:

- "But we've always done it that way!"
(confusing repetition with tradition)
- Clichés or lack of creativity and innovation
- Uninspired marketing
- Trying to offer too much at one event
- Not enough money to make it work
- Timing, timing, timing
- "Bad Skewing"
(planners holding events they would like but which no one else is likely to)

Break-Even Analysis

To find out how many tickets to an event you must sell before you start to make money, use “break-even analysis.”

1. Add all costs that will remain the same, regardless of how many attend (fixed costs).
2. Estimate all costs per person that will vary depending on how many attend (variable costs).
3. Subtract the variable costs per person from the amount you will charge for admission.
4. Take the resulting figure and divide it into the total fixed costs. The result will be the number of tickets you must sell to break even, based on door receipts alone.

A Simple Example

Fixed costs:

Grange Hall rental (1 night)	\$250
Printing (tickets, flyers, ads, etc.)	\$250
Staff time (1 FTE x 1 month, incl. benefits)	\$3,000
Decorations	<u>\$500</u>
TOTAL	\$4,000

Variable costs per person:

Catering	\$25
Printing of programs & theme placemats	\$1
1 complimentary drink	\$2
Table decorations	<u>\$2</u>
TOTAL	\$30

Planned price per ticket: \$50

Break-even formula:

\$50 per ticket - \$30 per person cost = \$20

\$4,000 fixed cost ÷ \$20 = 200

200 tickets must be sold to break even

NOTES



The Most **COMMON MISTAKES** in **GRANTSMANSHIP**

- Applicant has not adequately considered funder's priorities, interests, limitations, and requirements.
- Applicant has not thoroughly planned a worthy project.
- Applicant did not follow the directions (funder guidelines).
- Grant proposal is difficult to read or understand.

Date: _____

FUNDER PROSPECT WORKSHEET

Focus on funders whose priorities closely match your project!

Prospective Funder: _____

Address: _____

Web Site: _____

Contact Name: _____ Phone: _____

Funder's Total Assets: _____ Total Grants Paid: _____

	FUNDER	YOUR ORGANIZATION
FINANCIAL DATA Grant Ranges/Amount Needed Period of Funding/Project		
SUBJECT OF FOCUS (in order of importance)	1. 2. 3.	1. 2. 3.
GEOGRAPHIC LIMITS		
TYPE(S) OF SUPPORT		
POPULATION(S) SERVED		
TYPE(S) OF RECIPIENTS		
KEY PEOPLE Officers, Donors, Trustees, Staff		
INITIAL APPROACH Method (letter, proposal, etc.) Deadline/Board Meeting(s)		

APPLICATION INFORMATION

Does the funder have an application form? Yes No

INFORMATION SOURCES

990-PF (Yr: _____) Directories/Grant Indexes Annual Report (Yr: _____)
 Grantmaker Web Site Requested _____ Received _____

NOTES:

FOLLOWUP:

COMMON ELEMENTS OF GRANT PROPOSALS

Problem Statement or Needs Statement

For project or program to be funded, describe why your community or constituency or society needs this program. A needs statement or problem statement should not describe the agency's need. That is described through the budget and funding descriptions.

Project Description

How the program or project addresses the problem or need described above. Who benefits and how?

Project Design

Goals, measurable objectives, activities, and timeline.

Evaluation

How will you measure success? What will be the process of evaluation? Who will participate in the evaluation process? How will evaluation results be used?

Organizational Capacity

Staffing, description of the overall organization and how the proposed project fits. Brief history and major accomplishments and strengths. Current programs and projects. Qualifications of key staff. Supervision structure. Description of the governing board. Description of linkages or collaborations with other organizations or agencies or experts.

Financial Information

Project budgets, both current and projected. Current and targeted funding sources. Plan for continuation of the project after the grant period ends. Donated goods and services for the project. Stability of funding or strength of fund raising process.

Attachments

Most recent completed fiscal year financial statements (audited, if possible). Copy of IRS determination letter establishing 501(c)(3) tax exempt status. Agency budget for current year (and sometimes for previous and projected years, too). Letters of support from project partners or related agencies. Annual report. Recent brief newspaper articles, reports, or evaluations relevant to the project. Organizational chart. Roster of members of the governing board. Resumes of key personnel.

These common elements differ in emphasis, placement, and importance from funding source to funding source. Some proposals call for specific demographic information, or other specific statistics. Always carefully follow directions. Funders should be able to very easily encounter, in your proposal, the information most specifically meaningful to their funding priorities.

READINESS

Organizational Prerequisites and Steps

What funders, donors, partners all need

Legal requirements and ethics

Preparing, planning and making the case for support

Budgeting for fund development

Tax requirements for donations

“People power” and successful fund development

Supplementary Material

As a board member, what can I do to
support the fund raising effort?

20 Ways for Board Members to Raise \$500
(Kim Klein)

Fundraising: A Team Effort
(The EMT Group)

Statements of Ethical Principles
(National Society of Fund Raising Executives)

Standards in Philanthropy
(National Chairities Information Bureau)

Measuring Fundraising Productivity: Example
(James M. Greenfield)

Report on Results of Fund Raising Programs: Form

Report on Sources of Gifts: Form

NOTES

needed**What do funders, donors, and financial partners all need from your organization?**

- ★ Adherence to standards for management and governance
- ★ Acknowledgment
- ★ Information that demonstrates your program's effectiveness
- ★ Connection
- ★ Assurance that you are upholding the charitable trust

Remember motivations...

Think about your supporters' motivations for giving. What kind of standards, acknowledgment and information do each of them need?

Effectiveness is key to continued support...

Demonstration of effectiveness is key to continued support. This may include statistics, testimonials, updates regarding outcomes, cost effectiveness, services, etc. Again, keep your supporters' motivations in mind.

Ensure the public trust...

The public entrust the board, managers and staff of charitable organizations and public institutions to act at all times with their organization's charitable or public purpose as the guide to all decisions, actions and allocations. In an organization with integrity, every dollar is raised and spent with mission foremost in mind.

BE PREPARED

for timely, thoughtful, effective responses to fundraising opportunities

Tracking and response systems

- Give thanks within 2 working days
- Know who gives how much, how often, in response to what

Communications tools

- Keep donors informed through newsletters, web sites, mail and/or email updates, annual reports

Statistics and evaluation

- Be able to show donors and funders what works about your programs: consistent, duplicable, meaningful
- Be able to measure effectiveness of your fund development efforts for internal purposes

Case statements

- Know the answers to basic questions about why your program or organization should be supported
- Keep documents that support your case statement

Planning and budgeting

- Plan and budget for fund development

People power

- Support and develop the people who make your organization or program “work”

NOTES

NOTES

DEVELOPING A CASE STATEMENT

1. What is the issue or problem the organization or program is trying to solve or address?
2. Who is affected by the problem or issue and in what ways?
3. What solution does the organization or program offer?
4. What difference does this solution make?
5. Why is this organization or program uniquely able to do it?
6. What is the cost and cost effectiveness of the program?
7. What does the supporter get out of supporting this organization or program?
8. Why should a supporter believe that the organization is capable of being organized, reliable, forthright, ethical, and effective?

INTERNAL CASE STATEMENT BINDER

Written descriptions of:

- Mission, goals, objectives
- Programs and services
- Governance:
 - Terms, how officers selected, frequency of meetings, training and development, roles and responsibilities, evidence that board donates time and money, demographics, professions, areas of expertise, community affiliations
- Staffing:
 - Paid & volunteer, including key qualifications
- Service delivery, location(s), facilities
- Planning and community input process
- Key policies & procedures
- Profiles of support, supporters, and key financial information
- History

Attachments:

- Strategic plan and annual report
- Service statistics & volunteer statistics
- Board roster (required content varies) & staff resumes
- Agency budgets (usually current and/or upcoming fiscal years)
- Most recent Form 990 and/or audited financial statements
- IRS exempt organization determination letter
- Letters of support and/or operational agreements

EXTERNAL CASE EXPRESSIONS

- Brochures
- Foundation proposals
- Appeal letters
- News releases, public service announcements
- Newsletter articles
- Presentations to community groups
- Face-to-face conversations for cultivation and solicitation

NOTES



NOTES

FUND DEVELOPMENT PLAN

Annual plan

- Measurable, specific objectives with target dates and assigned responsibility
- A budget for each objective integrated into an overall fund development budget
- Build from agency annual budget
- Gift range charts
- Do well before start of fiscal year

Multi-year plan

- Include capacity building and/or income growth
- Base on multi-year budgeting

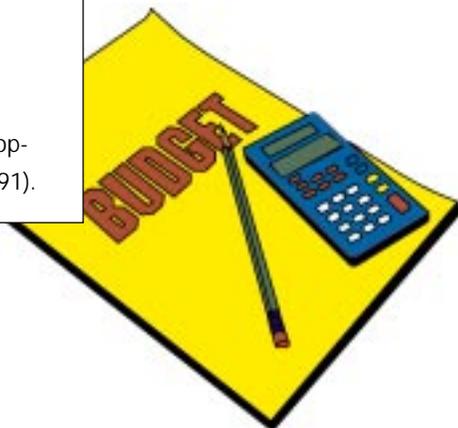
Reasonable Fundraising Cost Guidelines

(Per Dollar Raised)

Direct mail acquisition	\$1.00 to \$1.25
Direct mail renewal	20¢
Corporations and foundations	20¢
Planned giving	25¢
Capital campaigns	5¢ to 10¢
<hr/>	
Benefit events	50% of gross proceeds

The national average overall cost of fundraising is 20¢ per dollar received.

SOURCE: Fund Raising: Evaluating and Managing the Fund Development Process by James M. Greenfield (John Wiley & Sons, Inc.: 1991).



TAX REQUIREMENTS FOR DONATIONS *

CHARITIES' reporting obligations:

When the amount is over \$75 and the donor gets something (e.g., admission to a dinner), the charity must provide:

- A statement that the deductibility of the contribution is limited to the excess over the value of goods or services the donor receives.
- A good faith estimate of the fair market value of the goods or services provided by the charity to the donor.

EXAMPLE: \$100 dinner event admission: Fair market value is estimated \$35, so \$65 is tax-deductible contribution.

When a contribution of property (not cash) over \$500 is disposed of within 2 years, the charity must file IRS form 8282 unless the property is consumed or distributed without exchange and furthers the charity's charitable function.

DONORS' responsibilities:

For donations of \$250 or more, the taxpayer must have a timely written receipt or acknowledgment from the charity that shows:

- The amount of cash and/or description (but not value) of property contributed.
- Whether the charity provided any goods or services in exchange.

For out-of-pocket expenses of volunteering, the taxpayer must substantiate through:

- The donor's normal records (e.g., mileage log, receipts).
- Brief written acknowledgment from charity including dates the services were provided, whether the charity provided goods/services/reimbursement in return, and if so a description and estimate of fair market value.

For non-cash gifts over \$500:

- Attach form 8283 to tax return.
- If over \$5,000, the organization must sign this form and the gift must be appraised.

* These guidelines are not legal advice. Please talk to a lawyer or qualified tax advisor about your organization's specific responsibilities.

NOTES





“PEOPLE POWER”
makes successful fundraising possible!

- LEADERS WITH PRIDE AND CREDIBILITY
People who can organize and motivate.
- VOLUNTEERS WITH ENERGY AND TIME
People who can learn and do.
- STAFF WITH KNOWLEDGE AND SKILLS
People who can inform and support.

EXAMPLE:

Measuring Fundraising Productivity

Percentage Rate of Return

Direct mail sent to 125,000 prospects. Contributions received from 1,384.

Divide # responses by # mailed:

$$1,384 \div 125,000 = \underline{1.1\% \text{ return}}$$

Average Gift Size

Total contributions were \$272,376. Number of gifts was 1,876.

Divide total \$ contributions by # gifts:

$$\$272,376 \div 1,876 = \underline{\$145.19 \text{ average gift}}$$

Average Cost Per Gift

Total fundraising costs attributable to solicitation were \$45,927. Number of gifts was 1,876.

Divide total \$ fundraising costs by # gifts:

$$\$45,927 \div 1,876 = \underline{\$24.48 \text{ average cost per gift}}$$

Profit Per Gift

Average gift was \$145.19. Average cost per gift was \$24.48.

Subtract average cost per gift from average gift:

$$\$145.19 - \$24.48 = \underline{\$120.71 \text{ average profit per gift}}$$

Fundraising Cost Percentage/Cost Per Dollar Received

Total fundraising costs were \$45,927. Total contributions were \$272,376.

Divide total \$ fundraising cost by total \$ contributions received and multiply by 100:

$$\$45,927 \div \$272,376 = 0.1686 \times 100 = \underline{16.86\% \text{ fundraising cost or about } 17\text{¢} \text{ cost per dollar}}$$

Report on Results of Fundraising Programs

SOURCE	NUMBER	INCOME	AVERAGE
DIRECT MAIL			
1.			
2.			
3.			
SPECIAL EVENTS			
1.			
2.			
3.			
LEADERSHIP GIFTS			
Trustees			
Staff			
Major Donors			
SUPPORT GROUPS			
1.			
2.			
3.			
CORPORATIONS			
Giving			
Matching Gifts			
In-Kind			
FOUNDATIONS			
1.			
2.			
3.			
SPECIAL PROJECT CAMPAIGNS			
1.			
2.			
MEMORIAL/CELEBRATORY			
OTHER			
TOTALS			

SOURCE: Adapted from Fund Raising: Evaluating and Managing the Fund Development Process by James M. Greenfield (John Wiley & Sons, Inc.: 1991).

Report on Sources of Gifts

SOURCE	NUMBER	INCOME	AVERAGE
TRUSTEES/DIRECTORS			
PROFESSIONAL STAFF			
EMPLOYEES			
PRIOR DONORS			
NEW DONORS			
CORPORATIONS			
FOUNDATIONS			
ASSOCIATIONS/SOCIETIES			
PLANNED GIFTS WRITTEN			
LEGACIES/BEQUESTS RECEIVED			
UNSOLICITED GIFTS			
OTHER GIFTS RECEIVED			
TOTALS			

SOURCE: Adapted from Fund Raising: Evaluating and Managing the Fund Development Process by James M. Greenfield (John Wiley & Sons, Inc.: 1991).

As a board member, what can I do to support the fundraising effort?

- Develop a clear picture of the mission, priorities, and funding needs of the organization
- Understand the plans and the program for fund raising
- Offer additions to the mailing list
- Assist other board members and staff in identifying and evaluation prospect — individuals, corporations, and foundations
- Cultivate key prospects whom I know, building their interest in, knowledge of, and connection to the organization
- Make introductions for others to make solicitation visits
- Make solicitation visits myself, as a member of a solicitation team
- Write follow-up and acknowledgement letters
- Write personal notes on annual appeal letters
- Make cash contributions on a regular basis at a level that is meaningful to me
- Tell others that I give money to the organization
- Recruit as board members only those people who are willing to give and ask for donations
- Be able to explain the reasons for supporting the organization
- Make sure that fund raising is part of the orientation and job description for board members
- Develop a board policy regarding board giving and the board's role in fundraising
- Participate in workshops or retreats to help define or refine the organization's mission and the case for support
- Acknowledge in person and in writing other people's involvement in fundraising
- Help educate other board members about their role in fund raising
- Set standards and goals for fund raising, and make sure that goal achievement and other outcomes of fundraising efforts are communicated in meaningful ways at board meetings
- Incite involvement and excitement around especially motivating events such as the organization's anniversary, the addition of a new program, etc.
- Build fun into the process (contests, challenges, etc.)
- Celebrate success often and openly
- Know my fellow board members and ask them to do what they can to help:
Will they supply names of personal and business contacts? Will they help the organization access the resources of their clubs or church? Will they put personal notes on mailings? Do they have linkages with foundation or corporate leaders?
- Make helping the board understand the process of prospect cultivation and solicitation a key goal of board training and development
- Be sure the board officers, and the Board Development or Governance Committee has leadership abilities: the capacity to move people to action, to communicate persuasively, and to strengthen the confidence of others
- Do what I say I'll do



MODULE 7

THE FUTURE

Trends in Fund Development

Fundraising and the Internet

Community wealth creation, social enterprise,
and venture philanthropy

Organizing to affect government resource allocation
and policy implementation

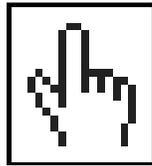
Supplementary Materials

JOIN TOGETHER ONLINE

PHILANTHROPY NEWS DIGEST

NOTES

THE INTERNET



The internet can be a time- and money-saving tool.

USE IT TO:

- Conduct prospect research for both grants and donations.
- Network, learn about trends, and study how others are using the internet to raise funds.
- Create web sites, email mailing lists and online newsletters that can attract interest and cultivate relationships.

Your web site can help fundraising efforts.

USE IT TO:

- Show how donations advance your organization's mission
- Direct visitors to online giving opportunities.
- Attract new members and build ongoing relationships with the visitors-turned-donors.
- Offer donor recognition online, including opportunities to sponsor the web site itself.
- Educate donors about giving by providing pages on concepts such as endowments, planned giving, and in-kind contributions.

FROM: *Fundraising on the Internet* by Grobman, Grant, and Roller (Amherst H. Wilder Foundation, 1999)

NEW DIRECTIONS

Community Wealth

- Resources generated through profitable enterprise, partnering business and nonprofits to promote social change.

Social Enterprise & Venture Philanthropy

- Creating nonprofit businesses to provide empowerment and opportunities for the disadvantaged, where the enterprises are at the heart of the mission and the funders' relationship is investment and stewardship of resources, rather than traditional philanthropy.

"Revolution of the Heart"

- Bill Shore, founder of the anti-hunger and anti-poverty organization Share Our Strength.



NOTES

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CHANGING PUBLIC POLICY

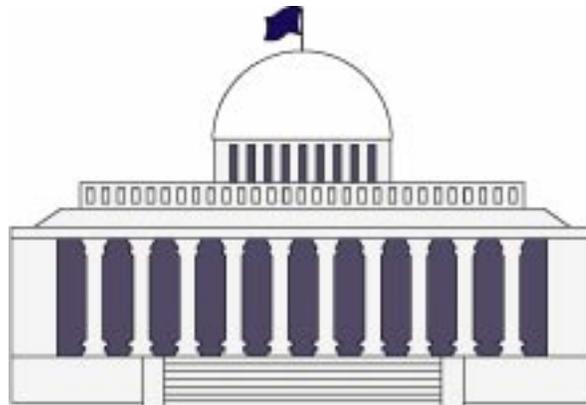
through organizing and collaborating

Lawful nonprofit activities:

- Influencing how government resources are allocated
- Influencing how public initiatives are implemented
- Educating the public and government on issues

Lobbying and political activity restrictions:

- Nonprofit organizations are absolutely prohibited from participating or intervening in campaigns for or against candidates
- Legislative lobbying expenditures must be “insubstantial” compared to expenditures for organization’s purpose:
20% if 501(h) elected.



BUILDING A LEGACY

A Viable, Sustainable Program

How to leave a legacy

Next steps to take in building a legacy

Where to find needed information and resources

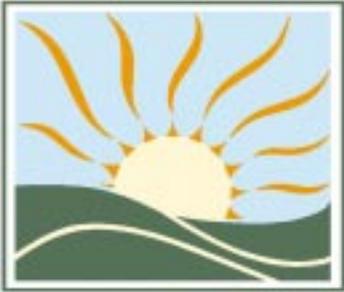
Supplementary Materials

Mentoring Technical Assistance Brochure

Technical Assistance Application for Mentor Programs

Fundraising Quiz Answers

NOTES



how to LEAVE A LEGACY

How can you become the leader that leaves as your legacy a lasting program?

★ **Bear in mind that the goals go beyond mere survival.**

Enough to do the job well, a reserve for lean times, a future, and achievement of mission are all goals of every effort

★ **Diversify your organization's revenue base.**

For stability, security, and independence

★ **Plan and evaluate.**

Put plans in writing, and measure success against the objectives in the plan.

★ **Allocate adequate resources to the effort**

It takes time and money to make money.

★ **Serve as a role model for other donors**

Make your own donation at a level that is meaningful to you.

★ **Roll up your sleeves and rally support for the program**

Work your connections. Recruit volunteers willing to organize other volunteers.

★ **Promote philanthropy**

Philanthropy is defined as "voluntary action, association, and giving for the public good." Learn about and talk about the rich tradition of human philanthropy to inspire others to lead and to donate.

★ **Educate yourself**

Learn about fundraising through training, reading, and talking with people about their experiences of donating money, asking for donations, and being asked for donation.

★ **Most important, ask!**

For big gifts, small gifts, and gifts of a lifetime.

MENTORING^{plus}

Workshop Series



RESOURCES

Fundraising Resources

Publications on Fund Development

Publications on Related Topics

Online Resources

CMI Proposed Mentor Program Funding Opportunities

June 22, 1999

Mentoring Resources

CMI Quality Assurance Standards

Mentoring/Prevention Web Sites

Mentor Publications

1999 Publications Catalog

(Department of Alcohol and Drug Programs)

Live Scan Information

FUNDRAISING RESOURCES

Publications on Fund Development

Publications on Related Topics

Online Resources

CMI Proposed Mentor Program Funding Opportunities

June 22, 1999

MENTORING RESOURCES

CMI Quality Assurance Standards

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Publications on Fund Development

Many good books, periodicals, and websites provide terrific resources as you learn to plan, implement, and evaluate your fundraising program. Dozens of books are available through two publishers. Call for catalogues or browse their online listings:

Jossey-Bass Publishers Nonprofit Series

800-956-7739 or <http://www.jbp.com/cgi-bin/cgiwrap/jbp/>

John Wiley & Sons Nonprofit Series

800-753-0655 or <http://www.wiley.com/products/subject/business/nonprofit/>

BOOKS

Here some of books that were used in preparing materials for this workshop, and some additional recommended books, too:

Achieving Excellence in Fund Raising by Henry A Rosso (Jossey-Bass Publishers: 1991)

Fearless Fund-Raising for Nonprofit Boards by G Worth George (National Center for Non-profit Boards: 1996)

Fundraising for Social Change by Kim Klein (Chardon Press: 1994) Note: This book is great for any nonprofit, but is an especially excellent resource for small, grassroots, rural and/or non-mainstream organizations.

Fundraising on the Internet by Gray M. Grobman, Gary B. Grant and Steve Roller (Amherst H. Wilder Foundation: 1999)

Marketing Workbook for Nonprofit Organizations by Gary J. Stern (Amherst H. Wilder Foundation: 1990)

Merging Mission and Money: A Board Member's Guide to Social Entrepreneurship by Jerr Boschee (National Center for Nonprofit Boards: 1998)

Planned Giving for the One-Person Development Office: Taking the First Steps by David G. Schmeling, CFRE (Deferred Giving Services)

Principles of Professional Fundraising by Joseph R. Mixer (Jossey-Bass Publishers: 1993)

Program Planning & Proposal Writing by Norton J. Kiritz (The Grantsmanship Center: 1980)

Special Events: Inside & Out by Robert Jackson and Steven Wood Schmader (Sagamore: 1991)

Successful Fundraising: A Complete Handbook for Volunteers and Professionals by Joan Flanagan (Contemporary Books: 1993)

Successful Marketing Strategies for Nonprofit Organizations by Barry J. McLeish (John Wiley & Sons, Inc., 1995)

PERIODICALS

A few excellent, relatively low-cost periodicals are:

The Chronicle of Philanthropy

(800) 728-2819 or <http://www.philanthropy.com>

Grassroots Fundraising Journal

(510) 704-8714 or <http://www.chardonpress.com/>

The Nonprofit Times

(973) 734-1700 or <http://www.nptimes.com/>

Publications on Related Topics

STRATEGIC PLANNING

Strategic Planning Workbook for Nonprofit Organizations by Bryan W. Barry (Amherst H. Wilder Foundation: 1986)

Creating and Implementing Your Strategic Plan: A Workbook for Public & Nonprofit Organizations by John M. Bryson and Farnum K. Alston (Jossey-Bass Publishers: 1996)

MARKETING

Successful Marketing Strategies for Nonprofit Organizations by Barry J. McLeish (John Wiley & Sons, Inc.: 1995)

Marketing Workbook for Nonprofit Organizations by Gary J. Stern (Amherst H. Wilder Foundation: 1990)

LEADERSHIP

Executive Leadership in Nonprofit Organizations: New Strategies for Shaping Executive-Board Dynamics by Robert D. Herman and Richard D. Heimovics (Jossey-Bass Publishers: 1991)

Leadership Jazz by Max DePree (Dell Publishing,,: 1992)

ORGANIZATIONS

Reframing Organizations: Artistry, Choice and Leadership by Lee G. Bolman and Terrence E. Deal (Jossey-Bass Publishers: 1991)

America's Voluntary Spirit: A Book of Readings edited by Brian O'Connell (The Foundation Center: 1983)

Online Resources

The World Wide Web is a rich source of information for nonprofit organizations. More wonderful sites are added every day. Every site leads to many more. Here are a few to start:

About.com Guide to Nonprofit Charitable Organizations

<http://nonprofit.about.com/msubgra.htm>

California Association of Nonprofits

<http://www.canonprofits.org/>

California Dept of Alcohol and Drug Programs

<http://www.adp.cahwnet.gov/>

Institute for Nonprofit Organization Management

<http://www.inom.org/>

Internet Resources for Nonprofit Public Services Organizations

<http://www-personal.si.umich.edu/~nesbeitt/nonprofits/nonprofits.html>

Nonprofit Consultants On Tap

<http://www.ontap.org/>

Nonprofit Gateway: Links to Federal government information and services

<http://www.nonprofit.gov/>

Nonprofit Genie

<http://www.genie.org/>

The Alliance for Nonprofit Management

<http://www.allianceonline.org/>

The Center for the Study of Philanthropy

<http://www.philanthropy.org>

The Foundation Center

<http://foundationcenter.org/>

The Grantsmanship Center

<http://www.tgci.com/>

The Internet Nonprofit Center

<http://www.nonprofits.org>

The Management Assistance Program for Nonprofits

<http://www.mapnp.org/>

The National Network of Grantmakers

<http://www.nng.org/>

The Philanthropy Journal Online

<http://www.philanthropy-journal.org/>



DATE: _____

1. How did you find out about this workshop?

Brochure EMT CMI Consultant Colleague Other : _____

2. What information did you hope to get out of today's workshop?

3. To what degree were your expectations met?

Low 1 2 3 4 5 High

4. What was most useful to you about this workshop?

5. What was least useful to you about this workshop?

6. Please rate how useful the WORKSHOP MATERIALS were to you:

Low 1 2 3 4 5 High

7. Please rate your overall satisfaction with the TRAINER(S):

Low 1 2 3 4 5 High

8. Please rate your overall satisfaction with today's workshop:

Low 1 2 3 4 5 High

9. Would you like to share any other feedback or comments?

MENTORING^{plus}
Workshop Series



SHOW US THE MONEY!

FUNDRAISING FUNDAMENTALS FOR MENTORING PROGRAMS

SERIES 3

MENTORING^{plus}
Workshop Series

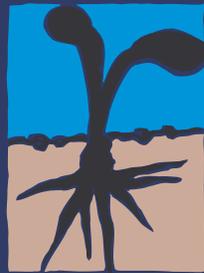


SHOW US THE MONEY!

- | | |
|-----------------------------|----------------------------|
| 1 Fundraising Goals | 5 Grants & Events |
| 2 About Money | 6 Readiness |
| 3 "Know How" | 7 The Future |
| 4 Asking Individuals | 8 Building a Legacy |

MODULES

“The basics of fund development are a lot like vegetable gardening. Careful soil preparation and the planting of seeds comes first. Radishes appear almost overnight. Tomatoes, carrots, and squash require the entire growing season. Patience is required to realize the full benefits . . . Wise organizations first become radish experts.”



JAMES M. GREENFIELD

4 key concepts

- 1 Develop and maintain relationships
- 2 Connect to the community by connecting with individuals
- 3 Think long-term
- 4 Know that you have the power to make a difference



Module 1

FUNDRAISING GOALS

What is “effective” fund development?

- Multiple goals of fund development
- Four types of fundraising campaigns
- Diversified funding and why it is important
- Diagnosing your organization’s revenue diversity



FUND DEVELOPMENT has...

MULTIPLE GOALS

- ① Fulfill the organization's mission.
- ① Garner annual revenues to do the job well—not barely.
- ① Develop a reserve against shortfalls.
- ① Assure the long view.

FUNDRAISING

CAMPAIGNS



The Annual Fund



Special Gift Campaigns



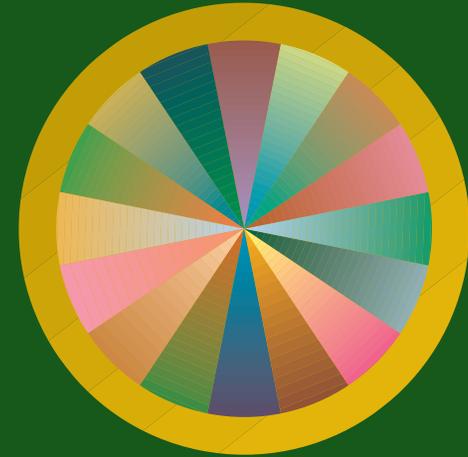
Capital Campaigns



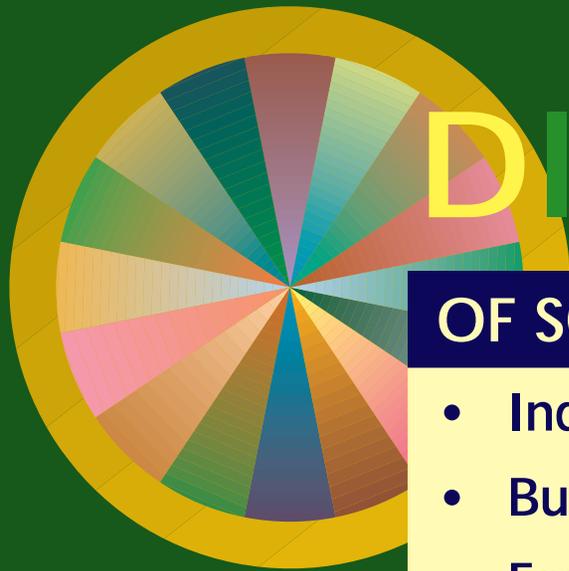
Planned Giving

DIVERSITY...

- provides stability
- assures independence
- protects public charity status



*A diverse revenue base is THE KEY
to successful fund development!*



DIVERSITY...

OF SOURCES

- Individuals
- Businesses
- Foundations
- Civic Groups
- Churches
- Government

& FORMS OF REVENUE

- Donations
- In-Kind Contributions
- Events
- Sponsorships
- Planned Gifts
- Business Income
- Fees
- Grants
- Interest & Dividends



Module 2

ABOUT MONEY

Attitudes, motivations about asking and giving

- How small organizations usually operate
- Exploring attitudes
- Key paradigm-shifting approach
- Motivations for financially supporting nonprofits

TRADITIONAL ATTITUDE

of small community-based organizations



- Squeaking by
- Revenue = problem
- Crisis impending

"TALKING ABOUT MONEY FRANKLY, OPENLY, AND HONESTLY
CAN SAVE LIVES, BREAK CHAINS, AND FACILITATE CHANGE"



Kim Klein

Shift your paradigm!

FROM:



Short-term, crisis-oriented, powerlessness
for mere survival

TO:



Holistic, long-term,
integrated thinking and acting to achieve a viable,
resilient, sustainable organization



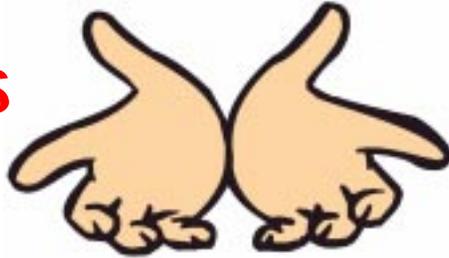
The key to shifting your paradigm

is understanding that:

EXCHANGE of Value

Financial support for the work of a charitable organization is an “exchange of value” — not a one-sided hand out.

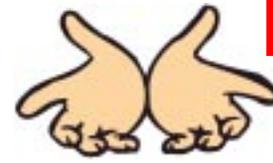
Motivations for Giving



The exchange of value perspective leads us to explore:

- 1** Why our supporters give
- 2** How motivation affects giving
- 3** How we can help fulfill the exchange

EXAMPLES



Motivations for Giving

CORPORATE CONTRIBUTION

- Community services for families attract and retain employees.
- May give only in the communities around major centers of operations.

LOCAL FOUNDATION GRANT

- Board guidelines include a focus on startup of youth programs that use volunteers.
- May give only to the mentoring program for planning and first year services.

CIVIC GROUP (e.g., Rotary Club) FUNDRAISING

- Members like activities they can do together and feel good about.
- May only want to develop/hold its own fundraising event for your organization.

COUNTY AGENCY GRANT

- Research shows community programs are more cost effective than gov't programs.
- May need annual statistics showing average cost per child to justify support.

INDIVIDUAL DONATION

- When the individual was a youth, a mentor changed her life.
- May want to get a newsletter that regularly features success stories by mentees.

Understanding "Reason for Being"

BUSINESS

- Make a profit

FOUNDATION

- Efficiently and effectively give money to the philanthropic causes they define as priorities.

CIVIC GROUP

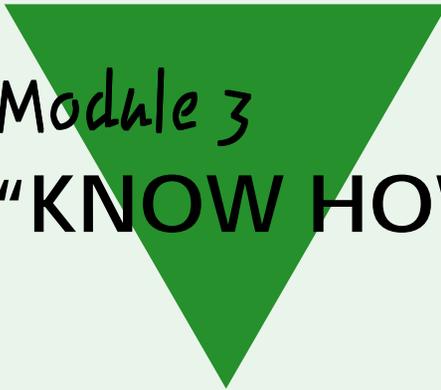
- Bring similar or like-minded people together as members for mutual social, community, business or professional benefit.

GOVERNMENT

- Provide services for the public that cannot, will not, or should not be provided by the market alone.

INDIVIDUALS

- Define purposes and reasons for being in various ways based on own experiences and philosophies about the meaning of life.



Module 3

"KNOW HOW"

Fundraising Methods

- Pros & cons of fundraising approaches
- What we can learn from the facts of charitable support and from organizations that have flourished over time
- Your hottest prospects for future support

GRANTS



Pros

Start new agencies, projects & initiatives

Planning tool

Singular effort

Leverage support

Enhance accountability

Cons

- Short-term
- Usually nonrenewable
- Don't grow
- Restricted expenditures
- Late decisions
- Cash flow problems
- Stress on staff



"Friend raisers"

Publicity

Produce mailing lists

Business sponsorship

Usually unrestricted income

Cons

- Cost vs. income
- Volunteers burn out
- Can define board role
- Drain staff time
- Raise mission-related questions



Can be steady source
of unrestricted income

Can enhance the
achievement of the mission

Cons

- Income is generally taxable
- Can lose money and increase debt
- Resources diverted away from mission
- Service-oriented staff can become disillusioned

INDIVIDUAL DONATIONS



Pros

Cons

- Not a quick fix
- Costs money to build a donor base
- Active leadership
- Volunteer structure
- Public relations skills
- Data collection/donor response
- Resistance to asking

Community in your CBO

Increasing amount/types

Donors spread good feelings

Ideas and perspectives

Usually unrestricted

Committed board

Marketing/public relations

Concepts readily learned

ORGANIZATIONAL STAGES & FUNDRAISING METHODS

Young agencies operating year-to-year:

- Grants and in-kind donations, supplemented by events
- Staff leadership supported by volunteers

Experienced, future-oriented, venerable organizations:

- Cash donations are bread and butter
- Planned gifts assure a future
- Board of directors is center of fundraising universe

CHARITABLE ORGANIZATIONS

Private Sources of Revenue

Individuals: Living	82%
Individuals: Bequests	7%
Foundations	6%
Corporations	5%

FACTS OF CHARITABLE GIVING

Who Gives?

Who Receives Private Gifts?

How Much Do People Give?

What Do People Say About Giving?

HOT PROSPECTS FOR SUPPORT

★ LINKAGE

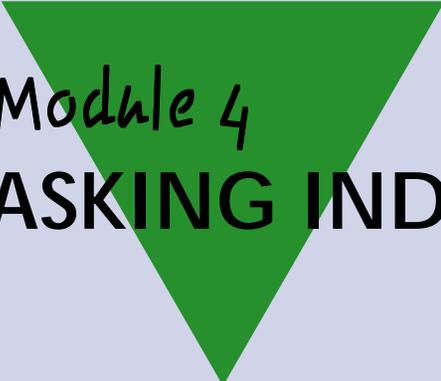
★ ABILITY

★ INTEREST

*The greatest predictor
that an individual will give:*



HE OR SHE HAS GIVEN BEFORE!



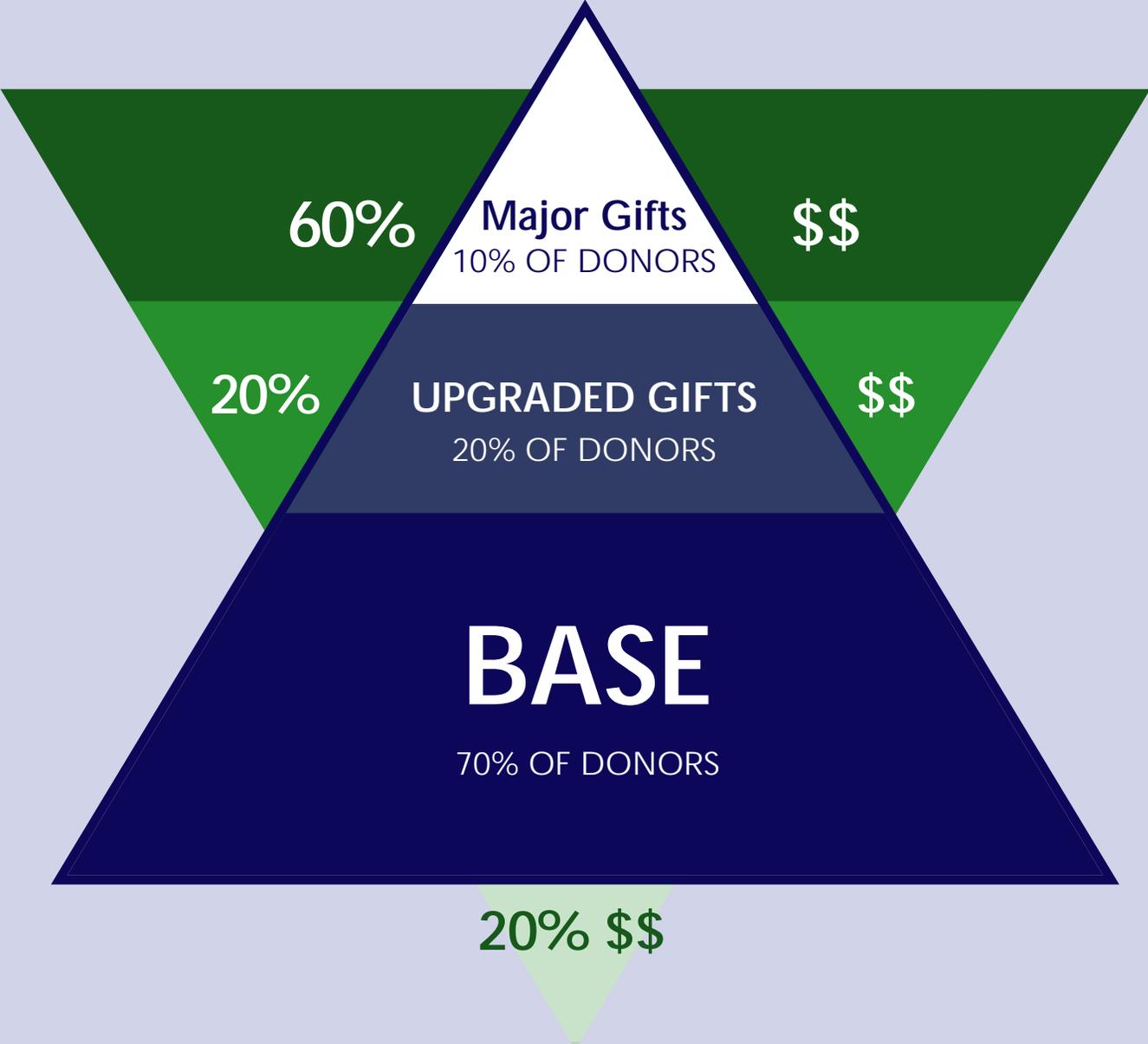
Module 4

ASKING INDIVIDUALS

Principles of Individual Giving & Asking

- Key concepts about individual giving
- Goals of relationship building with prospects and donors
- The gift range chart (a planning tool)
- Effective solicitation techniques
- Interpersonal solicitation skills

The Annual Fund Pyramid



CREATING A GIFT RANGE CHART

Sample Gift Range Chart:			\$60,000
GIFT RANGE	# GIFTS	# PROSPECTS	\$ PER RANGE
\$3,000	2	10 (5:1)	\$6,000
\$1,500	4	20 (5:1)	\$6,000
\$750	12	48 (4:1)	\$9,000
\$500	18	72 (4:1)	\$9,000
\$250	24	72 (3:1)	\$6,000
MAJOR GIFTS	60	222 (3.7:1)	\$36,000
10% OF DONORS		60% OF GOAL	
\$100	120	360 (3:1)	\$12,000
20% OF DONORS		20% OF GOAL	
< \$100	400	800 (2:1)	\$12,000
70% OF DONORS		20% OF GOAL	

CREATING A GIFT RANGE CHART

Gift Range Chart Goal:

\$

GIFT RANGE	# GIFTS	# PROSPECTS	\$ PER RANGE
*	2*	(5:1)	
		(5:1)	
		(4:1)	
		(4:1)	
		(3:1)	
MAJOR GIFTS			
	10% OF DONORS		60% OF GOAL
		(3:1)	
	20% OF DONORS		20% OF GOAL
<		(2:1)	
	70% OF DONORS		20% OF GOAL

Top 2 gifts = 5% of total.

Reduce by 1/2 the dollar range for each level.

MAJOR GIFTS

10% OF DONORS

60% OF GOAL

(3:1)

20% OF DONORS

20% OF GOAL

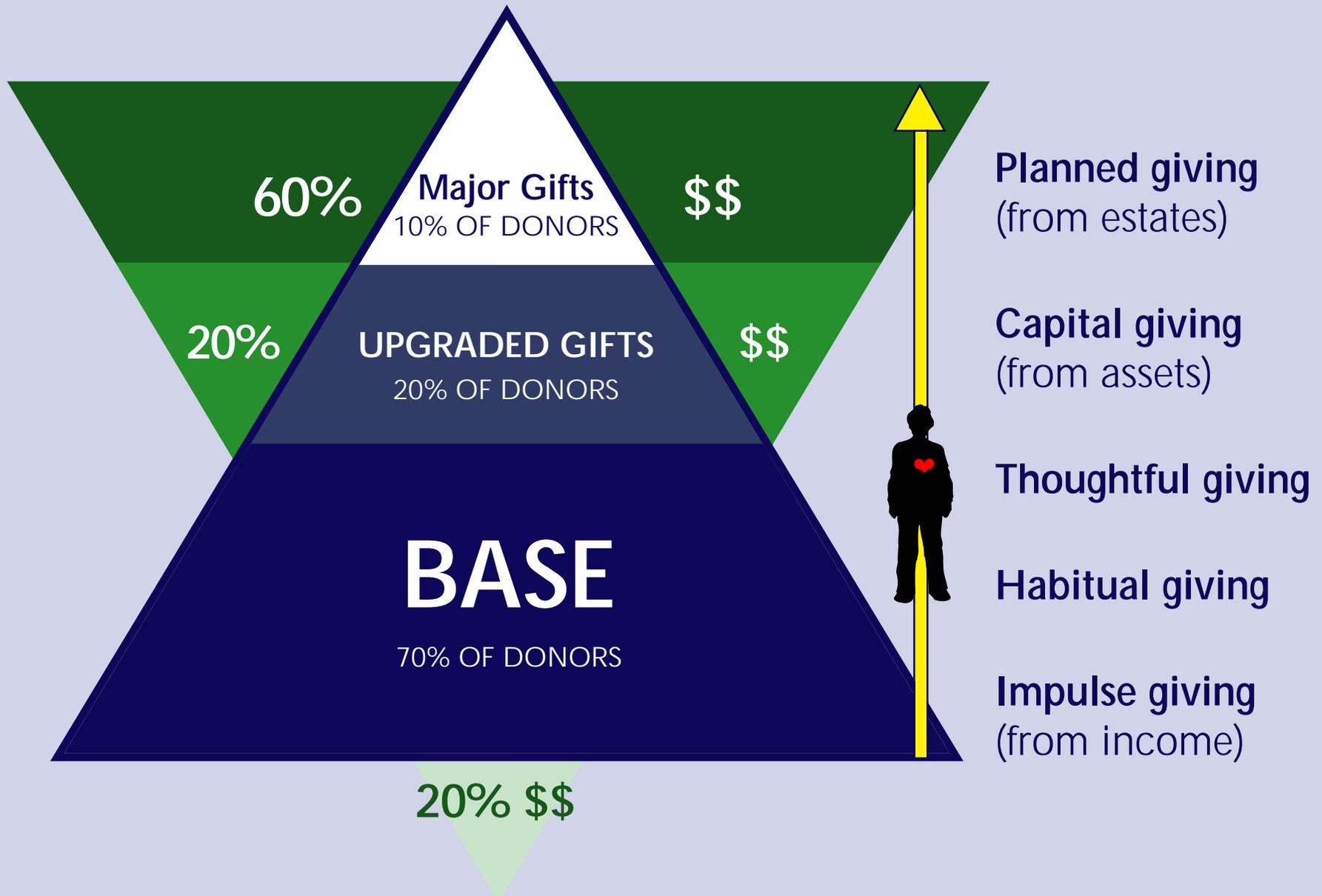
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(2:1)

70% OF DONORS

20% OF GOAL

ACQUIRING, RETAINING & UPGRADING DONORS



EFFECTIVENESS OF APPROACHES

50% Personal face-to-face solicitation

- Half give less than amount asked
- 2-person team increases response

15-20% Personal phone call

- Letter follow-up increases response

10-20% Personal letter (relationship with signer)

- Telephone follow-up increases response.

15% Door-to-door canvas

5% Phone-a-thon

1% Direct mail

*Consider goals,
costs, risks, relationship*
(not just response rate)



BEFORE ASKING FOR MONEY

- Identify prospects
- Cultivate interest
- For continuing donors, build the relationship
- Identify person(s) to do the asking
- Know your goals (\$\$ and relationship)
- Know or have key information available
- Remember #1 reason people give: *they are asked*
- Practice
- Measure success by number of asks

THE PROCESS OF ASKING

- ★ Let your cause walk in your shoes.
- ★ Bear in mind the exchange of value: *it feels great to give!*
- ★ Employ your proven communication skills.
- ★ Make it easy to give.
- ★ Be sure to ask!
- ★ Listen for the answer.

ASKING STEPS

1 Opening

- Briefly establish rapport

2 Involvement

- 2-way discussion of organization through questions, information sharing

3 Presentation

- Positive, 1-sided description of program/project and money needed.
- Answer questions.

4 Close

- Ask for the gift.
- Recommend amount and method based on donor's perception of ability to give.
- Listen quietly for the answer, then clarify.

5 Follow-up

- Immediate thank-you, regardless of outcome.



Module 5

GRANTS & EVENTS

Fundamentals of grantsmanship & special events

- Common mistakes in grantsmanship
- Best practices for special events
- Break-even analysis

GRANTS



The most COMMON MISTAKES in grantsmanship

- Applicant has not adequately considered funder's priorities, interests, limitations, and requirements.
- Applicant has not thoroughly planned a worthy project.
- Applicant did not follow the directions (funder guidelines).
- Grant proposal is difficult to read or understand.



EVENTS

BEST PRACTICES

THINK THROUGH:

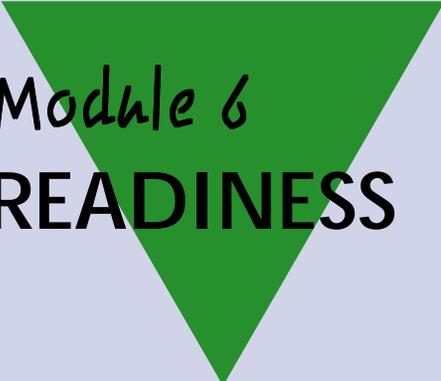
- Competition
- Site issues
- Attendee demographics/attitudes
- Conflicts with your mission or reputation

CONSIDER POTENTIAL RISKS, BENEFITS:

- Sponsorships
- Staff time, volunteer burn-out
- Break-even analysis
- Goals other than fundraising
- Liability insurance

JACKSON & SCHMADER'S LIST:

- "But we've always done it that way!"
- Clichés, lack of innovation
- Uninspired marketing
- Offering too much at one event
- Not enough money to make it work
- Timing, timing, timing
- "Bad skewing"



Module 6

READINESS

Organizational prerequisites and steps

- What funders, donors, partners all need
- Legal requirements and ethics
- Setting up systems for measuring results
- Preparation, planning and the case for support
- Fitting fund development with mission and strategic plan
- “People power” and successful fund development

needed ...by funders, donors, and financial partners

- ★ Adherence to standards
- ★ Acknowledgment
- ★ Info demonstrating effectiveness
- ★ Connection
- ★ Charitable trust

BE PREPARED

for timely, thoughtful, effective responses to fundraising opportunities

- ✓ Tracking and response systems
- ✓ Communications tools
- ✓ Statistics and evaluation
- ✓ Case statements
- ✓ Planning and budgeting
- ✓ People power

Developing a Case Statement

- 1 What is the issue, problem?
- 2 Who is affected, in what ways?
- 3 What solution is offered?
- 4 What difference does this solution make?
- 5 Why are you uniquely able to do it?
- 6 What is the cost, cost-effectiveness?
- 7 What does the supporter get for his/her support?
- 8 Why should the supporter believe in you?

EXTERNAL CASE EXPRESSIONS

- Brochures
- Foundation proposals
- Appeal letters
- News releases, PSAs
- Newsletter articles
- Presentations to community
- Face-to-face conversations

INTERNAL CASE STATEMENT BINDER

Written descriptions of:

- Mission, goals, objectives
- Programs and services
- Governance
- Staffing
- Service delivery, location(s), facilities
- Planning, community input process
- Key policies & procedures
- Profiles of support, key financial info
- History

Attachments:

- Strategic plan, annual report
- Service, volunteer statistics
- Board roster & staff resumes
- Agency budgets
- Form 990, audited statements
- IRS exempt organization letter
- Letters of support, agreements



FUND DEVELOPMENT PLAN

Annual plan

- Measurable objectives, target dates, assigned responsibility
- Gift range charts
- Budget for each objective, integrated into overall fund development
- Build from agency annual budget
- Do well before start of fiscal year



Multi-year plan

- Include capacity building and/or income growth
- Base on multi-year budgeting

TAX REQUIREMENTS FOR DONATIONS

CHARITIES' reporting obligations:

- Contributions over \$75 where the donor receives something
- Contributions of property over \$500 that is disposed of within 2 years



DONORS' reporting obligations:

- Donations of \$250 or more
- Out-of-pocket expenses of volunteering
- Non-cash gifts over \$500



"PEOPLE POWER"

makes successful fundraising possible!



LEADERS WITH PRIDE AND CREDIBILITY

People who can organize and motivate.

VOLUNTEERS WITH ENERGY AND TIME

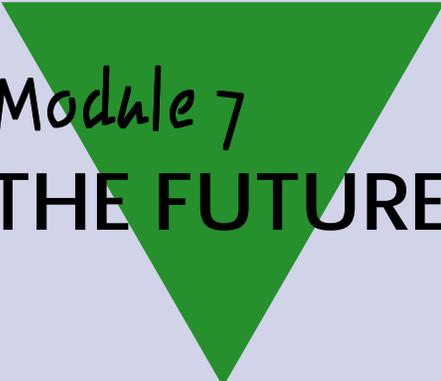
People who can learn and do.



STAFF WITH KNOWLEDGE AND SKILLS

People who can inform and support.





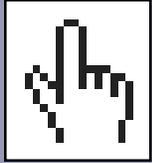
Module 7

THE FUTURE

The future of fund development

- Fundraising and the Internet
- Community wealth creation, social enterprise, venture philanthropy
- Organizing to affect how government resources are allocated and how public initiatives are implemented

The Internet



The internet can be a time- and money-saving tool.

[Prospect Research](#) | [Networking Links](#) | [Trends](#) | [Newsletter](#)

Your web site can help fundraising efforts.

- Show how donations advance your mission
- Direct people to online giving opportunities
- Attract new members
- Build ongoing relationships with visitors–turned-donors
- Offer donor recognition online
- Educate donors about giving

New Directions

Community Wealth

- Resources generated through profitable enterprise, partnering business and nonprofits to promote social change.

Social Enterprise & Venture Philanthropy

- Nonprofit businesses to provide empowerment, opportunities
- Enterprise at heart of mission and funders' relationship is investment and stewardship of resources



“Revolution of the Heart”

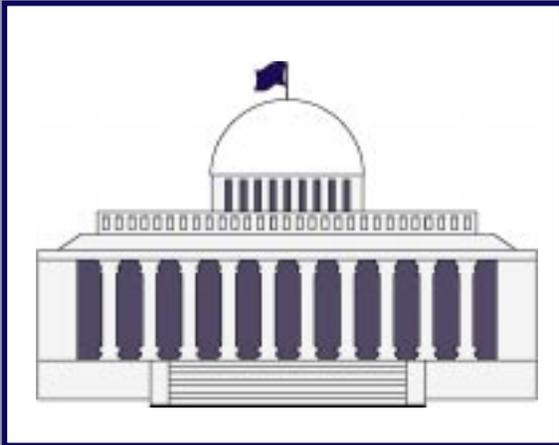
— Bill Shore, Share Our Strength

Changing Public Policy

through organizing and collaborating

Lawful nonprofit activities:

- Influencing how government resources are allocated
- Influencing how public initiatives are implemented
- Educating the public and government on issues



Restrictions:

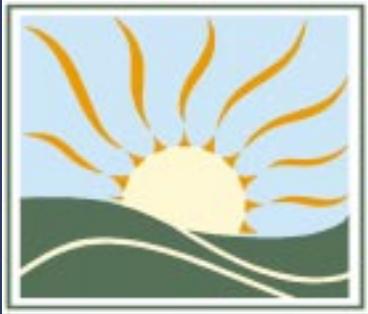
- Absolutely prohibited from participating or intervening in candidate campaigns
- Legislative lobbying expenditures must be “insubstantial”

Module 8
**BUILDING
A LEGACY**

**How can you leave a legacy
— a viable, sustainable program?**



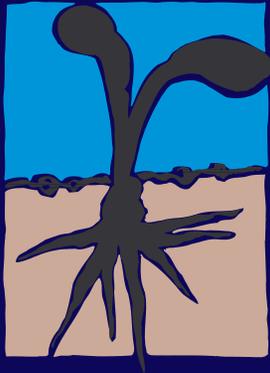
how to LEAVE A LEGACY



How can you become the leader that leaves as your legacy a lasting program?

- ★ Bear in mind that the goals go beyond mere survival.
- ★ Diversify your organization's revenue base.
- ★ Plan and evaluate.
- ★ Allocate adequate resources to the effort
- ★ Serve as a role model for other donors
- ★ Roll up your sleeves and rally support for the program
- ★ Promote philanthropy
- ★ Educate yourself

The 3 next steps I can take toward building a legacy are:



1.

2.

3.

needed!

What information, resources, technical assistance do you need to take these steps?