



Fundraising Basics: Developing an Effective Fund Development Program



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NAPCS Master Class

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Presentation Overview: What to Expect

- A review of the basics
- Development of a case statement - group activity
- **Important reminder...There is no “magic bullet” or “one size fits all” approach to fund development!**



Sources of Funding

- In general, funding can be secured from three main sources:
 - Foundations
 - Corporations
 - Individuals



Foundations: A few things to know

- Must Distribute 5% of Corpus
 - Required each year to make qualifying distributions for charitable purposes equal to or exceeding 5% of the fair market value of its net investment assets
- Specific Areas of Interest
 - Important to align your organization's mission and activities with the Foundation's specific area (s) of interest.
- Geographic Focus
 - Some foundations have fund on a national level but many have very specific geographic interests.



The Downside of Foundation Giving

- Highly Competitive
 - Many non-profits seeking same pool of funding
- Restricted Funds
 - In 2008, over half of grants provided program support; general support accounted for 19.2% of giving (source: The Foundation Center, *Foundation Giving Trends*, 2010)
- Proposals by invitation only
 - In many cases, you CANNOT submit an unsolicited proposal.



Foundations: The Approach

- Build Relationships with Staff/Board
 - Utilize your Board in making connections.
- Develop a Compelling Ask
 - Be specific and outcome focused; align with the Foundation's mission
- Timing
 - Research a foundation's grant cycle (usually anchored by Board meetings) and prepare accordingly.



Foundations: Resources

- Free Tools:
 - Foundation Center (FC Search)
www.fconline.org
 - Guidestar
www.guidestar.org

Foundations: Resources, cont'd.

- There are also more comprehensive tools available for a fee. Examples include:
 - Foundation Directory Online -
<http://fconline.foundationcenter.org/>
 - Foundation Search -
<http://www.foundationsearch.com/>



Corporations

- Similar to Foundations
 - Especially in terms of geographic focus and specific program interests
- Generally Smaller Grants
- Shifting Focus to Matching Gifts



Individuals

WHY?

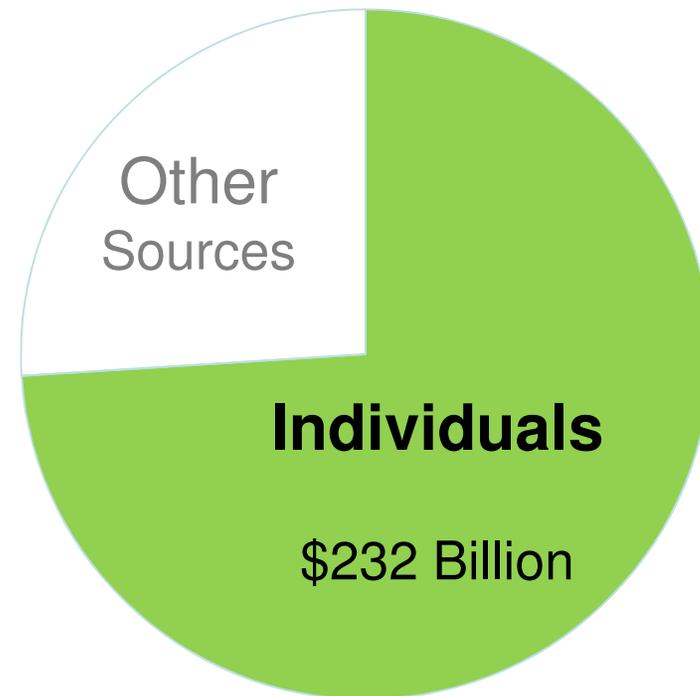
It's Where the Money Is



Individuals

U.S. Philanthropy

Nearly three-fourths of the \$313 billion in annual giving comes from individuals.



SOURCE: Harvard Business Review



Individuals

People Give to People

Individuals give twice as much when they feel a personal connection to a cause.

SOURCE: Paul Slovic, University of Oregon



Individuals

People Give to People

Establish personal connections with prospective donors through:

- You
- Board members
- Volunteers
- Friends (including current donors)



Individuals

3 Types of Individual Fundraising:

- **Special Events**
 - less applicable to associations
- **Annual Appeal**
 - Build awareness while raising revenues
- **Major Gifts**
 - Most bang for your buck



Special Events

- Golf Outings, Receptions, Galas
- Raise Funds
- Raise Organization's Profile



Special Events...the Downside

- Resource Intensive
 - A Lot Staff and Volunteer Time
 - Initial Investment for printing, food, and rentals
- Small Bang for Buck
- Limited Number of New Supporters



Individuals

Communication is Critical

- Develop relationships
- Develop credibility
- Develop revenues



Donor Communications

“Rolling Thunder”

Develop Year-Long Plan with Multiple Communications (print and electronic) to:

- Stay “Top of Mind”
- Continue to Prove Your Value
- Educate Potential Donors



Donor Communications Types

- Newsletters/Annual Reports
 - Always include a response envelope
- Press Clippings
 - Anytime your in the news/big stories
- Calls to Action



Annual Appeal

- Stable source of unrestricted funds, even in an economic downturn
 - Citizens Academy's revenues up 7% in FY2010
- Build awareness and support
- Identify major donor prospects



Annual Appeal Board Role

- Integral part of fiduciary responsibility
- Make a personally meaningful contribution
- Help identify new donor prospects and make the ask, when appropriate
 - Peer to peer solicitation



Annual Appeal Board Role

- Provide strategic guidance
 - Approve the planning
 - Approve letter and materials
 - Personalize letters to their contacts
- Ensure staff accountability



Annual Appeal Staff Role

- Manage the process
- Cultivate relationships
- Track and report results
- Make the ask, when no one else is positioned to do so



Developing an Annual Appeal

Build your mailing list by getting contacts from:

- Board members/volunteers
- “Friends” and current supporters
- Civic contacts
- Buy Lists from marketing firms



Annual Appeal Letter

- Usually in mid-late November
- Part of donor communications cycle
- No letters to major donor prospects
 - Risk offending with mass appeal approach
 - Risk getting \$500 when they could give \$5,000



Annual Appeal Letter

- Brief
 - One page only (more won't be read)
- Tell Your Story
 - Personal, direct, compelling – punchy, not flowery
- Make the Ask
 - Be polite, be direct, ask for money



Annual Appeal Letter

- Addressed to the individual
- Personal note on the letter
 - Board member, volunteer, or the director
- Follow-up phone call
 - Especially for key contributors



Annual Appeal Inserts

- Color insert that reinforces the message in the letter
- Response envelope with giving suggested levels



Annual Appeal Inserts

FRONT



Picture of Students:
People give to people

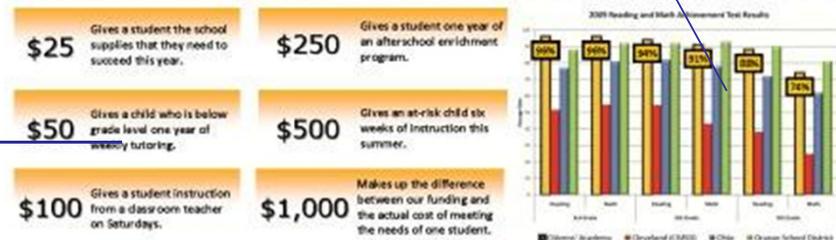
Suggested Giving Levels:
What do their contributions make possible

BACK

Results: Back up your claims with data

We could not do it without YOU.

The generous support of our community has helped Citizens' Academy produce outstanding results in a city where 40,000 children attend failing schools.





Annual Appeal Response Envelope

**Suggested
Giving Levels**

**Every Child Deserves
a Quality Education**

Please accept my contribution in the amount of:
 \$1,000 \$500 \$250 \$100 \$50 \$_____

My gift may be matched by my (my spouse's) employer: _____
 a matching gift form is enclosed

My gift is in memory in honor of: _____

Please make checks payable to Citizens' Academy.
Citizens' Academy is a 501(c)(3) nonprofit organization. All contributions are tax-deductible as allowed by law.

Name(s): _____

Street Address: _____

City, State, Zip: _____

To reduce the environmental impact of mailings, Citizens' Academy's newsletter will be available electronically. To receive our e-newsletter, please provide your email address: _____

All contact information is strictly confidential.
Citizens' Academy never shares contact information with third parties.

**Employer
Matching Gift
Reminder**

**Contact
Information**

Email

Size: # 6 3/4



Annual Appeal Acknowledgements

- Send thank you letters with amount within 24 hours of receiving gift
- Personalize letter with a note
- Include IRS “no goods and services” statement



Annual Appeal Lapsed Donors

- Technical term: SYBUNT or LYBUNT
 - Some/Last Year But Not This
- Personalize letter with personal note
 - 6 months after appeal mailing
- Thank them for past generosity, ask for renewed support



Annual Appeal Goals

- Renewing donors – 80%
- Upgrade gifts – 20%
- Renewal of first-time donors – 50%
- New donors – 10-20%
- No gifts in 5 years – remove from list



Major Gifts

Any gift of a significant amount that requires a personal solicitation

- Small-medium nonprofits = \$1,000 +
- Universities = \$25,000-\$100,000 +



Major Gifts

Moves Management Strategy

- Create multiple points of contact with a potential donor
- Build the relationship
 - Get to know the prospect and their interests
- Ask for money only after several contacts



Major Gifts

Stage 1 - Introduction

- At “friend-raising” receptions, other events
- Through board members or “friends”
- Introduce them to your organization and **get their contact information**



Major Gifts

Stage 2 - Education

- Individualized letter and general mailings
- Educate the prospect about your cause
- Research prospect and their giving capacity
 - What other organizations do they support?
 - At what amounts?



Major Gifts

Stage 3 - Cultivation

- Face-to-face meeting with prospect
 - Their place or yours (or at a school)
- Find out their interests
- Determine how your organization could best fit into their giving priorities



Major Gifts

Stage 4 - Solicitation

- Solicitor should be the person the prospect finds most difficult saying no to
- Tailor the ask to the prospect's interests
- Suggest a specific amount
 - Based on donor research



Donor Tracking

Donor data is critical to individualizing asks and planning for next year. Record:

- All gifts, including the reason
- All connections between donors
- All contacts with donor



Donor Tracking Software

- Blackbaud Raiser's Edge
 - Industry leader
 - Geared for larger shops
 - Very expensive
- Donor Perfect Online
 - Good and Cheap



Resources

- Association of Fundraising Professionals - www.afp.org
- Local Fundraising Counsel
 - Beware of contingency consultants - quick results, not a sustainable program



Questions?



What is a Case Statement?

- A **good case statement** must be one that grabs a prospective donor's attention, and then offers a solid reason for investing in a program.
- Should appeal to a wide range of your supporters or stakeholders.



What should it accomplish?

- According to Bernard Ross and Clare Segal in *The Influential Fundraiser*, a good case needs to answer these questions:
 1. What is the need?
 2. What evidence is there that this is a pressing need?
 3. How is your organization uniquely qualified to tackle this need?
 4. What will be the benefits of your action?
 5. What are the negative consequences if you fail?



Group Activity

- **Goal:** Create the foundation for a solid case statement for CSOs in general, and your CSO specifically.
- Break into groups to answer the five questions that a good case statement should answer.
- Report back to the group.



Any final questions?

Thank you!

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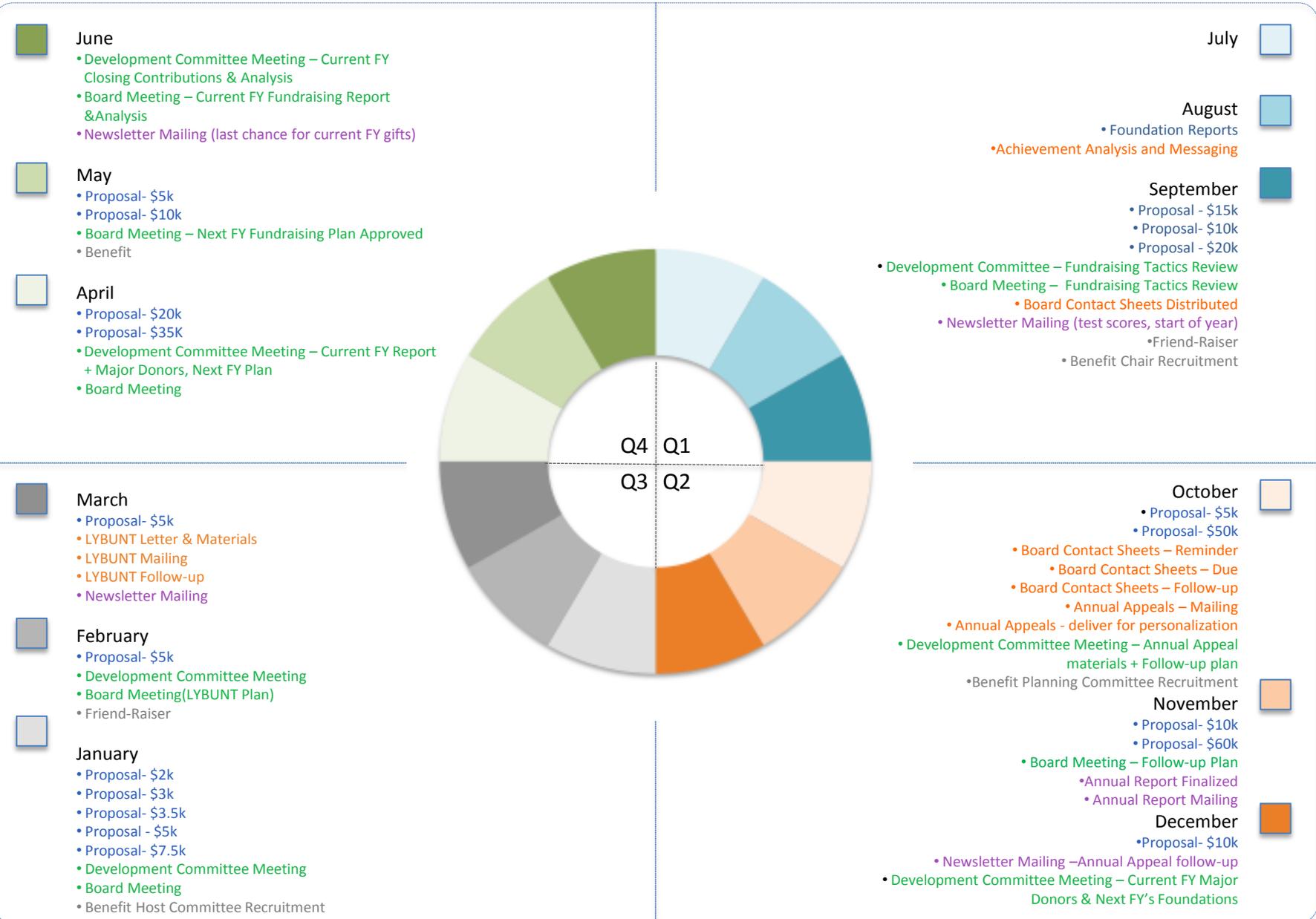
lyman@citizensacademy.org

Developing a Strong Case Statement – a brainstorming activity

In your groups, brainstorm and answer the following questions:

1. What is the need?
2. What evidence is there that this is a pressing need?
3. How is your organization uniquely qualified to tackle this need?
4. What will be the benefits of your action?
5. What are the negative consequences if you fail?

Citizens' Academy Development Cycle



Citizens' Academy

2010 Individual Donor Plan

Individual giving typically follows the 80/20 pattern - 80% of your fundraising dollars come from the top 20% of your donor list, and 20% of your fundraising dollars come from the bottom 80% of your donor list.

In a typical year, individual fundraising should increase by 10% per category. For planning, this rule of thumb should be adjusted based on information that you have on specific donors in the major gifts category. For example, based on conversations, we knew that one of our \$10,000 donors from 2009 could not give at that same level in 2010.

2010 Plan

	Gift Range	# of Gifts	Range Total	Increase from 2009	% of Gifts	2009 Range Total	NEW GIFTS	2009 GIFTS		
	\$20,000	1	\$20,000	0%	0%	\$15,000	0	1		
	\$10,000	3	\$30,000	-25%	1%	\$40,000	-1	4		
	\$5,000	5	\$25,000	25%	2%	\$20,000	1	4		
	\$2,500	8	\$20,000	14%	3%	\$17,500	1	7		
Major Gifts	\$1,000	23	\$23,000	10%	9%	\$21,000	2	21	16%	81%
Annual Appeal	\$500	13	\$6,500	8%	5%	\$6,000	1	12	84%	19%
	\$250	36	\$9,000	9%	15%	\$8,250	3	33		
	\$100	75	\$7,500	10%	31%	\$6,800	7	68		
	\$50	80	\$4,000	11%	33%	\$3,600	8	72		
	TOTAL	244	\$145,000	7%	100%	\$138,150	22	222		

2010 Results (as of 6/7/2010)

	Gift Range	# of Gifts	Range Total	Increase from 2009	% of Gifts	2009 Projected Range Total	NEW GIFTS	2009 GIFTS		
	\$20,000	1	\$20,000	0%	0%	\$15,000	0	1		
	\$10,000	2	\$20,000	-50%	1%	\$40,000	-2	4		
	\$5,000	6	\$32,500	62%	3%	\$20,000	2	4		
	\$2,500	11	\$27,500	57%	4%	\$17,500	4	7		
Major Gifts	\$1,000	23	\$23,500	12%	9%	\$21,000	2	21	17%	80%
Annual Appeal	\$500	22	\$11,000	83%	9%	\$6,000	10	12	83%	20%
	\$250	29	\$7,250	-12%	12%	\$8,250	-4	33		
	\$100	78	\$7,800	15%	31%	\$6,800	10	68		
	\$50	79	\$3,950	10%	31%	\$3,600	7	72		
	TOTAL	252	\$153,500	20%	100%	\$138,150	30	222		

Citizens' Academy

2010 Major Donor Tracking Tool

6/10/2010

Goal	Received	Needed
\$120,000	\$124,713	-\$4,713

Name	Target /Gift	CA Contact	Phone	Previous Gift Date	Gift Amount	Notes
\$20,000 (1) 100% of goal						
✓ Xxxxx, Xxxx	\$20,000	PW	###-###-###	6/30/09	\$15,000	Meeting 10/20, pledge for 3/2010
\$10,000 (3) 67% of goal						
✓ Xxxxx, Xxxxxx	\$10,118	PW	###-###-###	4/21/08	\$10,000	Meeting 10/9, gift of stock to follow
✓ Xxxxxxxxx, Xxxxx	\$10,000	PW	###-###-###	11/15/08	\$8,000	11/8 mtg, follow-up letter sent
⊖ Xxxxxxxxx, Xxxx	\$10,000	PW	###-###-###	1/1/09	\$10,000	Meeting 12/1, will sponsor benefit (\$10K)
\$5,000 (5) 130% of goal						
✓ Xxx, Xx	\$5,000	SH	###-###-###	11/15/09	\$5,000	Thru Family Foundation
✓ Xxxxxxxxx, Xxxxx	\$5,000	ER	###-###-###			Thru Family Foundation
✓ Xxxxx, Xxx	\$5,000	PW	###-###-###			12/1 mtg, pledge of end of year
✓ Xxxxx, Xxxxxx	\$5,000	PW	###-###-###	5/15/09	\$5,000	follow up phone call in April
✓ Xxxxxxxxx, Xxx	\$5,000	PW	###-###-###	2/9/09	\$5,000	Meeting in December, 1 page proposal
✓ Xxxxx, Xxxx	\$7,500	LM	###-###-###	5/30/09	\$1,500	restricted for play equipment
⊖ Xxxxx, Xxxxx	\$5,000	PW	###-###-###	6/15/09	\$5,000	ill, ask next year
Xxxxxxxxx, Xxxx	\$5,000	JRS	###-###-###	4/24/07	\$5,000	JRS to make ask
\$2,500 (8) 139% of goal						
✓ Xxxxxxxxx, Xxxx	\$3,000	LM	###-###-###	--	--	
✓ Xxxxxxxxx, Xxxxx	\$2,500	PW	###-###-###	12/22/08	\$2,500	PW to call in Dec.
✓ Xxxxx, Xxx	\$2,500	JRS	###-###-###	7/15/09	\$2,500	JRS meeting 7/1, gift to follow
✓ Xxxx, Xxxxx	\$3,000	DLS	###-###-###	4/15/09	\$2,500	Corporate matching gift
✓ Xxxxxxxxx, Xxx	\$3,046	PW	###-###-###	--	--	No solicitation made
✓ Xxxxx, Xxxx	\$3,000	ER	###-###-###	11/1/09	\$2,500	Pledge made in Nov. Dev. Comm. Mtg.
✓ Xxxxxxxxx, Xxxx	\$3,000	DS	###-###-###	4/15/09	\$2,500	SH to follow-up letter
✓ Xxxx, Xxxxx	\$3,000	PW	###-###-###	4/17/09	\$10,000	12/15 - can't give \$10K, \$ coming in April
✓ Xxxxxxxxx, Xxxxx	\$1,750	PW	###-###-###	12/10/07	\$2,500	Letter in December with PW follow-up
✓ Xxxx, Xxxx	\$1,500	PW	###-###-###	9/15/09	\$1,200	Pledge made in November
✓ Xxxxxxxxx, Xxxx	\$1,500	PW	###-###-###	10/21/08	\$1,000	Perry to follow-up 10/28
Xxxxx, Xxxxx	\$2,500	JRS	###-###-###	7/15/07	\$2,000	Head of XXXX XXXX Cap. Partners
Xxxx, Xxxxx	\$2,500	JRS	###-###-###	7/9/08	\$2,500	JRS to make ask
Xxxxx, Xxxxx	\$2,500	JRS	###-###-###	8/10/07	\$2,000	JRS to make ask
Xxxx, Xxx	\$2,500	MG	###-###-###	1/1/09	\$250	Letter sent, meeting 6/10
Xxxxxxxxx, Xxxx	\$2,500	JRS	###-###-###	--	--	New volunteer, PW to follow-up in June
\$1,000 (23) 106% of goal						
✓ Xxxxxxxxx, Xxxx	\$1,000	PW	###-###-###	8/15/09	\$1,000	PW meeting 8/10, gift to follow
✓ Xxxxxxxxx, Xxxxx	\$1,000	SH	###-###-###			Letter sent 11/15
✓ Xxxxx, Xxx	\$1,200	SH	###-###-###	1/15/09	\$1,200	SH follow-up, pledge from fam. fdn.
✓ Xxxx, Xxxxx	\$1,000	LM	###-###-###	12/30/08	\$1,000	Letter sent in November
✓ Xxxxxxxxx, Xxx	\$1,000	LM	###-###-###	12/15/08	\$5,000	PW meeting 11/30, gift to follow
✓ Xxxxx, Xxxx	\$1,100	SH	###-###-###	--	--	MG to call 11/30
✓ Xxxxxxxxx, Xxxx	\$1,000	MG	###-###-###	--	--	Letter sent 11/15
✓ Xxxx, Xxxxx	\$1,000	JRS	###-###-###			Letter sent 11/15
✓ Xxxxxxxxx, Xxxxx	\$1,000	PW	###-###-###	4/1/08	\$2,000	Meeting 5/1, follow-up letter sent
✓ Xxx, Xxxx	\$1,000	PW	###-###-###	5/12/06	\$1,000	PW to call in October
✓ Xxxxxxxxx, Xxxx	\$1,000	PW	###-###-###	12/31/07	\$1,030	Letter with follow-up call in November
✓ Xxxxxxxxx, Xxxx	\$1,000	PW	###-###-###	11/20/08	\$1,000	PW to follow-up on 11/15 letter
✓ Xxxxxxxxx, Xxxx	\$1,000	MG	###-###-###	2/19/09	\$1,000	Pledge will be paid in 4 installments
✓ Xxxxxxxxx, Xxxxx	\$1,000	LM	###-###-###	1/14/09	\$1,000	Letter sent 1/10
✓ Xxxxx, Xxx	\$1,000	PW	###-###-###	12/30/07	\$2,200	PW to ask in April
✓ Xxxx, Xxxxx	\$1,250	PW	###-###-###	--	--	PW ask in December
✓ Xxxxxxxxx, Xxx	\$1,000	PW	###-###-###	--	--	follow-up letter to November visit
✓ Xxxxx, Xxxx	\$1,000	PW	###-###-###	12/1/08	\$250	PW ask in December
✓ Xxxxxxxxx, Xxxx	\$1,000	LM	###-###-###	9/21/09	\$1,000	Letter sent in September
✓ Xxxx, Xxxxx	\$1,000	LM	###-###-###	10/27/08	\$3,000	PW to meet in October
✓ Xxxxxxxxx, Xxxxx	\$1,000	DS	###-###-###	12/8/08	\$1,025	SH to follow-up letter
✓ Xxx, Xxxx	\$1,000	LM	###-###-###	10/15/09	\$1,000	LM letter in October
✓ Xxxxxxxxx, Xxxx	\$750	PW	###-###-###	1/5/09	\$1,000	Letter in November
✓ Xxxx, Xxx	\$500	PW	###-###-###	1/3/08	\$500	Meeting in January
✓ Xxxxxxxxx, Xxxx	\$500	JD?	###-###-###	4/15/08	\$250	JD to meet
Xxxxx, Xxxxx	\$1,000	JRS/PW	###-###-###	12/30/08	\$250	Letter in November
Xxxx, Xxxxx	\$1,000	MG	###-###-###	1/29/08	\$1,000	Letter and annual report sent in April
Xxxxx, Xxxxx	\$1,000	Enid/MAS?	###-###-###	--	--	Letter in November
Xxxx, Xxx	\$1,000	ER	###-###-###	--	--	Letter in November