

Fundraising Fundamentals

HARTFORD PUBLIC LIBRARY WORKSHOP
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Welcome & Introductions

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Who's Here Today?

- ❖ What organization do you represent?
- ❖ What's your role?

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Agenda Overview

1. Welcome and Introductions
2. Agenda Overview
3. How Nonprofits Fund Their Work
4. Key Ingredients for a Successful Fund Development Program
5. Wrap-Up

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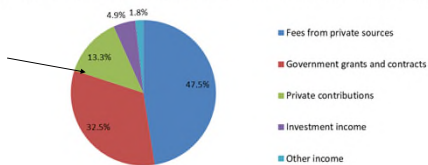
Poll: How do you feel about fundraising?

- a) I enjoy it!
- b) It's okay. I know it's necessary.
- c) It's not enjoyable.
- d) I really dislike it!
- e) I'm not sure how I feel. I never really thought about it.

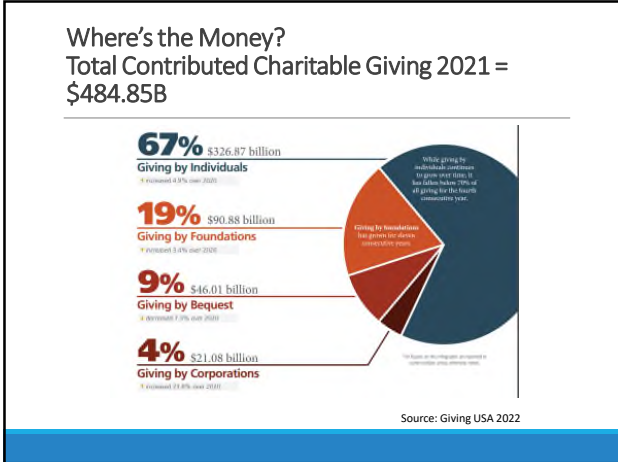
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Where's the Money?

Nonprofit Revenue
Source: *Nonprofit Sector in Brief 2015* National Center for Charitable Statistics, The Urban Institute



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Types of Nonprofit Income

- ❖ **Contributed** - Contributed revenue refers to gifts made freely without receiving any goods or services in exchange. Donations, grants, and noncash donations are examples of contributed revenue.
- ❖ **Earned** - Earned income is revenue generated from the sale of goods, services rendered, or work performed.

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Revenue Model

- ❖ A framework for generating revenue that supports an organizations core program and services.

Think about...

- ✓ How many income streams is your organization trying to manage?
- ✓ How reliable and repeatable are those income streams?
- ✓ Do they provide sufficient revenue (possibly a surplus) for your organization to do its work?
- ✓ Are your revenue sources aligned with your organizational goals and strengths?

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Fund Development is...

...The ongoing strategic positioning of an organizational to sustain and grow its resources by building relationships with those who understand and care about the organization's relevance to the community.

Fund Development is important because...

- ✓ Without adequate income, a nonprofit can't achieve it's mission and vision.

Fund Development is about...

- ✓ Choosing the "right" strategy for revenue development for your organization
- ✓ Implementing your fund development strategy and successfully maintaining and growing that strategy over time

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Individual Giving

Methods	Assets/Resources for Success
Annual Appeals	Names and contact info Passionate constituents Time People Donor Database
Internet Fundraising	Technology Staff or volunteer to oversee Reliable tech support Names and email addresses
Major Gifts	Patience Donors/Prospects with ABCs People to make the ask Donor Database
Bequests	Older, loyal donors Organizational longevity

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Individual Giving: Advantages and Disadvantages

Pros

- ✓ Largest source of contributed giving
- ✓ Ongoing source one can build, typically unrestricted
- ✓ Once a giver, also an advocate

Cons

- ✓ Takes time to build a program
- ✓ Needs significant support from Board and volunteers
- ✓ Varying costs involved depending on tactics
- ✓ Economy can impact giving

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Special Events

What are they?

- ✓ A function designed to attract and involve people in an organization or cause.

The Reality –

- ✓ Time consuming
- ✓ Not the most effective means to raise money

But they can –

- ✓ Generate publicity
- ✓ Increase visibility
- ✓ Cultivate current relationships
- ✓ Recruit new donors
- ✓ Raise unrestricted dollars

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Grants: Types of Grant Makers

❖ **Public** (city, state, federal): government funding sources such as a city or town, the state of Connecticut or a department of the federal government.

❖ **Private foundations** (national, regional, local): a nonprofit created by a donation(s) from an individual, family, or business and managed by its own board or trustees.

❖ **Corporate Foundations**: an entity operated by a business with funds derived from profits it generates.

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Types of Grants

❖ **Restricted Funds**

- Grants that can only be used for a specific purpose

❖ **Unrestricted Funds**

- Grants that allow you to spend the funds any way you choose

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What capacity do we need?

- ❖ Ability to research what grants are available and create a grant plan and calendar with deadlines noted.
- ❖ Adequate data to support the need for which you're applying. If applicable, data about your results.
- ❖ Someone to write the grant and, if awarded, to write reports.
- ❖ Frequently, tech capacity is needed; many funders now have online applications
- ❖ The ability to cultivate (get to know, have a relationship with) funders.

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Foundations – Advantages/Disadvantages

Advantages

- ✓ Can receive generous amounts of money
- ✓ ROI (in staff time) is excellent
- ✓ Pieces of narrative developed for one grant proposal can be recycled and used for other grant proposals

Disadvantages

- ✓ In general, private and corporate foundation grants are not sustainable sources of support – they enhance activities funded through other means and/or allow the organization to begin new programs.
- ✓ Many grants are for **new** programs. Grants for operating support (funds that support your core programs on an ongoing basis and/or funds for general operations) may be difficult to acquire.
- ✓ Grant awards are usually time limited and not renewable.

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Corporate Giving AKA Corporate Social Responsibility (CSR)

Corporations give in a variety of different ways:

- ❖ Cash donations and grants
- ❖ In-kind gifts
- ❖ Sponsorships
- ❖ Pro bono services
- ❖ Workplace Giving – Matching Gifts and Volunteer Support Programs

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Corporate Giving: Important Considerations

- ❖ Motivation to give is based on a combination of altruism and self-interest
- ❖ Giving tends to align with business interests
- ❖ Tend to support organizations that their employees support with their own time and money
- ❖ Favor nonprofits located in areas where the corporation has a physical presence

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Earned Income

Defined as the "revenue generated from the sales of goods, services rendered, or work performed." - grantspace.org

Well-known examples:

- ✓ Girl Scout Cookies
- ✓ Goodwill Thrift Stores

Common Ways to Generate Earned Income:

- ✓ Sell products
- ✓ Rent out space
- ✓ License technology or intellectual property
- ✓ Consultation or training services

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Advantages of Earned Income

- ❖ Way to diversify funding
- ❖ No strings attached to money you earn
- ❖ Potential means to strengthen financial sustainability
- ❖ May enhance image and visibility

Source: Society for Nonprofits, <https://www.snpo.org/funding/earnedincome.php>

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Disadvantages of Earned Income

- ❖ Time consuming – market research, business plan, financial projections
- ❖ Caliber of staff will make or break effort
- ❖ Need money upfront in most cases
- ❖ Need cash cushion or ability to get a loan

Source: Society for Nonprofits, <https://www.snpo.org/funding/earnedincome.php>

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Questions to Ask to Identify Earned Income Opportunities

- ❖ What programs, products and services does your organization have in place that you could adapt for the marketplace?
- ❖ Does your organization have a lot of people coming through to whom you may be able to sell a product or service?
- ❖ Do you have access to a pool of available labor in the form of under-utilized staff or clients?
- ❖ Does your organization have any special expertise?
- ❖ Does your organization own or have access to special equipment and facilities not being used to capacity?
- ❖ Can you think of ways you can spin off ideas from your organization's mission? Or can you expand your mission to encompass new earned income projects?

Source: Society for Nonprofits, <https://www.snpo.org/funding/earnedincome.php>

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Poll: What is your organization's dominant revenue income source?

- a) Individual giving (people making donations)
- b) Special events
- c) Corporate and business giving (grants and/or sponsorships)
- d) Foundation grants (Private)
- e) Government grants or contracts
- f) Earned Income (sales of goods, services or work performed)
- g) Other (put in chat)
- h) Not sure

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Know Your Fundraising Assets

Fundraising assets are things or qualities that make fundraising easier for your organization

Food for Thought

1. What are your organization's fundraising assets?
2. Does your dominant revenue source leverage your fundraising assets?
3. If not what might you do differently?

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What does your organization need for successful fundraising?

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Basic Infrastructure to Support Fund Development Efforts

- ❖ People (Board, Staff, Volunteers)
- ❖ Money to spend on fund development
- ❖ Basic Policies and Procedures
- ❖ Technology –
 - ✓ Donor Database
 - ✓ Website
 - ✓ Online Donation Platform
 - ✓ Email Marketing Software
 - ✓ Social Media

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What is a Culture of Philanthropy?

A Culture of Philanthropy is...

- ❖ A set of organizational values and practices that support and nurture fund development within a nonprofit organization.
- ❖ It refers to your organization’s attitude toward philanthropy and fund development.

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Culture of Philanthropy: 4 Core Components

1. Shared Responsibility for Fund Development
2. Integration and Alignment with Mission
3. A Focus on Fundraising as Engagement
4. Strong Donor Relationships

Source: "Beyond Fundraising: What Does It Mean to Build A Culture of Philanthropy?" By Cynthia Gibson, www.haasjr.org/perspectives/beyond-fundraising.

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Your Case for Support

- ❖ Rationale for fundraising – Cornerstone of a fund development program
- ❖ Clearly captures: Who you are; WHY you do what you do; What the results are
- ❖ Addresses the fundamental reason why your organization exists
- ❖ It’s clear about the PROBLEM your organization is trying to solve
- ❖ It’s always written from the donor/funder point of view, not centered around the organization’s need.
- ❖ Conveys what’s in it for the donor

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What's Your Organization's Why?

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A Team Approach to Fund Development: Who's Responsible?

- ❖ Executive Director
- ❖ Development Director
- ❖ All Staff
- ❖ All Board Members

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Pulling It All Together: The Development Plan

- ❖ Blueprint for fund development work
- ❖ A fund development plan provides strategies, goals, and actions to secure the financing to support organizational goals
- ❖ Increases board, staff, and volunteer involvement
- ❖ Provides a framework for accountability
- ❖ Research shows that organizations with a plan have better fundraising outcomes.

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It can be simple...

ABC Inc. Development Calendar

Jan • Thank you calls by Development Committee/Board • New Donor Communication	Feb • E-Newsletter • Donor Tours	Mar • Donor Stewardship Letter	Apr • Gala
May • E-Newsletter • Donor Tours	Jun • Board Donor Acquisition Effort • Annual Coporator Meeting	Jul • Donor Tours	Aug • E-Newsletter
Sept • Golf Tournament	Oct • Board/Coporator Giving Campaign • Annual Appeal Board Note Writing Campaign	Nov • Annual Appeal Meeting • Donor Communication - Thankinging Wilhelms Email going Tuesday - email solicitation • Thank you calls by Development Committee/Board	Dec • Annual Meeting • E-Newsletter • Annual Campaign E - Appeal • Thank you calls by Development Committee/Board

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Or more detailed...

STRATEGY	GOALS (per event and repeat)	TARGET AUDIENCE	DESCRIPTION	WHEN	WHO	COST
Happy Parties (total of 3)	\$1,000 45 new donors	Friends and family of board members	Small events in homes of board members (for other supporters)	March, May, October	Staff: Help recruit hosts, help create invitations, thank yous, logistical support Board: Host spot, create name cards, provide refreshments	\$200 per party
Major Gift Campaign	\$70,000	Current donors \$100 & up	Personal solicitation: phone or in-person	October 15 - November 30	Staff: Prepare materials, identify prospects, draft letters, conduct solicitations Board & other volunteers: identify prospects, conduct solicitations	Minimal: name postage and meeting costs
TOTAL INCOME: \$						TOTAL EXPENSES: \$

Grassroots Fundraising Journal - <https://nonprofitquarterly.org/fundraising-planning-worksheet/>

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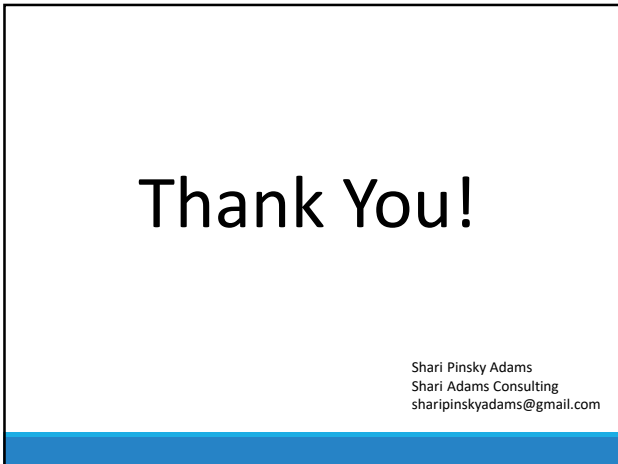
What We've Covered

- ❖ How Nonprofits Fund Their Work
- ❖ What a Nonprofit Needs for Successful Fund Development
 - Basic Infrastructure
 - ✓ People
 - ✓ Money
 - ✓ Policies and Procedures
 - ✓ Technology
 - Other Key Ingredients
 - ✓ Culture of Philanthropy
 - ✓ Case for Support
 - ✓ Clearly Defined Roles and Responsibilities
 - ✓ Fund Raising Plan

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