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# Building on Success Cohort Learning Session 4: **Fund Development**

Shari Pinsky Adams  
Cathy Cohen  
Janna Pedersen  
Roosevelt Smith

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# Welcome to the Fund Development Cohort Learning Session

- Updates HFPG
- Tonight's Session
- Using Zoom
- Adding Your Organization's Name



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# Agenda Overview

1. Welcome and Introductions
2. Agenda Overview
3. What Development Is & Why It's Important
4. How Nonprofits Fund Their Work
5. What Are Your Fundraising Assets?
6. Creating A Case for Support
7. Resources and Wrap-Up

# 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.

# Fund Development is...

- The planning and implementing of programs that are meant to increase contributed financial support for an organization.

## 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 raising strategy and successfully maintaining and growing that strategy over time

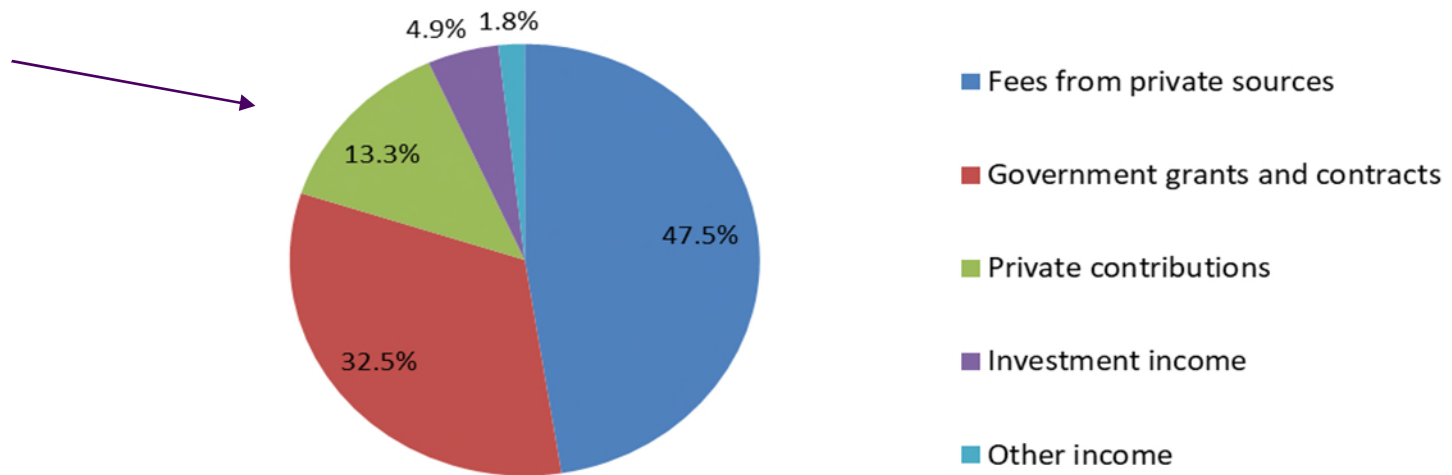
## Fund Development is Directly Linked to Mission Achievement and All Strategic and Organizational Planning

- Fund development is a key consideration in any kind of planning:
  - **Strategic planning** - plan for sustainability and consider how to fund goals and objectives.
  - **Program planning** - determine how to fund goals and objectives.
  - **Budget planning** - consider what fund development approaches will best ensure that funding is stable or increases so that goals can be met.

# Today, we're talking about generating revenue from contributions

## Nonprofit Revenue

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



# Where's the Money?

## Total Contributed Charitable Giving 2019

*In 2019, Americans gave \$449.64 billion to charity*

# \$449.64 billion



**Giving by foundations** grew 2.5 percent in 2019, and has grown in nine of the last ten years.

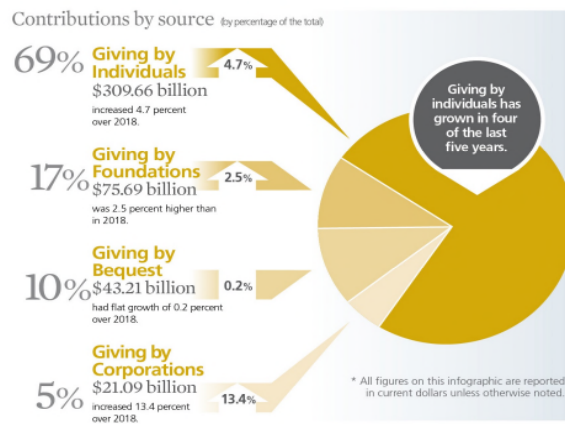


Education, public-society benefit, arts, culture, and humanities, and environment and animal organizations saw double-digit growth in 2019.

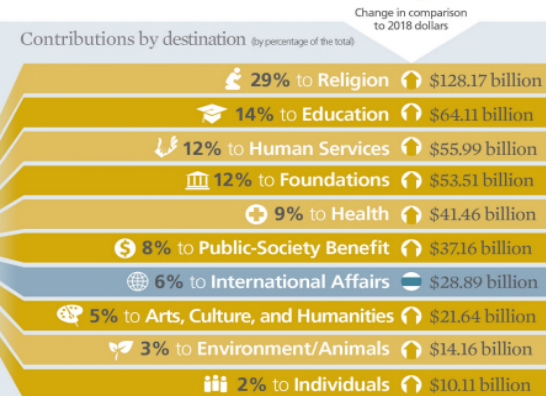


**Giving to environment and animal organizations** increased 11.3 percent in 2019, marking the sixth consecutive year of growth for this subsector.

### Where did the generosity come from?\*



### Where did the charitable dollars go?



Visit [www.GivingUSA.org](http://www.GivingUSA.org) to learn more and to order your copy of *Giving USA 2020: The Annual Report on Philanthropy for the Year 2019*.

Giving USA Foundation™, The Giving Institute, and the Indiana University Lilly Family School of Philanthropy are pleased to continue their partnership in providing the most comprehensive, longest-running, and most rigorously researched resource on U.S. charitable giving, *Giving USA: The Annual Report on Philanthropy*. It is a privilege to report on Americans' generosity and related historical trends on U.S. charitable giving.





# Types of Contributed Income

- Individual Giving
- Special Events
- Corporate Giving
- Grants

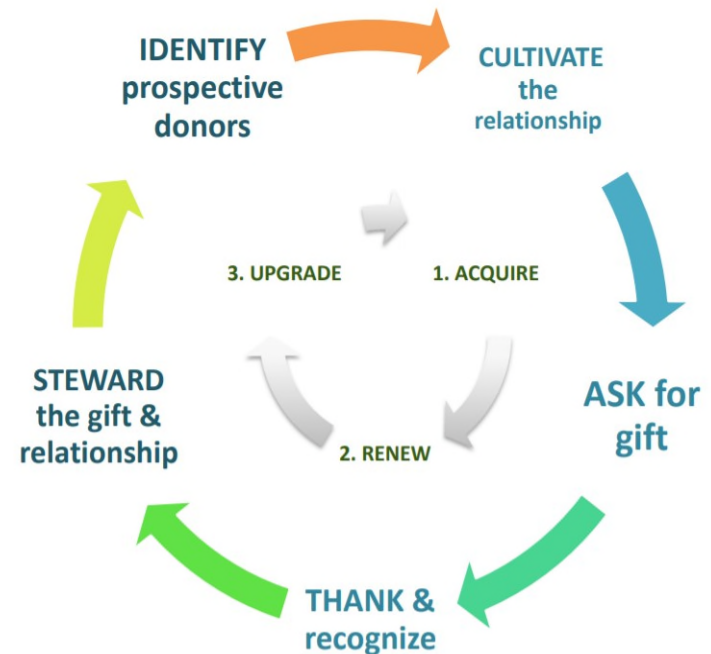
# Common Individual Giving Methods

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

# Individual Giving is About Relationship Building

An organization's job is to inspire donors to give by:

- Making a meaningful connection
- Showing the donor why they matter
- Showing how the donor's gift will make a difference



Fund Development Cycle  
Source: CompassPoint Nonprofit Services

# 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

# 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

# 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 gov't.
- 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.

# Limitations of Grant Funding

- 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 for one year and not renewable.
- 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.

## Despite these limitations...

It's important to have apply for grants. Especially in our region, there are corporate and private foundations that provide small grants (\$1,000-10,000) to many organizations.



# 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; most funders now have online applications
- The ability to cultivate (get to know, have a relationship with) funders.

## Stuff to Remember - Tips

- Do plan ahead – planning time varies according to the type of funder (e.g., federal applications need about six months of planning if possible)
- Do ensure that there's a good fit between your project and the funder priorities. It's about what the funder wants, not about what you want. Not all projects are attractive to funders even though they are attractive to us!

## Tips Continued...

- Do cultivate the funder to the extent possible – **all** fundraising is about relationship building.
- Do what the funder requires, **to the letter**. If the funder requires that you use a particular font and pink paper clips, do so.
- If possible, involve partners in your project. Increasingly funders like to see that you are working with other organizations in your community.

## Tips Continued...

- Remember – **the reading process is different than the writing process.** What makes sense to you doesn't necessarily make sense to the reader. Write to engage the reader and make sure that your application is proofread. Don't use jargon or acronyms.
- Do try again – if your application is rejected, talk to the funder and find out what you did well and what you could do differently.

# 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

# 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

# Another Common Source of Nonprofit Revenue Earned Income

- Defined as the “revenue generated from the sales of goods, services rendered, or work performed.” - [grantspace.org](http://grantspace.org)
- Well-known examples:
  - ✓ Girl Scout Cookies
  - ✓ Goodwill Thrift Stores

# Pros and Cons of Earned Income

## Pros

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

## Cons

- 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>



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

- a) Individual giving (people making donations)
- b) Special events
- c) Corporate and business giving (grants and/or sponsorships)
- d) Foundation grants
- e) Earned income (fees for services and products)
- f) Not sure

# Fundraising Assets

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

## **Small Group Exercise: What are your organization's fundraising assets?**

1. Create a list of your fundraising assets
2. Does your dominant revenue source leverage your fundraising assets? If not, what might you do differently?
3. Select a spokesperson to share with the full group

# Your Case for Support

- Rationale for fundraising
- 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

## **Small Group Exercise 2: Beginning to Develop Your Case for Support**

In your breakout groups discuss the following:

1. Why do you exist?/What is the problem you are trying to solve?
2. Why should a potential donor/funder support your organization?

You can think about –

- ✓ Why are you worthy of philanthropic support?
- ✓ What are your key selling points?
- ✓ Why do you bring value to the community?
- ✓ Why are you unique?
- ✓ Why should a donor/funder invest in you?

# Additional Resources

Check the BOS weblink for additional resources -

<https://www.hfpgnonprofitsupportprogram.org/what-we-offer/workshops/building-on-success>

- Grant Sources/Resources
  - ✓ HFPG Donor Advised Funds – [sweisman@hfpg.org](mailto:sweisman@hfpg.org)
- Case for Support
- Fundraising Technology

For Questions about:

- Grants - contact Janna at [ampersand@charter.net](mailto:ampersand@charter.net)
- Fundraising - contact Shari at [sharipinskyadams@gmail.com](mailto:sharipinskyadams@gmail.com)



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# Closure / Next Steps

- Please complete the online feedback survey
- Upcoming Strategic Planning Sessions - 3:45 – 6:30 pm on:
  - Thursday, May 20, 2021
  - Thursday, May 27, 2021
  - Thursday, June 10, 2021
  - Thursday, June 17, 2021
- Check the weblink for session materials



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**Thank You !**