



# IUPUI THE FUND RAISING SCHOOL

LILLY FAMILY SCHOOL OF PHILANTHROPY

## Principles and Techniques of Fundraising

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# AGENDA

## PRINCIPLES AND TECHNIQUES OF FUNDRAISING

### Day One

### Section

**8:00 a.m.** Registration

**8:30 a.m.** Opening Session

Introductions

Expectations and Obstacles

Course Overview

The Cube

Giving USA Reports on Philanthropic Giving..... See Updates

Ethical Frameworks for Fundraising ..... I

**10:00 a.m. BREAK**

**10:15 a.m.** The Fundraising Cycle

An Overview of Fundraising ..... I

Institutional Readiness – A Marketing Approach ..... I

**11:45 a.m. LUNCH**

**1:00 p.m.** Constituencies and Environment

Understanding the Marketplace..... I

**2:30 p.m. BREAK**

**2:45 p.m.** Case for Support

Institutional Readiness: The Case ..... I

Mission and Case Exercise ..... II

**5:00 pm ADJOURN**

**Day Two****Section**

<b>8:30 a.m.</b>	Selecting the Right Fundraising Vehicle .....	IV
	The Annual Fund Program .....	IV
<b>10:00 a.m.</b>	<b>BREAK</b>	
<b>10:15 a.m.</b>	Building the Base	
	The Internet, e-Fundraising, Social Media.....	IV
	Direct Mail .....	IV
	The Special Event .....	IV
<b>12:00 p.m.</b>	<b>LUNCH</b>	
<b>1:15 p.m.</b>	Prospective Donor Research .....	IV
<b>2:30 p.m.</b>	<b>BREAK</b>	
<b>2:45 p.m.</b>	Major Gifts .....	IV
	Solicitation Exercise	
<b>5:00 p.m.</b>	<b>ADJOURN</b>	



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**Day Three****Section**

<b>8:30 a.m.</b>	The Capital Campaign .....	IV
	Working with Consultants .....	IV
<b>10:15 a.m.</b>	<b>BREAK</b>	
<b>10:30 a.m.</b>	Planned Giving .....	IV
<b>12:00 p.m.</b>	<b>LUNCH</b>	
<b>1:15 p.m.</b>	Corporations and Foundations as Markets .....	VI
<b>2:45 p.m.</b>	<b>BREAK</b>	
<b>3:00 p.m.</b>	In-Box Exercise.....	VII
<b>5:00 p.m.</b>	<b>ADJOURN</b>	



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**Day Four****Section**

<b>8:30 a.m.</b>	Budgeting and Managing for Fundraising .....	III
<b>10:00 a.m.</b>	<b>BREAK</b>	
<b>10:15 a.m.</b>	Volunteerism, Boards, Leadership, and Team-Building for Fundraising.....	V
<b>11:45 a.m.</b>	<b>LUNCH</b>	
<b>1:00 p.m.</b>	Application of Principles, Part I, Preparing a Fundraising Plan .....	VII
<b>2:45 p.m.</b>	<b>BREAK</b>	
<b>3:00 p.m.</b>	Review of Expectations and Obstacles Application of Principles, Part II, Resources Inventory Analysis Preparing a Statement of Objectives Course Evaluations Awarding of Certificates of Completion	
<b>5:00 p.m.</b>	<b>ADJOURN</b>	



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## FOREWORD

For many decades, teaching fundraising has involved the transmission of skills and techniques from those who are more experienced to those who were less experienced. In a manner reminiscent of entering a craft guild, people went through an apprenticeship, usually unofficial, followed by various fundraising roles that led to positions of increased scope and responsibility.

In 1974, The Fund Raising School (TFRS) was founded to systematize teaching about fundraising in a way that previously had not been done. Under the leadership of its founding director, Henry A. Rosso, TFRS became recognized as the premier teaching program of its kind in the United States.

From its beginning, TFRS has stood for the advancement of ethical fundraising. TFRS has taught that voluntary giving is an essential dimension of philanthropy and that fundraising plays a critical role in helping philanthropic organizations achieve their purposes on behalf of the public good.

The historic goals of The Fund Raising School continue to guide our teaching:

1. To promote understanding of the total process of fundraising and define it as a multidimensional discipline;
2. To foster the understanding that fundraising is a management process and a management function;
3. To provide the tools and techniques needed to initiate and build effective fundraising;
4. To substitute the quality of pride for apology, making participants advocates for fundraising.

TFRS became part of the Center on Philanthropy at Indiana University in 1987. Since that time tens of thousands of participants have taken part in courses and workshops offered by the School. In 2012, after 25 years as a Center on Philanthropy, the Center became the Indiana University Lilly Family School of Philanthropy. The Fund Raising School continues as an outreach program of the School of Philanthropy and is the only university-based fundraising program of its kind in the United States. You may have noticed that the title of The Fund Raising School is different from other uses of the word fundraising. The official form of the word is fundraising, but because The Fund Raising School is trademarked, we keep the original title. We also do so out of respect for the founders.

The participant's Study Guide for "Principles and Techniques of Fundraising" distills knowledge about philanthropic fundraising into a coherent and accessible learning tool. You will find the complete Study Guide on the flash drive you receive as part of your course materials. The sections of the Study Guide correspond to the six sides of the TFRS Cube: Management, Institutional Readiness, Human Resources, Markets, Vehicles and Dynamic

Functions. (Note: The TFRS Cube is a reference tool participants use to reinforce their understanding of the various aspects of successful and ethical fundraising.)

Addenda to the chapters — material that further clarifies and explains the content — are often included. Much of this material serves a practical purpose for the participant and is directly applicable to the individual workplace. Additional material for instructional purposes is provided in the Introduction and the Appendices.

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This Workbook contains key information from the Study Guide that will be used during the course. Chapters within the sections generally contain copies of Powerpoint slides used during the course. This avoids needless note-taking and optimizes concentration on a topic. Personalized, additional notes related to the discussion may be added.

The Fund Raising School courses are designed to emphasize ideas and principles required to carry out a successful program. We seek to aid each participant in becoming a reflective practitioner who has or will have a command of the basics and who can apply this information to his or her particular needs.

A successful experience in this course depends to a great extent on interactive learning and is a shared responsibility between faculty and participants. Although a certain amount of lecture is necessary, much valuable learning takes place through discussion and group or individual activity during the sessions. In short, a cooperative effort by both the faculty member and the learner is vital for optimum educational and experiential benefit.

We hope that your total learning experience with TFRS will help you become a thoughtful and successful fundraising professional.

Bill Stanczykiewicz  
Director, The Fund Raising School

Amir Pasic  
Dean, IU Lilly Family School of Philanthropy

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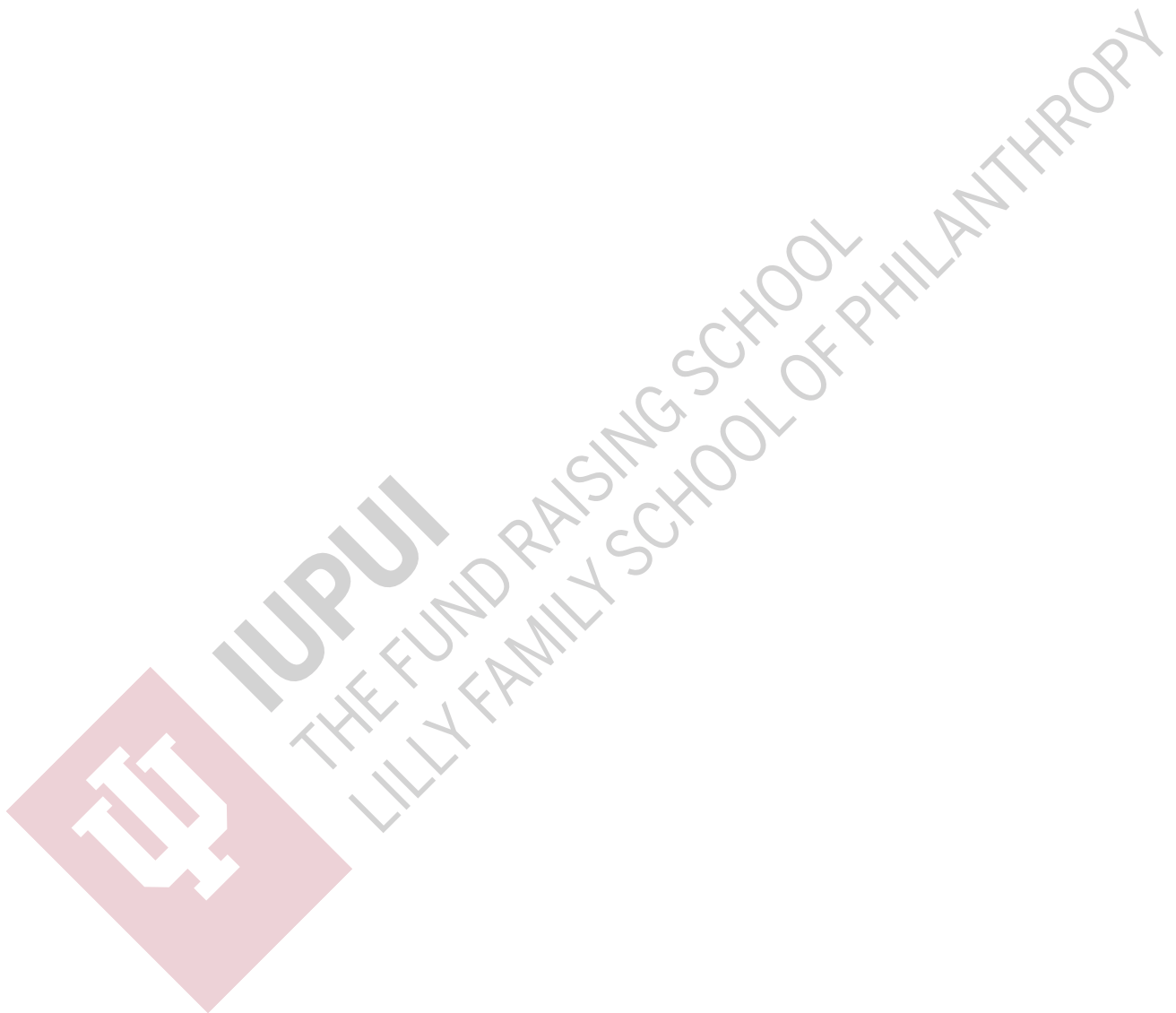


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## SECTION I: INTRODUCTION

### ETHICAL FRAMEWORKS FOR FUNDRAISING

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#### INTRODUCTION

As highly visible members of the nonprofit sector, fundraisers have an obligation to conduct themselves appropriately. Generally, the public does not understand fundraising, or has a negative perception of it (Duronio and Tempel 1996). However, the public also has higher expectations for those working in the nonprofit sector than for those in for-profit institutions. This situation presents challenges to fundraisers who seek to professionalize the field and improve its practice.

In a study of American fundraisers, participants cited ethical characteristics as important attributes of a competent and successful professional (Duronio and Tempel 1996). These individuals may be found to have strong values and a desire to contribute to something bigger than themselves. Recent studies have similarly indicated that organizations' ethics and reputation directly relate to donors' trust and tendency to donate (Rosen, 2005; Sargeant and Lee, 2002). Many fundraisers and ethical scholars believe that training in ethics assists fundraisers and their organizations in navigating the complexities of philanthropy while building donors' trust. Similarly, Paul Pribbenow calls upon fundraisers and workers in the nonprofit sector to engage the public in dialogue concerning philanthropy, fundraising, and the public-oriented missions of this work. Through this public focus, fundraisers may better understand the impact of building and cultivating character, accountability, and ethics as daily components of effective fundraising (Pribbenow, 2005).

In order to be most accountable to the general public and best represent the nonprofit sector, fundraisers and nonprofit professionals have established ethical frameworks to guide their behavior and encourage ongoing discussion about accountability in the profession. The Association for Fundraising Professionals' (AFP) code of ethics (see appendix) particularly challenges fundraisers to accept responsibility for their behavior, as well as that of their organizations, in such areas as stewardship, accountability, and confidentiality.

While most of this volume presents the rationale for fundraising and best practices, this chapter provides a brief exploration of related ethical codes and standards. The ethical practice of philanthropic fundraising ensures the professionalism of the field, as well as the continued development of philanthropy through increased trust and public confidence.

## PUBLIC CONFIDENCE AND TRUST

According to a survey conducted by the Organizational Performance Initiative at New York University, Americans' confidence in charities reached its lowest point in 2003 and has not returned to previous levels. Scandals in the nonprofit sector may be a contributing factor to low public trust, in addition to an overall decline of confidence in other large public institutions indicated by similar studies. The NYU study also reveals a sharp decline in Americans' rating of charitable organizations' performance in helping people. Between 2003 and 2008, participants who rated charitable organizations' ability to help people, perceived to be the sector's primary mission, dropped from 34 percent to 25 percent. This disturbing statistic reveals how the public's confidence in charitable organizations has significantly declined, potentially threatening their willingness to donate to and volunteer with these same organizations (Light 2008).

Public confidence not only changes over time, but varies between populations. Independent Sector's *Giving and Volunteering in the United States* indicates a significant difference between contributing and non-contributing households in regards to their belief that charities are "honest in their use of donated funds." According to this report, 62.9 percent of contributing households agreed that these organizations used donated funds honestly, while only 54.3 percent of non-contributing households agreed (Independent Sector 2001).

Public confidence and trust in nonprofits continue to be challenged by the media and scandals within the sector. In the first edition of Hank Rosso's *Achieving Excellence in Fund Raising*, Robert Fogal summarized similar challenges during the early 1990s (Fogal, 1991, p. 265).

1. Fundraising can be accomplished less and less on a "business as usual" basis.
2. The challenge to many fundraising habits comes from changes in nonprofit organizations themselves, the public's assumptions about nonprofits, and technological shifts in how fundraising is done.
3. Being responsive to changing circumstances and conditions leads nonprofit leaders and managers to consider moral issues that pertain to their organizations.

Over 20 years after Fogal summarized these challenges, fundraisers continue to face similar concerns regarding issues of morality, public accountability, and fundraisers' behavior in the face of adverse conditions. Fundraisers should continue to study and apply ethics as the best preparation to succeed in an ever-changing field of nonprofits work.



## ETHICS IN A PROFESSIONALIZING FIELD

Ethics serves as one of the six elements identified by Robert Carbone as essential to the professionalization of fundraising. These criteria for the formation of a profession include autonomy, systematic knowledge, self-regulation, commitment and identification, altruism and dedication to service, and ethics and sanctions (Carbone 1989). Over the last several decades, fundraisers have made significant advances in the professionalization of the field. They show a commitment and dedication to their organizations and careers, generously give of their time and resources, and seek to improve the ethical practice of the profession among their colleagues. The Association of Fundraising Professionals continues to assist practitioners in developing the field, while also providing a structure for sanctioning members who violate its code of ethics (Duronio and Tempel, 1996).

Over time, scholars and practitioners have debated whether or not fundraising may be categorized as a profession. However, the concept of serving the public good, rather than self interest, remains at the forefront of fundraising (Pribbenow 1999; Tempel 1999; Pettey, 2008). As professionals within the nonprofit sector, fundraisers use their technical and ethical proficiency to further their organizations' missions, building trust by continuing to serve the public good. In this way, fundraisers may best justify their work in the face of scandals and challenging ethical scenarios (Rosen, 2005).

Fundraising executives, leaders, and managers have a responsibility to be informed, as well as to think carefully and critically about ethical standards and issues that directly affect the health of the nonprofit sector. Educating both fundraising colleagues and donors about ethical challenges and standards for best practice serves as one way to improve the fundraising profession. Fundraisers, who regularly deal with ethical questions that arise within their organizations, should also seek out informational resources such as Janice

Gow Pettey's *Ethical Fundraising* (2008), David Smith's *Good Intentions: Moral Obstacles and Opportunities* (2005), and other resources included in this chapter's bibliography.

In light of ongoing ethical challenges in the fundraising field, the Association of Fundraising Professionals developed a major initiative to improve ethics education and measurement among practitioners. The Center for Ethical Business Cultures at the University of St. Thomas — Minnesota led the development of AFP's Ethics Assessment Inventory, through which AFP members evaluate their strengths and weaknesses in key areas of ethical behavior related to their work. Through the development of the assessment, AFP set out to facilitate ongoing conversations between fundraising professionals about ethical decision-making in nonprofits (Shoemaker, 2011).

AFP designed its Ethics Assessment Inventory (EAI) based on the understanding that the best ethical decisions are made when people have the most similar morals, ethics, and values. By encouraging discussion of ethical frameworks beyond those included in published principles and standards of best practice, fundraising professionals may be best prepared for ethical dilemmas that they encounter (Shoemaker, 2011).

Based on a recent survey of AFP members, ethical performance by fundraising professionals may be divided into six broad categories of behavior (Shoemaker 2011):

- **Accountable:** Ethical fundraisers accept responsibility for their choices, ensuring that decisions are made in the best interest of both the donor and the organization.
- **Adherent and observant:** Ethical fundraisers act in accordance with the highest level of professional standards and best practices, including AFP's *Code of Ethical Principles and Standards of Professional Practice* and other related ethical codes. In addition, one must follow appropriate laws and avoid the appearance of acting unethically or illegally.
- **Courageous:** Ethical fundraisers prioritize ethical behavior in both their professional and private lives, standing up against organizational, donor, and colleague choices that go against the organization's mission and accepted ethical practices.
- **Integrity:** Ethical fundraisers act honestly in all interactions, work within ethical boundaries, and address mistakes in an appropriate and efficient manner.
- **Transparent:** Ethical fundraisers provide open and accurate answers to donors in regards to the purpose and use of their gifts, as well as in the organization's communications, gift agreements, and related processes.
- **Trustworthy and sincere:** Ethical fundraisers act with appropriate confidentiality, courtesy, respect, and diligence in their interactions with donors, colleagues, and members of the community.

These categories of ethical behavior serve as general categories that guide fundraisers in determining the extent to which they should pursue further education and experience to improve their individual and organizational understanding of ethics.

Ethics provides principles for behaviors, rather than absolute laws for its practice. The late Robert Payton, former director of the Center on Philanthropy at Indiana University, said, "There are no ethical answers; there are only ethical questions." As a professional fundraiser seeking to enhance the public trust, one should educate oneself about the ethical questions in the profession in order to make the best choices when confronted with ethical dilemmas. Similar to the AFP's motivation for creating its Ethics Assessment Inventory, Payton's statement reveals the complexity of providing ethical frameworks and addressing related challenges encountered by fundraising professionals.

Among experts in the field of fundraising ethics, varying opinions and perspectives commonly occur. Ethical codes developed by the Association of Fundraising Professionals, the Association of Healthcare Philanthropy (AHP), the Council for Advancement and Support of Education (CASE), and others serve as standards for the field. These codes provide professionals with clarification on those issues that are clearly unethical. However,

they do not provide absolute answers for the most challenging of ethical dilemmas. Ethical codes provide sets of guidelines, similar to rules, for ethical behavior. In addition, AFP, CASE, AHP, and other similarly-purposed organizations have signed commitments to the Donor Bill of Rights. This document details the expectations of donor-organization relationships, setting minimum standards for donors' rights and ensuring the highest level of professionalism and ethical behavior in how fundraisers and organizations treat donors.

In order to maintain the public trust, fundraisers must prioritize ethical behavior. In some cases, these ethical concepts are built upon the foundational law that establishes and defines nonprofits, Section 501(c)(3) of the Internal Revenue Code. Nonprofits receive charitable contributions based on this code, which clearly states that individuals may not personally gain from the finances of the organization.

Corporations, and any community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or to foster national or international amateur sports competition (but only if no part of its activities involve the provision of athletic facilities or equipment), or for the prevention of cruelty to children or animals, *no part of the net earnings of which inures to the benefit of any private shareholder or individual*, no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation..., and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office [emphasis added].

Robert Payton asked fundraisers, "Do we live for philanthropy or do we live off philanthropy?" To answer that question, one needs only to look to the emphasized section of the above quote, which experts refer to as the "non-distribution clause." This legal statement serves as the backbone of nonprofits' requirement and commitment to serve the public good. The public puts its trust in nonprofits to carry out the public good, rather than serving private benefit, due to organizations' legal and ethical responsibilities.

Although the law states that no one within a nonprofit may personally benefit from funds contributed to the organization, this statement does not mean that fundraisers should not be paid fairly and equitably for their work. However, it provides legal and ethical boundaries for proper compensation. Based on legal and ethical principles, fundraisers should not accept commissions on gifts, they should not accept personal gifts from donors, and their salaries should correspond with public expectations. Board members also should not have a competitive advantage in doing business with the organization.

In order to better enforce the non-distribution clause and ban private inurement, Congress and associations representing the nonprofit sector worked together to pass "intermediate sanctions." Through these sanctions, the sector can better regulate itself and the IRS may more effectively penalize organizations and disqualified persons who participate in "excess benefit transactions" and inside dealing. Prior to this legislation, the IRS's only option to

penalize these organizations involved tax exemption. Developing intermediate sanctions provides a more enforceable set of options for the IRS and the nonprofit sector, enabling nonprofits to improve their practice and build public trust regarding their mission, work, and the professionalism of employees and board members (Independent Sector 2002).

Looking forward, trust must serve as the distinguishing factor for fundraising professionals. Questions arise concerning fundraisers' integrity as "boundary spanners" between donors and organizations. Increasingly, fundraisers are being called upon to assist donors with philanthropy beyond the scope of a single organization. In order to best address these professional challenges, fundraisers must keep in mind their ethical responsibilities, prioritizing the interests of donors and maintaining the fidelity of one's organizational mission. In addition to building trust with one's organization and donors, fundraisers must also understand the mission of the nonprofit sector, the role of philanthropy, and the environment in which they work. Understanding the nonprofit and philanthropic context allows one to best recognize the donor's and organization's perspective, helping fundraisers to make thoughtful and ethical decisions (Tempel and Beem, 2002).

## APPROACHES TO ETHICS

In some circumstances, one may encounter easily answerable ethical questions with a clear-cut, best choice. However, conflicts between two "good" options, or the appearance of such a conflict, results in ethical questions becoming more difficult to answer. Tainted money questions illustrate this quandary particularly well. If someone offers an organization money obtained under less-than-honorable circumstances, should the organization's fundraiser or administration accept the money? Although the money may provide some public good, would it risk the organization's integrity or add legitimacy to the source of the funds? *The counter argument should also be considered, as one could claim that turning down the money to maintain the organization's integrity would be an intentional action against fulfilling a public need.*

In contemplating the tainted money issue, one quickly realizes that Payton's statement regarding ethical questions may most accurately represent the complexity of ethical considerations in fundraising. Josephson (2002), Anderson (1996), and Fisher (2000) present similar conclusions about ethical fundraising. Ethical absolutes may be more appropriately considered within the context of philosophy. Immanuel Kant and other philosophers claim that there exist "categorical imperatives," right answers that should be followed regardless of the consequences. However, this philosophical perspective does not take into account exceptional circumstances or situations in which one must choose between competing ethical values (Josephson, 2002).

Anderson (1996) refers to the approach of using ethical absolutes as formalism. This approach utilizes a set of ethical principles, commonly referred to as codes of ethics, as minimum standards for behavior. Josephson (2002) and Anderson (1996) refer to situations

that require a more complex ethical decision-making process as consequentialism. In determining whether to use a formalist or consequentialist approach to an ethical situation, fundraisers should consider which decision will be best for the greatest number of constituents in the long run. In some cases, ethical codes provide answers to commonly occurring challenges in the field, while other situations require fundraisers to take into account competing perspectives and beliefs.

Fundraisers and most professionals judge the ethics of actions based on sets of values, beliefs, and commitments. Ethics refers to how a person behaves in ways considered to be good, correct, or appropriate. Values comprise one's judgments and beliefs that influence their actions. Ethical values, beliefs, and commitments lead fundraisers to trust decisions and establish expectations for proper behavior in others. Based on a study of over 10,000 individuals, the Josephson Institute determined the ten values that are most important to ethical people and form the basis of their decision-making (Josephson 2002). These ten values include:

- Honesty
- Integrity
- Promise-keeping
- Loyalty/Fidelity
- Fairness
- Concern for Others
- Respect for Others
- Law-abidingness/Civic Duty
- Pursuit of Excellence
- Personal Accountability

One quickly recognizes to what an extent this list overlaps with the core ethical behaviors developed by the Association of Fundraising Professionals. Anderson (1996) created a similar list of ethical values specific to fundraisers:

- Respect
  - Individual Autonomy
  - Personal Privacy
  - Non-maleficence
- Beneficence
  - Public Good
  - Charitable Intent
- Trust
  - Truth-telling
  - Promise-keeping
  - Accountability
  - Fairness
  - Fidelity of Purpose

Independent Sector (2002) developed nine commitments in its *Ethics and the Nation's Voluntary and Philanthropic Community: Obedience to the Unenforceable*, designed to apply to all nonprofit professionals, volunteers, and board members. These commitments share many of the same ethical values, behaviors, and ideas referred to in the lists developed by AFP (Shoemake 2011), Anderson (1996), and Josephson (2002).

- **Commitment beyond** self is at the core of a civil society;
- **Obedience to the laws**, including those governing tax-exempt philanthropic and voluntary organizations, is a fundamental responsibility of stewardship;



- **Commitment beyond the law**, to obedience to the unenforceable, is the higher obligation of leaders of philanthropic and voluntary organizations;
- **Commitment to the public good** requires those who presume to serve the public good to assume a public trust;
- **Respect for the worth and dignity of individuals** is a special leadership responsibility of philanthropic and voluntary organizations;
- **Tolerance**, diversity, and social justice reflect the independent sector's rich heritage and the essential protections afforded it;
- **Accountability to the public** is a fundamental responsibility of public benefit organizations;
- **Openness and honesty** in reporting, fundraising, and relationships with all constituencies are essential behaviors for organizations which seek and use public or private funds and which purport to serve public purposes;
- **Prudent application of resources** is a concomitant of public trust.

Independent Sector intended these nine commitments to be integrated into the work of all professionals in nonprofit organizations, including those in fundraising. Strengthening transparency, governance, and ethical standards improves the overall health of the nonprofit sector and increases the public's trust in the sector as a whole. Independent Sector also developed *Principles of Good Governance and Ethical Practice* (2007), which serves as an additional resource for new and well-established organizations that want to evaluate and improve their current practices.

These values and commitments apply to fundraisers' professional behavior and the various codes of ethics included in the appendices accompanying this chapter. Each document presents standards for ethical behavior and guidelines to assist nonprofit professionals to act with the highest level of integrity. As fundraisers navigate complex relationships with organizations and donors, they may use ethical frameworks to better meet their responsibility to the public trust. While ethical situations may arise, the ethical values, codes, and commitments serve as a guide for acting in a professional and ethical manner. For instance, translating Josephson's values into ethical statements for fundraisers may appear as follows:

- **Honesty:** Fundraisers should be honest in their dealings with donors and organizations.
- **Integrity:** Fundraisers should display dependable behavior and be true to their word.
- **Promise-keeping:** Fundraisers should keep promises made to donors when accepting their gifts.

- **Loyalty/Fidelity:** Fundraisers should be loyal to both the organization and the donor.
- **Fairness:** Fundraisers' negotiations must be fair to both the organization and the donor.
- **Concern for Others:** Fundraisers should demonstrate a concern for the donor as an individual or entity.
- **Respect for Others:** Fundraisers should have genuine respect for donors, rather than envy their resources or view them as objects to be manipulated for personal gain.
- **Law-abidingness/Civic Duty:** Fundraisers must abide by all laws and demonstrate civic and philanthropic responsibility.
- **Pursuit of Excellence:** Fundraisers should pursue the highest quality of work and level of professionalism.
- **Personal Accountability:** Fundraisers must be personally accountable for their actions and those of their constituents/donors.

These values illustrate a framework by which more complex ethical dilemmas may be considered. Based on Josephson's values, the fundraiser, organization, and donor illustrate competing interests within an ethical conflict. In a situation when an organization wants to change the use of a donor's funds, the fundraiser must contend with their personal accountability in the situation, their loyalty to their organization, and their responsibility to the donor in terms of promise-keeping, integrity, and honesty. To assist fundraisers in better identifying ethical dilemmas, Independent Sector (2002) outlines the three tiers of actions related to ethics:

- **Illegal acts:** Actions which are clearly illegal, providing nonprofits and their staff with clear decisions. For example, an organization allows a local candidate for public office to routinely use the copy and fax machines.
- **Unethical acts:** Actions or behaviors which are clearly unethical, based on available codes of ethics. For example, an organization's director receives a percentage of funds raised, in lieu of a set salary.
- **Ethical dilemmas:** Situations in which people or organizations must make decisions between competing or conflicting values, which depend on more complex decision-making than offered by standards of best practice or codes of ethics. For example, an all-volunteer nonprofit wants to hire its first executive director. Half of the board argues that the executive director's salary will use all the money set aside for programs, while the other claims that the cost of the executive director's salary monopolizing the budget will be an initial investment for the organization's growth.



Fisher (2000) and Josephson (2002) present approaches to consider how to navigate through these ethical dilemmas. Fisher poses questions around the themes of organizational mission, relationships, and personal integrity, whereas Josephson recommends the following three steps for considering ethical conflicts:

- I. All decisions must take into account and reflect a concern for the interests and well-being of all shareholders.
- II. Ethical values and principles always take precedence over nonethical ones.
- III. It is ethically proper to violate an ethical principle only when it is clearly necessary to advance another true ethical principle, which according to the decision-maker's conscience will produce the greatest balance of good in the long run.

Based on Josephson's model, one may reach a best answer for ethical dilemmas. Fundraisers are regularly asked to justify the costs of fundraising, which sometimes results in the loss of initial funding for mission-related activities. However, one may also argue that investing in fundraising will produce additional program funding. Ethical dilemmas present ongoing challenges, as professionals must prioritize values and weigh the costs and benefits of present and future circumstances to reach a best decision. Robert Payton's ethical questions provide few concrete answers to guide professionals, as they challenge staff members to consider the impact of their decisions on stakeholders, the organization's mission, its staff and resources, and its ability to serve the public good.

## A FRAMEWORK FOR ETHICAL DECISION-MAKING

Robert Payton illustrated fundraisers' ethical dilemmas in the form of a cube. The top and bottom of this "ethics cube" include the labels "individual" and "organization," representing the tension between a fundraiser's individual and organizational obligations. The sides of the cube contain the labels "competence," "language," "relations," and "mission." These timeless components present important areas in which fundraisers must be fully engaged to continually make ethical decisions. Through constant dedication and diligence to these areas, fundraisers may best navigate ethical dilemmas and serve the needs of both donors and the organization.

## THE INDIVIDUAL AND THE ORGANIZATION

Fundraisers must constantly mediate potential conflict between their individual interests and those of their organizations. As a professional, one should act in the organization's best interests, rather than one's self interests. However, the organization should also treat fundraisers as professionals. Fundraisers should be compensated fairly and adequately, similar to that of comparable staff inside the organization and within similar organizations. Fundraisers should not accept percentage compensation, as they may concentrate on personal gain over their responsibilities to the organization or to donors.

As mediators between organizations and donors, fundraisers have a responsibility to protect the interests of both parties in the relationship. Based on one's ethical values and understanding of the ongoing tension within the relationship, fundraisers should understand the rights and interests of both the donor and the organization. Donors and organizations have general boundaries in which they operate, while particular donors and organizations also vary in terms of their limitations and interests. Honesty serves as an essential characteristic in mediating between organizations and donors, requiring fundraisers to constantly strive to make ethical decisions within each conversation and interaction with these parties.

## COMPETENCE

As professionals, fundraisers must dedicate themselves to pursuing the highest levels of technical and ethical proficiency. Training, academic study, and assessing one's knowledge of best practices, as well as ethical standards and values, assist in developing professional skills. However, one must also apply technical and ethical knowledge within the workplace. Increasingly, fundraisers assist organizations in developing gift acceptance policies to guide staff in navigating decisions regarding donors' gifts to their organization. In this way, the fundraising staff may most clearly articulate the organization's procedures and professional technical and ethical standards within the scope of donors' giving and the acceptance of current, deferred, and planned gifts. The AFP Code of Ethical Practices and Standards (2007) also states that its members should honestly communicate the limitations of their competence, experience, and qualifications. In order to best represent their organization, fundraisers should pursue additional knowledge and training and be willing to seek the counsel and assistance of other professionals to best meet the needs of both the donor and the organization.

## LANGUAGE

Fundraisers' choice of words reflects directly on the professionalism of fundraising and the dignity of individual, corporate, and foundations' philanthropy. In order to best serve the public good and represent one's organization, fundraisers should not refer to donors as "targets" or "clients," nor state that they are "hitting donors up" in lieu of inviting a potential donor to make a gift. Likewise, one should be professional in all communications written on behalf of the organization to most accurately reflect its mission, purpose, and intentions. The purposes of gift solicitations should be clearly and accurately stated, so that donors' gifts are directed to the same program for which they were solicited. AFP dedicates an entire section of its ethical code to the presentation of information, including the confidentiality of donor records and accurately communicating fundraising results that conform to appropriate accounting guidelines.

## RELATIONSHIPS

The Fund Raising School has built its reputation on educating fundraisers in the importance of building relationships as part of the fundraising process. The school's founder, Hank Rosso, stated that "fund raising is the servant of philanthropy." Fundraisers' relationships with donors exist to benefit their organizations, rather than their self interests. AFP's code of ethics states that its members should not "exploit" relationships. Fundraisers should utilize relationships to build long-term trust between donors and their organization, ensuring that staff changeover does not impact a donor's dedication to an organization, its mission, or its programs. However, relationships are not an end in themselves. Hank Rosso also stated, "People don't give to people, but to people with good causes." Relationships must belong to organizations, providing a means through which donors' philanthropy may support nonprofit missions.

## MISSION

Every nonprofit organization and its fundraising exist solely to further its mission. Therefore, fundraisers must dedicate themselves to understanding their organization's mission and utilizing it to recruit potential donors based on mutual values and interests. Focused on this mission, fundraisers should constantly make ethical decisions that serve the public good and meet the needs of the organization's clients. Based on AFP's code of ethics, fundraisers must pursue their organizations' interests, mission, purposes, and values, inspiring in themselves and others a commitment to philanthropy and the common good.

The six components of Payton's ethics cube apply many of the values and concepts raised by ethics scholars, condensing them into a practical illustration for fundraising. Fundraisers should continually focus their work and efforts around these ethics-oriented aspects, developing an ability to navigate ethical dilemmas and continually make decisions that ensure the long-term benefit of their organizations. Ethical codes and standards of best practice serve as a starting point for these discussions and should be thoughtfully considered and related to one's work. Payton's ethics cube allows one to best apply these standards and values to complex ethical situations.

## PRACTICING ETHICAL FUNDRAISING

As working professionals, fundraisers encounter complex ethical situations on a regular basis. Although philosophers may develop ethical concepts and professional associations create ethical codes, fundraisers' daily encounters with donors, administrators, and organizational stakeholders sometimes require more nuanced approaches to "ethical fundraising." This portion of the chapter builds on ethical frameworks to best address this practitioner-oriented perspective of ethics in fundraising. Professionals may seek additional information on best practices, case studies, and related ethical guidelines from Adrian

Sargeant and Jen Shang's *Fundraising Principles and Practice* (2010), Janice Gow Pettey's *Ethical Fundraising: A Guide for Nonprofit Boards and Fundraisers* (2008), and other resources available through The Fund Raising School.

## STRATEGIES FOR BUILDING ETHICS INTO AN ORGANIZATIONAL FUNDRAISING PRACTICES

Adopting professional ethical codes – AFP and other professional associations related to fundraising and the nonprofit sector recommend that organizations formally adopt relevant ethical codes and guidelines. In this way, administration and fundraising staff may best maintain consistent and enforceable standards of professional behavior within individual nonprofits. Many of the ethical codes and principles related to the fundraising profession incorporate similar principles. Fundraisers and related staff should have integrity and a commitment to their organization's goals and values. They should be honest, truthful, and transparent in their activities. Finally, fundraisers should safeguard the public trust and respect the interests of all parties affected by their actions and decisions.

This chapter's corresponding appendix includes several of the most-referenced professional codes of ethics for fundraisers. Independent Sector's *Obedience to the Unenforceable* outlines essential values and self-imposed standards for the nonprofit field, presenting examples of illegal and unethical behavior related to each principle. Similarly, the Panel on the Nonprofit Sector developed *Principles of Good Governance and Effective Practice*, outlining 33 principles for best practice to help build public trust and confidence in nonprofit organizations. The Association of Fundraising Professionals' "Code of Ethical Principles and Standards" serves as a guide for fundraisers' daily encounters with ethics. In addition, AFP's Ethical Guidelines to the Code of *Ethical Principles and Standards* provides additional explanation and examples of the ethical situations most commonly encountered by practitioners.

AFP, in partnership with the Association of Healthcare Philanthropy (AHP), the Council for Advancement and Support of Education (CASE), and other professional associations, developed the "Donor Bill of Rights," establishing 10 "rights" of donors that are standard across the fundraising industry. The document outlines the kinds of information that donors should have access to, in order for them to have the greatest possible confidence in their organization of choice and the nonprofit sector and philanthropy in general. The E-Donor Bill of Rights provides additional guidance in regards to online giving and new media, supplementing the original Donor Bill of Rights for new forms of fundraising. In addition to ethical codes developed for the general fundraising profession, staff and administrators of nonprofits should also consider adopting additional codes relevant to their field, such as those available through the American Association of Museums (AAM), AHP, CASE, and the Partnership for Philanthropic Planning (PPP).

Gift Acceptance Policies – A gift acceptance policy serves as a tool for organizations to directly implement ethical and legal guidelines into the everyday practice of fundraising. This document varies between individual organizations, as different nonprofits have unique needs and recommendations made by legal counsel for inclusion in the policy. Organizations should design a gift acceptance policy that functions as a general reference document for fundraisers, internal staff, and donors, providing guidelines for the types of gifts accepted by the organization and the stages through which gifts are processed. However, the policy does not serve as a substitute for a detailed review of individual gifts. Some policies include a “consideration” section, which includes categories by which staff deliberate gifts, including values, compatibility, public relationships, primary benefit, consistency, form of gift, and effect on future giving. The organization may individualize and describe these categories to ensure that gifts serve to benefit the organization without undue stress, loss of funds, or improper acceptance of gifts. These documents provide fundraisers, administrators, board members, and donors with a structured procedure that assists them in navigating situations in which ethical practice may be involved.

Gift acceptance policies are designed to preempt temptation when questionable gifts are offered, providing guidelines for the ethical acceptance of gifts relevant to one’s organization. The policy should detail how gift acceptance decisions are made and communicated with key stakeholders, including which staff and board members are involved in the decision-making process. Some policies include descriptions of staff procedures and decision-making based on the form of gift, as some types or levels of gifts require additional administrators or board members to be involved in final decisions and implementation.

Fundraisers and administrators should initiate the creation of these policies to ensure that procedures are in place before ethical dilemmas occur. In this way, the policy will best represent the importance of judgment and the nature of ethical dilemmas, rather than being reactionary to real worst-case scenarios encountered by the organization. Professional codes of ethics should provide guidance in the creation of the policy, establishing processes relevant to known areas of ethical concern, such as donations of illegally obtained money. Likewise, the organization should determine absolute principles and values that it will not violate, guiding the policy to enforce gift acceptance practices consistent with its mission, values, and cultural or religious traditions with which it associates. Some organizations have also developed corresponding naming policies, which provide enforceable procedure for the acceptance and implementation of naming gifts, as well as systems through which naming opportunities may be retracted if the donor does not meet their contracted obligations (as described in a donor intent agreement or similar document) or in the case that the donor is convicted of a felony.

Developing Ethics Committees – In order to best navigate ethical dilemmas that arise, some organizations have established formal or informal ethics committees. Within a nonprofit, this committee may function as part of the board of directors, the development committee, or the gift acceptance committee. In some cases, organizations may also



establish ethics committees of staff members, oftentimes including legal counsel and/or administrators, through which staff may report questionable situations. Members of the ethics committee should be prepared for ethical dilemmas, periodically reviewing relevant policies and procedures, as well as monitoring issues, such as tainted money, that arise within the community or among the organization's donors. The committee should establish a process for considering ethical situations, ending with recommendations and decisions made by the full board when necessary. Any decision should be based on open and honest communication with all relevant donors, stakeholders, and members of the public.

## ETHICAL DILEMMAS IN THE FIELD

Over time, fundraising professionals and scholars have noticed several areas in which ethical dilemmas frequently occur. Within these situations, there are oftentimes no absolute wrong or right answers. Fundraisers and nonprofit administrators involved in fundraising decisions should utilize relevant standards and best practices for guidance in determining the most appropriate answer within their particular situation.

Compensation – Within the field, organizations have been caught in the debate over fundraisers' compensation. Due to nonprofits' primary purpose of focusing on mission over profit, many stakeholders and professionals express concern if fundraisers receive remuneration directly related to the amount of money that they raise. While many people believe that salaries based on fundraising results based are appropriate, commission associated with donations leads to concerns that fundraisers will use excessive pressure on donors. In some cases, this may lead fundraisers to encourage inappropriate gifts, ones that do not fit with the organization's mission or would be best utilized within a different program or institution. Although percentage-based commissions are considered unethical based on AFP's Code of Ethical Principles and Standards, some bonus situations are acceptable within the field and merit-based increases are always appropriate. The use of bonuses for fundraisers should relate closely with organization-wide practices and procedures, such as would be the case in a nonprofit that regularly gives performance-based incentives to a certain number of employees per fiscal year. In essence, nonprofits should utilize methods of fair compensation that do not distract fundraisers from building ethical relationships with donors on behalf of the organization.

Donor Relationships and Information – Fundraisers build relationships with donors as representatives of the organizations they serve. Based on this underlying principle, fundraisers collect and record information on donors and prospects as representatives of their nonprofit. As a profession and according to AFP ethical guidelines, fundraisers agree not to share personal information about donors between organizations where they might be employed or volunteer at different times. Likewise, fundraisers should be conscientious regarding donor information that they collect and store, utilizing it only for appropriate fundraising purposes within the organization. Unless donors grant permission, organizations and fundraisers should not share information with third parties or use it

for other purposes (Hogan 2007). Since fundraisers build relationships with donors on behalf of the organization, rather than themselves, they should make determinations regarding ethical behavior considering the appearances of the situation, even if it does not go against a particular organizational policy or ethical code. For example, fundraisers' acceptance of personal gifts, such as tickets to the symphony or sporting events, from donors may undermine the integrity of the donor's relationship with the nonprofit. Although some organizations have developed strict policies for gifts to staff, others maintain that the safest solution comes from declining all personal gifts, reinforcing the importance of donor relationships with the organization over those with individual fundraisers and other staff. In the end, the perception of unethical behavior on the part of the fundraiser can directly impact the organization's reputation within the community and among its stakeholders, potentially damaging its ability to carry out its mission and serve its constituents.

Fundraising Costs – As described in other sections of The Fund Raising School's curriculum, fundraising activity has calculable costs associated with it. Typically, fundraising costs decrease, meaning the organization's return on investment (ROI) increases as donors repeat gifts and gift sizes increase. Fundraisers should be contentious about the costs of fundraising, as these rates vary based on the size and type of organization. Guidelines for reasonable fundraising costs can be found in Chapter 9 (Budgeting for the Fundraising Process) of this text. More information is available at the Center on Philanthropy project on Nonprofit Fundraising and Administrative Costs at [www.coststudy.org](http://www.coststudy.org) (National Center for Charitable Statistics). Each organization must determine for itself the appropriate level of expenditure and its cost-effectiveness ratio, ensuring that it can justify expenses in light of public scrutiny and best practice.

Extreme Donor Requests – Fundraisers have also encountered ethical situations in which donors make "extreme" requests or caveats as part of their gifts. This places fundraisers and organizations in positions in which they must determine if the gift amount and relationship with the donor offset the amount of time, effort, and resources invested by the organization. In some cases, these situations may threaten the organization's ability to focus on its mission and serve its constituents in an appropriate manner. While the Donor Bill of Rights may protect donors, organizations must also guard their interests, relationships, and reputation while remaining focused on their missions.

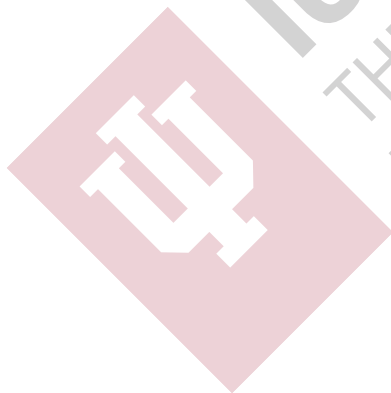
Tainted Money – Many of the recent ethical situations in the nonprofit sector relate to issues of tainted money. In these cases, organizations are put in the position of choosing between risking their integrity and values or carrying out valuable programs with the resources. Tainted money situations can result in an organization's mission being put at risk, as a potential donor offers money from a source that could jeopardize the organization's reputation or goes directly against the express purpose of the organization. In these cases, one may consider if fundraisers should accept gifts differently depending on the time or situation. If a donor were to offer much-needed funding for a program that would otherwise be cut, should the fundraiser and/or administrator accept it? In order to make the best possible decision, one should consider how accepting the donation may lead



to short-term benefits to clients, while potentially damaging the organization's long-term reputation. Alternatively, fundraisers should also consider the impact of declining the gift and the possible ramifications of the organization no longer offering the service to clients. Tainted money illustrates the complexity of making ethical decisions in real-world situations, as fundraisers and administrators must determine the impact of their decision on the organization, stakeholders, and the surrounding community (Tempel 2008). In these situations, fundraising professionals should utilize ethically-informed decision making, including the use of ethics committees and the processes described earlier in this chapter, to best navigate modern ethical challenges.

## CONCLUSION

A US News and World Report article described fundraising as a “dance of deceit,” depicting a less-than-honest relationship between fundraisers and donors (Streisand, 2001). In order to avoid deception, one must continuously implement ethical values and standards, pursue additional knowledge and training, and educate colleagues and members of the public about the ideas and purposes that motivate philanthropy. Fundraisers should be constantly diligent and transparent, acting ethically to serve the public good and best represent their organizational mission. As professionals in a world that misunderstands the role of fundraisers and philanthropy, fundraisers should work to develop public understanding and trust by expanding their technical proficiency to include ethics as a means to better communicate and develop relationships between donors and organizations.



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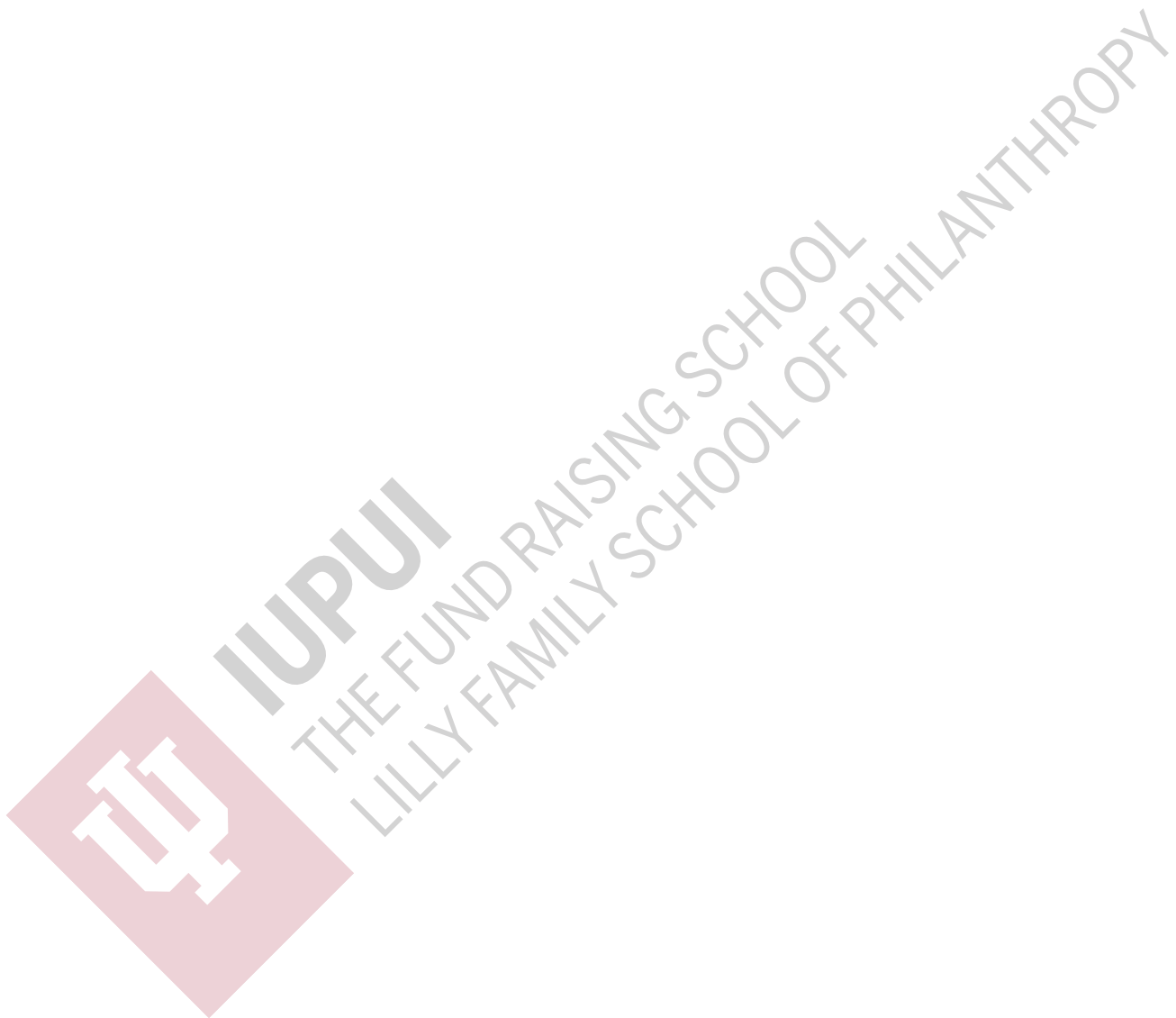
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## Goals of The Fund Raising School

- To understand the process of fundraising as a multidimensional discipline.
- To understand that fundraising is a management process and function.
- To provide tools and techniques for effective fundraising.
- To substitute pride for apology in asking for philanthropic gifts.

**IUPUI**THE FUND RAISING SCHOOL  
LILLY FAMILY SCHOOL OF PHILANTHROPY

## Course Objectives

As a result of this course, the learner will:

- Understand that fundraising is a process and a multidimensional discipline.
- Be able to make a case to appropriate donor markets by using carefully matched strategies for solicitation.
- Be a responsible and ethical planner and manager of the development program.

**IUPUI**THE FUND RAISING SCHOOL  
LILLY FAMILY SCHOOL OF PHILANTHROPY

As a result of this course, the learner will:

- Have the tools and techniques for carrying out solicitations to appropriate markets.
- Know how to work with volunteers and boards and build a team.
- Become a professional who is proud to be a fundraiser.



## A Donor Bill of Rights

Philanthropy is based on voluntary action for the common good. It is a tradition of giving and sharing that is primary to the quality of life. To assure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the not-for-profit organizations and causes they are asked to support, we declare that all donors have these rights:

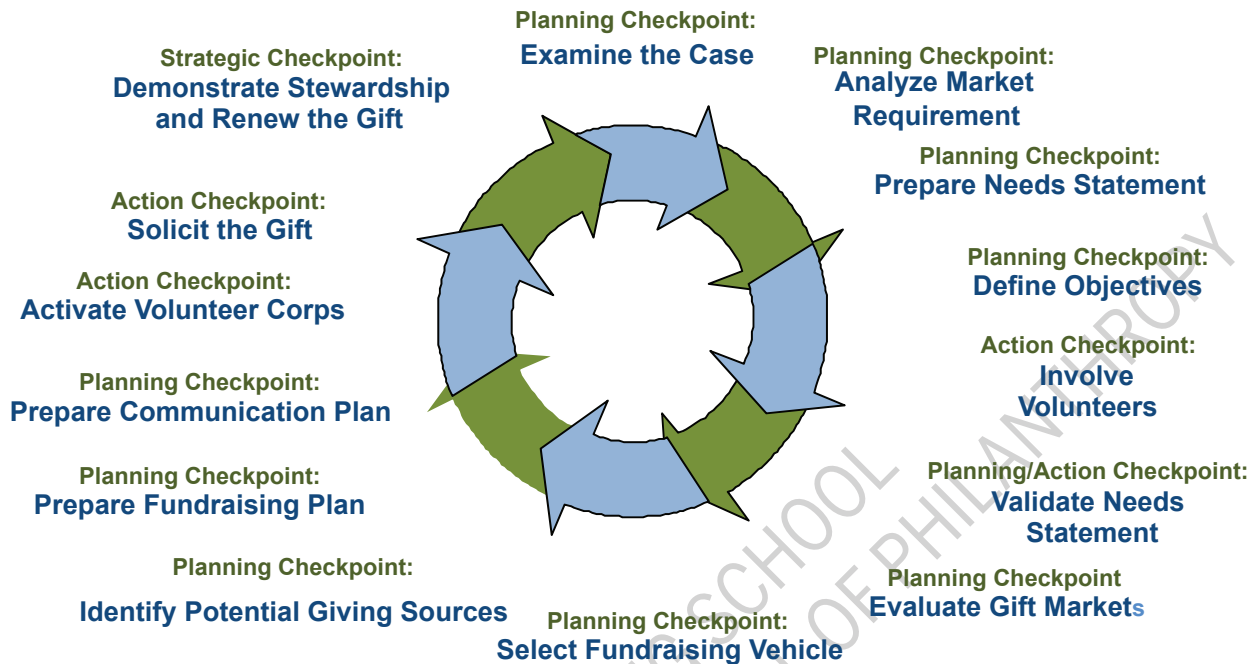
- To be informed of the organization's mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.
- To be informed of the identity of those serving on the organization's governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities.
- To have access to the organization's most recent financial statements.
- To be assured their gifts will be used for the purposes for which they were given.
- To receive appropriate acknowledgment and recognition.
- To be assured that information about their donations is handled with respect and with confidentiality to the extent provided by law.
- To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.
- To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.
- To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.
- To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.

DEVELOPED BY: American Association of Fundraising Counsel (AAFRC), Association for Healthcare Philanthropy (AAHP), Council for Advancement and Support of Education (CASE), Association of Fundraising Professionals (AFP).  
INITIAL ENDORSERS: Independent Sector, National Catholic Development Conference (NCDC), National Committee on Planned Giving (NCPG), National Council for Resource Development (NCRD), United Way of America.



# The Fundraising Cycle

## Awareness of Marketing Principles

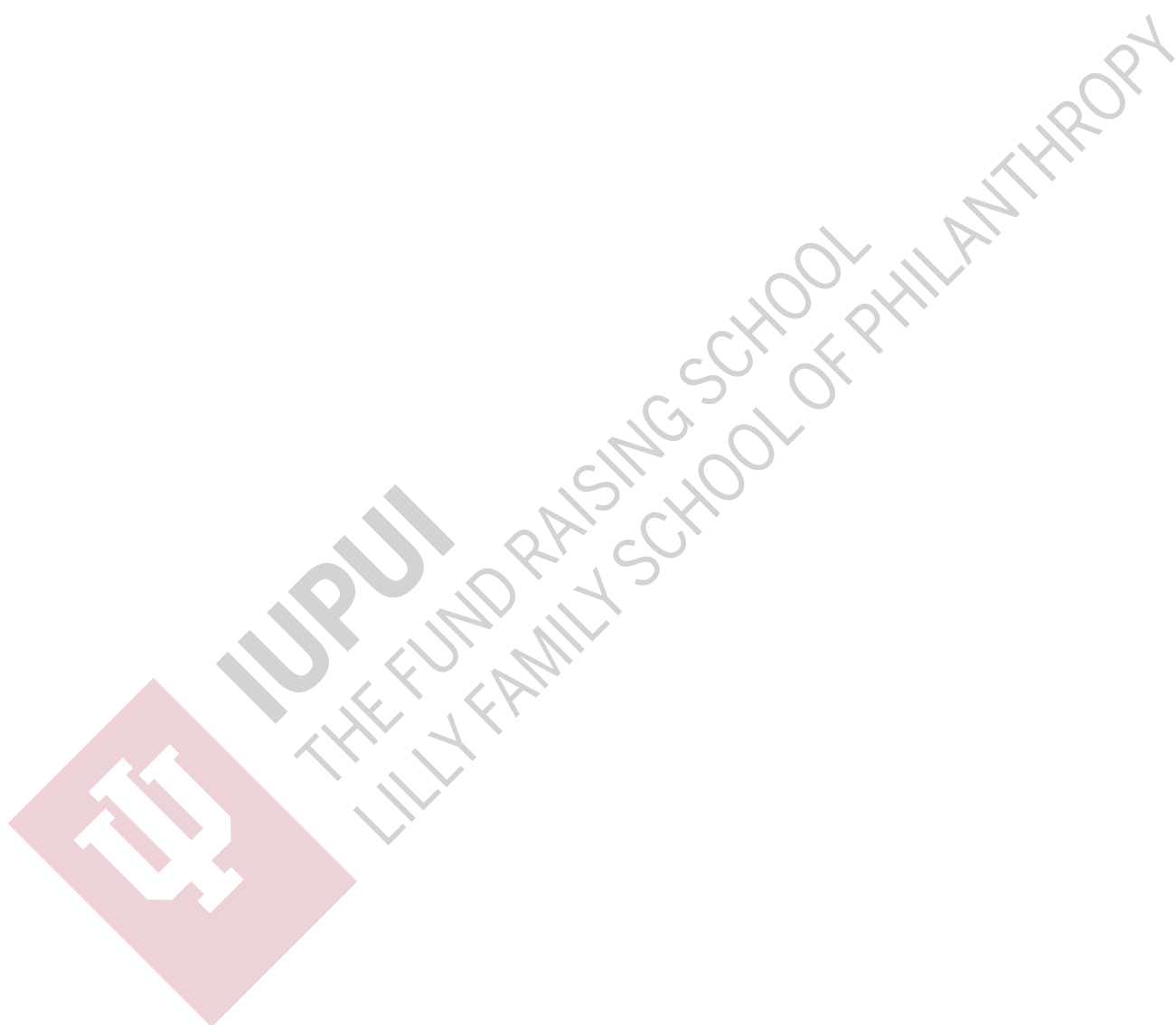


Source: Adapted from Tempel, Seiler, & Aldrich, eds., *Achieving Excellence in Fund Raising*, 3<sup>rd</sup> edition, p. 11. Copyright © 2010 Jossey-Bass Inc., Publishers. Reprinted by permission of Jossey-Bass Inc., a subsidiary of John Wiley & Sons, Inc.



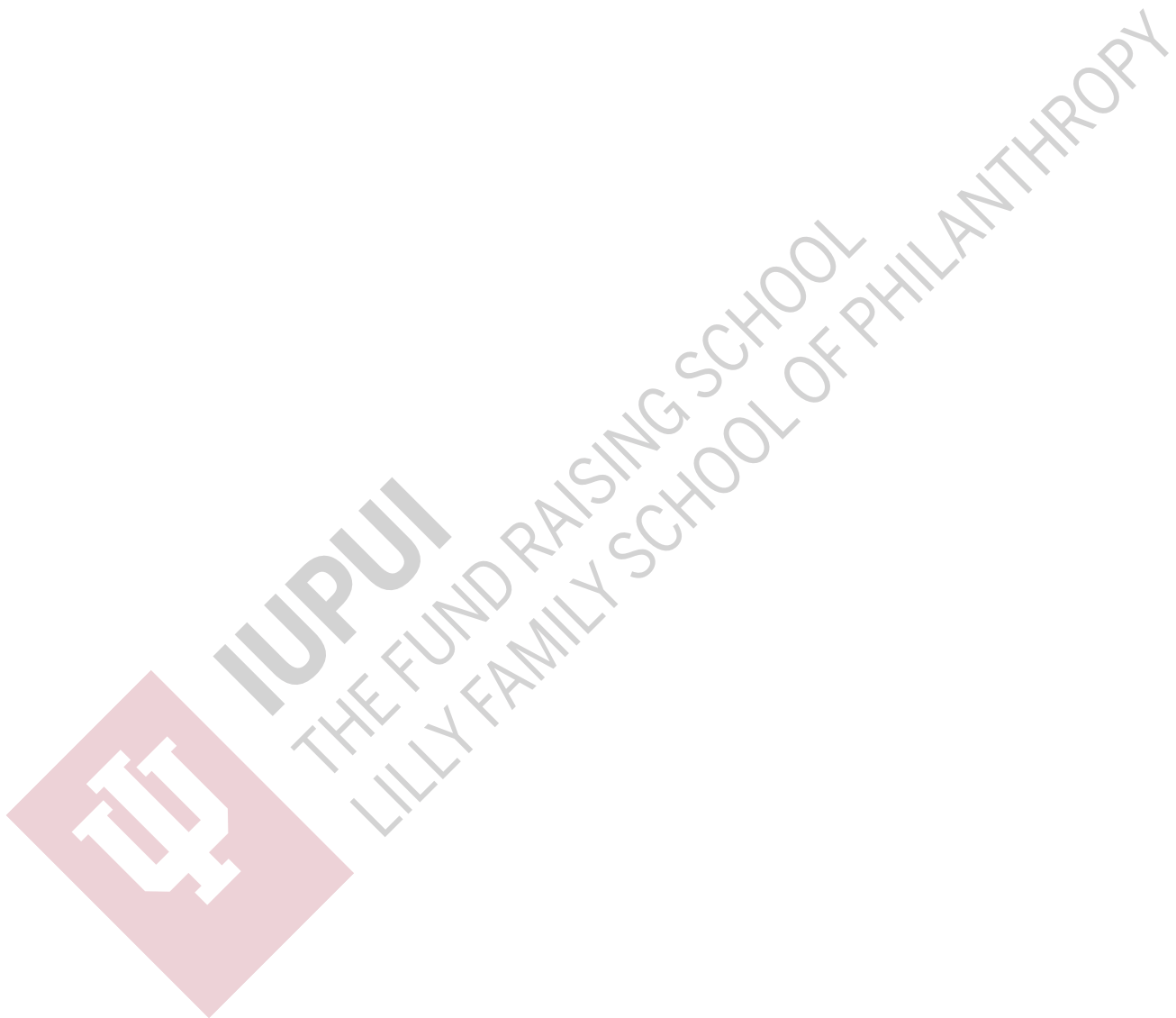
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## SECTION II: INSTITUTIONAL READINESS



## Fundraising is the *Exchange of Values*

**NPO**



**Donors**

NPO Receives from  
Donors



In Exchange, Donors Receive  
from NPO

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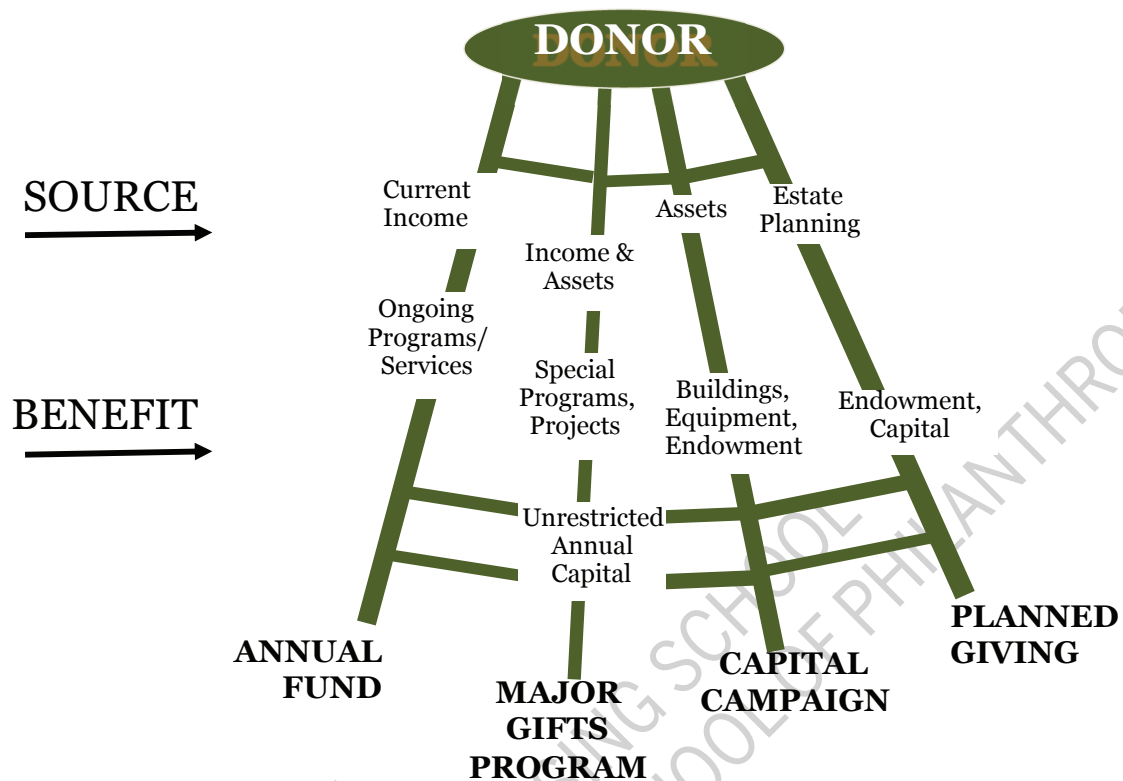
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## 4-Legged Stool of Fundraising



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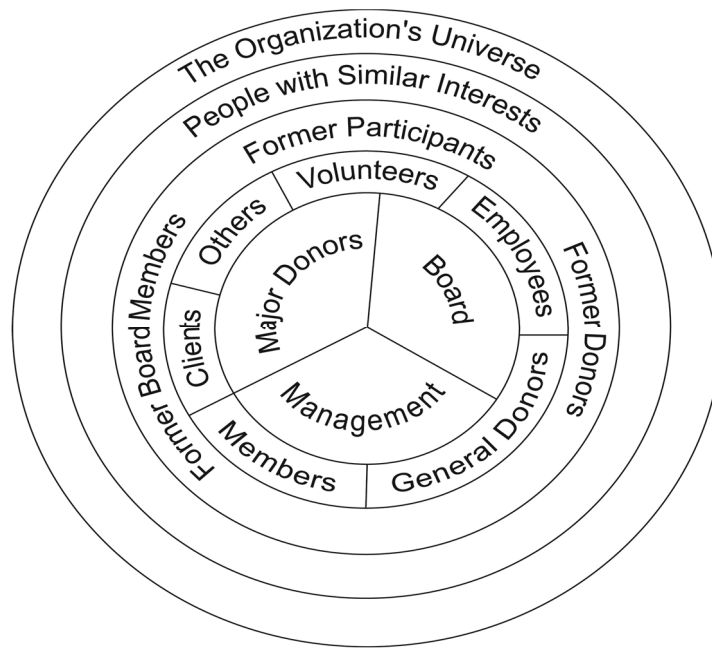
## Summary of Components of Fundraising

- Case
- Needs
- Goals
- Prospects
- Leadership/volunteers
- Public relations
- Time and timing
- Staff
- Budget

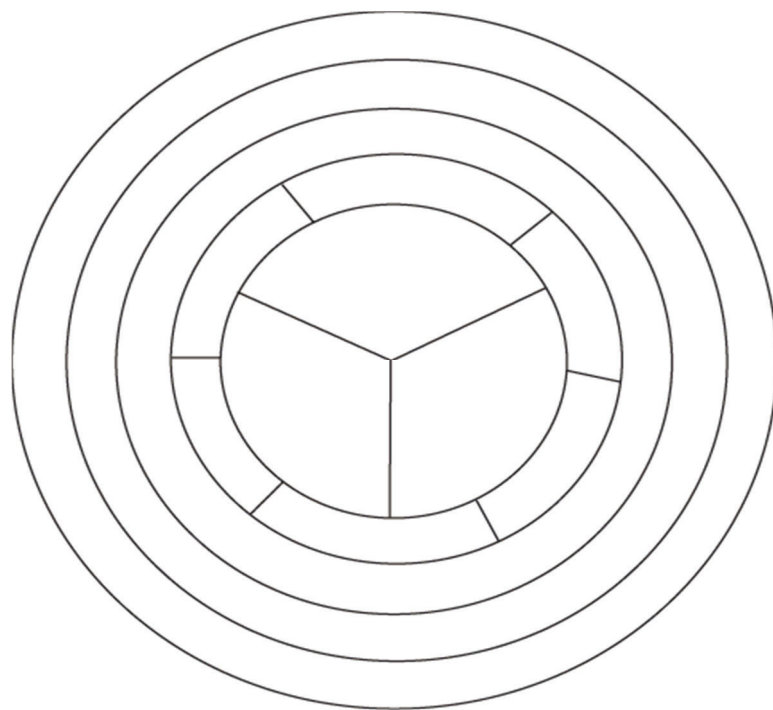
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## Constituency Model

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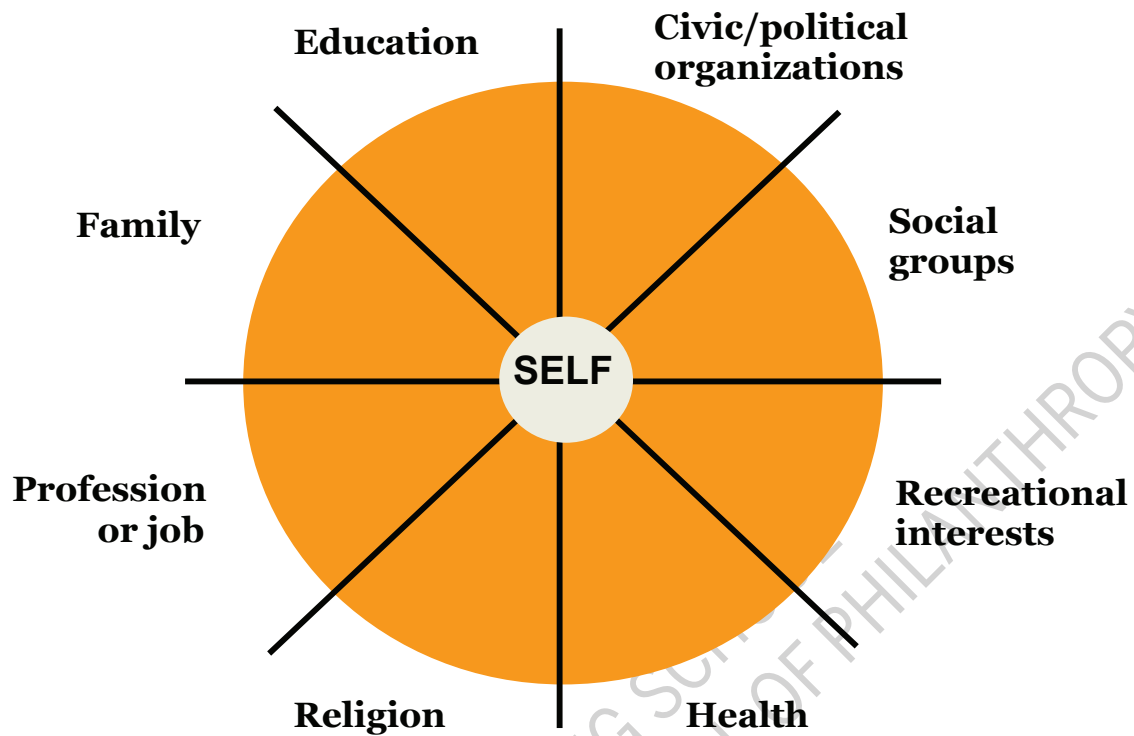
## Constituency Model



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## Wheel of Roles & Responsibilities

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## Examining and Developing a Mission Statement

- State the most powerful philosophical or social values which govern your work. (Fill in the blank: “We believe that . . .”)
- Summarize the obstacles standing in the way of realizing these values. (“What is the problem we are solving, or the need we are meeting?”)



## Examining and Developing a Mission Statement

- Outline what needs to be done—the solutions to overcome the obstacles. (Ask yourself, “What results do we want to achieve?”)
- Affirm that your organization exists to help realize these values and carry out the solution. (Ask yourself, “What is our organizational commitment to carrying out the activities in order to accomplish all of the above?”)

---

## Case: Preparation

- Mission—Why do we exist?
  - Philosophical
  - Human/societal need
  - Value and values
- Goals—What do we want to achieve?
- Objectives—How will we achieve the goals?
- Programs and services—Which methods will we use?

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## Case: Preparation

- Governance
- Staffing
- Facilities or mechanics of service delivery
- Finances—narrative, numerical, graphic
  - Total expense and income
  - Philanthropic support required
- Strategic planning and program evaluation
- History

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## Case Components

### *Case Components*

- Mission
- Goals
- Objectives
- Programs
- Governing Board
- Staffing
- Facilities, Equipment
- Finances
- Planning, Evaluation
- History

### *Must Articulate*

Awareness, Insight to Problem  
 Desired Achievement  
 What's in Place  
 Service to People (Stories)  
 Character, Quality of Organization  
 Qualifications, Strengths  
 Advantages, Strengths, Effectiveness  
 Validate Need for Philanthropy  
 Documents, Commitments, Strengths, Impact  
 Heroic Saga, Credibility



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## Internal Uses of Case

- Establish agreement inside organization
- Help enlist leadership
- Provide information backdrop for developing fundraising materials
- Create basis for institutional evaluation, priority-setting, and decision-making

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## Examples of Case Expressions

- Brochures
- Foundation proposals
- Appeal letters
- Campaign prospectus
- News releases
- Newsletter articles
- Web site
- Speeches to community organizations
- Face-to-face conversations for cultivation and solicitation

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## Writing Case Expressions

### *Sequence*

- Attention
- Interest
- Confidence
- Conviction
- Desire
- Action

### *Qualities*

- Relevance
- Proximity
- Sense of the future
- Immediacy
- Excitement
- Importance

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## **ADDENDUM: SAMPLE MISSION STATEMENTS**

### **A Museum**

The mission of [Name of organization] is to collect, preserve, study, exhibit, and stimulate appreciation for and advance knowledge of works of art that collectively represent the broadest spectrum of human achievement at the highest level of quality, all in the service of the public and in accordance with the highest professional standards.

### **A Domestic Abuse Program**

[Name of organization] provides emergency housing for all women and children suffering from any form of domestic abuse. We build stable and independent lives through essential programs offered in a supportive and Christ-centered environment.

### **An Arts Organization**

Since 1998, [Name of Organization] takes pride in supporting the development of young artists and those artists whose dreams have yet to come to fruition. [ORG] provides an affordable venue for the development of new works. [ORG] is the only venue of its kind in Marin, networking with playwrights, choreographers, filmmakers, composers, singers, dancers, poets and more, to offer a place in which one can experiment and produce new works. [ORG] seasoned artists' concert series and performances help to inspire young artists in residence.

### **Center Serving the Disabled**

Our mission is to build better futures for children and adults facing life's greatest developmental and behavioral challenges.

### **A Medical School**

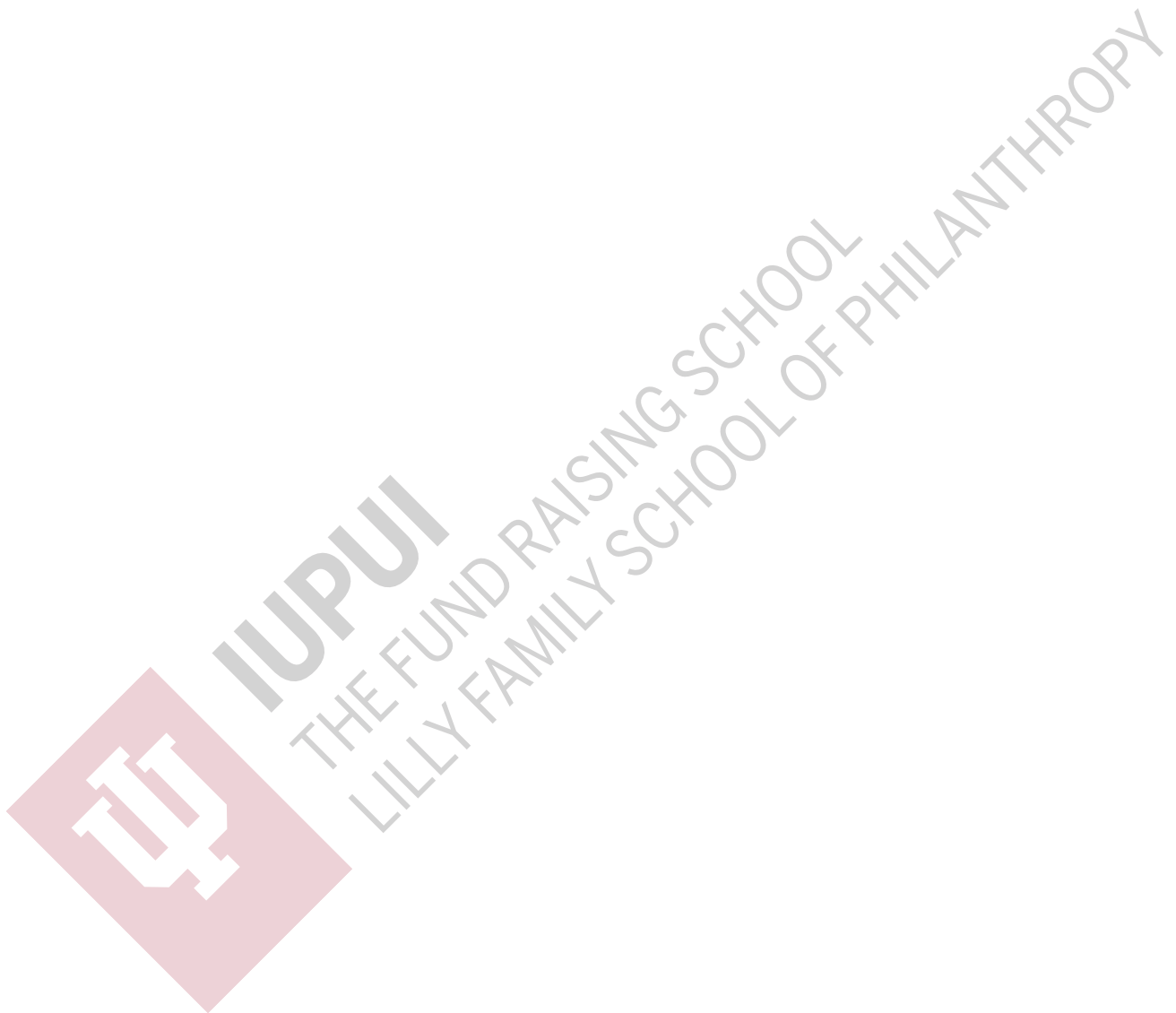
[Name of organization] is a Catholic medical institution built on the inspired vision and values of our Franciscan heritage, and dedicated to preparing osteopathic physicians who are committed to the complete healing of individuals' bodies, minds, and spirits. This institution is committed to serving the people of [State] and to developing osteopathic physicians through research, service, and teaching.

### **A Theatre Company**

Live theatre connects us to meaningful issues in our lives and has the power to shape the human experience. The mission of the [Name of Organization] is to produce top-quality, professional theatre and related activities, providing experiences that will engage, surprise, challenge and entertain people throughout their lifetimes, helping us build a vital and vibrant community.

### **Community Leadership Organization**

The mission of [Name of Organization] is to seek, prepare, involve and sustain leaders from diverse backgrounds to address community and countywide changes.



## CASE PREPARATION EXERCISE

**Objective:** To outline the basic content of your case resource file and to make note of documents and data to be added “back home;” to identify the staff and volunteers who must/should be involved in development, validation, and approval of the case statement.

**Mission/Purpose:** Philosophical expression of the societal/human problems/needs that your organization addresses. Answers the question, “Why does your organization exist?”

To do “back home”:

Documents/data to be reviewed/added	Staff/volunteers to involve	Approval/validation process

**Goals:** General statements of ways in which your organization addresses the societal/ human needs expressed in the mission statement. Tells people what your organization is doing.

To do “back home”:

Documents/data to be reviewed/added	Staff/volunteers to involvetab	Approval/validation process



**Objectives:** Specific statements, revised at least once a year, explaining how your organization is going to meet the goals as stated. Statements of objectives articulate your programs in brief form and are measurable. Tells people how your organization will achieve its goals.

To do “back home”:

Documents/data to be reviewed/added	Staff/volunteers to involve	Approval/validation process

**Programs and Services:** Concrete descriptions of services now provided by your organization, written in “people” terms.

To do “back home”:

Documents/data to be reviewed/added	Staff/volunteers to involve	Approval/validation process

**Finances:** Narrative description of the financial structure of your organization that details the basic sources of support/income (fees for service, contracts, project grants, unrestricted gift income) and expense (staff, facilities, special projects, ongoing programs). Include visuals (pie charts, graphs) as well as financial statements with the narrative.

To do “back home”:

Documents/data to be reviewed/added	Staff/volunteers to involve	Approval/validation process

**PROGRAM BUDGET WORKSHEET**  
(sample)

<b>Programs</b>					
<b>Budget/Needs</b>					
<b>Personnel</b>					
<b>Facilities</b>					
<b>Office Operations</b>					

**Governance:** Description of legal governing body, including election/selection process, terms, committees, etc. Description of any special groups that advise the governing board.

To do “back home”:

Documents/data to be reviewed/added	Staff/volunteers to involve	Approval/validation process

**Staff (paid and volunteer):** Description of overall staffing design and allocation, including number of paid staff and volunteers, and short descriptions of key positions responsible for management and delivery of services/programs.

To do “back home”:

Documents/data to be reviewed/added	Staff/volunteers to involve	Approval/validation process

**Facilities and/or Mechanics of Delivery of Service:** Brief description of the physical settings in which your organization conducts its programs/services.

To do “back home”:

Documents/data to be reviewed/added	Staff/volunteers to involve	Approval/validation process



**Organizational Planning, Development, and Evaluation:** Description of the process by which you evaluate, validate/revalidate your organization as a whole and specific programs and services.

To do “back home”:

Documents/data to be reviewed/added	Staff/volunteers to involve	Approval/validation process

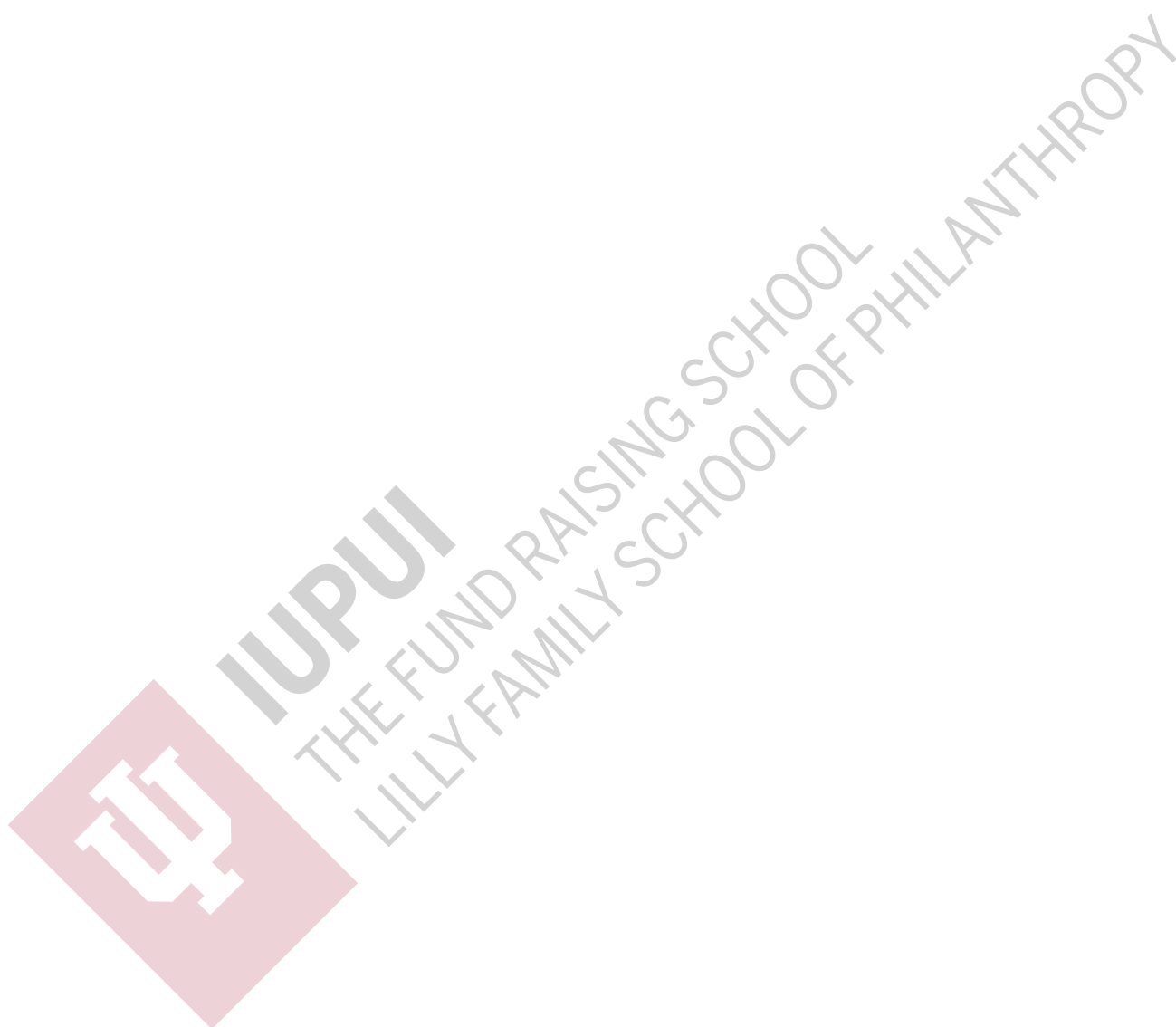
**History of Founding and Growth:** Brief description written in “people” and service terms with necessary but minimum amount of dates and other “dry” information.

To do “back home”:

Documents/data to be reviewed/added	Staff/volunteers to involve	Approval/validation process

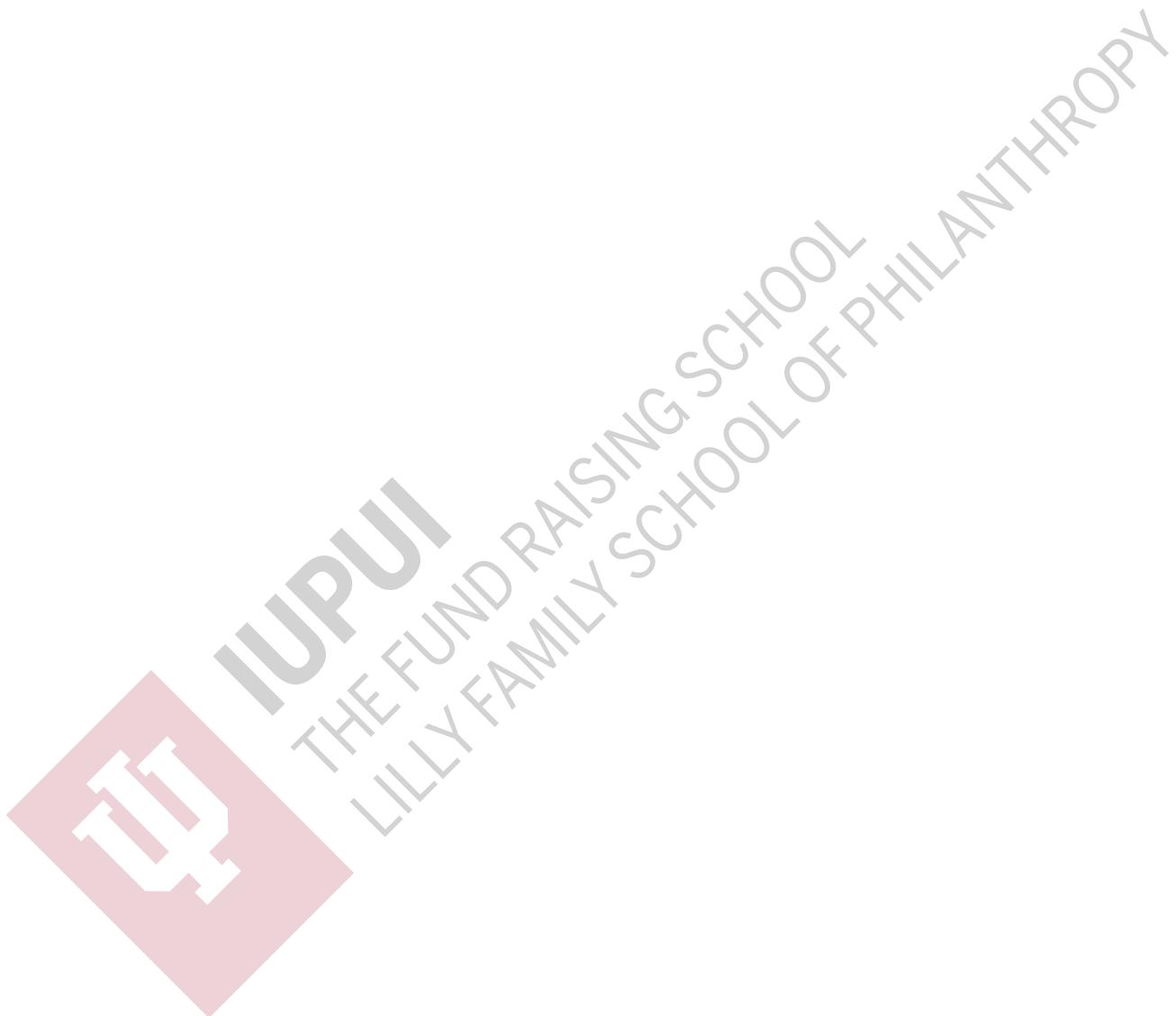
## ADDITIONAL ITEMS FOR CASE RESOURCE FILE

Item	Have	Need	Who to develop/find	Date/completion
1. Current board list with community/business affiliations				
2. Advisory group list(s) with community/business relationships				
3. Financial statement/ balance sheet for most recently completed FY				
4. Current year operating budget				
5. Biographical sketches of key volunteers/staff				
6. Letters of endorsement and recognition of service				
7. Statistical data which quantify mission/goals/ objectives of organization				
8. Selected reprint of articles about organization/mission				
9. Tax-exempt letters				
10. List of major donors with/ without gift amounts				



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## SECTION III: MANAGEMENT



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## Management Functions

- Analysis
- Planning
- Execution
- Control
- Evaluation
- Professional stance/ethical behavior

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## ADDENDUM: MANAGEMENT MATRIX

The Management Matrix is designed for you to apply standard management practices and activities to your fundraising program. The vertical column lists the resources that must be managed. Only the basic items are listed; we expect you to add many of your own as subheadings.

In order to complete this matrix, consider how each aspect or function of your fundraising program needs to be analyzed to determine what must be planned for ultimate implementation (execution), how the function will be monitored (control) and ultimately evaluated for effectiveness and revision for the future. You should also determine how professional strengths, characteristics, and knowledge will support the other management functions.

As an example, the “case” component is developed for you. Please continue to fill this out so that it meets your organization needs. This tool goes hand-in-hand with planning for fundraising, from which plans such as for your annual fund will be developed. It is also a good tool to use with *Application of Principles Part II, Resources Inventory*, which will be addressed later in this course.

You will notice that much of this grid consists of what is on the Cube. You are fulfilling the Management side of the cube and beginning to bring together the Dynamic Functions listed on your cube. Other tools you are developing in this course will also fulfill the dynamic functions aspects of fundraising.





## MANAGEMENT MATRIX

What Must Be Managed	Analysis	Planning	Execution	Control	Evaluation	Professional Stance
<i>Institutional Readiness</i>						
Case	Do we have a mission statement that is appropriate for our times? Is information for each of the case components on hand? What materials do we use to express our case? Who has been involved in developing our internal and external case statements?	We need to rewrite our mission statement and get board input. We lack financial information that should be included in our case expressions. We are too dependent on brochures and need to develop other media. Our board and volunteers need more opportunities for input.	Revise mission statement. Work with CFO to get complete financial info relevant to fundraising. Develop a video and issue an annual report. Use the development committee members to review our case expressions.	Check on progress of work by using the timeline in the fundraising plan. Hold weekly staff meetings and review assignments. Meet with development committee and report on progress on a monthly basis.	Convene a focus group to determine appropriateness and effectiveness of materials. Request that board review the mission statement and evaluate its appropriateness and effectiveness. Check with CFO to make sure we've stayed on budget.	Be ethical and accurate in case expression materials. Develop expertise in communications, especially in expertise areas that staff lack.
Communication						
Constituents						
Stewardship						

What Must Be Managed	Analysis	Planning	Execution	Control	Evaluation	Professional Stance
<b>Human Resources</b>						
Staff						
Boards						
Committees						
Campaign Leadership						
Volunteers						
<b>Markets</b>						
Individuals						

What Must Be Managed	Analysis	Planning	Execution	Control	Evaluation	Professional Stance
Corporations						
Foundations						
Government						
Coordinating Agencies						
Associations						
<b>Vehicles</b>						
Annual Fund						
Capital Campaign						

What Must Be Managed	Analysis	Planning	Execution	Control	Evaluation	Professional Stance
Major Gifts						
Endowment						
Planned Giving						
<b>Strategies</b>						
Direct Mail						
Internet						
Phone Solicitation						
Personal Solicitation						

What Must Be Managed	Analysis	Planning	Execution	Control	Evaluation	Professional Stance
Proposals						
Events						
Other						

## Fundraising is . . .

The **right** person asking  
the **right** prospective donor  
for the **right** gift  
for the **right** program  
at the **right** time  
in the **right** way.

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## Planning Sequence for Fundraising

- Gather facts.
- Determine and validate needs.
- Consider / evaluate markets.
- Consider vehicles.
- List and evaluate resources.
- Select appropriate vehicles.
- Determine goals.
- Prepare plan.
- Install and use control mechanisms.

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## Sample Plan Components

- Mission Statement / Case Statement (case expression)
- Internal and external assessment positive and negative factors.
- Goals and objectives for each program.
- Program descriptions.
- Time line and assignments.
- Budget and gift range chart.

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## Benefits of Planning

- Improve performance.
- Stimulate forward thinking.
- Clarify future direction.
- Solve major organizational problems.
- Survive—even flourish—with less.
- Build teamwork and expertise.
- Influence rather than be influenced.
- Meet others' requirements.

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## Limitations of Planning

- Costs can outweigh benefits.
- When “life-threatening” problems should be addressed first.
- When implementation is unlikely.
- When poor plans are likely and intuition might be better.

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# Budget Types

- Line Item Budget
- Program Budget

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# Sample Line Item Budget

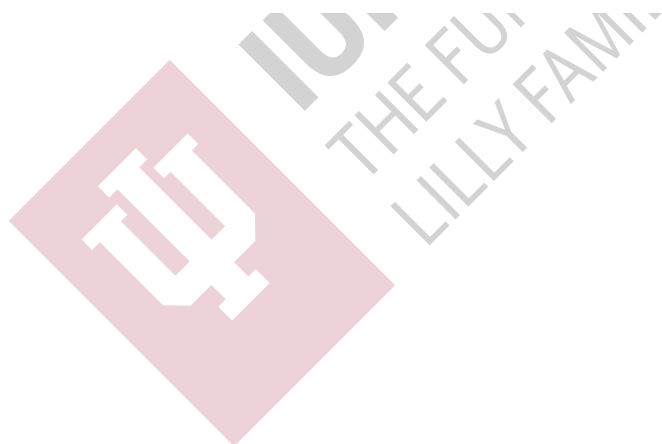
Line	Revenue	Program or Project
1	Grants	46,000
2	Contracts	38,000
3	United Way	0
4	Corporate contributions	17,200
5	Membership	0
6	Individuals	14,800
7	Fees for services	18,400
8	Fundraisers, events, sales	14,000
9	Endowment	0
10	Interest income	0
11	Miscellaneous	2,692
12	<b>Total</b>	<b>\$151,092</b>
13	<b>In-kind</b>	<b>\$28,200</b>
14	<b>Total Revenue</b>	<b>\$179,292</b>

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[www.nonprofitworks.com](http://www.nonprofitworks.com)

Line	Expenses	Program or Project
15	Staff salaries and wages	77,000
16	Fringe benefits	17,500
17	Occupancy and utilities	8,400
18	Equipment	6,000
19	Supplies and materials	8,600
20	Printing and copying	3,500
21	Telecommunications	2,700
22	Travel and meetings	2,200
23	Marketing and advertising	3,600
24	Staff and volunteer training	3,800
25	Contract services	5,500
26	Miscellaneous	1,100
27	<b>Subtotal</b>	<b>\$139,900</b>
28	General operating (indirect) - 8%	11,192
29	<b>Total</b>	<b>\$151,092</b>
30	<b>In-kind</b>	
31	Travel (County Youth Bureau)	11,800
32	Trainers (160 hours x \$60/hour)	9,600
33	Classroom supplies (Staples)	6,800
34	<b>Total In-kind</b>	<b>\$28,200</b>
35	<b>Total Expenses</b>	<b>\$179,292</b>
36	<b>Revenue over Expenses</b>	<b>\$0</b>


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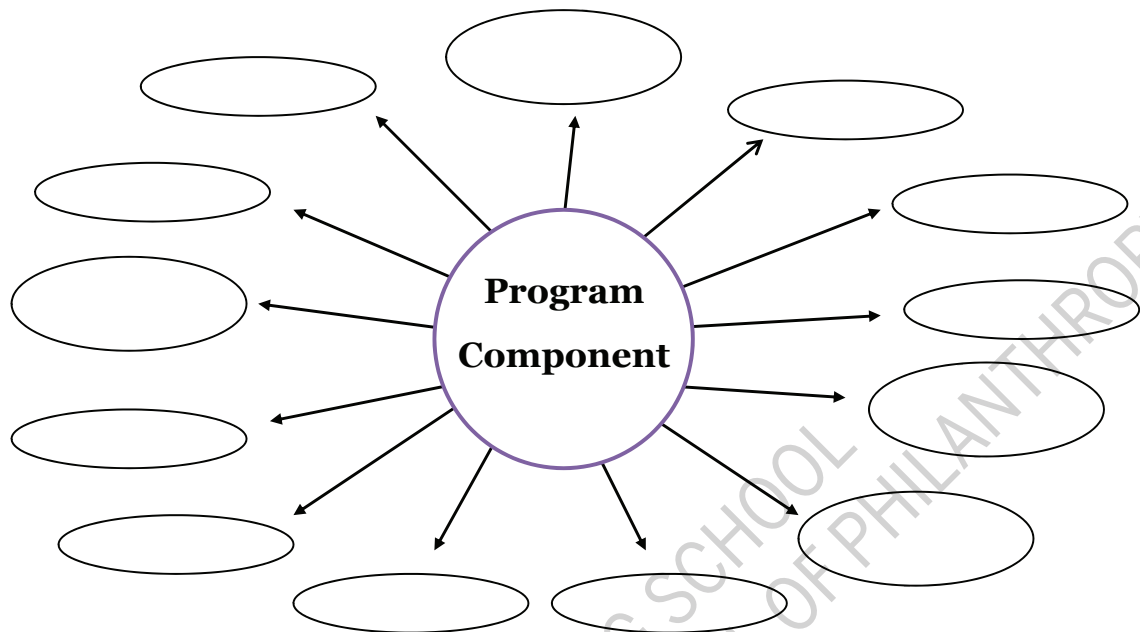
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## Sample Program Budget

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## Possible Fundraising Budget Considerations for One Program Component:



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# Budget Review

- Zero-based budgeting
- Incremental budgeting

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## ***ADDENDUM: GIFT REPORT ON SOURCES OF GIFTS RECEIVED***

<b><u>Sources of Gifts</u></b>	<b><u>Number of Gifts</u></b>	<b><u>Gift Income</u></b>	<b><u>Average Gift Size</u></b>
Trustees/Directors	15	\$25,500	\$1,700
Professional Staff	21	3,025	144
Employees	65	3,675	57
New Donors (acquisition)	285	8,030	28
Prior Donors (renewal)	282	18,010	64
Corporations	17	8,500	500
Foundations	12	38,800	3,233
Associations/Societies	6	2,850	475
Bequests Received	3	31,500	10,500
Unsolicited Gifts	42	2,950	70
Other Gifts Received	12	21,500	1,792
<b>Grand Total</b>	<b>760</b>	<b>\$164,340</b>	<b>\$216</b>

James M. Greenfield, *Fundraising Cost Effectiveness: A Self-Assessment Workbook*.  
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## ***ADDENDUM: GIFT REPORT OF SOLICITATION ACTIVITIES AND RESULTS (BY PROGRAM)***

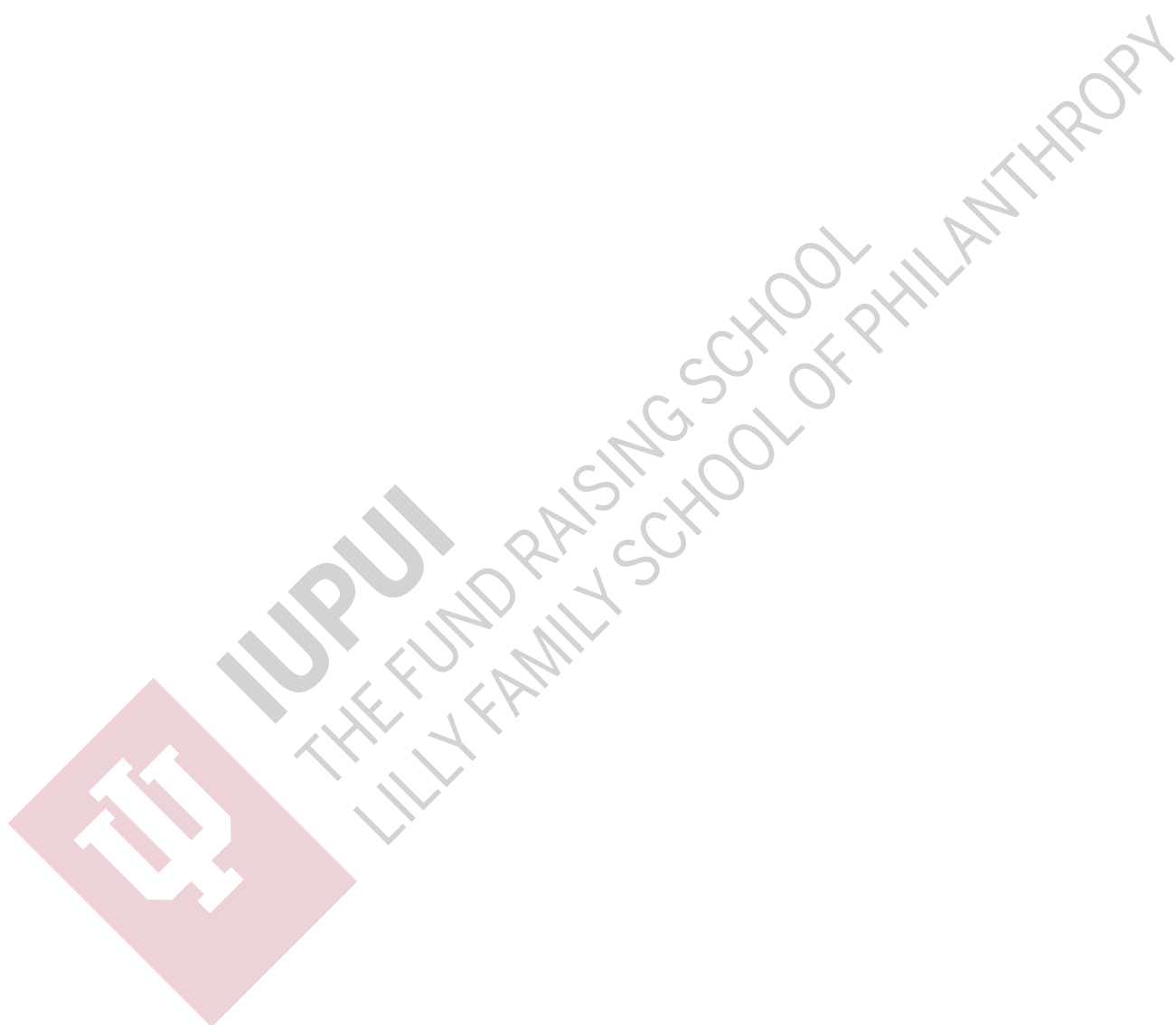
<b><u>Solicitation Activities</u></b>	<b><u>Number of Gifts</u></b>	<b><u>Gift Income</u></b>	<b><u>Average Gift Size</u></b>
<b>A. Annual Giving Programs</b>			
Direct mail (acquisition)	285	\$8,030	\$28
Direct mail (renewal)	282	18,010	64
Membership dues	0	0	0
Donor clubs	0	0	0
Support groups	0	0	0
Telephone gifts	0	0	0
Benefit events	2	12,850	6,425
Volunteer-led solicitations	65	3,675	57
Unsolicited gifts	42	2,950	70
Other gifts received	16	21,500	1,344
Subtotal	692	\$67,015	\$97
<b>B. Major Giving Programs</b>			
Corporations	17	\$8,500	\$500
Foundations	12	28,800	2,400
Individuals	36	28,525	792
Special projects	0	0	0
Capital campaigns	0	0	0
Bequests received	3	31,500	10,500
Subtotal	68	\$97,325	\$1,431
<b>Grand Total</b>	<b>760</b>	<b>\$164,340</b>	<b>\$216</b>

James M. Greenfield, *Fundraising Cost Effectiveness: A Self-Assessment Workbook*.  
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## ***ADDENDUM: GIFT REPORT OF SOLICITATION ACTIVITIES WITH GIFT INCOME MEASURED AGAINST APPROVED BUDGET AND ACTUAL EXPENSES (BY PROGRAM)***

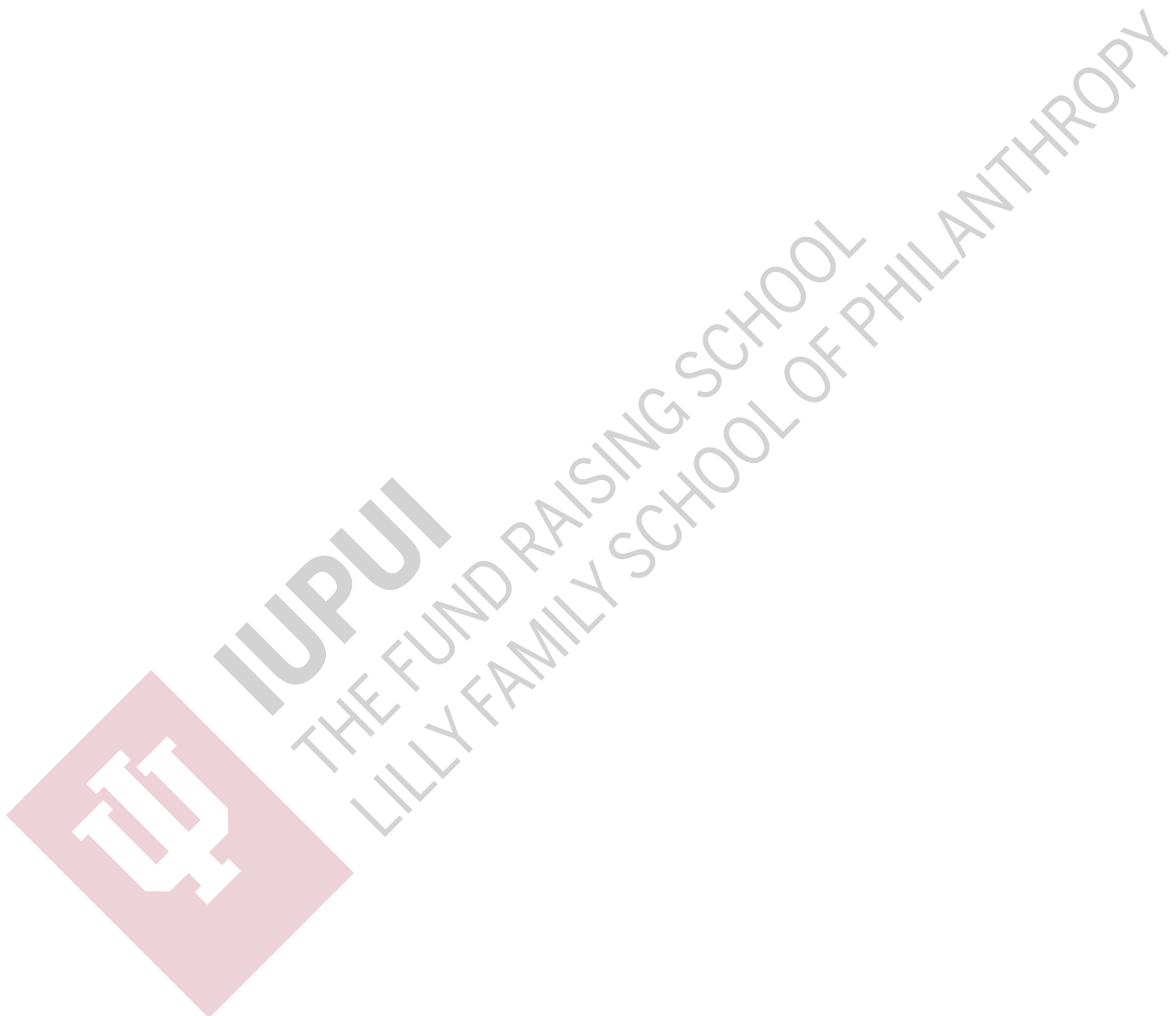
<b><u>Activities</u></b>	<b><u>Gift Income</u></b>	<b><u>Approved Budget</u></b>	<b><u>Actual Expenses</u></b>	<b><u>Cost per \$ Raised</u></b>
<b>A. Annual Giving Programs</b>				
Direct mail (acquisition)	\$8,030	\$10,500	\$9,855	\$1.23
Direct mail (renewal)	18,010	3,750	3,890	0.22
Membership dues	0	0	0	0
Donor clubs	0	0	0	0
Support groups	0	0	0	0
Telephone gifts	0	0	0	0
Benefit events	2,850	1,800	1,350	0.47
Volunteer-led solicitations	3,675	500	485	0.13
Unsolicited gifts	2,950	0	0	0
Other gifts received	21,500	0	0	0
Subtotal	\$57,015	\$16,550	\$15,580	\$0.27
<b>B. Major Giving Programs</b>				
Corporations	\$8,500	\$2,215	\$1,825	\$0.21
Foundations	38,800	3,525	3,555	0.09
Individuals	28,525	3,210	3,250	0.11
Special projects	0	0	0	0
Capital campaigns	0	0	0	0
Bequests received	31,500	500	550	0.02
Subtotal	\$107,325	\$9,450	\$9,180	\$0.09
<b>Grand Total</b>	<b>\$164,340</b>	<b>\$26,000</b>	<b>\$24,760</b>	<b>\$0.15</b>

James M. Greenfield, *Fundraising Cost Effectiveness: A Self-Assessment Workbook*.  
Reprinted by permission of John Wiley & Sons, Inc., 1996, revised, 11/20/08.

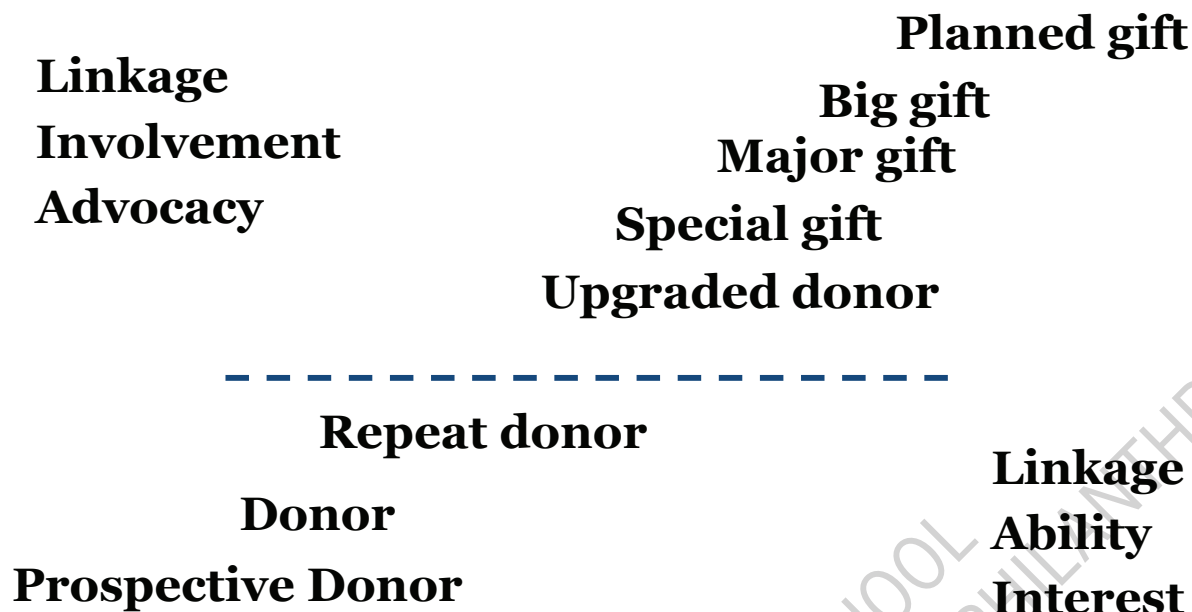


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## SECTION IV: VEHICLES



## The Development Process

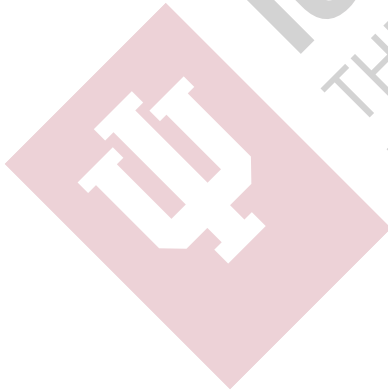


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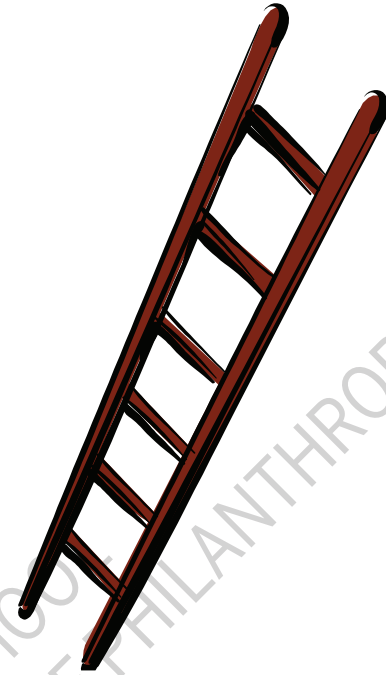
## Ladder of Effectiveness

- Personal: face to face
  - Team of two
  - One person
- Personal letter (on personal stationery)
  - With telephone follow-up
  - Without telephone follow-up
- Personal telephone
  - With letter follow-up
  - Without letter follow-up

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## Ladder of Effectiveness

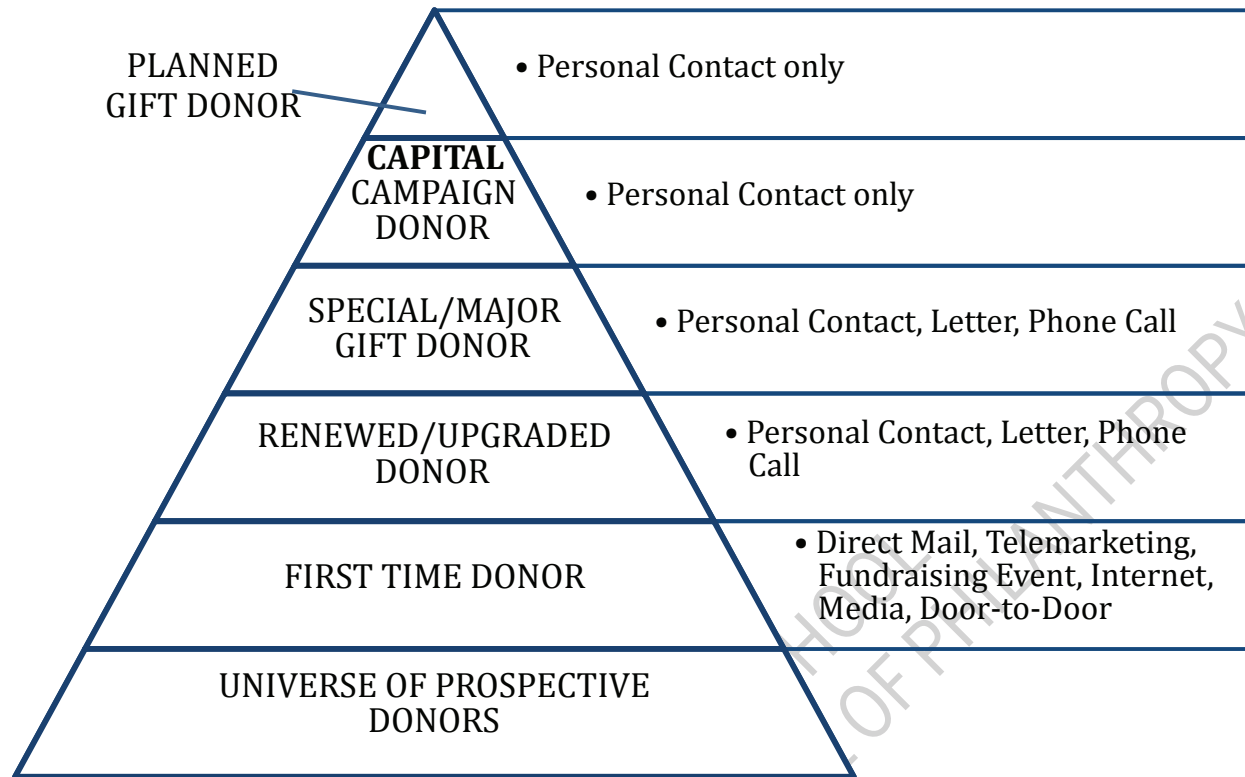
- Personalized letter/email
- Telephone solicitation/phonathon
- Impersonal letter/direct mail/email
- Impersonal telephone/telemarketing
- Fundraising benefit/special event
- Door-to-door
- Media: traditional and social



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## DONOR PYRAMID FUNDRAISING STRATEGIES


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# Fundraising Matrix

## Vehicles and Markets

Vehicles /Strategies	Markets	Individuals	Foundations	Corporations	Associations & Churches	Govern- ment
Annual fund Direct Mail Special Events Telephone/Phonathon E-fundraising						
Capital Campaign						
Major Gifts						
Planned Giving						

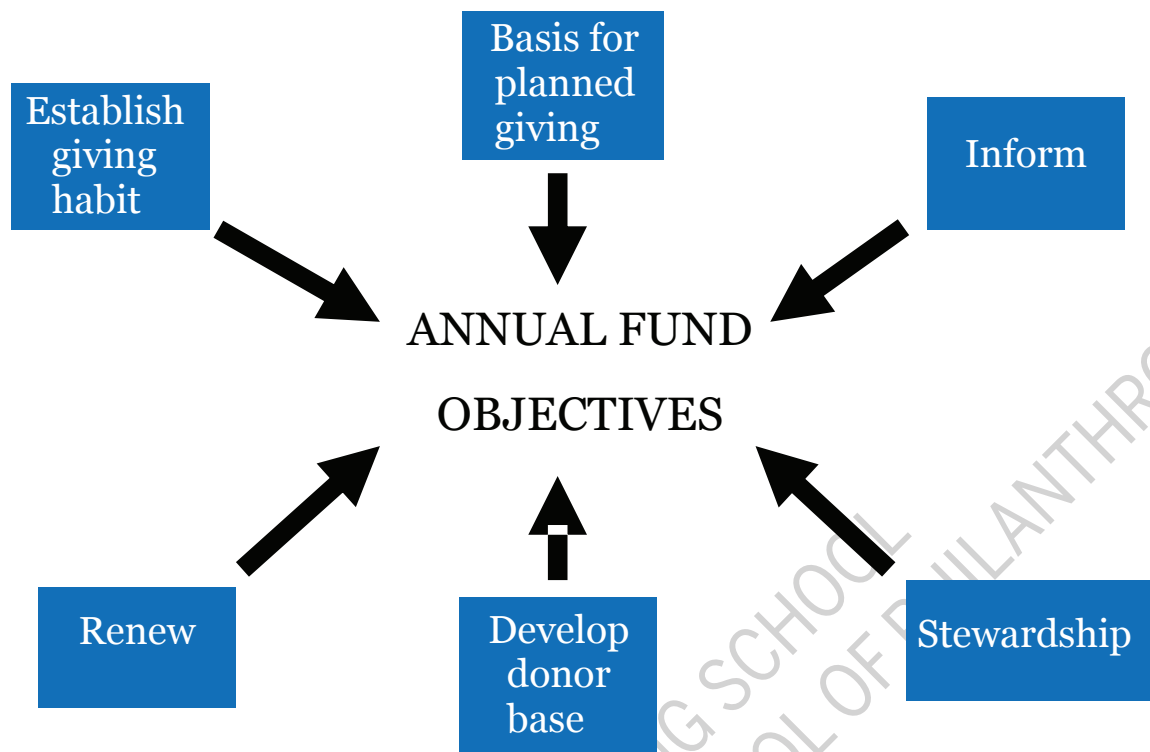

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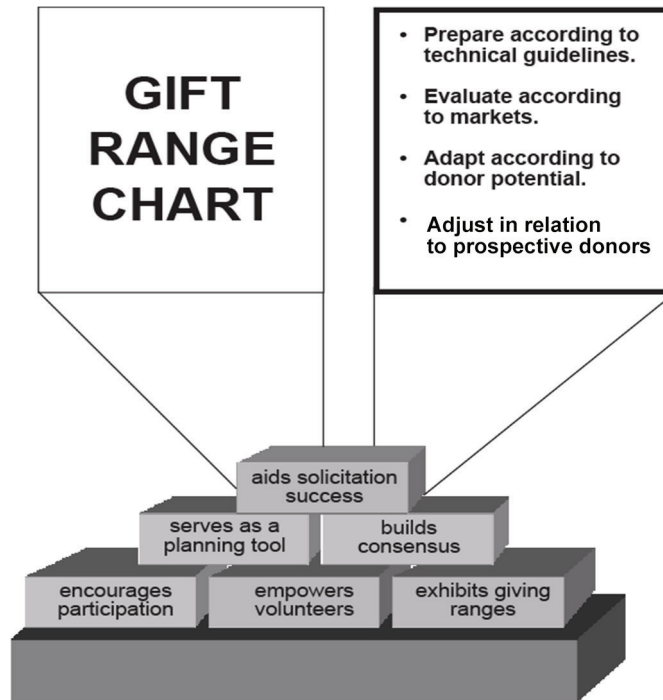
## **ADDENDUM: THE DEVELOPMENT PROCESS**

<b>Objective</b>	<b>(Methods/Activities)</b>
Identify prospective donors	Develop and build lists, identify and research constituency
Qualify prospective donors	Test list effectiveness, identify linkages, refine prospective donor development
Convert prospective donors into donors	Build on linkages, test interest, solicit (by phone, mail, or special event), acknowledge
Convert initial giver into donor	Build on interests and linkages, ask, record, acknowledge, report use of gift, invite to renew
Increase gift	Research, build on interests and linkages, inform, involve, invite to renew and increase gift, acknowledge, give recognition
Secure special gift \$1,000+ (amount may vary)	Continue research, involve through linkages and build on interest, tell about special needs, inform on how money is used, solicit personally, acknowledge, give recognition
Secure major gift \$10,000+ (amount may vary)	Use all linkages, validate as major gift potential donors add to interests, involve in institutional planning and as advocate through cultivation, ask, acknowledge, provide personal reports, reward
Secure big gift \$100,000+ (amount may vary)	Use all linkages, add to interests, involve in institutional planning and as advocate through cultivation, ask, acknowledge, provide personal reports, reward
Secure planned gift.	Continue involvement, strengthen linkage and involvement, create feeling of belonging to and identification with institution, foster mutuality of interests.

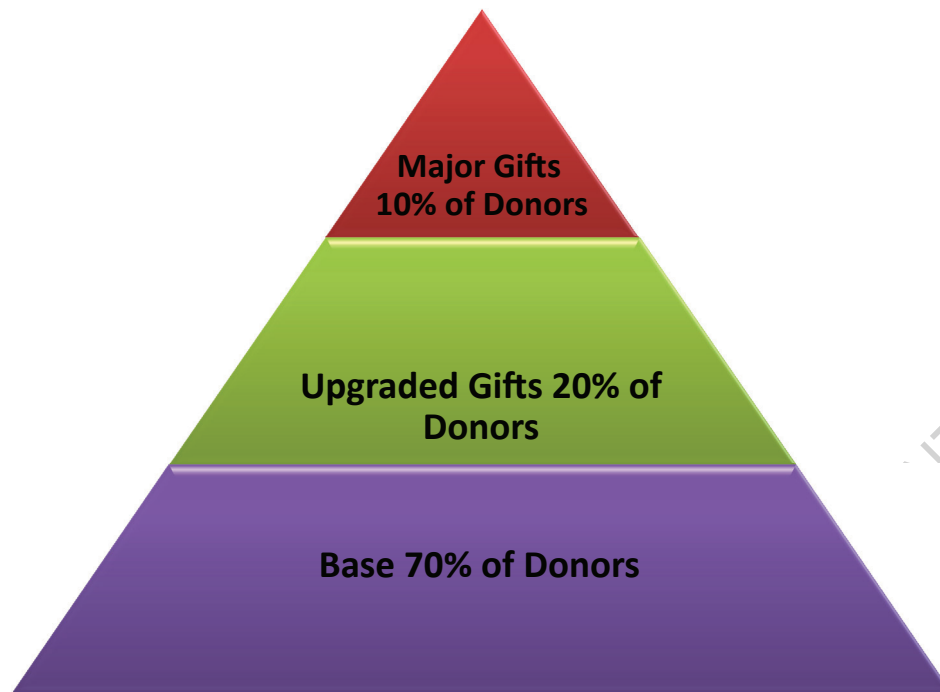
## Annual Fund Objectives

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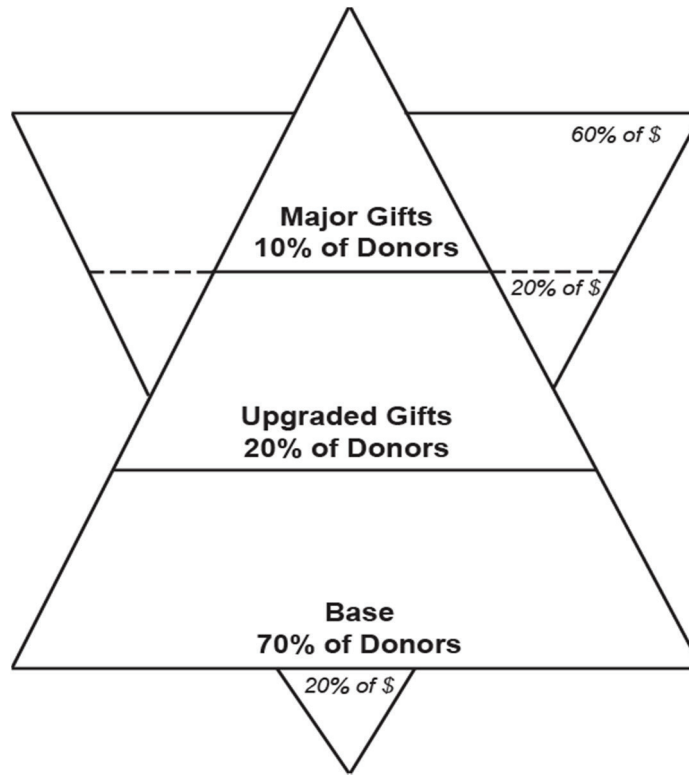
## Characteristics & Uses of the Gift Range Chart

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## Profile of the Annual Fund

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## Profile of the Annual Fund

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## ANNUAL FUND GIFT RANGE CHARTS

Gift range charts are statistical representations of patterns of giving in fundraising campaigns. They are used in annual giving programs as well as major campaigns (capital, endowment, and/or comprehensive campaigns). There are four basic functions of the gift range chart:

1. As a planning instrument to determine the pattern of giving that will result in a successful campaign.
2. As a tool for testing and measuring the availability of prospective donors at specific gift levels.
3. As a device to raise the giving sights of donors and prospective donors.
4. As a means of evaluating the fundraising effort during implementation and at the conclusion of the program; that is, how did the outcome relate to our plans?

In preparing a gift range chart for planning, as well as for prospect identification and evaluation, the following principles should be used:

1. The first two gifts should equal 10% of the goal, or 5% each.
2. The next four gifts equal an additional 10% of the goal.
3. The chart is flexibly developed beyond this point, depending on available prospective donors, gift history, and the key factors of linkage, ability, and interest.
4. The prospective donors to donor ratio begins at the top level at 5:1 and gradually reduces to 2:1.
5. The gift range chart as a tool for the annual fund is most effective with goals of \$25,000 and above.

Remember that gift range charts begin in mechanical fashion, as tools to chart the number of gifts and prospective donors needed to reach the dollar goal. The major principle to keep in mind in the actual fundraising is flexibility: you might need to manipulate some gift ranges, and number of gifts in the ranges, to be in line with your constituency and its giving patterns and/or potential.

## Annual Fund Gift Range Chart: \$60,000 Goal

Gift Range \$	# of Gifts	Cumulative # of Gifts	Prospect #	Cumulative # of Prospects	\$ per Range	Cumulative \$
3,000	2	2	10 (5:1)	10	6,000	6,000
1,500	4	6	20 (5:1)	30	6,000	12,000
750	12	18	48 (4:1)	78	9,000	21,000
500	18	36	72 (4:1)	150	9,000	30,000
250	24	60	72 (3:1)	222	6,000	36,000
10% of donors					60% of goal	
100	120	180	360 (3:1)	582	12,000	48,000
20% of donors					20% of goal	
Under 100 average gift \$30	400	580	800 (2:1)	1,382	12,000	60,000
70% of donors					20% of goal	


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## Annual Fund Gift Range Chart: \$500,000 Goal

Gift Range \$	# of Gifts	Cumulative # of Gifts	Prospect #	Cumulative # of Prosects	\$ per Range	Cumulative \$
25,000+	2	2	10 (5:1)	10	50,000	50,000
10,000	4	6	20 (5:1)	30	40,000	90,000
2,500	18	24	72 (4:1)	102	45,000	135,000
1,000	30	54	120 (4:1)	222	30,000	165,000
500	110	164	330 (3:1)	552	55,000	220,000
250	320	484	960 (3:1)	1,512	80,000	300,000
----- 10% of donors ----- 60% of goal -----						
100	1,000	1,484	3,000 (3:1)	4,512	100,000	400,000
----- 20% of donors ----- 20% of goal -----						
Under 100	3,334	4,818	6,668 (2:1)	11,180	100,020	500,020
----- 70% of donors ----- 20% of goal -----						


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## The Internet, Websites, and Social Media

### *Key Facts*

- 74% of all Americans have a Facebook account.
- 42% of social media users check their email more than 4 times per day.
- 75% of all social media users say that **email** is the best way for **brands** to communicate with them.
- Integrating email and social media provides the best platform to maximize your impact online.

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## The Internet, Websites, and Social Media

### *Primary Uses*

- *Websites*
  - *Online Giving/Donate Now*
  - *Donor/sponsor recognition*
  - *Clean, clear, up-to-date*
- *Inbound Marketing*
  - *Blogs*
  - *Social media*
  - *White papers*
  - *Enewsletters*
  - *Video and podcasts*
- *Specific Communities*
  - *Facebook*
  - *Twitter*
  - *Video/Photo platforms – Youtube, Instagram*

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## The Internet, Websites, and Social Media

### *General Strategies*

- Consider Fans/Followers as potential donors
  - Constituent Management Tools/Social CRM dashboard
  - Ongoing stewardship and cultivation
- Tell compelling, donor-focused stories
  - Use one story or theme at a time across all social media
  - Don't forget website
    - 51% of Major Gift donors state they look at an organization's website before making a giving decision (Neilson/Norman Group)
    - 17% of website viewers could not find donate button or method (Neilson/Norman Group)
- Capture, and increase permission
  - Upgrade from fan/follower to subscriber to enews, then continue upgrading permissions to communicate

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## The Internet, Websites, and Social Media

### *Important Benefits*

- Donors who use more than one channel for giving have **2x** retention rate in one year;
- When direct mail donors begin giving online, their giving increases by **35-50%** (Kimbria/Omni Channel Fundraising Report 2013)
- Online giving increased **10.7%** in 2012; however online giving in December represented **22.4%** of all giving (Blackbaud Giving Index)
- Average Cost of a Facebook like is **\$3.50** and Twitter follower is **\$2.05**; average value of Facebook Like is **\$214.81** over the 12 months following acquisition (adjusted for just online giving, the value was \$161.30) Nonprofit Technology Network NTEN Survey

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## Direct Mail: The Basics

### *Primary Uses*

- Acquiring new donors
- Renewing donors
- Special appeals
- Planned giving prospective donor base
- Inform about planned giving

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## Direct Mail: The Basics

### *Important Benefits*

- Provides dependable, renewable income
- Broadens individual donor base
- Builds constituency

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## Direct Mail Schedule Sample

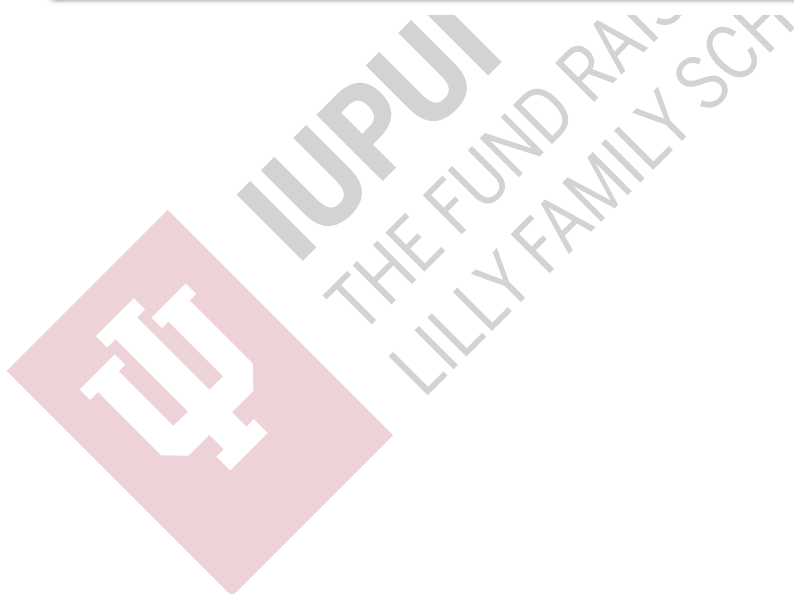
1. Getting Started Backward: When do the mailing pieces need to reach the addressees?
2. Scheduling the Post Office Processing: What is going on inside the Post Office?

Where is the mail going; what is the class of mail?

First-Class (incl. presorted first-class)	Standard mail
Zone-A: usually 1 to 2 days	Zone-A: usually 3 to 7 days
Zone-B: usually 2 to 3 days	Zone-B: usually 4 to 8 days
Zone-C: usually 3 to 5 days	Zone-C: usually 5 to 9 days

Based on these factors, the mail delivery date to the USPS is to be between \_\_\_\_\_ and \_\_\_\_\_

sample from [www.directmailcenter.com](http://www.directmailcenter.com)





## Scheduling the Printing & Mail Processing by Direct Mail Center

*Use the following chart for your schedule calculation. This is only for an estimated schedule. For specific timing, review with your representative for confirmation.*

	< 10,000 <sub>pcs</sub>	< 25,000 <sub>pcs</sub>	< 50,000 <sub>pcs</sub>	>50,000 <sub>pcs</sub>
1 to 2 steps	1-2 days	1-3 days	1-4 day	Call
3 to 4 steps	2-3 days	2-4 days	2-5 days	Call
5 to 6 steps	3-5 days	3-7 days	3-8 days	Call
Over 6 steps	Call	Call	Call	Call

Based on these factors, the mail delivery date to the Mail Center is to be between \_\_\_\_\_ and \_\_\_\_\_

sample from [www.directmailcenter.com](http://www.directmailcenter.com)



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**Lautmam/Fund-Raising Institute**  
**CHECK LIST FOR THE WINNING FUNDRAISING LETTER (1 =**  
**poor and 4 = excellent)**

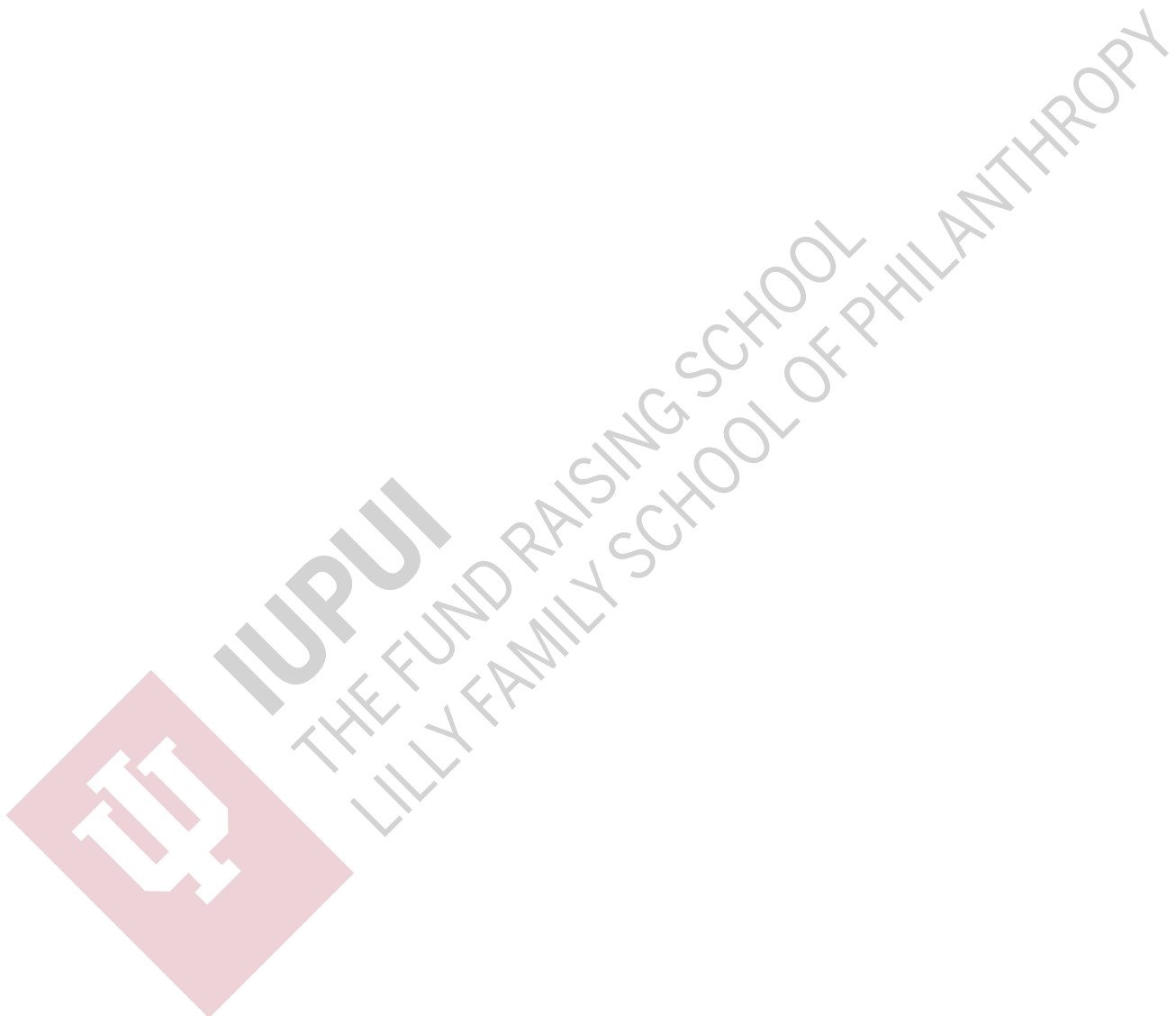
	1	2	3	4
<b>Greeting:</b>				
1) <b>Lead:</b> Does it create immediate interest? Will the prospect begin reading? Give your highest rating for a strong theme and the use of story-telling, case histories, or news (such as of a crisis) to introduce the problem. Hint: A better lead can often be found in the body copy a few paragraphs down. If you find one, move it up and raise your rating as well. —				
2) <b>Writing Style:</b> Is it easy to read, friendly, and personal? Base your rating on how well the words and ideas flow, use of emotion, and use of good transitions between ideas. Look for the absence of jargon and of complicated, overly long sentences. And look for the use of down-to-earth words that no one will have to look up. — — — — —				
3) <b>Focus:</b> Is the focus simple and clear? Or do you try to tell too much? Base your rating on whether the letter focuses on a specific problem, or a need, or a goal — on whether it focuses less on the needs of the cause and more to needs of the people served by the cause — — — — —				
4) <b>Problem Solving:</b> Does it offer solutions and hope? Rate on the basis of whether it offers believable solutions to genuine problems — solutions that are time or money related. Hint: Referring to a track record in past situations adds credibility to your solution. — — — — —				
5) <b>Reader Recognition:</b> Does it make the reader feel important if he or she sends a donation? Also, is the letter written only to one person? Does it use the word “you” several times on every page? — — — — —				
6) <b>Personal Benefits:</b> Are the personal benefits that come with a donation emphasized? Does the donor get a publication, discounts, or other services? If so, are they described effusively? If they lend themselves to pictures, are powerful illustrations used? If the benefits are exceptional, does the mailing package devote sufficient space (perhaps even a separate piece) to describing them? — — — — —				
7) <b>The Request:</b> Have you actually, clearly asked for a contribution? Base your rating on a strong, straightforward request for a gift without apology. Has the best case been made for <u>why</u> the money is needed? Is the need stated several times and in several ways before the final request? — — — — —				
8) <b>Urgency:</b> Will the donor understand that he or she must move quickly — must get the gift back to you while it still can help? Is an immediate response urgent? Hint: Offer a strong reason to give now — something like crisis, budget deficit, deadline, tremendous opportunity, whatever is true. — — — — —				
9) <b>Suggested Gift:</b> Does the donor know exactly how much money you want? have you eliminated any chance that the donor will wonder how much to send? Remember, you get what you ask for. Hint: Ask for \$3 more than the average gift you seek. Try using “odd” dollar figures (\$17.27, for example) for credibility. — — — — —				
10) <b>The P.S.:</b> Is it as good as the lead? Would the letter be badly damaged if the P.S. were left off entirely? If it would not, rewrite the P.S. so that it cannot be left off. Remember, the P.S. and the lead usually are read, even if the body of the letter is not. — — — — —				
11) <b>Length:</b> Is the letter long enough to create interest, to state the problem, to tell the story in its most interesting form, to arouse emotion, to offer hope and the opportunity to participate in something significant, to state your credentials, to ask for the gift, and to offer attractive personal benefits? — — — — —				
12) <b>Format:</b> Does it <u>look</u> like a letter? Is it typewritten? Is there good use of white space? Are short paragraphs mixed with medium length paragraphs? If its a long letter, does it make good use of graphic devices like subtitles, underlines, indented copy blocks, and bulleted lines to increase readability? Remember, if it can't be <u>easily</u> read, it won't be read at all. — — — — —				
13) <b>Photos:</b> If photos or other pictures are used, are they interesting? Are they clear enough to understand? Do they tell a story? Are they at least 2 1/2" x 3 1/2" in size? If there are captions, and you should probably use them, are they lively and descriptive? — — — — —				

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## ***ADDENDUM: DIRECT MAIL: LETTER SAMPLES***

On the following pages are some representative examples of successful direct mail techniques. These are provided for study during the course from Gail Perry, Fired Up Fundraising, Joanne Fritz, Nonprofit Charitable Orgs Expert, St. Elizabeth Hospital in New Jersey, Catherine McCauley Health Center in Michigan, and Barnes Associates INC in California.

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Dear \_\_\_\_\_,

When you look into the face of a child born with a cleft lip or cleft palate, it's impossible to know their pain.

A child like this is mocked and ridiculed. Unable to attend school. Unlikely to have friends. Eating and speaking are difficult. They're condemned to suffering because their parents can't afford the surgery they need. Some will not survive.

My wife Kathy and I faced this tragic reality nearly 30 years ago--on our first trip to the Philippines to provide cleft lip and cleft palate surgeries. Forty children received surgeries--but 260 more were sent away. It broke our hearts to know they'd suffer their entire lives. So we recruited medical friends and colleagues to return with us and help. That's how Operation Smile was born. Since then, we've:

Provided more than 160,000 free surgeries to children around the world, and we now have a presence in over 60 countries.

Recruited more than 5,000 doctors, nurses and other credentialed medical volunteers who donate their time and talent.

Trained thousands of local doctors and nurses in reconstructive surgery techniques and post-operative care.

Provided free physical examinations for every child during medical mission screening, and every child that received surgery also receives post-operative care.

**An Operation Smile surgery takes as little as 45 minutes and costs as little as \$240.** In only a few moments, a child's life is transformed! But sadly, most of the 200,000 children worldwide who are born with facial deformities each year can never afford the surgery they need. **Our mission is to make sure that someday, every child has the surgery that will change their life forever.**

That's why we need your help. Your gift today can save a child from a life of pain--and open up a world of opportunities. **Just \$40 or even \$20 will help provide free surgery for a child like little Ngan from Vietnam.** Ngan's parents were poor rice farmers, struggling to survive. When they saw her cleft lip and cleft palate for the first time, they thought she'd been cursed. Neighbors pitied her. Other children were afraid to look at her.

Generous friends like you enabled us to give Ngan the surgery she needed--and save her from shame and rejection. She now has a terrific smile and a bright future ahead. Such a transformation seems miraculous! But we cannot rest. We want to go to more places and help more children. We want to continue to train local doctors and nurses to carry on the work, and establish more care centers in our partner countries, so surgeries can continue year-round.

We have medical teams who volunteer their time standing by. Now we need your help. Any gift amount will help give a little one like Ngan a new smile and a new life.

And for as little as \$240, you can help pay for a surgery for a child who's waiting now. That's one life changed, entirely because of you.

Thank you in advance for helping us work toward changing the lives of children one smile at a time.

Sincerely Yours,  
Co-founder and CEO

P.S. I've enclosed cheerful stickers for a child who will receive a new smile because of you. We give these stickers to children on our medical missions, and they are always thrilled to receive them. Please sign and return them with your gift today!

Mr. XXX  
Street  
City ST zip

Dear Mr. Sample:

If you are like me, you take some things for granted. Like the ability to work, to maintain a household, to drive, to enjoy favorite recreational activities. When a person is suddenly blinded, it is a deep shock to discover how many new skills have to be learned in order to resume a "normal" life.

This holiday season, people like you who care about the blind and partially sighted are providing just the kind of help the visually handicapped need to lead normal lives. Because of your continuing support, the Society is able to help young people learn to read Braille and continue their educations. The elderly learn to grocery shop, cook safely, care for their homes and enjoy family and friends.

For those who must earn a living, the Society, with your help, can provide mobility training and specially adapted equipment. In many cases the workplace can be adapted for low vision employees.

Yes, your continuing support means independence for many people with vision handicaps. There is not a month that goes by, though, when we are able to serve all the needs of those who come to us. People need help to learn Braille. Blind, diabetic patients need special counseling to care for themselves medically. We have young people calling who want to learn to walk with a cane and learn to use the bus system and light rail.

Your renewed gift can make these services possible for someone who calls the Society today, tomorrow, or in the next few weeks. Believe me, someone who can no longer take the simple things for granted will be grateful to you this holiday season.

I hope you will renew your gift of \$50, and if possible, add a little to it. The needs are greater than ever. Your tax deductible check may be made payable to the Society for the Blind and returned in the envelope provided.

May God bless you and your family this coming year and always.

Sincerely,

Executive Director

Dear Name,

When you or a family member is ill or injured, where do you turn?

If you're like most in our community, you go to Smith Hospital.

Why?

Because you know you will receive absolute top notch medical care.

And you also know that you'll be treated like a real person, by dedicated, compassionate health professionals in a warm, caring environment.

Your contributions have helped make Smith Hospital the leading regional health care provider that it is. We are so grateful to you for supporting our committed team of care givers.

Thanks to you, our caregivers have touched the lives of thousands – whether they faced an urgent need, a devastating disease or sought to improve their quality of life.

Smith Hospital is your community hospital. We exist to serve you and your loved ones – to provide hope, healing and recovery.

In this uncertain economic time, the Hospital counts on your support – now more than ever.

Your gift is extremely important to Smith Hospital because it provides resources that make an immediate impact – that will help us through these interesting – and tough – times.

Your gift of \$100, \$500, \$1,000 or \$5,000 can make all the difference..... to our doctors, our nurses, our therapists, our pharmacists, our dietitians, our technicians, our Emergency Department staff – to every one here who works to serve you.

And if you'd like, you can specify your gift to a particular department or program – The Cancer Institute, Breast Center, Cardiology, Emergency Department, Neonatal Intensive Care Unit, Pediatrics, Community Health, Integrative Medicine – where ever you choose. Please consider making as generous a gift as you can.

As medical care advances, your hospital is committed to staying at the cutting edge – for you, for your loved ones, for every person in the community. Please help to make this possible with your contribution.

Your donation will make a world of difference. I promise you.

Thank you so much for your help.

Sincerely,

Xx

President and Chief Executive Officer

[www.gailperry.com](http://www.gailperry.com)

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## Reasons for Conducting Telephone Solicitation

- Renew and upgrade donors
- Convert donors into major donors
- Supplement a direct mail program
- Stimulate year-end giving
- Solicit for a specific campaign
- Improve communication
- Express gratitude
- Improve and check information on database

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## Steps Involved in Conducting Telephone Solicitation

<i>STEPS</i>	<i>TIMETABLE</i> (minimum # of weeks before event)
– Goal setting (dollars needed will determine gifts needed which will dictate number of calls to be completed)	8 +
– Preparation of timetable or checklist	8
– Preparation of budget	8
– Site(s) evaluation and selection	7


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*STEPS**TIMETABLE*

(minimum # of weeks before event)

– Preparation of materials	5 - 6
– Prospect evaluation and selection	4
– Caller recruitment	4 +
– Preparation of prospective donor information	2 forms
– Caller training	1
– Campaign and follow-up	0
– Secondary follow-up	4 +

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## Purposes of an Event

- Raise money
- Expand donor list
- Recruit volunteers and future board members
- Market your organization
- Launch a new program
- Motivate board members and major givers
- Share information

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## Purposes of an Event

- Collaborate with other organizations to build relationships
- Recognize donors
- Donor and/or volunteer recognition
- Put donors in touch with recipients of their funds
- Utilize volunteers' skills and interests

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## 10 Steps to a Successful Special Event

1. Select an event that meets your agency's capabilities.
2. Think the entire event out (envision how it will work).
  - Organization chart
  - Number of components
  - Contingency options
3. Develop the Publicity Plan

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4. Select and brief the “key players.”
5. Develop a budget.
6. Develop the materials list.
7. Plan the work and work the plan.
  - Follow-up, follow-up, follow-up
  - Never assume anything
  - Handle each detail completely
8. Keep all players up to date.
9. Collect all your money.
10. Thank all your volunteers and your staff!

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## Critique Your Special Event

- How much visibility did you get?
- How many names (and contact information) did you add to your prospective donor list?
- How much money did you make?
- How much time did it require of your staff and volunteers?

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## ADDENDUM: CHECKLIST

Name of event: \_\_\_\_\_ Chairperson: \_\_\_\_\_

Date: \_\_\_\_\_ Place: \_\_\_\_\_

Committees:

Planning

Budget

Location

Promotion

Tickets

Clean-up

Activity	Date to be Accomplished	Person Responsible
<b>Location &amp; equipment</b>		
Chairs, tables		
Electrical		
A/V		
Microphone		
Stage/podium		
Trash		
Heating/cooling		
<b>Housekeeping</b>		
Floors		
Bathrooms		
Windows		
Lights functioning		

Activity	Date to be Accomplished	Person Responsible
<b>Invitations</b>		
Guest list		
Printing		
Mailing of invitations		
RSVP cards		
Response check		
Reservations		
Publicity		
Flyers/invitations		
Newspapers		
Posters		
Mailings		
Radio/TV		
Tickets		
Printing		
Distribution		
Sales		
Follow up		
Logistics		
Music		
Host/Hostess		
Flowers		
Parking		
Security		
Insurance		
Permits		



Activity	Date to be Accomplished	Person Responsible
<b>Food Service</b>		
Menu approved		
Waiters/Waitresses		
Other		
<b>Entertainment</b>		
Initial contact		
Contract signed		
Other		
<b>Programs/decorations</b>		
Program compiled		
Program printed		
Decorations planned		
Decoration in place		

### Additional information

Agenda for event

- 1.
- 2.
- 3.

Persons involved/responsibilities

- 1.
- 2.
- 3.

## Solicitation and Stewardship of Major Gifts

- Identification
- Qualification
- Development of strategy and timetable
- Cultivation
- Solicitation and negotiation
- Acknowledgment and follow-up
- Stewardship
- Renewal

Stewardship is the guiding principle in philanthropic fundraising. It is defined as the philosophy and means by which an institution exercises ethical accountability in the use of contributed resources and the philosophy and means by which a donor exercises responsibility in the voluntary use of resources.

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## Qualities of a Prospective Donor

- Aware
- Interested
- Involved
- Concerned
- Committed
- Capable
- Accessible
- Experienced
- Seeking fulfillment

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## What the Prospective Donor Looks For

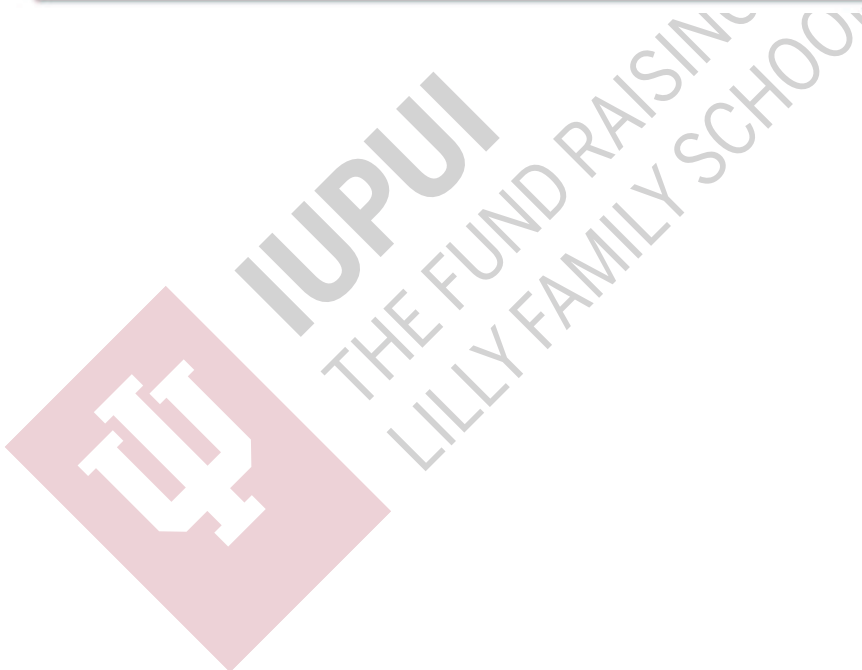
- Evidence of good management
- Evidence of reasonable planning
- Evidence of prior support
- Persuasive presentation by credible volunteers
- Absence of pressure
- Invitation to share/join

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## Types of Capital Campaigns

- Traditional
    - Bricks and Mortar
  - Combined
    - Bricks and Mortar
    - Ongoing Programming Support
    - Endowment
  - Endowment
  - Project
    - Often left over from previous campaign – one focus
- 

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## Characteristics of Capital Campaigns

- Large/stretch dollar goal
- Feasibility/market study
- Defined, intensive time period
- Dependent on lead gifts
- Volunteer driven
- Sequential solicitation
- Face-to-face solicitation
- Quality over quantity of gifts
- Highly cost-effective fundraising method
- Continuation of annual

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## Campaign Feasibility Study should answer the following:

1. Does the organization enjoy a **POSITIVE IMAGE**?
2. Is there **CLEARLY PERCEIVED SUPPORT**?
3. Who will make the **LARGE GIFTS** needed?
4. Is the volunteer **LEADERSHIP AVAILABLE AND WILLING** to sign on to the campaign?
5. Is there a **FAVORABLE ECONOMIC CLIMATE** to support a campaign at this time?

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## Campaign Feasibility Study

### *Internal Assessment*

- Case
- Needs
- Goals
- Commitment
- Communications
- Stewardship
- Management
- Leadership
- Fundraising programs
- Prospective donor and donor development
- Readiness for volunteer impact and volume of activity

### *External Assessment*

- Environment
- Understanding of case
- Goals and constituency
- Markets
- Leadership
- Attainability of giving standards
- Public image and understanding

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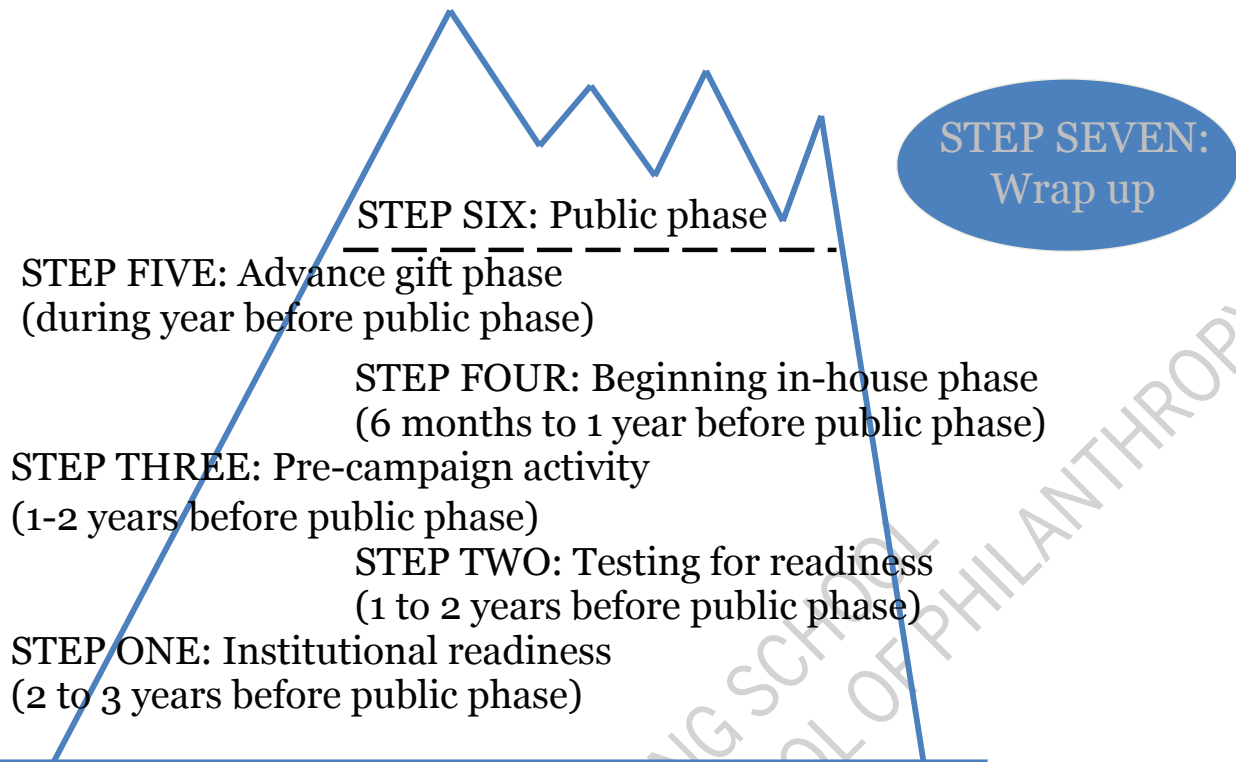
## Campaign Feasibility Study

### *Key Areas for Feasibility Study Interviews*

- Case
- Proposed goal
- Leadership
- Gift potential (as defined by gift chart standards)
- Timing
- Public relations
- Referrals for other interviews
- Special areas of concern

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## The Tip of the Iceberg



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## Constructing a Capital Campaign Gift Range Chart

- Lead Gifts 40-60% of goal
  - One lead gift 10-20%
  - Two-three gifts 5-10% each
  - Four-six gifts 2.5-5% each
- Mid-Range Gifts 30-40% of goal
  - 30-6- gifts in 3 giving categories
- Low Level Gifts 10-20% of goal
  - All others at several lower levels

## Gifts Needed to Raise \$1,000,000 (Three-year pledge period)

Number of Gifts	Range of Gift	Number of Prospects/Ratio	Cumulative No. of Prospects	Total for Range	Cumulative Amount	Percent of Total
1	\$150,000	3 (3:1)	3	\$150,000	\$ 150,000	15.0%
1	\$ 75,000	3 (3:1)	6	75,000	225,000	22.5
2	\$ 60,000	6 (3:1)	12	120,000	345,000	34.5
4	\$ 30,000	12 (3:1)	24	120,000	465,000	46.5
8	\$ 15,000	32 (4:1)	56	120,000	585,000	58.5
16	\$ 7,500	64 (4:1)	120	120,000	705,000	70.5
32	\$ 3,000	128 (4:1)	248	96,000	801,000	80.1
64	\$ 1,500	320 (5:1)	568	96,000	897,000	89.7
100	\$ 600	500 (5:1)	1068	60,000	957,000	95.7
Many	<\$ 600	Many	Many	43,000	\$1,000,000	100%

\*Note: primary figures in range of gift column are divisible by three.


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## Gifts Needed to Raise \$3,000,000 (Five-year pledge period)

Number of Gifts	Range of Gift	Number of Prospects/ Ratio	Cumulative No. of Prospects	Total for Range	Cumulative Amount	Percent of Total
1	\$500,000	3 (3:1)	3	500,000	\$ 500,000	16.7%
1	\$300,000	3 (3:1)	6	300,000	800,000	26.7
2	\$150,000	6 (3:1)	12	300,000	1,100,000	36.7
3	\$100,000	9 (3:1)	21	300,000	1,400,000	46.7
6	\$ 50,000	18 (3:1)	39	300,000	1,700,000	56.7
<hr/>						
12	\$ 25,000	48 (4:1)	87	300,000	2,000,000	66.7
20	\$ 15,000	80 (4:1)	167	300,000	2,300,000	76.7
35	\$ 10,000	140 (4:1)	307	350,000	2,650,000	88.3
<hr/>						
70	\$ 2,500	350 (5:1)	657	175,000	2,825,000	94.1
Many	< 2,500	Many	Many	175,000	3,000,000	100%

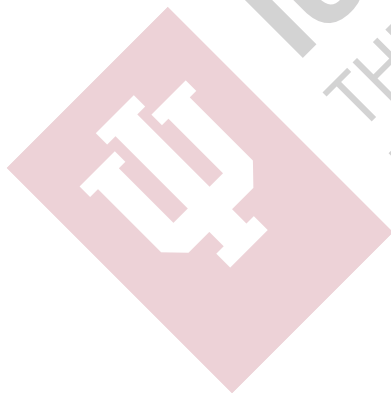

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## **ADDENDUM: TEST FOR READINESS: AN ORGANIZATION ASSESSMENT QUESTIONNAIRE TO USE WHEN CONSIDERING A CAPITAL CAMPAIGN**

1. **Organization plans:** Does the organization have a written, strategic plan that charts its course for three (ideally five) years, starting with a statement of mission, goals, and objectives, and then moving into specific programs and budgets? Have the board and other segments of the constituency been involved in the development of the plan, and in validating the program and financial needs expressed in it? Have board members committed themselves to meeting the financial needs of the plan which must come through fundraising?
2. **Written statement of case, needs, and goals:** Case is defined as all reasons why anyone should give to the organization. Does such a written statement(s) for fundraising purposes exist? Are members of the board, staff, and other key leaders able to express the case in exciting terms that communicate their own commitments?
3. **Constituency:** Has the organization defined a constituency beyond those “intimately and naturally” involved with its programs? Has it developed an outreach program to increase the constituency? Has it analyzed the makeup of the constituency for fundraising purposes?
4. **Market involvement:** Do staff and board members know the extent and makeup of the market? Have they determined the interests, needs, and inclinations of the market? Does the organization have a history of direct involvement with its markets, implementing programs that strengthen communication, encourage understanding and acceptance, and promote participation by various segments of the market?
5. **Gift support history:** Does the organization have experience in attracting gift support for current programs (an annual fund), for capital purposes, and/or for endowment? Does this experience include raising major gifts? Have the fundraising programs been directed to all market sources available — individuals, foundations, corporations, and associations?
6. **Prospective donor development plan:** Does the organization know who its potential givers are? Has research on prospective donors and donors (particularly at the major gift level) been conducted over the years with all information properly recorded and retrievable for use by volunteers and staff involved in fundraising?
7. **Efficient recordkeeping system:** Is a proper donor and prospective donors record keeping system in place that provides storage and retrieval of essential data on the constituency in a timely fashion? Will the system support the acknowledgment of all contributions within 48 hours of receipt?

8. **Communications:** Is there a constituency-wide communications plan, soundly conceived and implemented, to involve people in a warm, supportive relationship with the organization and designed to develop acceptance of the organization within the community? Are present donors considered a special constituency for communications and their involvement, through two-way communications, carefully developed?
9. **Fundraising staff:** Is competent, qualified staff available to plan fundraising programs and to provide support to volunteers? Is this staff able to devote its full energy and time to the fundraising function?
10. **Involved governing board:** Has the board had an active role in governing the organization: planning; defining, approving, and clarifying policy; overseeing management resources; and generating resources through fundraising? Are board members willing to give and ask others to give?
11. **Potential lead/major gifts:** Does the organization give attention to the critical process of identifying, cultivating, and soliciting prospective major donors for current program support as well as endowment and special projects? Has it compiled a valid (LAI principle) list of potential major donors, primarily individuals and families?
12. **Fundraising leadership:** It is axiomatic that causes do not raise money; people with causes raise money. Does the organization have, as part of its most actively involved constituencies, that quality of volunteer leadership — creative leadership — that will help to raise the money required?



# **ADDENDUM: TEST FOR READINESS**

Range of Score	Your Organization's Score
0-5	1. A sound plan for the future
0-5	2. A written statement of case, needs, goals drawn from this plan
0-5	3. An informed constituency
0-5	4. A history of market involvement — in other words, you're doing your job right
0-5	5. A history of gift support
0-5	6. A prospect development plan — a research system
0-5	7. An efficient recordkeeping system
0-5	8. A creative, functioning communications plan
0-10	9. Competent staff — time and training
0-15	10. An involved, concerned, contributing board of trustees
0-15	11. Potential lead gift contributors
0-20	12. Capable volunteer leadership

A score below 75 would indicate that the organization is not ready to mount a major campaign. The campaign should be delayed to allow for remedial, planning, or preparation work to support each of the elements with a low score. Although some campaigns will be successful if all readiness indicators aren't present, these exceptions should not constitute a rule.



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## Planned Giving

### *Definitions*

A gift legally provided for during the donor's lifetime but whose principal benefits may not accrue to the organization until a future time, generally at the death of the donor and/or the income beneficiary.

Planned giving connotes thoughtful preparation and planning, usually requires professional advice, and can apply to all forms of gifts. The term is used most commonly for gifts of future interest.

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## Benefits To the Donor

- Gratifies human need for enjoyment of giving
- Encourages estate planning
- Makes a larger gift than if making one outright
- Creates a permanent memorial
- Makes a gift with retention of income
- Provides income for self and/or beneficiaries
- Assets managed at low or no cost
- Income, estate, and capital gains tax savings

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## Benefits to the Organization

- Increases available options of giving
- May produce “actual-received” gifts on a regular basis that will add to the organization’s income holdings
- May be irrevocable
- Increases possibility of a donor changing a bequest to a lifetime gift
- May lead to future gifts through estate planning and bequests
- Can be used as a basis for future planning

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## Brief Description of Planned Gifts

Timing	Instrument	Description	Benefits to Donor
Gifts that help the NPO <b>NOW</b>	Charitable Lead Trusts	Trust: Pays trust income annually to charitable organization for period of years determined by donor, after which gift reverts to donor or heirs	<ul style="list-style-type: none"> <li>• Gift is returned to donor or heirs at reduced tax cost.</li> <li>• Gift or estate tax savings for value of payments to charitable organization.</li> <li>• Trust pays tax on its income and capital gains.</li> <li>• Trust deducts amounts paid to charity.</li> <li>• Amounts paid to charity can be % or fixed amount.</li> </ul>


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Timing	Instrument	Description	Benefits to Donor
Gifts that help the NPO <b>LATER</b>	Retained Life Interest	Contract: Gift of real property with retained life estate	<ul style="list-style-type: none"> <li>• Donors can live in home for remainder of their lives.</li> <li>• Partial income tax deduction.</li> <li>• No capital gains tax.</li> <li>• Reduction of estate tax.</li> </ul>
	Wills/Bequests	Donor names charitable organization in will	<ul style="list-style-type: none"> <li>• Provide for family first</li> <li>• Estate tax deduction full amount of bequest</li> </ul>
	Life Insurance	Gift of old or new policy with charitable organization as beneficiary and owner	<ul style="list-style-type: none"> <li>• Donor makes large gift with little expenditure</li> <li>• Income tax deduction</li> <li>• No estate tax when life insurance proceeds are paid to the charity</li> </ul>
	Retirement Plans	Gift by naming a charitable organization as remainder beneficiary after donor's death	<ul style="list-style-type: none"> <li>• If retirement plan assets pass directly from plan to charity both income and estate taxes are avoided</li> </ul>

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Timing	Instrument	Description	Benefits to Donor
Gifts that GIVE BACK to the DONOR	Charitable Gift Annuity	Contract: Donor transfers cash or stock. Charitable organization pays donor a % of gift annually for a lifetime	<ul style="list-style-type: none"> <li>Fixed income payments to donor and/or other beneficiary for life</li> <li>A portion of each payment is return of donor's principal and is free from income tax. Part of each payment is taxable as ordinary income</li> <li>Capital gains tax reduced and spread over donor's lifetime</li> </ul>
	Charitable Remainder Unitrust	Trust: pays variable income (fixed % of value) to donor or other beneficiaries for life or specific term up to 20 years	<ul style="list-style-type: none"> <li>Annual income to donor, could increase if trust value increases</li> <li>Partial income tax deduction</li> <li>No capital gains tax is paid when assets are transferred into the trust</li> <li>Estate tax savings possible</li> </ul>
	Charitable Remainder Annuity Trusts	Trust: pays fixed income (\$ amount) to donor or other beneficiaries for life or specific term up to 20 years	<ul style="list-style-type: none"> <li>Fixed annual income to donor or other beneficiaries</li> <li>Partial income tax deduction</li> <li>No capital gains tax is paid when assets are transferred into the trust</li> <li>Estate tax savings possible</li> </ul>

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## Planned Gift Instruments (Summary)

- Wills and bequests
- Charitable gift annuities
- Deferred payment gift annuities
- Charitable remainder unitrusts
- Charitable remainder annuity trusts
- Charitable lead trusts
- Retained life interest gifts
- Life insurance gifts
- Retirement plans
- Pooled income funds

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## Start-up Steps for a Planned Gifts Program

- Secure commitment of board, staff, and development personnel.
- Appoint study committee; make recommendations to the board.
- Adopt a plan.
- Determine training programs needed for staff.

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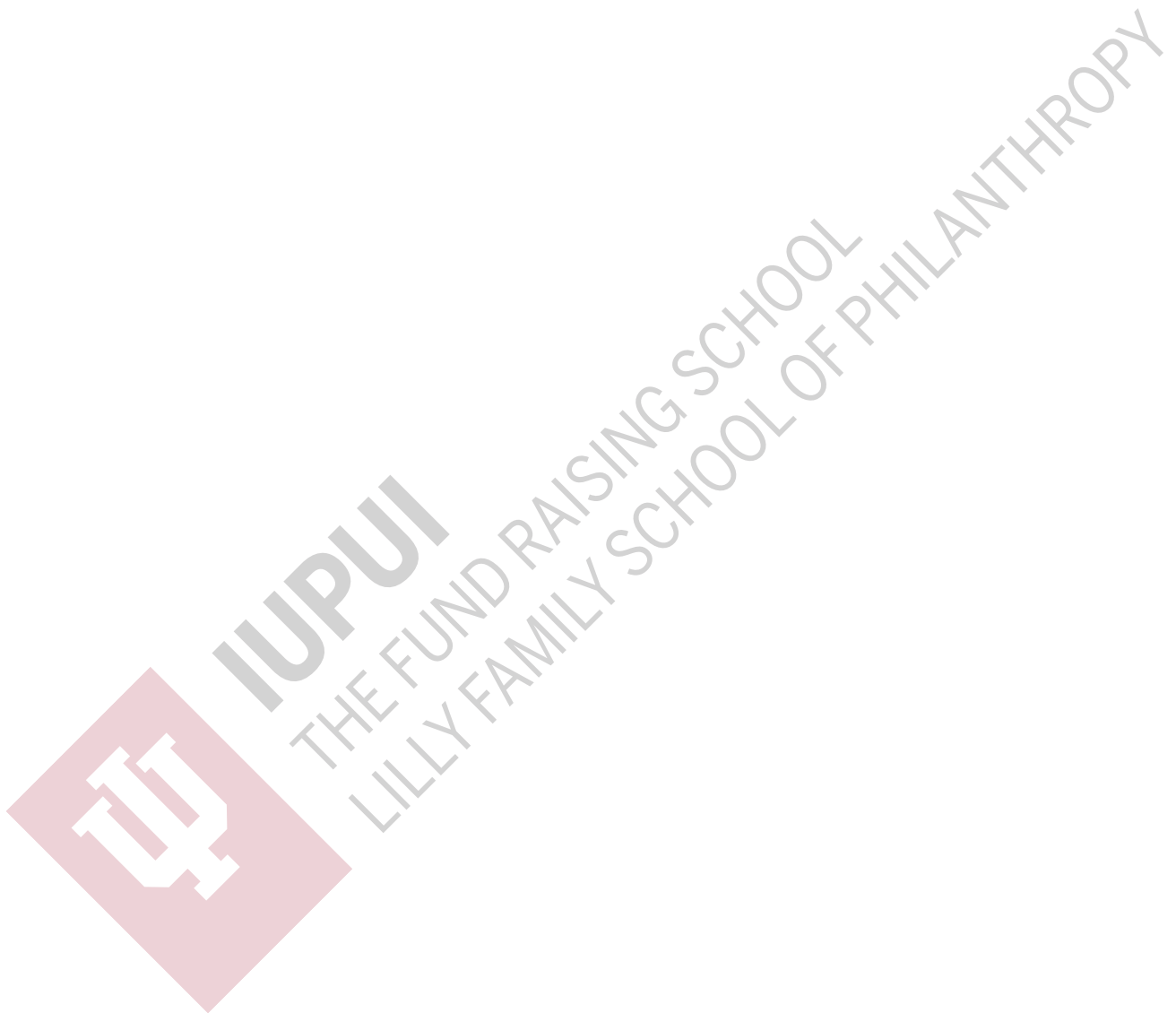
## Start-up Steps for a Planned Gifts Program

- Hire planned giving staff.
- Organize gifts committee.
- Prepare promotional plan.
- Establish office management procedures.
- Begin mail cultivation.

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## SECTION V: HUMAN RESOURCES



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## Essential Steps for Volunteer Involvement

- Analyze volunteer needs
- Identify potential volunteers
- Recruit volunteers
- Train and orient volunteers
- Involve volunteers in programs
- Use the volunteer's time carefully
- Evaluate volunteers
- Give recognition to volunteers

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## Role of Volunteers

- Internalize organizational values
- Serve as advocates
- Believe in philanthropic support
- Participate in planning and evaluating
- Participate in fundraising planning and evaluation
- Identify, cultivate, and ask prospective donors
- Make a gift

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## Strategic Value of Volunteers

- Provide market sensitivity
- Serve as advocates without vested interest
- Provide linkages to donors
- Aid prospective donor research
- Help keep fundraising current and creative

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## Roles and Responsibilities of Board Members

- Legal
- Representative
  - organization
  - community
- Stewardship
- Self-evaluation

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## Board and Volunteer Groups Involved in Fundraising

- Governing boards
- Development committee  
and various subcommittees
- Advisory boards
- “Friends of . . .” groups
- Auxiliaries

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### **Learning from Sarbanes-Oxley A Checklist for Nonprofits and Foundations**

Created to rebuild public trust in the corporate community in the wake of corporate and accounting scandals, the American Competitiveness and Corporate Accountability Act, or Sarbanes-Oxley Act, requires that publicly traded companies conform to new standards in governance, financial transactions, and audit procedures. BoardSource and Independent Sector have made recommendations on how nonprofits and foundations can voluntarily incorporate certain provisions of the Act into their operations in their publication, *The Sarbanes-Oxley Act and Implications for Nonprofits*, [www.IndependentSector.org](http://www.IndependentSector.org).

A checklist for nonprofits and foundations includes:

- 1. Insider Transactions and Conflicts of Interest**
  - ✓ Understand and fully comply with all laws regarding compensation and benefits provided to directors and executives (including “intermediate sanctions” and “self-dealing” laws).
  - ✓ Do not provide personal loans to directors and executives.
  - ✓ In cases in which the board feels it is necessary to provide a loan, however, all terms should be disclosed and formally approved by the board, the process should be documented, and the terms and the value of the loan should be publicly disclosed.
  - ✓ Establish a conflict of interest policy and a regular and rigorous means of enforcing it.
- 2. Independent and Competent Audit Committee**
  - ✓ Conduct an annual external financial audit (the boards of very small organizations, for whom the cost of an external audit may be too burdensome, should at least evaluate carefully whether an audit would be valuable).
  - ✓ Establish a separate audit committee of the board.
  - ✓ Board members on the audit committee should be free from conflicts of interest and should not receive any compensation for their service on the committee.
  - ✓ Include at least one “financial expert” on the audit committee.
  - ✓ The audit committee should select and oversee the auditing company and review the audit.
  - ✓ Require full board to approve audit results.
  - ✓ Provide financial literacy training to all board members.
- 3. Responsibilities of Auditors**
  - ✓ Rotate auditor or lead partner at least every five years.
  - ✓ Avoid any conflict of interest in staff exchange between audit firm and organization.
  - ✓ Do not use auditing firm for non-auditing services except tax form preparation with pre-approval from audit committee.



- ✓ Require disclosure to audit committee of critical accounting policies and practices.
- ✓ Use audit committee to oversee and enforce conflict-of-interest policy.

#### **4. Certified Financial Statements**

- ✓ CEO and CFO should sign off on all financial statements (either formally or in practice), including Form 990 tax returns, to ensure they are accurate, complete, and filed on time.
- ✓ The board should review and approve financial statements and Form 990 tax returns for completeness and accuracy.

#### **5. Disclosure**

- ✓ Disclose Form 990 and 990-PF in a current and easily accessible way (also required of all nonprofit organizations by IRS law).
- ✓ File 990 and 990-PF forms in a timely manner, without use of extensions unless required by unusual circumstances.
- ✓ Disclose audited financial statements.
- ✓ Move to electronic filing of Form 990 and 990-PF.

#### **6. Whistle-Blower Protection**

- ✓ Develop, adopt, and disclose a formal process to deal with complaints and prevent retaliation.
- ✓ Investigate employee complaints and correct any problems or explain why corrections are not necessary.

#### **7. Document Destruction**

- ✓ Have a written, mandatory document retention and periodic destruction policy, which includes guidelines for electronic files and voicemail.
- ✓ If an official investigation is underway or even suspected, stop any document purging in order to avoid criminal obstruction.

Note: This is an abbreviated list. For a discussion of the law and recommendations for nonprofits and foundations, see the BoardSource-Independent Sector publication. *The Sarbanes-Oxley Act and Implications for Nonprofit Organizations*, [www.IndependentSector.org/Issues/SarbanesOxley.html](http://www.IndependentSector.org/Issues/SarbanesOxley.html).

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## Core Development Team Members

- CEO/Executive Director
- Development director
- Chief financial officer
- Development committee chair
- Board chair

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## Core Development Team Functions

- Plan for fundraising
- Approve of handling special events
- Review annual giving
- Assist with major gift solicitation
- Serve as contacts for foundations and corporations
- Suggest prospective donors
- Develop planned giving strategies

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## Expanded or Full Development Team

- Members of the core development team
- Development staff
- Development committee
- Selected board and staff
- Volunteers
- Consultants

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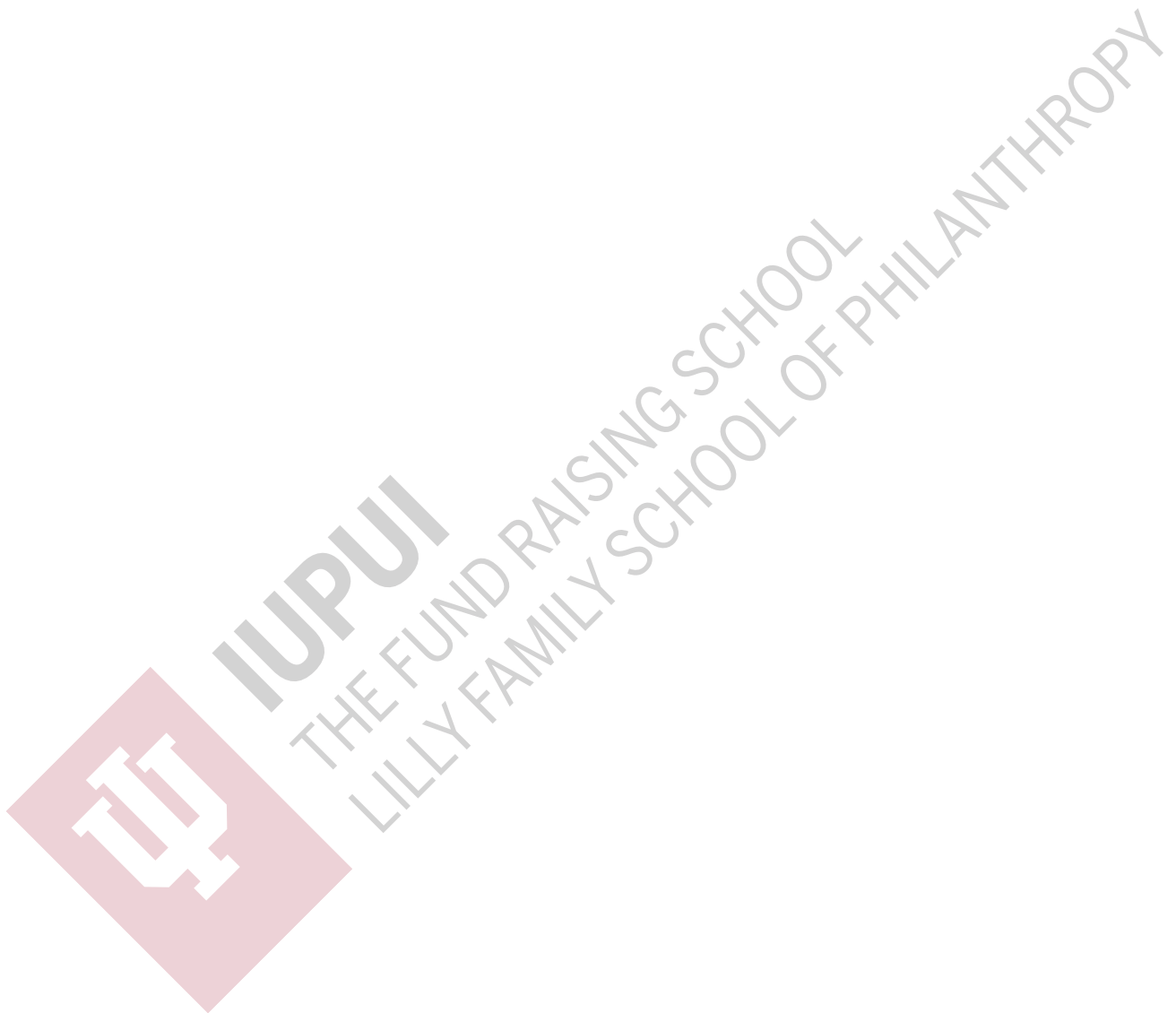
## Role of Development Staff

- Activate development functions
- Manage development process
- Implement ideas of board members and administrators
- Lead staff and volunteers
- Develop and maintain professionalism

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## SECTION VI: MARKETS



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# The What and Why of Research

## WHAT:

Systematic acquisition and recording of pertinent data on current and prospective donors

## WHY:

To identify the “shared values” between the organization and donors/prospective donors in order to build and maintain the “exchange relationship”

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## What Prospective Donor Research Can Do for You

- Expand your house list
- Upgrade gifts
- Plan solicitations
- Enable the prioritizing and management of the activities of staff and volunteers for maximum effectiveness

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## Characteristics of Effective Prospective Donor Research

- Selective
- Cumulative/ongoing
- Accurate
- Confidential
- Depends as much on input from the field as information from print and online sources
- Organized/accessible

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## LAI / LIA

Donor Research and  
Acquisition



Linkage

Ability

Interest

Donor  
Development



Linkage

Involvement

Advocacy



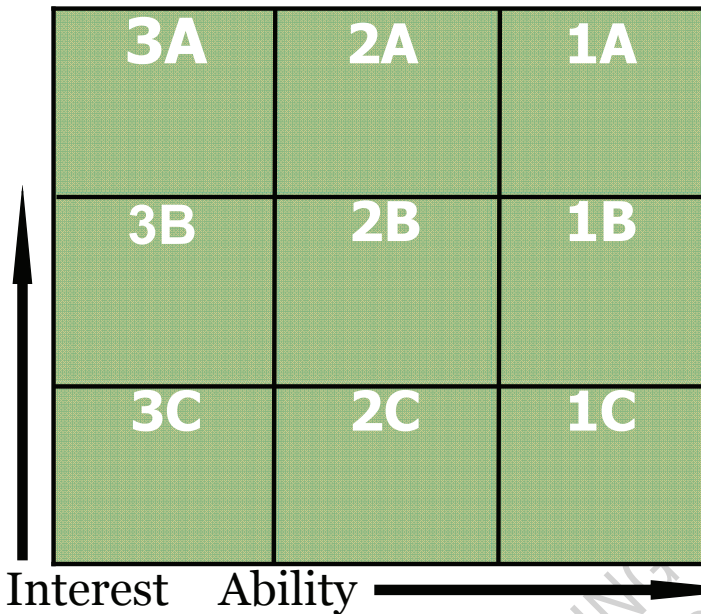
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## The 9-Box Grid

Ability: 1,2,3  
(1 = highest)

Inclination/Interest: A,B,C  
(A=highest)



3A	2A	1A
3B	2B	1B
3C	2C	1C

Interest    Ability

Every prospective donor receives a “score” ranging from 3C (lowest potential/interest) to 1A (highest potential/interest)



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## Refine Solicitation Strategies for Top Prospective Donors

(with your development committee/other information sources)

- Who should be part of the solicitation team
- Who should be in the room (spouse, lawyer, financial advisor, etc.)
- When and where the solicitation should take place
- How much to ask for / for what
- What acknowledgement / naming opportunity should be offered
- Responses to objections / comeback positions

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## ADDENDUM: PROSPECTIVE DONOR PROFILE FORM

Date prepared: \_\_\_\_\_ Date revised: \_\_\_\_\_  
 Source(s): \_\_\_\_\_  
 Cards: donor \_\_\_\_\_ prospect \_\_\_\_\_

Trustee	Donor	Friend	Mailing list	# of solicitations
---------	-------	--------	--------------	--------------------

Last name First/middle names Residence address/phone  Business address/phone  Position/title	Educational backgrounds  Social/business activities  Spouse name (maiden, if applicable)  Marriage date
Directorship/business affiliations (shares held)  Foundation affiliations  Community/philanthropic/social affiliations  Professional memberships	Family history (children/parents/interests/achievements/other information)    Political affiliation  Religious affiliation  Military service
Special interests   Awards/honors/etc.   Close friends/relevant personal relationships	Attorney  Bank  Trust officer  Tax advisor

## Prospective Donor Profile Form

Financial data (include any available information on income/wealth/etc.)	
Summary gift record year/total contributed/comments	Gift potential evaluation for (by whom/when)
Gifts to other organizations	Activities
Additional comments	
Research resources checked (date/initials/etc.)	

**ADDENDUM: PROSPECTIVE DONOR IDENTIFICATION, EVALUATION, AND VALIDATION**

Campaign or program: Evaluator: Date: Location:		
Prospect names	Gift capability/probability	Comments

ADDENDUM: PROSPECTIVE DONOR TRACKING FORM

as of \_\_\_\_ / \_\_\_\_ / 20 \_\_\_\_

Prospective Donor Name	Gift Rating	Next Step	Person Responsible	Comments/Rationale	Status

The column on the far right, "Status," is left blank until the prospective donor tracking meeting, when it is filled in as the assigned solicitor reports on what has happened since the last meeting.



## ADDENDUM: PROSPECTIVE DONOR CONTACT REPORT

RE: \_\_\_\_\_  
(Prospective Donor Name)

Updates to address, phone, or email: \_\_\_\_\_  
\_\_\_\_\_

Submitted by _____ (Volunteer/Staff Name)	Phone _____
Campaign _____	

Contact Date: \_\_\_\_\_ Contact type: ☐ Personal visit ☐ Phone ☐ Other

Results:

<b>Next Step</b>
What
When
By whom
Material(s) needed

☐ Primary file copy

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## **CORPORATE GIVING — MODELS OR PARADIGMS (FROM BURLINGAME AND YOUNG, CORPORATE PHILANTHROPY AT THE CROSSROADS).**

### **A. Corporate productivity model.**

1. Corporate philanthropy is intended to help the corporation increase profits.
2. Corporate giving departments must prove their contributions to the bottom line.
3. Types of giving consistent with this model are for projects that help market corporate products, increase employee motivation, lower corporate costs, and/or improve corporate image.
4. Implications for fundraisers are that they must design requests around projects that can prove corporate productivity and provide contributions officers with arguments and evidence that the projects contribute to bottom-line efficiency.

### **B. Ethical/Altruistic Model.**

1. Corporate leaders feel obligated to support societal needs as their social responsibility.
2. Assumption is that corporations have discretionary resources.
3. Corporate giving programs must identify community priorities and alert corporate leaders to needs.
4. Types of giving consistent with this model are projects that address major community needs, appeal to the preferences of corporate leaders as individuals and citizens, and involve corporate employees in community efforts.
5. Implications for fundraisers are that they must make the case for community benefit and involve corporate leaders in projects.

C. Political model: external version.

1. Corporations use philanthropy to build relationships to protect corporate power and limit government.
2. Corporate giving program serves as liaison to allies in the community.
3. Types of giving consistent with this model are projects that substitute for government initiative, efforts that build closer relationships between corporations and nonprofits, and programs that portray corporations as good public citizens (for example, environmental or arts projects).
4. Implications for fundraisers are that they must cultivate long-term relationships with corporate leaders and giving officers, give corporations credit for community benefits, and favor projects with important public sector benefits.

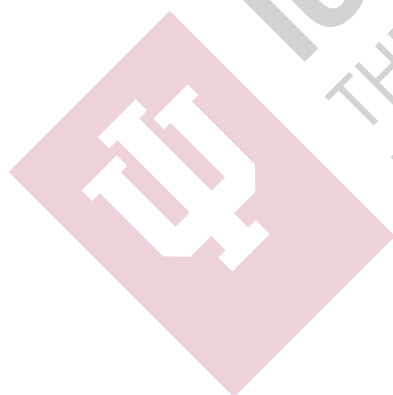
D. Political model: internal version.

1. Corporate giving officer is a player in a larger corporate game in which departments attempt to build allies and prove their worth.
2. Corporate giving program must build alliances with departments such as marketing, human resources, and public relations to which they can be useful.
3. Types of giving consistent with this model are sponsorships, cause marketing, employee volunteerism, education, and social service programs for employees.
4. Implications for fundraisers are that they must work with various corporate departments, stress relevance and design projects to address internal corporate needs, and document or describe how initiatives increase department effectiveness.

## E. Stakeholder model.

1. The corporation is a complex entity that responds to the pressures of various key groups: stockholders, employees, customers, suppliers, community, government regulators, and others.
2. Managing the corporation is an exercise in managing stakeholders. To be effective, corporate giving programs must help represent stakeholders.
3. Types of giving consistent with this model are employee benefit or volunteerism projects, community environment or education projects, and projects to help consumers of corporate products.
4. Implications for fundraisers are that they must identify key stakeholder groups and their interests, demonstrate how projects improve corporate relations with specific stakeholder groups, and position grant seekers as community stakeholders championed by corporate giving programs.

## F. Each model contributes to the overall understanding of corporate philanthropy, which is now in flux and struggling with the various models. The corporate productivity model, with its implication of strategic giving towards bottom-line impact, appears to be growing in importance at the present time.



## Types of Foundations

- Corporate Foundations
- Independent Foundations
- Family Foundations
- Community Foundations



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## Suggestions for an Inquiry Letter\* to a Foundation

- Send after carefully reviewing guidelines of the foundation or request for proposal (RFP) announcement.
- Follow the format of the grantmaker carefully, usually no more than two pages on letterhead.
- Indicate why you are applying to the grantmaker, describe the match with their program initiatives.
- Briefly describe the rationale and purpose of your program summarizing goals and objectives.
- State dollar amount requested and why.
- Usually only attachment is tax-exempt letter from IRS, sometimes budget for project.

\*Also known as letter of intent.



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## A Proposal Model

- Cover Sheet (face page)
- Abstract (executive summary)
  - Table of Contents
  - Introduction
- Problem (need statement)
- Objectives (outcomes)
- Proposed Solution (method or procedure)
  - Impact of Grant
  - Rationale
  - Staff
  - Facilities
  - Evaluation
  - Budget and Budget Explanation
  - Sustainability Plan
  - Description of Organization
  - Appendices
- Components every proposal should contain. Others are often optional.



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## SECTION VII: DYNAMIC FUNCTIONS

### THE PROCESS OF ASKING FOR A GIFT

There are three dimensions to asking for a gift: an exploration of the psychology of asking for money, the identification and cultivation of the prospective donors who will be asked, and the solicitation itself, which connects the goals of the campaign and the mission of the organization to the values of the prospective donor. If any one of these three steps is neglected, fundraising will not succeed.

- I. Factors to consider in the psychology of asking for money.
  - A. Giving away money is pleasurable. People like to do it. It makes them feel good in a variety of ways, either by giving them status, making them feel powerful, alleviating guilt, affirming their ability to do so, or allowing them to express their moral values and ethical convictions.
  - B. Giving away money enables people to be part of addressing social problems, providing needed services, creating beautiful music, and so on.
  - C. When someone says no to a request for money, it is usually because of something going on in her life. It may be a crisis at home, or a feeling that she doesn't have the money. Perhaps a person has given already, and the cause doesn't move her. She might even be in a bad mood.
  - D. People dislike asking for money mostly because they are afraid they will be rejected.
- II. Attitudes toward money and fundraising.
  - A. In the United States, we tend to talk about money only under very specific circumstances to a very limited number of people. For many people, money is similar to other taboos such as sex and sexuality, death, religion, and politics.
  - B. It is important to note that many countries and cultures do not have this taboo about money, and that this taboo is not genetic or natural. As anyone with children knows, children have to be taught not to ask for money. As such, because we learned this taboo, we can unlearn it.
  - C. This unlearning process requires an examination of the role of money in our society. Think about the meaning of our most common expressions, such as "Money doesn't buy happiness," or "Time is money," or "Neither a borrower nor a lender be." Think of how often one hears the New Testament misquoted, "Money is the root of all evil." (The true quote is "For the love of money is the root of all evil." 1 Timothy 6:10.)



- D. At the same time that people are taught to believe that money is evil, they also are taught that money has power. Most people believe they would be happier if they had more money, even when presented with story after story of profound unhappiness in the lives of wealthy individuals and families.
- E. These very mixed feelings we have about money are projected onto people whom we ask for money, and this further complicates the process of soliciting a gift.
- F. It is important to reflect not only on what the culture teaches us about money, but also what we learned in our families. This will be related to the culture, but each family has its own attitudes toward money issues, and some of these attitudes may be detrimental to effective gift solicitation.
- G. To be an effective fundraiser, a person must come to terms with his issues about money and must understand the critical role money plays in this society.
- H. Once a person has challenged the notion that talking about money is taboo, he can move on to challenging the notion that asking for money is rude.
- I. Remember that when you ask someone to support your organization, you ask him to invest in work which that person wants to see happen and cannot provide alone. One person cannot be a symphony, a hospital, or a university. One person cannot clean up the air or prevent illegal dumping of hazardous waste or ensure the civil rights and liberties of women or minorities. People who value any of these things, however, will join with hundreds, thousands, or even millions of other donors in making sure organizations that can do this work exist.
- J. When you talk to someone about making a donation to your group, the majority of the conversation is about the good work of your organization, not about money. You then provide the donor with the choice of helping or not helping your group accomplish this work.

## III. The process of asking.

- A. When you have identified a prospective donor, cultivated her interest, and have identified the person who should ask for the gift, you are ready to set up the solicitation.
- B. The most important thing to remember about soliciting is that the more the prospective donor talks, the more likely he is to give money. When you encourage conversation and dialogue, you discover what holds the prospective donor back from making a gift, what the questions are, and where the individual's excitement lies.
- C. The process of asking is basically in four parts.
  1. Opening. Establish rapport. Talk briefly and in general about the weather, current events, family, or other general subjects and begin to feel comfortable with this person. During the opening you are making it easier for the prospective donor to shift focus to your organization and away from what else is on his mind.
  2. Involvement. Bring the subject of the organization into the conversation quickly but not rudely. Ask questions and allow the prospective donor to ask you questions. Questions can be simply to establish information, such as, "Have you seen the progress in construction of our facility?" Or questions can be serious, "What do you think of our program?" Show that you are open to discussing hard questions. A prospective donor may have concerns about the organization's finances, board involvement, or competence of staff. If you are open to discussion, not defensive, and prepared to share information, the prospective donor can ask these questions and get some resolution of his concerns.
  3. Presentation. After discussion back and forth, it is appropriate for you to monopolize the conversation for a short time with a full description of your program and the money needed to make it happen. Accentuate the positive. Be open to questions.
  4. Close. This actually started when the prospective donor gave you permission to solicit. All that is left to determine is the amount of the gift and the method by which that gift will be made. Look at the individual and ask confidently for the gift. You have a right to be there. Your organization deserves the money. The prospective donor has told you she is open to being asked.

IV. Dealing with objections and refusals.

- A. The primary way to deal with objections is to be prepared with your case and facts related to the program for which you are raising money.
- B. Listen carefully to determine why the objections are raised. It may be because of peripheral reasons, such as discontent with someone or some other program within the organization, and not the program for which you are raising funds.
- C. Remember to remain courteous; offer to follow up and make another call if you need more information to satisfy the prospective donor.
- D. The first refusal may not be the final one. Try again, although do so with tact and courtesy. Only after the third refusal should you call the solicitation effort to a halt.
- E. Remember not to take a refusal personally, but at the same time evaluate whether you are the right person to be asking for the gift.
- F. We have to get over being embarrassed by a “no.” The prospective donor has the right to decline to make a gift.

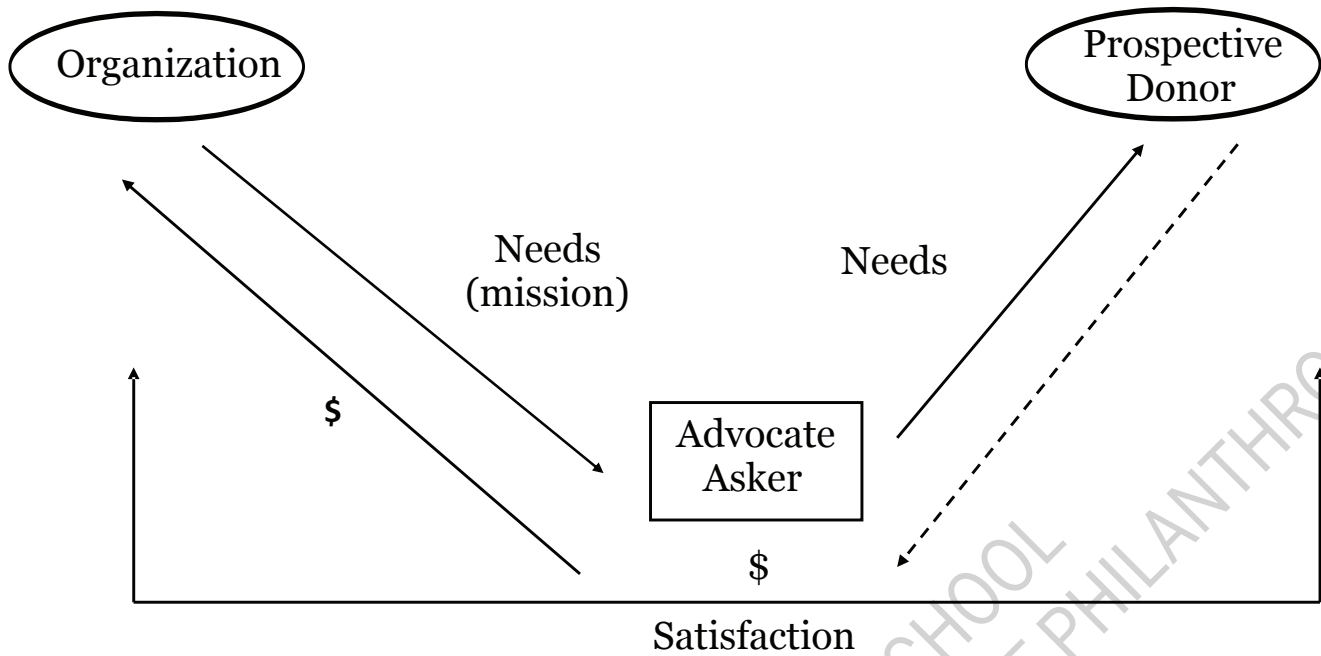
V. Stewardship of the gift and giver.

- A. No matter what the answer is when you ask for a donation, the way you treat prospective donors afterward is important. If a gift or pledge was made, it is important that it be acknowledged by both the solicitor and the organization within 48 hours.
- B. If prospective donors say no, it is still important to write a note thanking them for their time and promising to keep them informed about the organization’s work.
- C. Even a “failed” solicitation is a cultivation visit, and it is important to remember that today’s nongiver might be tomorrow’s major donor.
- D. The organization that accepts a contribution has the obligation to use that money in the way the donor expects and to keep the donor informed of the work his gift is supporting. This is not only good for future solicitations, it is also the moral obligation of a nonprofit institution.
- E. Being an effective steward of gifts and continuing to meet donors’ needs is an important ground rule of any fundraising program.

## VI. Conventional wisdom that should be heeded when soliciting a gift.

- A. Give yourself before asking others to give.
- B. People do not give to causes. People give to people with causes.
- C. As solicitors, we do not have the right to deprive anyone of the privilege of saying "No."
- D. If your knees are shaking, stomach uneasy, tongue dry just before you are ready to start on a solicitation visit, remember the time-honored admonition: "Kick yourself aside and let your cause walk in."
- E. The principal reason people do not give: They're not asked.
- F. Rarely do we know the donor's real interests...and often, when we ask, she will tell us what they are.
- G. The solicitation is never completed until you close.
- H. Honor the donor by asking at the right level, at the level of the donor's perception of her own ability to give.
- I. Effective solicitation is the right person soliciting the right prospect for the right gift at the right time for the right purpose in the right way.
- J. Effective solicitation is 60% listening and 40% talking.

## Social Exchange

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## Aspects of Social Exchange

- Advocate/asker internalizes value and values of organization.
- Advocate/asker becomes exemplar of organization--an extension of its value and values.
- Advocate/asker and organization understand that:
  - Every gift contains a bit of the donor's "self."
  - A sensitive and appropriate acknowledgement is required.
- Asking and giving involves all of the organization, asker, and donor in a shared enterprise.

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## Strategies for Matching Advocate/ Askers with Prospective Donors

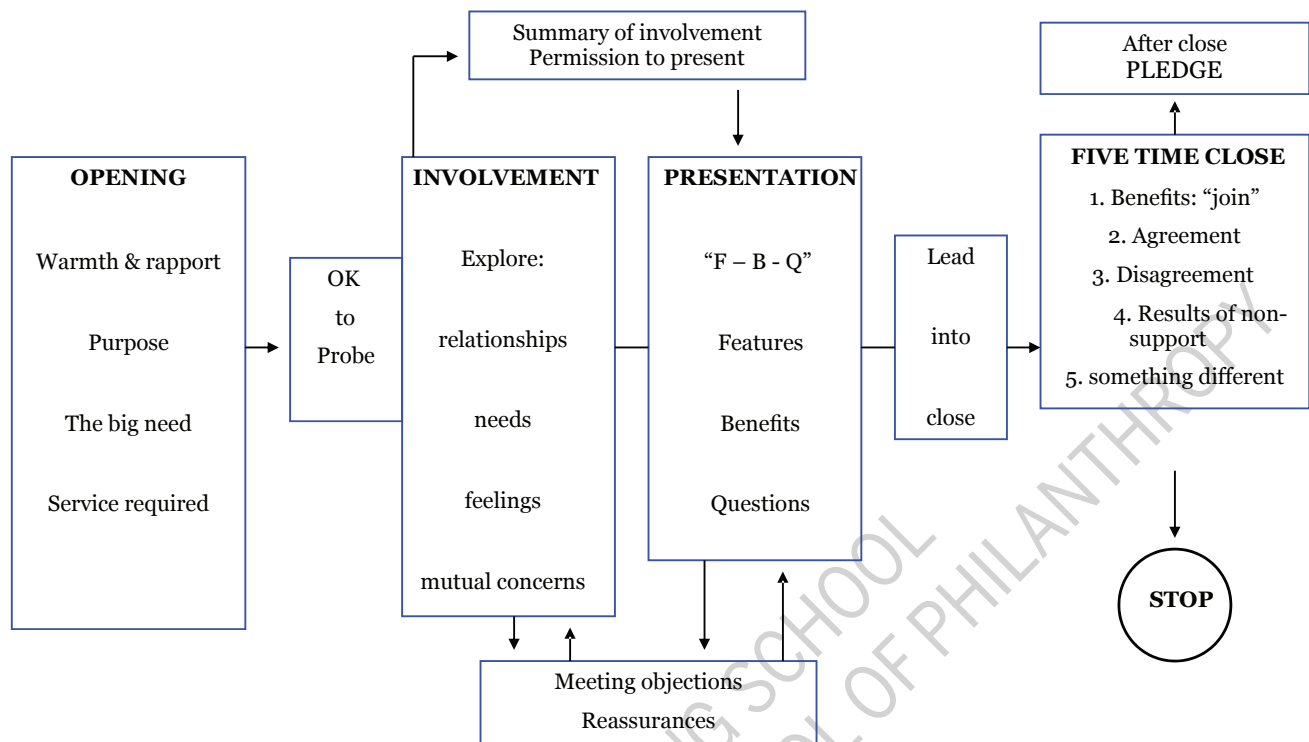
### *Hierarchy of Effectiveness*

Advocate/asker relationship to prospective donor	Advocate/asker level of giving	Shared qualities
Peer/volunteer	Same as prospective donor	<ul style="list-style-type: none"> <li>• Economic status</li> <li>• Social position</li> <li>• Career status</li> <li>• Mutual respect</li> <li>• Interest in the organization</li> </ul>
Proportional giver/volunteer	Less or greater than prospective donor	<ul style="list-style-type: none"> <li>• Mutual respect</li> <li>• Interest in the organization</li> <li>• Career status</li> <li>• Social position</li> </ul>
Staff/expert witness	Amount will vary greatly	<ul style="list-style-type: none"> <li>• Mutual respect</li> <li>• Interest in the organization</li> </ul>


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## Solicitation Plan



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## ***ADDENDUM: THE TECHNIQUES OF SOLICITING FUNDS***

John D. Rockefeller, Jr.

Perhaps the best way to acquire a knowledge of fundraising is to ask ourselves the question, "How would I like to be approached for a gift?" The answer, if carefully thought out, may be relied upon as a pretty safe guide to the task of soliciting. I have been brought up to believe, and the conviction only grows on me, that giving ought to be entered into in just the same careful way as investing, that giving is investing, and it should be tested by the same intelligent standards. Whether we expect dividends in dollars or in human betterment, we need to be sure that the gift or the investment is a wise one and, therefore, we should know all about it. By the same token, if we are going to other people to interest them in giving to a particular enterprise, we must be able to give them adequate information in regard to it, such information as we would want were we considering a gift.

First of all, then, a solicitor must be well informed in regard to the salient facts about the enterprise for which he is soliciting. Just what is its significance, its importance? How sound is the organization back of it, how well organized? How great is the need? An accurate knowledge of these and similar facts is necessary in order that the solicitor may be able to speak with conviction.

It is a great help to know something about the person whom you are approaching. You cannot deal successfully with all people in the same way.

Therefore, it is desirable to find out something about the person you are going to, what are his interests, whether you have any friends in common, whether he gave last year, if so how much he gave, what he might be able to give this year, etc. Information such as that puts you more closely in touch with him and makes the approach easier.

Again, one always likes to know what other people are giving. That may be an irrelevant question, but it is a human question. If I am asked for a contribution, naturally and properly I am influenced in deciding how much I should give by what others are doing.

Another suggestion I like to have made me by a solicitor is how much it is hoped I will give. Of course, such a suggestion can be made in a way that might be most annoying. I do not like to have anyone tell me what is my duty to give. There is just one man who is going to decide that question, who has the responsibility of deciding it, and that is myself. But I do like a man to say to me, "We are trying to raise \$4,000,000, and are hoping you may be desirous of giving blank dollars. If you see your way clear to do so, it will be an enormous help and encouragement. You may have it in your mind to give more; if so, we shall be glad. On the other hand, you may feel you cannot give as much, in view of other responsibilities. If that is the case, we shall understand. Whatever you give after thinking the matter over carefully in the light of the need, your other obligations and your desire to do your full share as a citizen, will be gratefully received and deeply appreciated." When

you talk to a man like that he is glad to meet you again, and will not take the other elevator when he sees you in the corridor because you backed him to the wall and forced him to give.

Of supreme importance is to make a pleasant, friendly contact with the prospect giver. Some people have a less keen sense of their duty and responsibility than others. With them, a little urging may be helpful. But with most people a convincing presentation of the facts and the need is far more effective. When a solicitor comes to you and lays on your heart the responsibility that rests so heavily on his; when his earnestness gives convincing evidence of how seriously interested he is; when he makes it clear that he knows you are no less anxious to do your duty in the matter than he is, that you are just as conscientious, that he feels sure all you need is to realize the importance of the enterprise and the urgency of the need in order to lead you to do your full share in meeting it, he has made you his friend and has brought you to think of giving as a privilege.

Never think you need to apologize for asking someone to give to a worthy object, any more than as though you were giving him an opportunity to participate in a high-grade investment. The duty of giving is as much his as is the duty of asking yours. Whether or not he should give to that particular enterprise, and if so, how much, it is for him alone to decide.

To recapitulate, then, briefly, know your subject: Be so sold on it yourself that you can convincingly present its claims in the fewest possible words. A letter may well precede an interview, but personal contact is the most effective. Know as much as you can about the man to whom you go: Give him a general idea as to the contributions being made by others in his group, and...suggest in a gracious and tactful way what you would be glad to have him give, leaving it entirely to him to decide what he shall give. Be kindly and considerate. Thus will you get closest to a man's heart and his pocketbook.

*"The Technique of Soliciting"*

*Delivered to the Citizens Family Welfare Committee, New York City, 1933*

*(A classic statement; reprinted and used by hundreds of institutions conducting fundraising programs.)*

## ***ADDENDUM: THE SOLICITATION EXERCISE***

This exercise offers you the opportunity to envision a role, assess your organization, prepare a case expression for your organization, and actually practice a solicitation visit. Try to make the exercise as realistic as possible, even though some assumptions will have to be made, and some facts will be created.

Instructions:

1. Number off by 1, 2, 3; 1, 2, 3; etc. Three people are involved in each group. For this exercise, the participants will be the development officer (#1), the chairperson of the board (#2), and the prospective donor (#3). The director of development and the chairperson of the board will ask the prospective donor for a specific gift. #3's sit out and discuss their appropriate role and response. Each participant should read the cast of characters in order to understand the appropriate roles.
2. In planning for the solicitation, the development officer (#1) and the chairperson of the board (#2) will use the development officer's organization in preparing the case. Together they will prepare a simple, preliminary annual fund plan, using the questions under "Preparing a Case Statement" on the following page. Then review the "Solicitation Plan" to organize the content of the solicitation exercise. Consider the following assumptions during your preparation:

The board chairperson and prospective donor are reasonably well acquainted with your organization. The prospective donor knows the chairperson of the board through participation in civic and business activities in the community. The solicitation appointment was made by the board chairperson.

3. While #1 and #2 are preparing the solicitation, #3s will meet outside of the room. They should discuss appropriate behaviors for their role, using examples and past experiences and focusing on current trends in major gifts and one-on-one contact. They should also prepare a list of questions that would be good to ask during the solicitation.

The team can decide whether to ask for a corporate gift or personal gift. The dynamics of the solicitation may open up alternative opportunities for a gift, and these can be dealt with at that time.

## Cast of Characters

- #1. Development Officer. State your credentials as a development officer. If you are employed in such a position, assume the role you already have at your organization. If you aren't a development officer, assume the following duties:
1. You bear dual responsibility for fundraising and public relations.
  2. You are concerned about raising the level of giving.
  3. You bear full responsibility of planning and conducting the annual fund.
  4. You need to decide the level of top gifts you will be seeking, based on your annual fund needs.

- #2. Chairperson of the Board. You are serving your second year in this position and have been five years on the board. You are a successful professional and long-time community resident. You exert much influence and are active and well-known in the community.

You are an interested board member and have given \$500 in each of the last five years. Your income is about \$100,000, and some of this is from investments. This is your first solicitation effort and you are apprehensive about it.

- #3 Prospective Donor. You are a peer of the board chairperson because of your social and economic position in the community. You are president and owner of a medium-sized business with an estimated gross of \$15 million a year. You have approximately 150 employees.

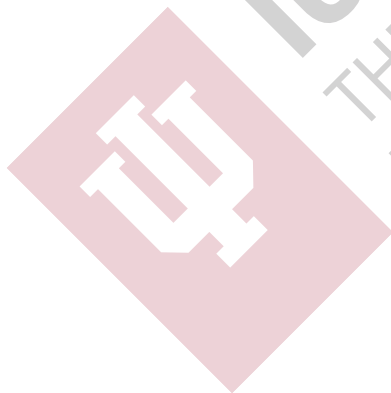
You don't give regularly, and then only between \$150 and \$500 a year. Your corporation participates in United Way but has not given to the organization in question in the past.

Be prepared to raise objections to making a gift at least twice during the process.

## Preparing a Case Statement

1. The organization. What type is it? What are the societal/community needs you can describe? What programs can address those needs? Who benefits from these programs? What benefits will the donor receive if he gives to your programs? What values does the organization advocate?
2. The location. Where or what is your primary service area? Can you list the characteristics of the population, ethnic distribution, and basic economy?
3. The constituency. Can you identify your constituency in terms of numbers, diversity, and characteristics?

4. The governing board. Who are your board members? Are they involved in giving and soliciting gifts? Are they active in carrying out the duties of the board?
5. The staff. How large is your staff and who are the key persons?
6. The volunteers. Have you mobilized an interested and motivated group of volunteers? Do you have a training plan for these volunteers?
7. The budget. How large is the total budget? What are your sources of income? How much of this budget will you have to raise and from what sources?
8. The funding requirements. How much will have to be raised for the annual fund for the current year? Can you arrive at a net figure to be raised, excluding foundation, corporation, and government grants? Have you prepared a gift range chart that identifies the top 16 gifts that should be solicited to help assure the success of this fundraising effort? Is your needs statement for the annual fund program clearly and positively expressed?



## SOLICITATION PLAN

Name(s) of Solicitor(s) \_\_\_\_\_ Date for visit \_\_\_\_\_

Prospective Donor's Name \_\_\_\_\_ Title, job or activity \_\_\_\_\_

MAJOR EMPHASIS: What case and service(s) are you going to present?

\_\_\_\_\_  
 \_\_\_\_\_

Why would prospective donor be interested? \_\_\_\_\_

\_\_\_\_\_  
 \_\_\_\_\_

What exchange or benefit will be offered? \_\_\_\_\_

\_\_\_\_\_  
 \_\_\_\_\_

What brochure or aids will be used? \_\_\_\_\_

\_\_\_\_\_  
 \_\_\_\_\_

### I. OPENING:

1. Warmth and rapport: Relation to you and/or expert witness? \_\_\_\_\_

Relation to your organization? \_\_\_\_\_

2. Purpose of visit: I/We are here to \_\_\_\_\_

3. The Big Need: (Need is the cause, not money) \_\_\_\_\_

\_\_\_\_\_

4. The Service to meet the Need: \_\_\_\_\_

## II. INVOLVEMENT:

Explore prospective donor's relation to need, clients, organization:

PROBLEM QUESTIONS: "Before we talk about how our agency can meet the need, may I ask you a question?"

1. What do you know about this (problem)? \_\_\_\_\_
2. How do aspects (list them here) of the problem affect you (your family, business, community)?  
\_\_\_\_\_
1. What do you know about this (problem)? \_\_\_\_\_
3. How do you feel about this problem? \_\_\_\_\_
4. List your areas of mutual concern: \_\_\_\_\_

SUMMARIZE YOUR UNDERSTANDING OF THE PROBING QUESTIONS!!

THEN: "Is this correct?" After concurrence, "Would you like to hear how our program, service activities will meet this need?" (This is a key lead into the presentation by creating interest and desire.)

## III. PRESENTATION: \_\_\_\_\_ (name), there are three \_\_\_\_\_

\_\_\_\_\_ I/we would like to tell you about in my/our \_\_\_\_\_

1. Feature \_\_\_\_\_  
\_\_\_\_\_
- Benefit \_\_\_\_\_  
\_\_\_\_\_
- Question (motivation) \_\_\_\_\_  
\_\_\_\_\_

2. Feature \_\_\_\_\_

Benefit \_\_\_\_\_

Question (motivation) \_\_\_\_\_

3. Feature \_\_\_\_\_

Benefit \_\_\_\_\_

Question (motivation) \_\_\_\_\_

LEAD IN TO CLOSE: Do you think \_\_\_\_\_ (list it, them)

will solve this problem(s) \_\_\_\_\_ (list it, them).

OBJECTIONS:

REASSURANCES:

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____



IV. FIVE TIME CLOSE: When telling your “case” for support, tell it...

1st Time: On basis of BENEFITS from meeting the need, and ask to “...join with us to...” or “...become a part of...”

2nd Time: Re-establish “Areas of Agreement” and add a new “F-B-Q” (please, it’s worth thinking about and add new items to think about).

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3rd Time: Find “Areas of Disagreement.” Convert them and add a new “F-B-Q.”

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4th Time: Cite “Penalty-of-not-going-along” and add a new “F-B-Q.” (A face-saving way out of previous objections.)

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5th Time: Suggest something different:  
“Before you make your final decision... May I/we suggest:

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”

Guidelines on how far you can go with a prospective donor: Continue as long as

1. Rapport has been maintained; and
2. You have something new to add.

AFTER CLOSE: Reassurance regarding project, benefits, and accomplishments. Don’t overstay.

## THE INBOX EXERCISE

Congratulations! You are about to begin your first day on the job as development director at the Green Space Institute. You can make the mission and purpose of the Green Space Institute whatever you want it to be. It could be environmental education, advocacy for green space, an architectural institute for training landscape architects, a community group supporting parks in each community, or something else you would like to imagine.

About six months ago you began a job search to find a new position in a less urban area of the country that offered more outdoor opportunities for you and your family.

You traveled to the Institute for a day of interviews and tour of the facilities. You were interviewed by the president but did not meet any of the board of trustees. You were briefly introduced to the members of the staff. It was clear there were several other candidates for the job who were to be interviewed that day.

A month ago you got a call from the Institute inviting you to accept the position and to come and meet with the president to negotiate the details of your employment, such as salary and benefits. You met with the president for an hour and all the details were satisfactory. The president indicated you could start immediately, but he would be out of town for the next several weeks.

That day you dropped into the development office, met the administrative assistant, and had a quick briefing on office operations and program. However, you were distracted by trying to find a temporary place to live so you cut your discussions short. You did ask the administrative assistant to send you an email on the current status of projects.

It is now a month later on a Monday morning. You have found a temporary home and you are going into the office for the first time. You are greeted by the administrative assistant and then you go to your desk.

In your office you find a number of documents, emails, and voicemails.

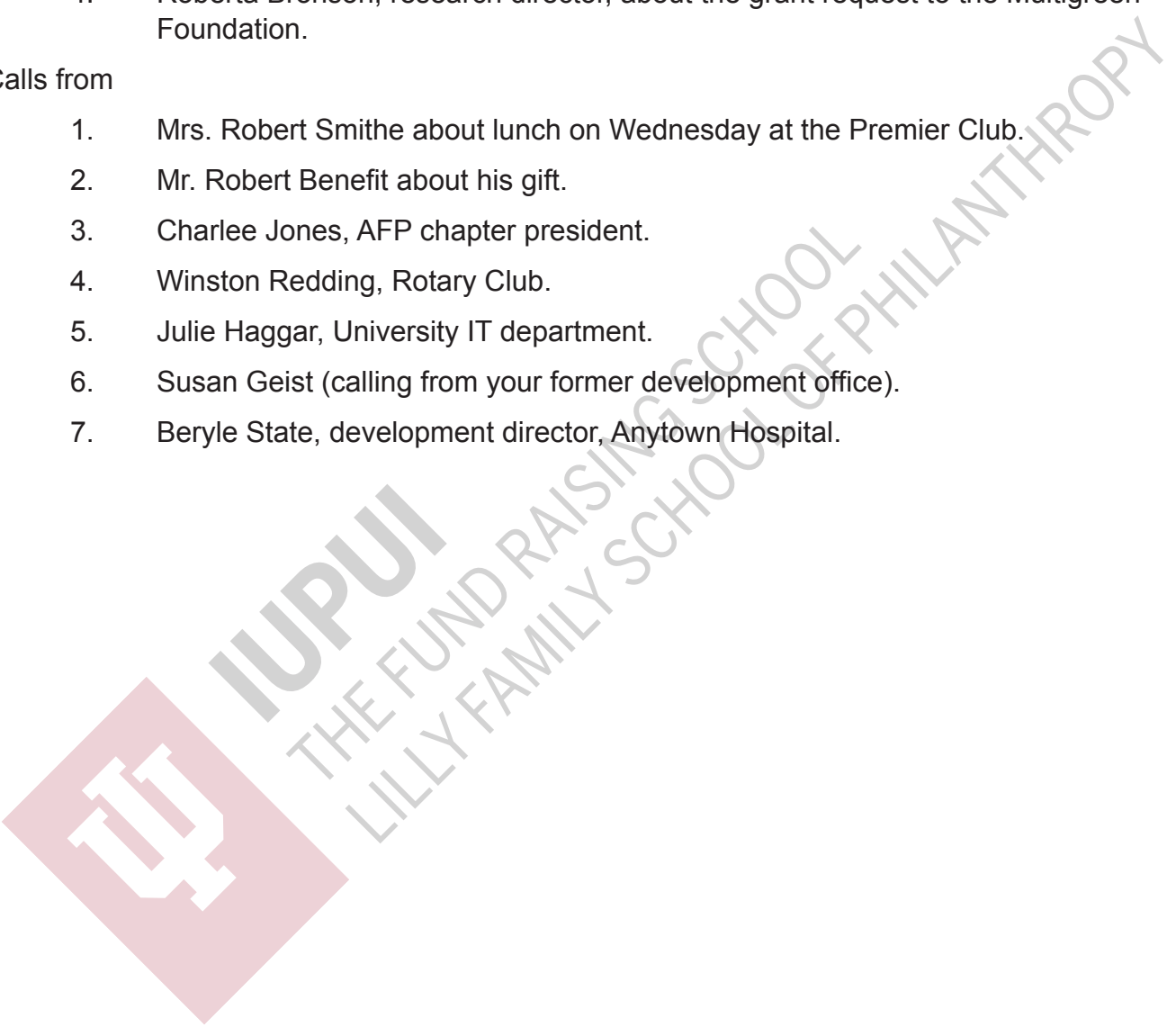
Welcome! Let's go to work.

## Voicemails

## Interoffice

1. Business manager needs to talk with you today to explain email he sent you this morning.
2. President Rangle about a campus tour with Dr. and Mrs. Brother.
3. President Rangle about the Multigreen Foundation.
4. Roberta Bronson, research director, about the grant request to the Multigreen Foundation.

## Calls from

1. Mrs. Robert Smithe about lunch on Wednesday at the Premier Club.
  2. Mr. Robert Benefit about his gift.
  3. Charlee Jones, AFP chapter president.
  4. Winston Redding, Rotary Club.
  5. Julie Haggard, University IT department.
  6. Susan Geist (calling from your former development office).
  7. Beryle State, development director, Anytown Hospital.
- 

**Green Space Institute**

1234 Main Street Anytown USA  
Office of the President

Dear Development Director:

A crisis related to our federal funding has forced me to be out of town until next Friday. I am sorry not to be there to greet you.

Perhaps it is fortunate, however, because it will give you some planning time and a chance to review our fundraising experience of the past.

As I indicated I have been personally frustrated by the slow movement of our fundraising efforts. I know that lots of people, corporations, and foundations care about what we do and I can see no reason why we can't secure funds more quickly and in larger amounts.

My principal concern is to strengthen our fundraising operation so that we can launch a campaign for about \$3,000,000 in the next six months. We need additional funds to support our operations, we certainly should have capital funds and we have to retire a \$435,000 long-standing debt that is burdensome and inhibiting to our program.

I think a capital campaign is very much in order. Several of our older buildings are in serious need of upgrading and repair. We also need a new center for research. A capital campaign could launch us to a new level of fundraising. I participated in a fundraising webinar recently where the instructor said that capital campaigns always improve the fundraising drive. We need both.

In addition, we need some focused effort to pull our board together. Board members seem to lack a sense of mission and a capital drive might provide that. They are not attending meetings, they do not give, and they seldom get involved in the asking except for Julia Smithe, who chairs the development committee, and Charles Davenport, president of the board of trustees.

Our annual fund has grown very slowly despite the excellent letters we have used. Ms. Roberts has done as good a job as we can expect with the campaign. However, I think she will need some help. In fairness, we did not move her to the development office to do the annual fund. She just seemed to take it on.

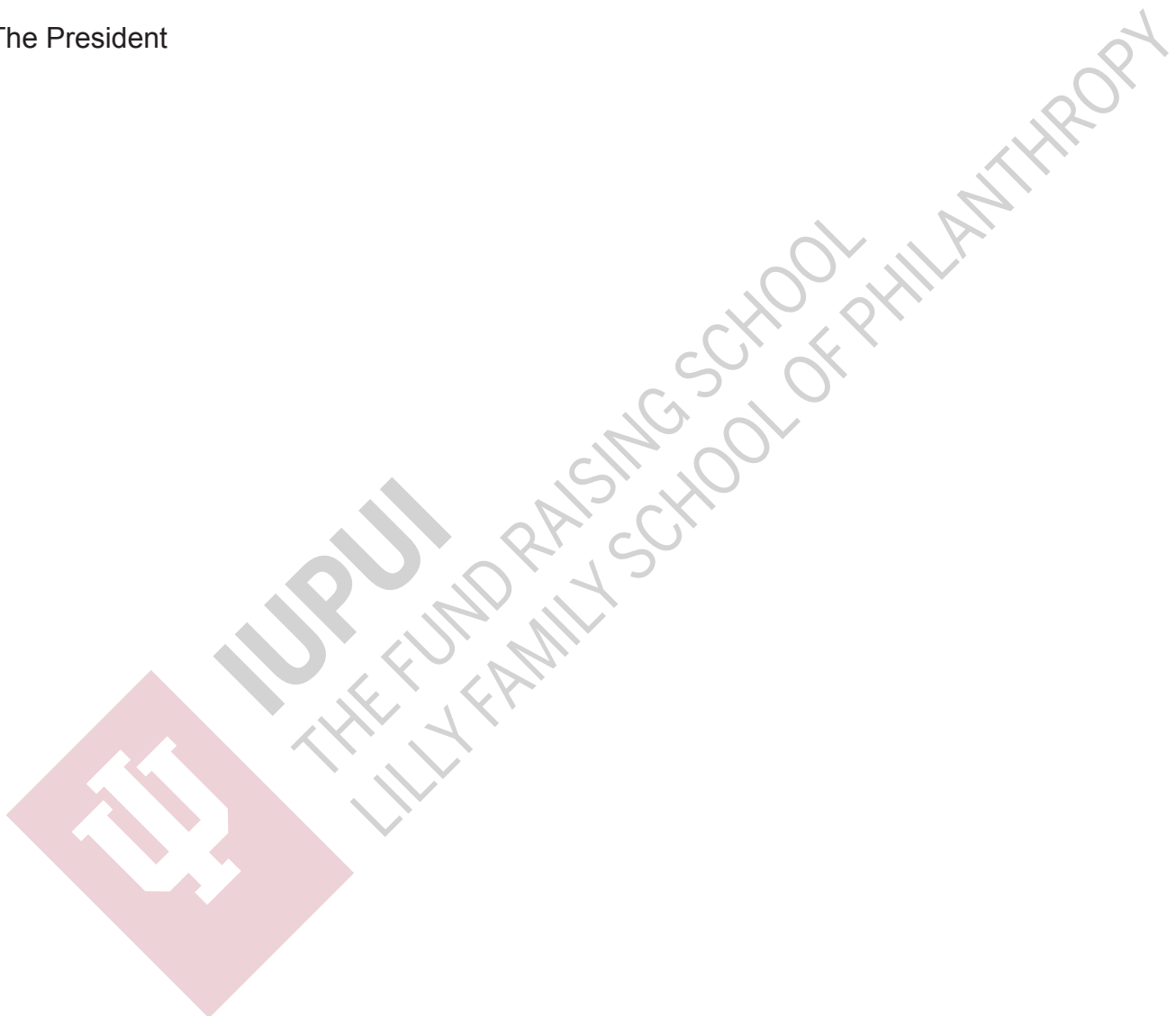
You may know we have started an insurance fundraising program that is being directed by Bill Forest, our insurance broker and board member. To date we have a brochure and all the relevant information. Bill indicates that others have had great success with such programs. Please give him a call and discuss the matter. I hope we will see some gifts from this program very soon.

On the matter of the \$3,000,000 campaign, we can arrange to spend several hours together on Friday, after my return, to prepare a list of items that can be referred to in any of our printed material. With your experience in development work I am looking forward to your guidance in the selection of various items that will have donor appeal.

When we meet, later this week, have a preliminary campaign plan available so that we can study it and start preparation for implementation.

Look forward to seeing you on Friday.

The President



**From:** Barbara Roberts [brobertsadminasst@greenspace.net]  
**Sent:** March 1, 20\_\_\_\_  
**To:** New Development Director [newdevelopmentdirector@greenspace.net]  
**Cc:** President [president@greenspace.net]  
**Subject:** Report you requested

The following is a supplement to the materials I sent you about the development program. I have had the pleasure of working in this office and for the Institute for the past fifteen years and I look forward to our work together.

1. Annual giving over the past five years

- \$56,000
- \$62,000
- \$87,000\*
- \$63,000
- goal: \$80,000

\*Includes a bequest of \$20,000 counted in annual fund.

2. Record keeping. Our mailing list is difficult to manage. We are not certain who is on the list, but we currently have 7,000 names in an Excel file. We do keep a list of donors for one year so that we always know who gave last year. I keep those in my files. However, some gifts do go directly to the president whose administrative assistant keeps those records.
3. Budget. The development office budget is prepared by the business manager. We always receive a report of expenditures on a quarterly basis. We also receive reports of gifts on a monthly basis. Our goals are set by the president as he develops the budget.
4. Gift acknowledgments. We mail out the attached form as a thank you for every gift. It usually goes out within ten days after a gift is received, if the business office tells us in time. The thank you form is signed by the business manager. The president used to sign all letters, but that process was too burdensome for him.
5. President's gift list. The president has a very special relationship with some donors and has been excellent at getting gifts from them. He keeps all such records and files in his office and he does write thank you letters for these gifts.
6. Development committee. There is a board development committee, but it seldom meets. It has not met for the past six months. Mrs. Robert Smithe is the chair of the committee and a member of the board.

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**From:** Business Manager [businessmanager@greenspace.net]  
**Sent:** February 22, 20\_\_\_\_  
**To:** New Development Director [newdevelopmentdirector@greenspace.net]  
**Cc:** Dr. Rangley  
**Subject:** Gift of Stock

Mr. Robert Benefit, the owner of IDEX Corporation, made a gift of closely held stock about a year ago. The value of that stock was pegged at \$100,000. It was for our new endowment fund.

Apparently Mr. Benefit was told by the past development director that we would hold onto the stock and sell it back to him at an agreed-to price. I did not know of the negotiations and sold the stock immediately as we do with all stock.

Mr. Benefit called today and was very angry. Apparently he had wanted to keep the stock in the family and is irate at our action. I told him I did what our policy indicates. You will need to call him and see what you can do.

On another matter, we are about finished with the draft budget for the development office for next year. If you want to see it let me know.



## Multigreen Assets Foundation

Dr. Ralph Rangley  
President  
Green Space Institute  
Anytown USA

Dear Dr. Rangley:

We have been approached by a member of your professional staff seeking a research grant of \$21,000 for the coming year.

We are very surprised by this request. As you know we made a grant to capital improvements two years ago and still have one-third of our pledge outstanding. We do not fund research, and we are not likely to make a gift when we still owe a pledge.

I might also note that we have not had a report on the progress of your capital project and hope to hear from you about it in the near future. You might inform your staff that we do not fund research.

I will be in your part of the country in the spring and hope we can arrange a meeting.

Sincerely yours,

Sally J. Rinehold  
Vice President  
Corporate Responsibility





**From:** Charles B. Davenport [presidentoftheboardtrustees@greenspace.net]  
**Sent:** March 1, 20\_\_\_\_  
**To:** New Development Director [newdevelopmentdirector@greenspace.net]  
**Subject:** Luncheon meeting with Mrs. Robert Smithe

Dear Director:

Welcome to the Green Space Institute. I was pleased to learn you had accepted the fundraising job with our organization. Dr. Rangley told me of your appointment some weeks ago. My own research demonstrates that you come to us with a fine record of success. The board is very relieved to have a competent fundraiser on the job.

Mrs. Robert Smithe, the chair of the board development committee, and I would like an opportunity to meet with you as soon as possible. Mrs. Smithe has called your office to arrange a lunch this Wednesday. I had hoped Dr. Rangley would be with us, but apparently he is out of town.

Mrs. Smithe is one of our great advocates. She and her husband contribute \$5,000 each year to the fundraising drive, and they were instrumental in producing two gifts of equal size from his company and her family foundation.

Mrs. Smithe has chaired the local United Way Campaign and is a leader in the Junior League. Her husband owns the largest car dealership in this state. They choose to live in our small rural community rather than the big city.

I must tell you that Mrs. Smithe thinks we need a really big fundraising event each year and has been unhappy with our inability to conduct such an effort. She will want to talk with you about doing something quickly. Her daughter is also free for the semester and would like to be a social media intern, so she will want to discuss that as well.

We look forward to having lunch with you on Wednesday and hearing your plans for the Institute.

Sincerely yours,

Charles B. Davenport  
President of the Board of Trustees

## THE WORK EXERCISE

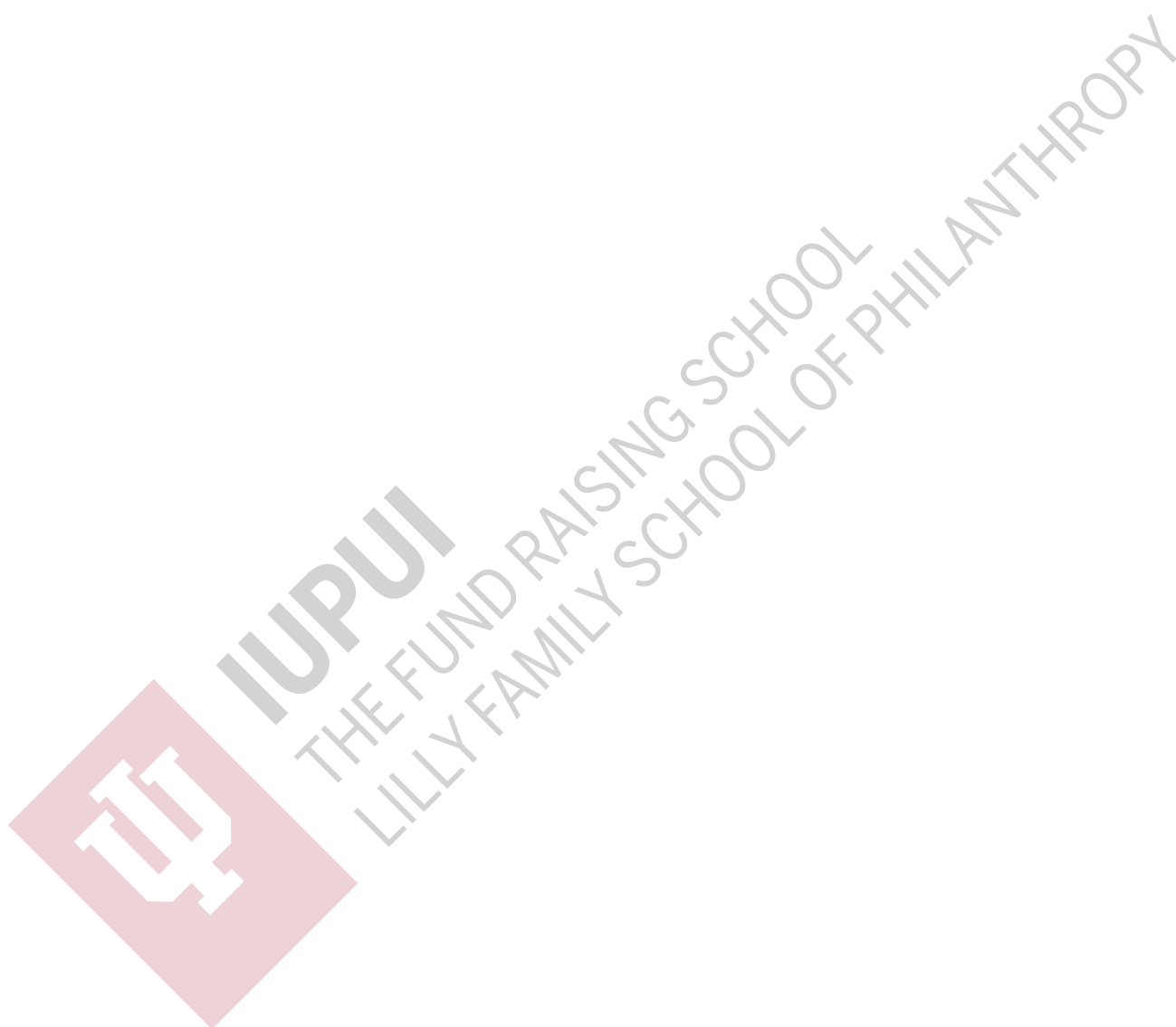
You have completed your review of the voice mails, the letters, and the emails.

You have a number of important decisions to make rather quickly.

You have two appointments, Wednesday at noon with Mrs. Smithe and Mr. Davenport, and Friday with Dr. Ranglely.

### Key Questions

1. What, in your opinion, is the single most important communication in this whole collection of voice mail messages, email messages, and letters? Most important to you as a new development director and most important to the future of the organization?
2. Find three places in the content where there is either a clear ethical issue or a potential ethical issue.
3. What are the human resource management issues raised by these messages? Identify at least three and define the issue as best you can.
4. There are a number of day to day operational problems either directly noted or hinted at in all of this communication. Identify three problems, define them, and offer solutions.
5. Of all the issues raised by the messages, which do you feel would present you with the greatest challenge to your skills and expertise? Please personalize this answer.
6. What should and can a candidate for a position do to insure that opening day is not like this?



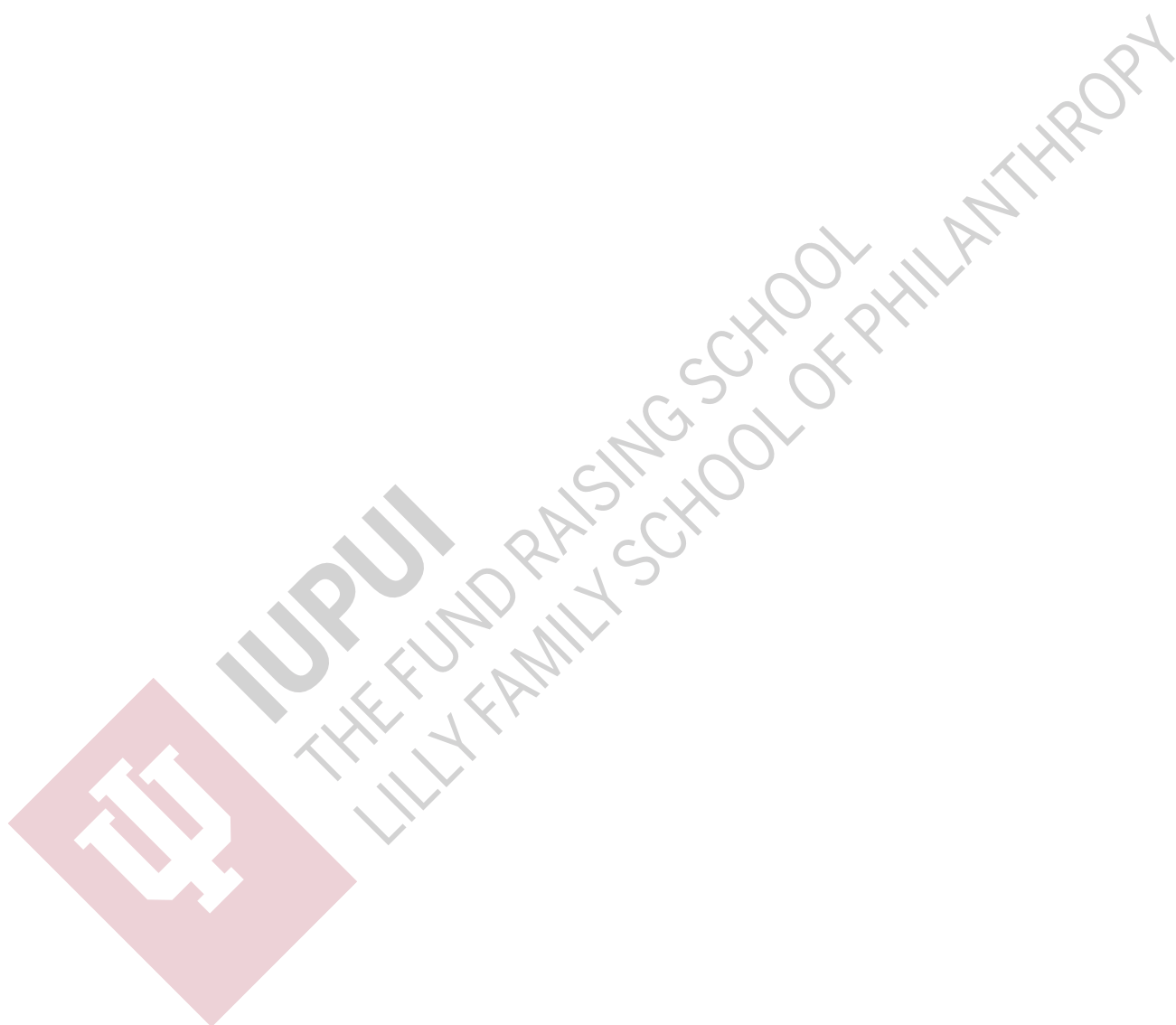
## APPLICATION OF PRINCIPLES, PART I: PREPARING A FUNDRAISING PLAN

During this session you will produce a *plan outline* on ten pages of paper. These ten pages are not designed to be the final product — but they do represent the basic plan components and therefore are the basis for your plan as well as an application of the principles you have learned in this course. Once done, the plan outline will serve as the stimulus to get others involved when you return to your organization.

The ten page plan outline is an approach that is philosophically grounded in a strategy of *matching the donor's interests and abilities with the organization's needs*. It utilizes theoretical principles that are field-tested, such as the Donor Pyramid and the Gift Range Chart. It relies on the practical interpretations and fundraising applications that accommodate each organization's type, age, and culture.

You will have about an hour for this exercise. Some of you may not have the kind of information you need along the way, but please continue to work sequentially and do not skip pages. Each page relies on the information you have recorded on the previous page.

The exercise pages indicate points to review and minimal instructions for how to complete each step. Your faculty member will give additional instructions for completing each step — what information must be considered, who should be involved in that step at the organizational level, how the validity and feasibility of the plan will be assessed, and similar points. As much as possible faculty will also provide examples and refer to pages in the study guide which you can review.



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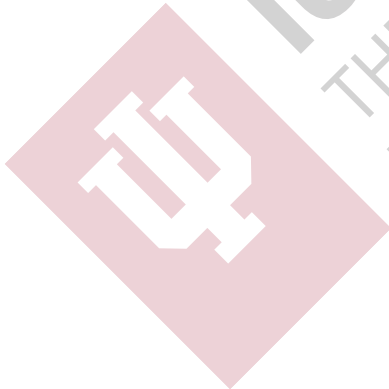
*Cover Page*

# **Fundraising Plan 20\_\_**

Prepared by:  
Development Staff and Volunteers

Approved by:  
Board of Trustees

Section 7



*Section 1***PHILANTHROPIC VISION**

Statement of desired future role of philanthropy and how you intend to achieve it.

**SITUATION ANALYSIS****S.****W.****O.****T.**

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*Section 2***MISSION STATEMENT, CASE FOR SUPPORT, AND NEEDS LIST**

Review the case exercise you did on the first day, particularly the mission statement. Then prepare a list of what you will raise money for and express/adapt your case for support for each need, giving compelling, urgent, and relevant rationale that will motivate donors to give. The case you are preparing for each need is adapted from the overall organizational case you have put together earlier in this course. For example, you may have written “raise funds for information about our program to be available on the Internet, in interactive format.” Answer for yourself — why is this important for our organization? How necessary is it to do this? Whom will it benefit? What are the existing or proposed projects and services and the fiscal amount needed from philanthropy to carry these out? Other questions will be derived from your case exercise.

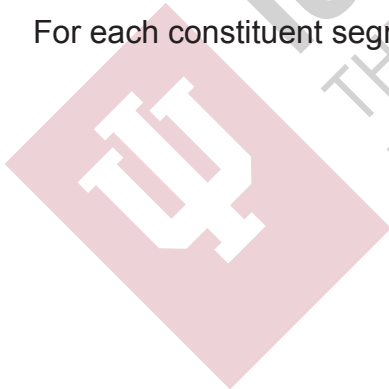


*Section 3***CONSTITUENCY IDENTIFICATION AND ANALYSIS**

Create a constituency circles model — identification of each constituent group, currently linked, interested and capable of giving support.

**FINANCIAL ABILITY**

For each constituent segment, identify financial projections.

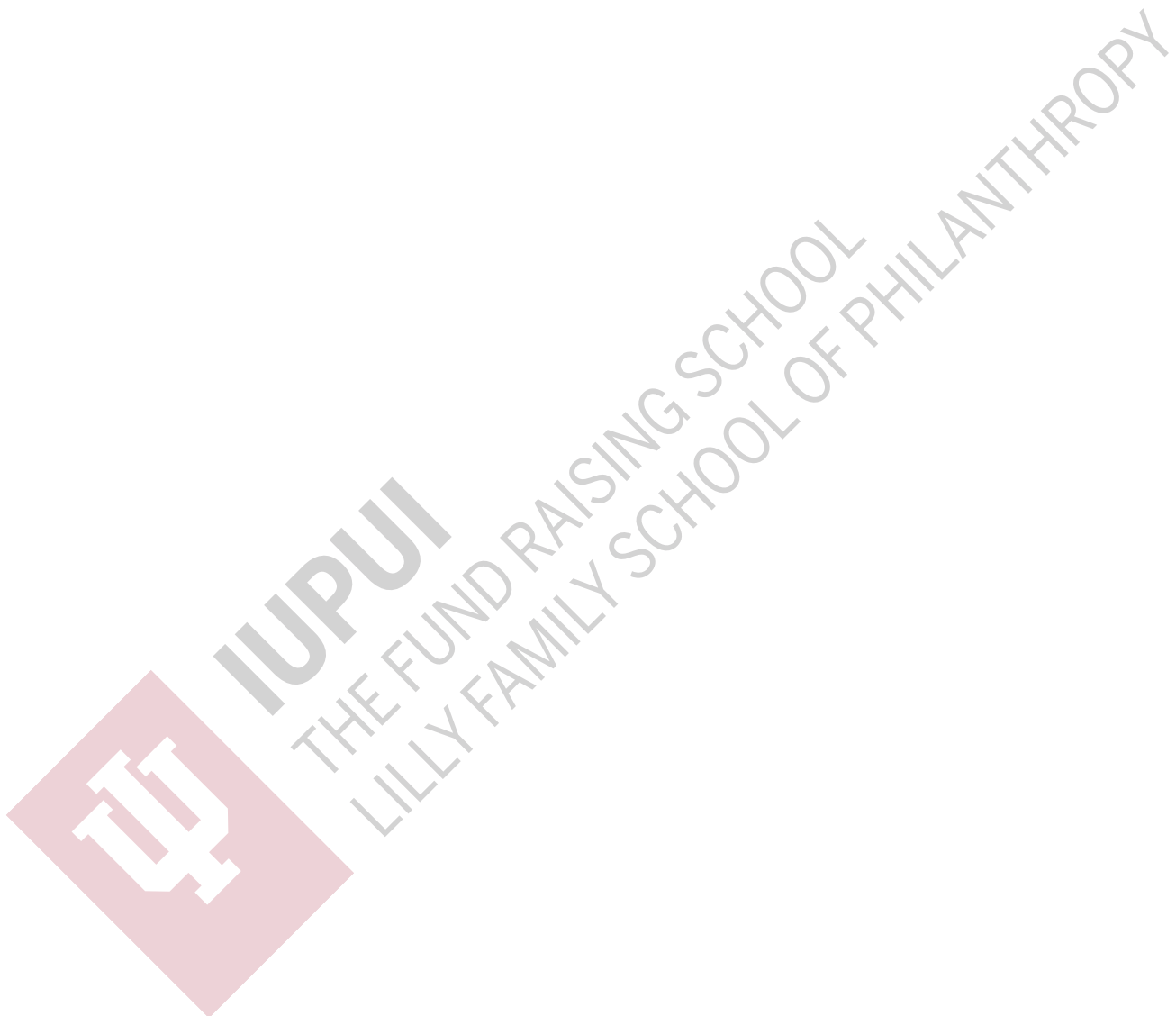


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*Section 4*

## A MATRIX TO MATCH CASES AND DONORS

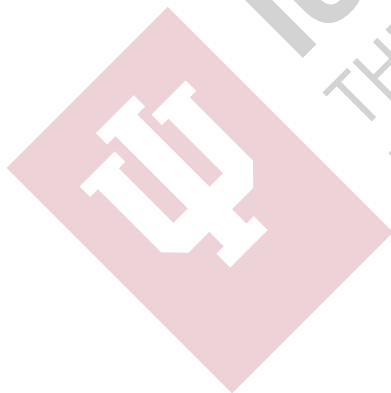
Combine information from Section 2 and Section 3 of this planning exercise. You will then have an understanding of how each constituent group's interests will match your case for support.



*Section 5***STRATEGIES FOR THE FUNDRAISING PLAN AND SOLICITATION PLANS**

Outline fundraising methods and match them to the constituencies from which you will raise funds. This requires approval and endorsement from the board and administrative leadership. This may contain several pages because there is a separate plan of action for each constituency and strategy for solicitation. Each segment of the fundraising plan — the board campaign, foundation grants strategy, gold event, and membership activities will all require individual plans of action. Then outline organizational structure with staff positions and duties; volunteer assignments; and technical and financial resources needed to achieve the plan.

As you put the above together, eventually each strategy section will include six elements: (1) project purpose, status, and strategies, (2) mini-case for support, (3) constituency goals, (4) project goals, objectives, methods, performance measures, and action steps, (5) staff and volunteer roles and responsibilities, and (6) project schedule and timelines.



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*Section 6*

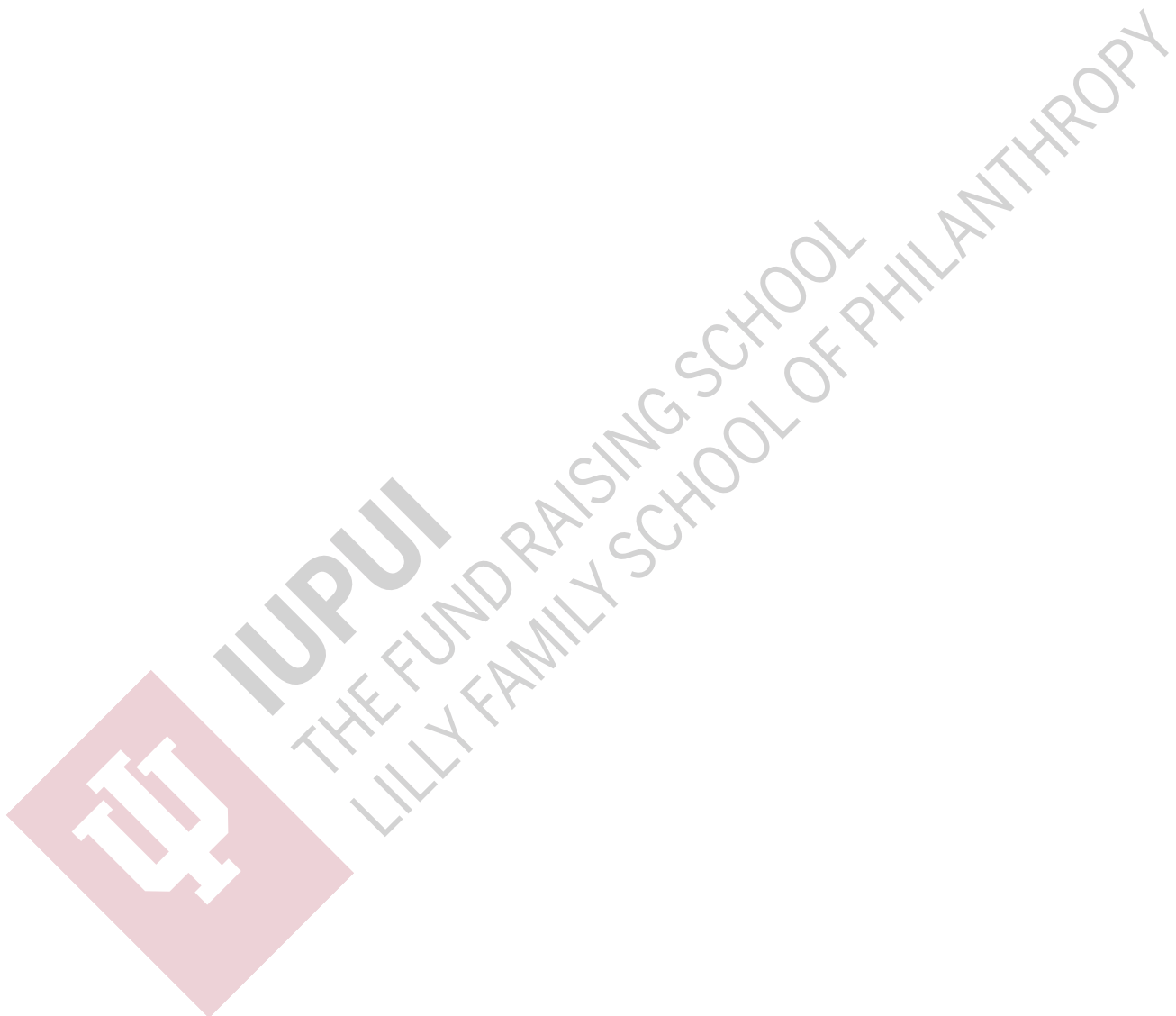
## **FUNDRAISING BUDGETS: INCOME AND EXPENSES BY PROGRAM**

In this section, you will include financial statements. First, prepare an organizational income and expense budget by program. Second, develop a fundraising income and expense budget by source/market. The organization's budget shows all income sources, including the amount projected from fundraising by program. The fundraising budget shows each donor group for each program. Each fundraising program shows net and gross income projections against expense, as compared to previous years.



*Section 7***ORGANIZATIONAL INFRASTRUCTURE AND RESOURCES**

Who will do the work? What does the organization chart look like? How well do all members of the team — staff, board, volunteers, management — understand roles and responsibilities? What committees exist or need to be created? What technical and financial resources are needed to carry out the plan?

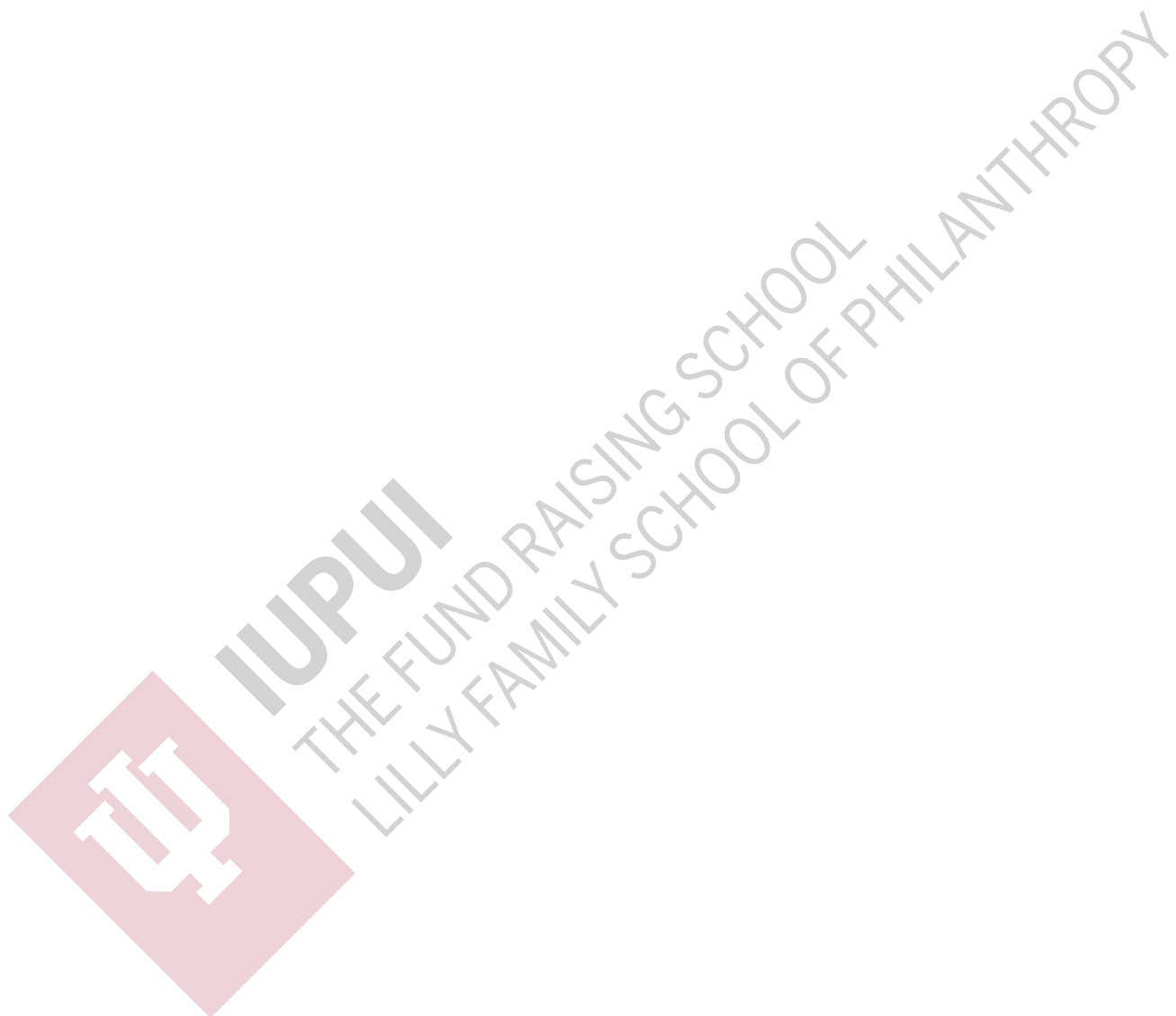


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*Section 8*

## TIMELINE OF FUNDRAISING PLAN ACTIVITIES

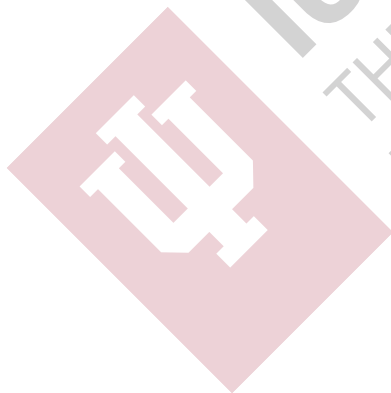
Provide overview of calendar year, showing when each strategy takes place and how it all fits together.



*Section 9***COMMUNICATION AND EVALUATION**

Share the plan, get feedback and buy-in, revise the plan, and then circulate it and put it into use. With whom is it necessary and/or helpful to share the plan? Who ultimately endorses it? Do you have a plan for monitoring the progress and evaluating the final outcomes? Includes financial results compared to goals, acquisition of new donors, renewals and upgrades, and average gift size.

What are the plans for acknowledgments, reports, recognition activities, and site visits, for each constituent group?



## APPLICATION OF PRINCIPLES, PART II: RESOURCES INVENTORY

The Fund Raising School (TFRS) is a comprehensive and integrated experience in which the fundraising professional learns the techniques that lead to effective fundraising.

This exercise has been designed by the highly experienced faculty of TFRS to help the fundraising professional bridge the gap between principles and techniques taught and learned at the school and the actual working conditions that exist at his/her place of employment.

Primary among those principles learned at TFRS is the fact that successful fundraising is the result of work by all the organization's constituencies (the team) not just the work of the fundraising staff. Therefore, in order for the fundraising process to succeed, the input of all team members is vital.

Key participants of the team may include:

- President or chair of the board of directors
- President or chief executive of the organization
- Chief financial officer or comptroller
- Development committee chair (if a development committee exists)
- Key fundraising staff

This exercise should be organized within two weeks of the time the fundraising professional returns from TFRS so that the key principles will still be fresh and the organizational environment will not have changed significantly since the original work was done at TFRS.

### Benefits to the Organization from this Exercise

This exercise will help all members of the team to understand and appreciate the fundraising process.

It will create awareness of the wide variety of factors that must be in place before successful fundraising can proceed.

By getting team input, the fundraising professional will be able to do a better job of securing finances needed to support effective fundraising.

The team approach is essential to successful fundraising. This exercise will help the organization develop a knowledgeable, efficient, and successful fundraising team.



## The Process

### Step 1.

The Fund Raising School participant will go over the following key concepts which will be vitally important to the group's understanding of the fundraising process:

- The Cube
- Fundraising Cycle
- Constituency circles
- LAI
- Exchange of values
- Case statement elements
- The gift range chart
- Stewardship

### Step 2.

The team will go over the Resources Inventory and Analysis section and evaluate institutional readiness, human resources, markets, vehicles, management of the development function, and development committee operations.

### Step 3.

Once the team has completed the Resources Inventory and Analysis section, they will then concentrate on the areas that need improving, prioritize them, and decide who will be responsible for changes. The "group think" technique that the fundraising professional learned at TFRS may be helpful during this step.

### Step 4.

A report will be prepared by the development professional who attended TFRS and distributed to the team members. This report will summarize the work done by the team outlining the priority areas needing improvement along with the responsible party and the projected completion date.

### Step 5.

Follow up meetings will need to be scheduled periodically to check on progress on the "need improvement" areas and to assist the development professional in keeping the team up-to-date on fundraising progress and opportunities.

At least annually the team will need to review the case statement to make sure it is still current and applicable to the organization's mission.

**Steps one through four should require only one morning or afternoon session each to complete. Subsequent progress meetings should require only one or two hours.**

**In terms of the additional dollars that will be raised as a result of this process, The Fund Raising School is sure you will find this investment of time well worthwhile.**

## Resources Inventory and Analysis

### Institutional readiness

1. Does the organization have a plan based on a clearly defined mission statement with goals, objectives, and programs projected over the next three to five years?  
 yes\_\_\_\_\_ no\_\_\_\_\_ priority #\_\_\_\_\_
 

If no, what action? \_\_\_\_\_

Responsible person \_\_\_\_\_
2. Is the plan based on an assessment of current and future human/societal needs covered by your organization?  
 yes\_\_\_\_\_ no\_\_\_\_\_ priority #\_\_\_\_\_
 

If no, what action? \_\_\_\_\_

Responsible person \_\_\_\_\_
3. Does the plan project income and expense requirements for each of the years reflecting the following?
 

Annual operating/program needs	yes_____	no_____
Special purpose/capital needs	yes_____	no_____
Endowment/cash reserve needs	yes_____	no_____
Priority #_____		

If no, what action? \_\_\_\_\_

Responsible person \_\_\_\_\_
4. Does this financial plan identify gift dollars which must be raised each year for the following?
 

Annual operating/program needs	yes_____	no_____
Special purpose/capital needs	yes_____	no_____
Capital projects	yes_____	no_____
Endowment/cash reserve needs	yes_____	no_____
Priority #_____		

If no, what action? \_\_\_\_\_

Responsible person \_\_\_\_\_

5. Have both board and staff been involved in the development of the program plans and financial plans noted above and have they made a joint commitment to participate in its implementation and evaluation?

yes\_\_\_\_\_ no\_\_\_\_\_ priority #\_\_\_\_\_

If no, what action? \_\_\_\_\_

Responsible person \_\_\_\_\_

6. Have other community leaders and key organizations related to your organization's mission been involved in developing and/or validating the plan in order to create community ownership?

yes\_\_\_\_\_ no\_\_\_\_\_ priority #\_\_\_\_\_

If no, what action? \_\_\_\_\_

Responsible person \_\_\_\_\_

7. What are the five most salient, exciting elements or statements of your case?

a. \_\_\_\_\_

b. \_\_\_\_\_

c. \_\_\_\_\_

d. \_\_\_\_\_

e. \_\_\_\_\_

### Human resources

1. Is the board committed to giving and getting gifts for the organization?

yes\_\_\_\_\_ no\_\_\_\_\_ priority #\_\_\_\_\_

If no, what action? \_\_\_\_\_

Responsible person \_\_\_\_\_

2. Is there a development committee of the board?

yes\_\_\_\_\_ no\_\_\_\_\_ priority #\_\_\_\_\_

If no, what action? \_\_\_\_\_

Responsible person \_\_\_\_\_

3. If there is a board development committee, is it functioning?

yes\_\_\_\_\_ no\_\_\_\_\_ priority #\_\_\_\_\_

If no, what action? \_\_\_\_\_

Responsible person \_\_\_\_\_

Note: Strong board development committees meet regularly, represent leadership strength necessary to achieve fundraising objectives, and actively develop, implement, and evaluate fundraising plans of action.

4. Who is the staff person assigned to fundraising management responsibilities and what percentage of his/her time is spent in that area?

Person\_\_\_\_\_ % time\_\_\_\_\_

5. Is this the maximum which can be allocated?

yes\_\_\_\_\_ no\_\_\_\_\_ priority #\_\_\_\_\_

If no, what action? \_\_\_\_\_

Responsible person \_\_\_\_\_

6. Is this staff person's time being spent effectively?

yes\_\_\_\_\_ no\_\_\_\_\_ priority #\_\_\_\_\_

If no, what action? \_\_\_\_\_

Responsible person \_\_\_\_\_

7. Are there other staff persons who should be involved in fundraising activities (administrator, program staff)?

who\_\_\_\_\_ doing what\_\_\_\_\_ % time\_\_\_\_\_

8. What is the level of understanding within the board and staff of the three-component team (board, administrative staff, fundraising staff) process of fund raising and do they understand the role of each team member?

yes\_\_\_\_\_ no\_\_\_\_\_ priority #\_\_\_\_\_

If no, what action? \_\_\_\_\_

Responsible person \_\_\_\_\_

9. What steps need to be taken to strengthen any of the components (for example, addition of volunteer leaders and staff, or of staff, time, and responsibilities)?

component \_\_\_\_\_

action \_\_\_\_\_

## Markets

1. Has there been a constituency analysis which identifies the markets (individuals, corporations, foundations, associations) that have the greatest funding potential for your situation?

yes \_\_\_\_\_ no \_\_\_\_\_ priority # \_\_\_\_\_

If no, what action? \_\_\_\_\_

Responsible person \_\_\_\_\_

2. Has this market analysis been further refined to the identification of specific prospective donors?

yes \_\_\_\_\_ no \_\_\_\_\_ priority # \_\_\_\_\_

If no, what action? \_\_\_\_\_

Responsible person \_\_\_\_\_

3. Have the data been developed that will provide a base from which to evaluate each prospective donors linkage, interest, and giving ability in relationship to your organization?

yes \_\_\_\_\_ no \_\_\_\_\_ priority # \_\_\_\_\_

If no, what action? \_\_\_\_\_

Responsible person \_\_\_\_\_

4. Are board members, staff, and other volunteers aware of and involved in prospective donor identification and cultivation?

yes \_\_\_\_\_ no \_\_\_\_\_ priority # \_\_\_\_\_

If no, what action? \_\_\_\_\_

Responsible person \_\_\_\_\_

5. Does the development team understand the needs, perceptions, preferences, and satisfactions of your current and potential donors and use these in building the exchange relationship with them?

yes \_\_\_\_\_ no \_\_\_\_\_ priority # \_\_\_\_\_

If no, what action? \_\_\_\_\_

Responsible person \_\_\_\_\_

6. Who are the top ten prospective donors capable of giving in each of your top four giving categories?

category \_\_\_\_\_ prospect \_\_\_\_\_

7. What ten steps can be taken to strengthen and make more effective your market analysis, identification, and cultivation of prospective donors (that is, data on board and volunteers that identify community linkages, survey current donors, etc.)?

priority (1-10) \_\_\_\_\_ item \_\_\_\_\_ responsibility \_\_\_\_\_

## Vehicles

1. Is there an active annual giving program based on a specific goal?

yes \_\_\_\_\_ no \_\_\_\_\_ priority # \_\_\_\_\_

If no, what action? \_\_\_\_\_

Responsible person \_\_\_\_\_

2. If there is an active annual gift program, what techniques are used and how effective are they?

technique \_\_\_\_\_ effectiveness (rate 1-5) \_\_\_\_\_ improvement \_\_\_\_\_

3. Is the concept of the gift range chart used to analyze, plan, and evaluate fundraising activities?

yes \_\_\_\_\_ no \_\_\_\_\_ priority # \_\_\_\_\_

If no, what action? \_\_\_\_\_

Responsible person \_\_\_\_\_

4. Will there be a need to conduct a capital campaign in the foreseeable future? If the answer is "yes," what steps are being taken to ensure the organization's readiness to mount a successful effort?

key steps: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

5. Does the organization anticipate implementing a planned gifts program? If so, what is the level of understanding of the scope of such a program and the organizational commitment required to launch a significant effort?

Does a planned gifts program exist? yes \_\_\_\_\_ no \_\_\_\_\_

Scope of understanding steps outlined: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

6. What is the anticipated need to raise increased gifts now and in future years for ongoing programs/services, endowment, or special projects? What planning is being done to identify the proper vehicles for these increased fundraising efforts?

need \_\_\_\_\_ date \_\_\_\_\_ vehicle \_\_\_\_\_

## Management

1. Is there an established development office?

yes \_\_\_\_\_ no \_\_\_\_\_ priority # \_\_\_\_\_

If no, what action? \_\_\_\_\_

Responsible person \_\_\_\_\_

2. If you are going to establish a development office, answer the following three questions:

- What space is available to create a proper business office environment?
- What policies, procedures, and systems must be established first?
- What financial allocation is necessary to create an effective office?

3. If there is a development office established, prepare to answer the following questions. (You might want to refer to sections of Chp. 8 in Sec. III.)
- How effective is the development office?
  - What steps need to be taken to increase effectiveness?
4. Is the budget allocation for fundraising and the supporting public information program adequate to support an effective program?
- yes\_\_\_\_\_ no\_\_\_\_\_ priority #\_\_\_\_\_
- If no, what action? \_\_\_\_\_
- Responsible person \_\_\_\_\_
- area for increased support \_\_\_\_\_ how to obtain additional support \_\_\_\_\_
5. Are the management elements of analysis, planning, execution, control, and evaluation developed to the extent necessary for effective fundraising?
- yes\_\_\_\_\_ no\_\_\_\_\_ priority #\_\_\_\_\_
- If no, what action? \_\_\_\_\_
- Responsible person \_\_\_\_\_
- area for improvement action \_\_\_\_\_ action \_\_\_\_\_

### Development Committee

1. Is there a development committee of the governing board?
- yes\_\_\_\_\_ no\_\_\_\_\_ priority #\_\_\_\_\_
- If no, what action? \_\_\_\_\_
- Responsible person \_\_\_\_\_
2. If there is a development committee, is it comprised of no fewer than five volunteer leaders, drawn from the board or from the constituency?
- yes\_\_\_\_\_ no\_\_\_\_\_ priority #\_\_\_\_\_
- If no, what action? \_\_\_\_\_
- Responsible person \_\_\_\_\_



3. Will the development committee members contribute according to their abilities and also ask others to do so?

yes \_\_\_\_\_ no \_\_\_\_\_ priority # \_\_\_\_\_

If no, what action? \_\_\_\_\_

Responsible person \_\_\_\_\_

4. Will the development committee identify, cultivate, and enlist other key leaders to become active members of this committee?

yes \_\_\_\_\_ no \_\_\_\_\_ priority # \_\_\_\_\_

If no, what action? \_\_\_\_\_

Responsible person \_\_\_\_\_

5. Will the development committee require the chief executive and the governing board to prepare one and three year plans that will identify needs of the organization and will delineate these needs in an immediate, intermediate, and long-term priority order? Will the development committee then agree to prepare a continuing development plan to meet those needs?

yes \_\_\_\_\_ no \_\_\_\_\_ priority # \_\_\_\_\_

If no, what action? \_\_\_\_\_

Responsible person \_\_\_\_\_

6. Will the development committee agree to enlist the most capable people to chair key committees (annual funding, major gifts, prospect development)?

yes \_\_\_\_\_ no \_\_\_\_\_ priority # \_\_\_\_\_

If no, what action? \_\_\_\_\_

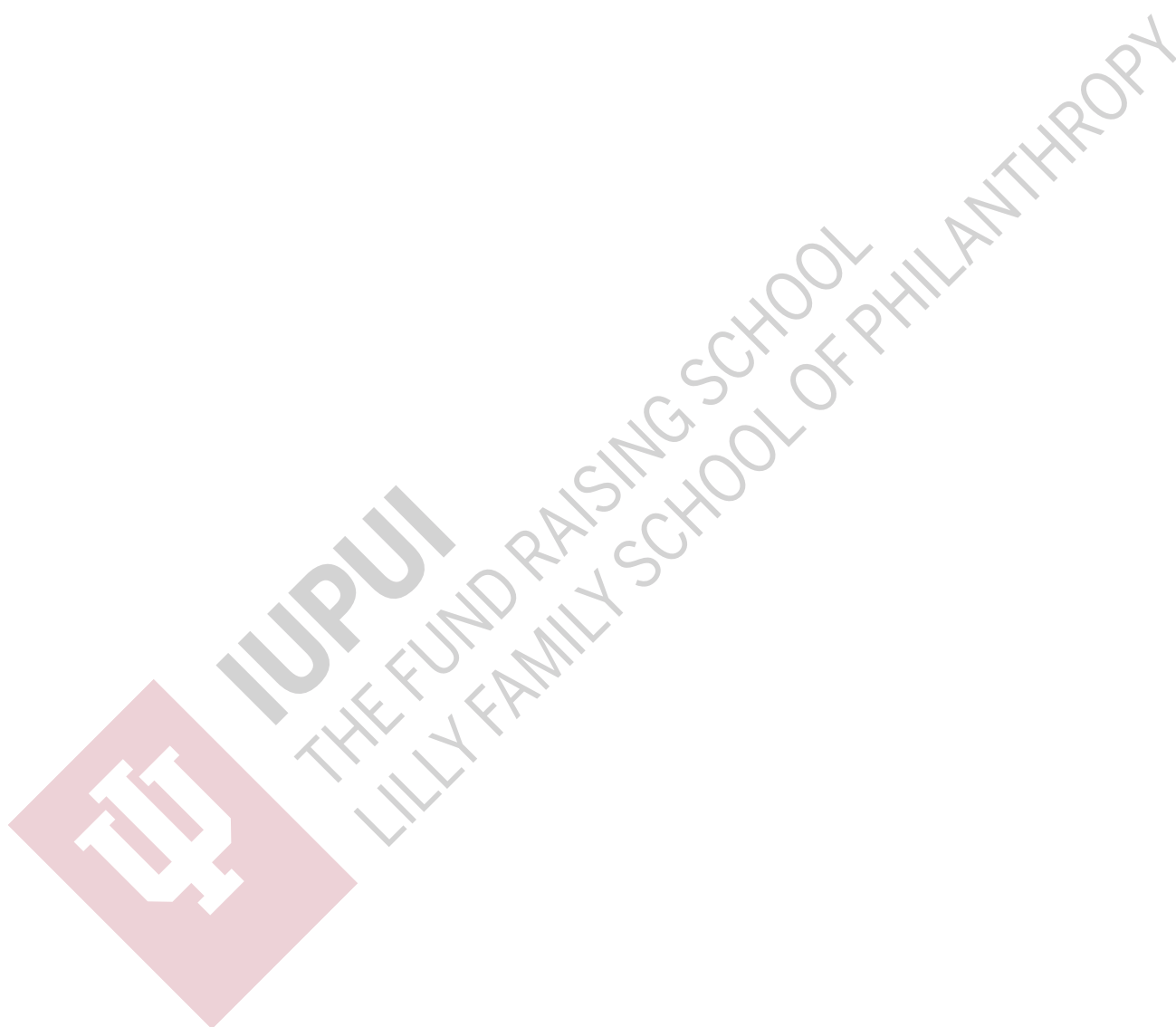
Responsible person \_\_\_\_\_

7. Will the development committee agree to review the plan on a regular basis to ensure steady progress according to established strategies and timetables?

yes \_\_\_\_\_ no \_\_\_\_\_ priority # \_\_\_\_\_

If no, what action? \_\_\_\_\_

Responsible person \_\_\_\_\_





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LILLY FAMILY SCHOOL OF PHILANTHROPY

# RECENT DATA ON GIVING AND VOLUNTEERING

June 2017

Selected by



**IUPUI**

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LILLY FAMILY SCHOOL OF PHILANTHROPY

**Contains Key Data From:**

Giving USA (2017)

[www.givingusareports.org](http://www.givingusareports.org)

Volunteering in America (2016)

<https://www.nationalservice.gov/vcla>

The Foundation Center (Highlights of Foundation Yearbook 2015)

[www.foundationcenter.org](http://www.foundationcenter.org)

Study of High-Net Worth Philanthropy (2016)

[www.philanthropy.iupui.edu/research](http://www.philanthropy.iupui.edu/research)



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# Highlights

An overview of giving in 2016\*

**Total 2016 contributions: \$390.05 billion**

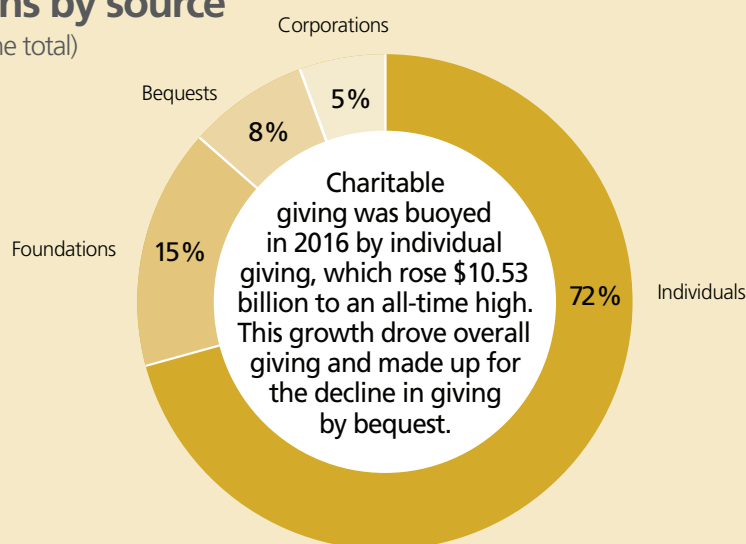
**+2.7%**

**Total estimated U.S.  
charitable giving**

increased by 2.7 percent,  
to \$390.05 billion, in 2016

## Contributions by source

(by percentage of the total)



**+3.9%**

**Giving by  
Individuals**

is estimated to have  
increased by 3.9 percent.

**+3.5%**

**Giving by  
Foundations**

is estimated to have  
increased by 3.5 percent.

**-9.0%**

**Giving by  
Bequest**

is estimated to have  
declined by 9.0 percent.

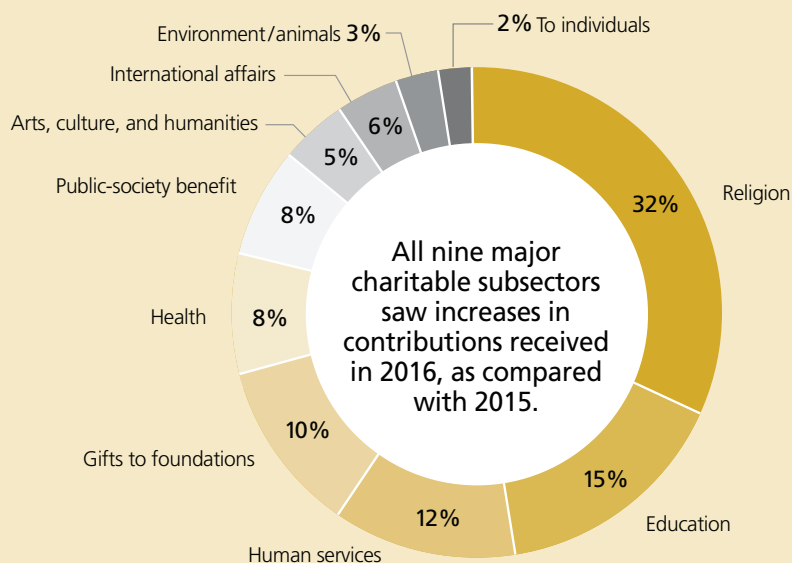
**+3.5%**

**Giving by  
Corporations**

is estimated to have  
increased by 3.5 percent.

## Contributions by recipient category

(by percentage of the total)



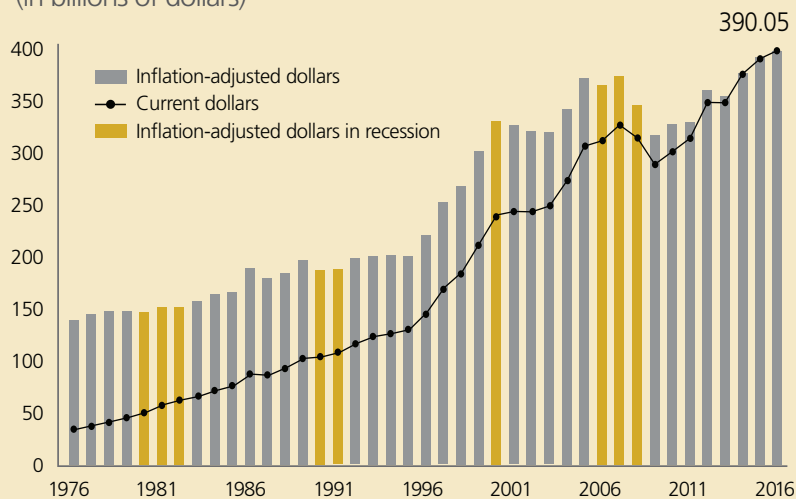
\* All figures on this page are in current dollars.



# An overview of giving in 2016

## Total giving: 1976–2016

(in billions of dollars)

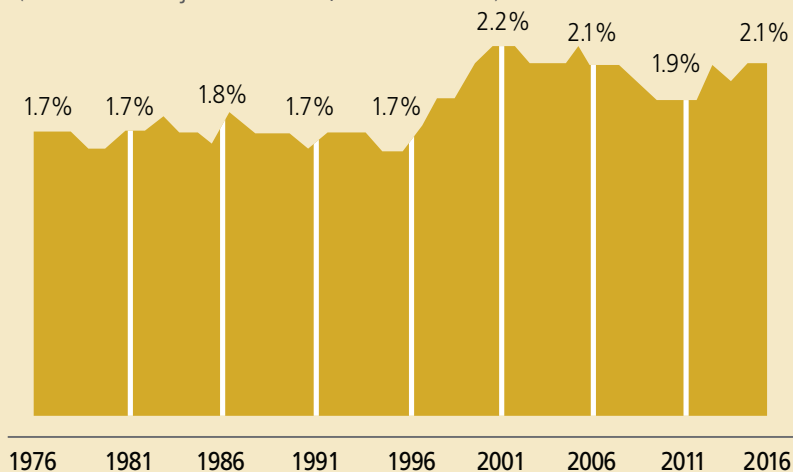


- Total giving rose 2.7 percent in current dollars in 2016, or 1.4 percent adjusted for inflation.
- Between 2006 and 2016, total giving increased by \$93.96 billion in current dollars, or \$37.56 billion in inflation-adjusted dollars.
- Total estimated giving reached its highest levels ever in 2015 and 2016 (in current and inflation-adjusted dollars).

Refer to page 40 in the annual report for a complete review of 2016 total giving trends.

## Total giving as a percentage of GDP: 1976–2016

(in inflation-adjusted dollars, 2016 = \$100)



- Gross Domestic Product (GDP) reflects the economic health of a nation.
- GDP increased in inflation-adjusted dollars by 1.7 percent between 2015 and 2016. This rate of change is compared with inflation-adjusted growth in total giving of 1.4 percent. Total giving as a percentage of GDP was 2.1 percent in 2016.

Refer to page 48 in the annual report for a complete review of 2016 total giving as a percentage of GDP trends.

## 2016 giving trends

- In 2016, three of the four sources of charitable giving increased, with the exception of giving by bequest. All nine major charitable subsectors realized growth in giving, which has happened only six times in the last 40 years.
- Key economic indicators were mixed in 2016—while the S&P 500 ended the year at a high compared to 2015, other factors grew at a slower rate than previous years.

Refer to the Numbers section and chapters in the annual report for a complete review of how changes in the economic environment affected different aspects of giving in 2016.

## Key factors related to the rise in giving by individuals in 2016\*

- In 2016, per capita giving by U.S. adults reached \$1,155, and average U.S. household giving reached \$2,240.
- For the year 2016, it is estimated that giving by non-itemizing individuals grew 3.4 percent and giving by itemizing individuals grew 4.0 percent.

Refer to page 41 in the annual report for an overview of 2016 individual giving trends, as well as the chapter on giving by individuals.

## Key factors related to the increase in giving by corporations in 2016\*

- Corporate pre-tax profits rose 2.7 percent, and GDP increased 3.0 percent in 2015. Both of these factors influenced the 3.5 percent rise in corporate giving in 2016.
- Corporate giving as a percentage of corporate pre-tax profits was at 0.8 percent in 2016.

Refer to page 44 in the annual report for an overview of 2016 corporate giving trends, as well as the chapter on giving by corporations.

## Key facts about giving to particular recipient types in 2016\*

- Giving to education and public-society benefit increased for the seventh consecutive year, and giving to international affairs rose for the sixth consecutive year.
- Giving to environment/animals saw the largest increase, at 7.2 percent. This subsector has posted strong two-year growth rates.
- For the years 2012–2016, arts, culture, and humanities was the second-fastest growing subsector out of nine in terms of contributions received. Giving to international affairs was the fastest, and also had the highest two-year growth rate in 2014–2016.
- Giving to foundations and health realized stronger growth in 2016 as compared to previous years, growing 3.1 percent and 5.7 percent, respectively.

Refer to pages 52–60 in the annual report for overviews of 2016 giving by recipient type, as well as the chapters on giving to specific recipient types.

\* In current dollars.

# Volunteering and Civic Engagement in the U.S.

## Trends and Highlights Overview

<b>Overall, nationally in 2015:</b> <ul style="list-style-type: none"> <li>• <b>24.9%</b> of residents volunteer</li> <li>• <b>62.6</b> million volunteers</li> <li>• <b>7.9</b> billion hours of service</li> <li>• <b>\$184</b> billion of service contributed</li> <li>• 78.8% of volunteers donate to charity vs. 40.3% of non-volunteers who donate to charity</li> </ul>	<b>Civic Life in America (2013 data):</b> <ul style="list-style-type: none"> <li>• <b>93.2%</b> frequently eat dinner with other members of the household</li> <li>• <b>85.7%</b> frequently talk with neighbors</li> <li>• <b>36.29%</b> participate in groups and/or organizations</li> <li>• <b>62.5%</b> engage in "informal volunteering" (for example, doing favors for neighbors)</li> </ul>
<b>Demographic Overview</b> <ul style="list-style-type: none"> <li>• 27.8% of women volunteer</li> <li>• 21.8% of men volunteer</li> <li>• 25.7% of baby boomers volunteer</li> <li>• 28.9% of Generation X volunteer</li> <li>• 21.9% of millennials volunteer</li> </ul>	<ul style="list-style-type: none"> <li>• 23.5% of older adults (age 65+) volunteer</li> <li>• 25.7% of college students volunteer</li> <li>• 26.4% of teenagers volunteer</li> <li>• 25.1% of veterans volunteer</li> <li>• 31.3% of parents volunteer</li> </ul>
<b>Main Volunteer Activities</b> <ul style="list-style-type: none"> <li>• Collect, prepare, distribute or serve food (24.2%)</li> <li>• Fundraise or sell items to raise money 24%)</li> <li>• Engage in general labor (18.8%)</li> <li>• Tutor or teach (18%)</li> <li>• Mentor youth (17.5%)</li> <li>• Provide professional or management services (14.6%)</li> </ul>	<b>Organization Type for Volunteers</b> <ul style="list-style-type: none"> <li>• Religious (34%)</li> <li>• Educational or youth service (26%)</li> <li>• Social or community service (15%)</li> <li>• Hospital or other health (7.3%)</li> <li>• Civic, political, professional or international (5.2%)</li> <li>• Sport, hobby, cultural or arts (4%)</li> <li>• Other (8.5%)</li> </ul>

Source: <https://www.nationalservice.gov/vcla/national>



## The Value of Volunteer Time

# \$24.14 per hour

Estimated Value of Volunteer Time for 2016

### National Value of Volunteer Time

The estimate helps acknowledge the millions of individuals who dedicate their time, talents, and energy to making a difference. Charitable organizations can use this estimate to quantify the enormous value volunteers provide.

According to the Corporation for National and Community Service, about 63 million Americans, or 25 percent of the adult population, gave 8 billion hours of volunteer service worth \$193. For the latest information, please see [www.volunteeringinamerica.gov](http://www.volunteeringinamerica.gov)

Source: Independent Sector, 2016

[https://www.independentsector.org/volunteer\\_time](https://www.independentsector.org/volunteer_time)

# FOUNDATION FOCUS

**IN 2012**  
**THE U.S. WAS HOME TO**  
**86,192**  
**FOUNDATIONS<sup>1</sup> WITH**  
**\$715 BILLION**  
**IN ASSETS AND**  
**\$52 BILLION**  
**IN GIVING**

**Growth.** All signs point to continued ambiguity in the U.S. economy for at least another few years. Strong stock market performance has boosted the assets of many foundations and will undoubtedly encourage more individuals to create foundations. But some endowments are still recovering from the Great Recession, and not all foundations have achieved the rates of return suggested by market averages. Nonetheless, overall giving by the nation's private and community foundations reached \$54.7 billion in 2013, surpassing previous record levels even after adjusting for inflation.

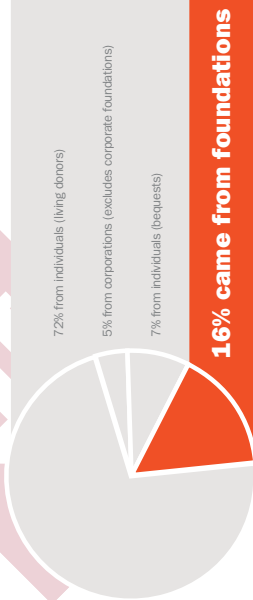
**Outlook.** According to Foundation Center's annual "Foundation Giving Forecast Survey," overall foundation giving will continue to grow a few points ahead of inflation in 2014. Independent and family foundations will likely show an even higher rate of growth.

<sup>1</sup> Figures include all independent and family, corporate, community, and operating foundations that reported giving. Excluded from these figures are approximately 17,000 foundations that did not report giving in their latest fiscal years.

Need more data? Visit [data.foundationcenter.org](http://data.foundationcenter.org).

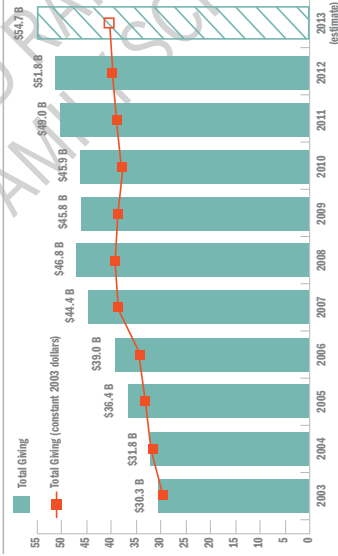
## PRIVATE GIVING

OUT OF \$316.2 BILLION OF PRIVATE GIVING IN THE U.S.



Source: Figures for 2012 from Giving USA Foundation Giving USA, 2013.

## FOUNDATION GIVING THROUGH THE YEARS



## DID YOU KNOW?

The nation's largest community foundation by assets (\$3.7 B) is the Tulsa Community Foundation

More than one-quarter of U.S. foundations (23,155) are located in the South.

New York State ranks first in the nation based on no. of foundations (9,880) and overall giving (\$5.7 B).

More than half of independent foundations have measurable donor or donor-family involvement in their governance, and the actual share for family foundations<sup>3</sup> is likely far higher.

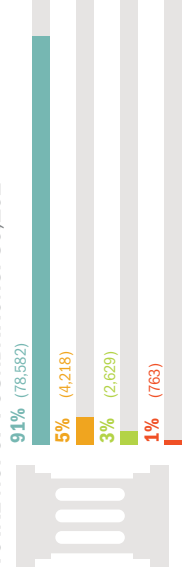
Operating and corporate foundations established by pharmaceuticals now annually give close to \$6 billion with nearly all of this support in the form of donated medicines.

<sup>3</sup> "Family foundations" are not legally defined entities, so there is no way to determine a definitive total.

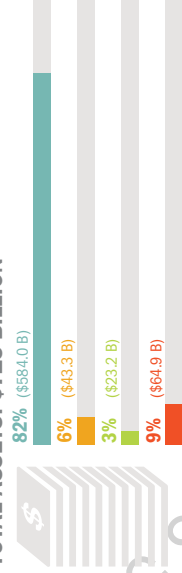
## TYPES OF FOUNDATIONS

- INDEPENDENT** Includes most of the nation's largest foundations. Generally established by individual donors or donor families.
- OPERATING** Primarily run their own programs, but some also make grants. Generally established by individual donors or donor families.
- CORPORATE** Established by businesses ranging from major corporations to family-owned shops, although legally separate entities.
- COMMUNITY** Raise funds from the public. Engage in grantmaking primarily within a defined geographic area.

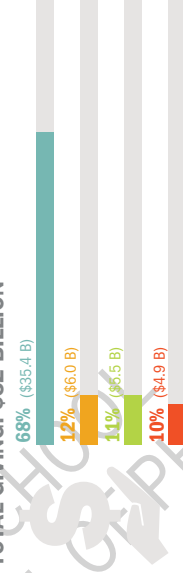
TOTAL NO. OF FOUNDATIONS: 86,192



TOTAL ASSETS: \$715 BILLION



TOTAL GIVING: \$52 BILLION



2013 GIVING ESTIMATE: \$54.7 BILLION<sup>3</sup>



<sup>3</sup> Based on projections prepared by Foundation Center.

## TOP FOUNDATIONS

BY TOTAL ASSETS



BY TOTAL GIVING<sup>4</sup>



<sup>4</sup> Excludes foundations created by pharmaceutical corporations primarily to distribute medicine to individuals.

Source: Key Facts on U.S. Foundations, Foundation Center, 2014.

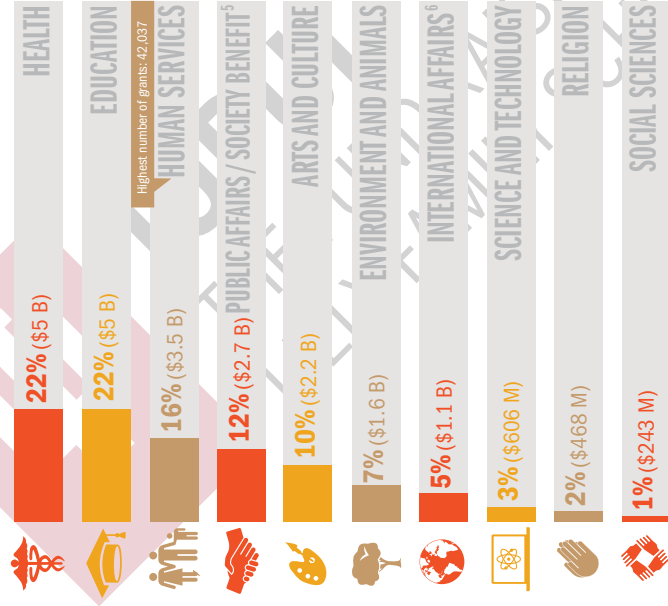
# GRANT FOCUS

**IN 2012**  
**A SUBSET OF THE NATION'S**  
**LARGEST FOUNDATIONS**  
**AWARDED NEARLY**  
**154,000 GRANTS**  
**TOTALING**  
**\$22.4 BILLION**

**Priorities.** Foundations have the flexibility to determine the what, where, who, and how of their grantmaking activities. They are actively funding in nearly every issue area across the globe, from public education in the United States to securing access to safe drinking water in the developing world. Some foundations see making a small number of very large, targeted grants as being most effective in achieving their goals. Others emphasize providing many smaller, unrestricted grants to a variety of organizations. Similarly, some grantmakers focus their giving on specific populations, such as the economically disadvantaged, LGBT populations, or Black men and boys, while others believe impact will be achieved by targeting populations generally. This range of priorities and approaches illustrates the role of foundations as a critical source of support for new strategies and opportunities throughout the social sector.

Need more data? Visit [data.foundationcenter.org](http://data.foundationcenter.org).

## BY ISSUE FOCUS



<sup>5</sup> Includes civil rights, economic and community development, philanthropy, and public affairs.

<sup>6</sup> Includes international affairs, peace and security, and human rights. Does not include all international giving by U.S. foundations.

## DID YOU KNOW?

The Bill & Melinda Gates Foundation made the single largest grant: \$207.7 million to the Aeras Global TB Vaccine Foundation.

The median grant amount was \$30,000.

The top 1 percent of recipients captured close to half of grant dollars.

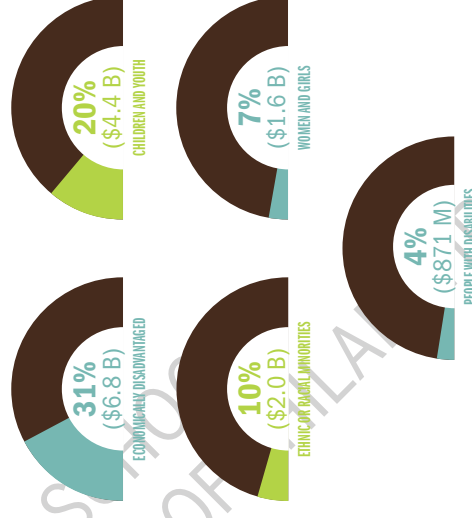
Nearly 58,000 unique organizations worldwide received grants from these large foundations.

## BY TYPE OF SUPPORT<sup>7</sup>



<sup>7</sup> Grants may occasionally be for multiple types of support and would therefore be counted more than once. As a result, percentages tallied across categories total to more than 100 percent. Finally, close to one-fifth of grant dollars could not be coded for a specific type of support because foundations did not provide this information.

## BY POPULATION FOCUS<sup>8</sup>



<sup>8</sup> Figures based on grants awarded to organizations that could be categorized as serving specific populations or groups whose descriptions indicated a benefit for a particular population. Grants benefiting multiple population groups are counted in each applicable category. The chart excludes groups that were the largest focus for 4 percent of grant dollars. Finally, 52 percent of grant dollars could not be coded for a specific population group.

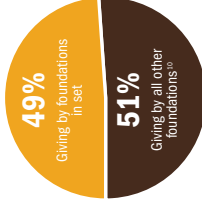
## WHAT'S INCLUDED

Foundation Center reports on how foundations give by collecting and coding grants awarded by a set of the largest U.S. foundations. Following are details on what the 2012 set included:

- ✓ 1,000 of the top U.S. foundations by giving
- ✓ All of their grants of \$10,000 or more
- ✓ Domestic and international grants
- ✓ Full authorized 2012 grant amounts (if available)
- ✓ Grants from unrestricted and donor-advised funds<sup>9</sup> at community foundations

<sup>9</sup> If provided by the foundation.

## NEARLY HALF OF U.S. FOUNDATION GIVING EACH YEAR



<sup>10</sup> Excludes giving by operating and corporate foundations created by pharmaceutical corporations to distribute medications.

- ✗ Grants to individuals
- ✗ Grants from restricted funds at community foundations
- ✗ Grants from public charities, other than community foundations

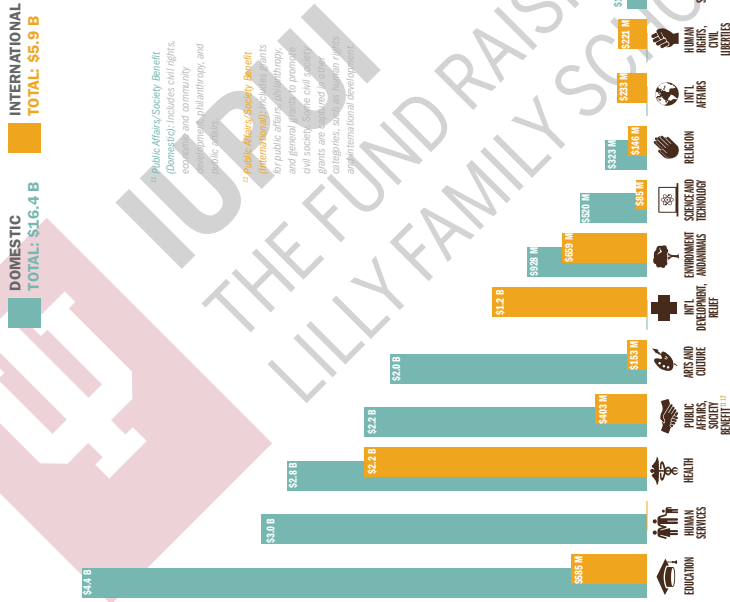
Source: Key Facts on U.S. Foundations, Foundation Center, 2014.

# GRANT FOCUS

**IN 2012**  
**A SUBSET OF THE NATION'S**  
**LARGEST FOUNDATIONS**  
**AWARDED NEARLY**  
**27% OF GRANT DOLLARS**  
**IN SUPPORT OF**  
**INTERNATIONAL ACTIVITIES**

**Geography.** The vast majority of U.S. foundations focus their giving on the communities in which they are located. Some also focus their grantmaking at the regional or national level. At the same time, a number of the nation's largest foundations—as well as a few smaller foundations—engage in international grantmaking, whether directly to organizations in other countries or through support for international programs conducted by organizations based in the United States. As the many thousands of newer foundations established by younger, more globally focused donors come of age, the number of foundations that incorporate an international focus in their work will undoubtedly continue to grow.

## BY ISSUE FOCUS



## DID YOU KNOW?

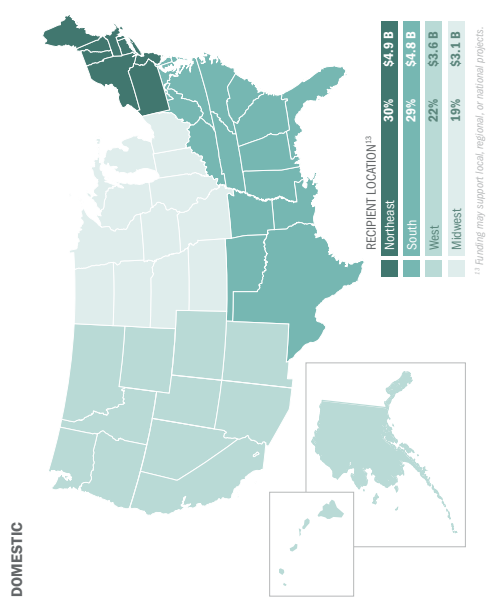
Organizations located in California received the most domestic foundation grant dollars (\$2.4 billion).

Massachusetts-based Fidelity Charitable Gift Fund was the top recipient of domestic grant dollars.

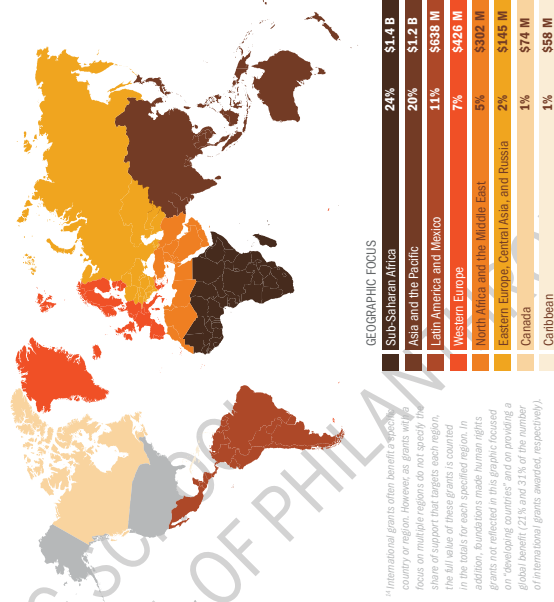
The Bill & Melinda Gates Foundation has been the top international fund since 2004.

The Switzerland-based World Health Organization was the top recipient of international grant dollars.

## BY GEOGRAPHY



## INTERNATIONAL<sup>14</sup>



## TOP FUNDERS

DOMESTIC	
W. K. Kellogg Foundation	\$321 M
Robert Wood Johnson Foundation	\$239 M
Ford Foundation	\$254 M
Walton Family Foundation	\$251 M
Lilly Endowment	\$241 M
Silicon Valley Community Foundation	\$215 M
Andrew W. Mellon Foundation	\$206 M
Wells Fargo Foundation	\$194 M
Simons Foundation	\$175 M
Foundation to Promote Open Society	\$163 M
INTERNATIONAL	
Bill & Melinda Gates Foundation	\$2.6 B
Ford Foundation	\$217 M
William and Flora Hewlett Foundation	\$202 M
Susan Thompson Buffett Foundation	\$199 M
Walton Family Foundation	\$167 M
Open Society Institute	\$117 M
David and Lucile Packard Foundation	\$115 M
Gordon and Betty Moore Foundation	\$98 M
Foundation to Promote Open Society	\$92 M
John D. and Catherine T. MacArthur Foundation	\$84 M



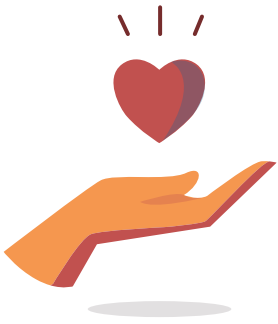
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LILLY FAMILY SCHOOL OF PHILANTHROPY

# THE 2016 U.S. TRUST® STUDY OF High Net Worth Philanthropy

## ♥ Charitable Giving

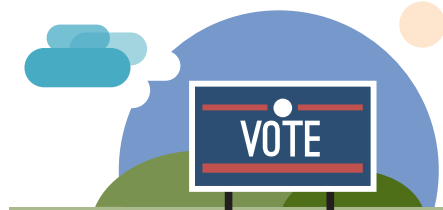


91%

of high net worth households (versus 58.8% of the general population)

**DONATED TO CHARITY IN 2015.**

The average dollar amount given to charity by high net worth donors was **\$25,509** (versus \$2,520 by general population)



### Political Giving

24% of high net worth individuals **gave financially to a political candidate, campaign, or committee in 2015 or plan to give during the 2016 election season.**

### Impact Investing

33% of high net worth individuals **participate in impact investing.**



28%

of high net worth individuals **PLAN TO INCREASE THEIR GIVING IN THE NEXT THREE YEARS.**

## Volunteering



In 2015, high net worth donors **who volunteered** gave **56%** more on average than those who did not volunteer.

50%

of high net worth individuals (versus 25% of general population) **VOLUNTEERED IN 2015.**

**56%** of high net worth volunteers volunteered with more than one organization in 2015.

35%

of high net worth individuals **PLAN TO VOLUNTEER MORE IN THE NEXT THREE YEARS.**

U.S. TRUST   
Bank of America Corporation

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Investment products:

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Are Not Bank Guaranteed

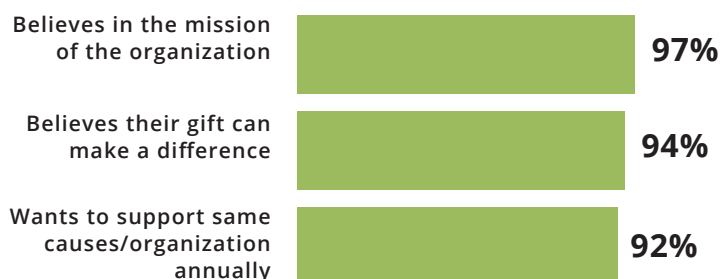
May Lose Value

Please see back for important disclosure information.

## ≈ Philanthropic Motivations and Fulfillment From Charitable Activity



### Top 3 Motivations for Charitable Giving



### Top 3 Motivations for Volunteering



## Where the Giving Goes

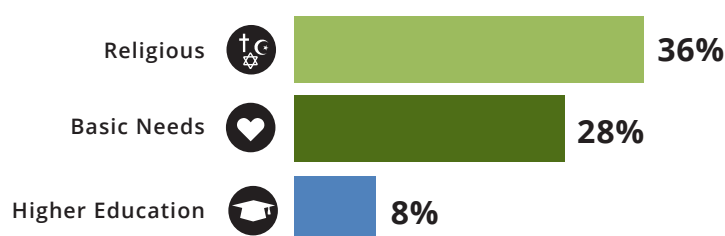
### Where Wealthy Donors Give...

#### Incidence of Giving to Top 3 Charitable Categories



### ...and How Much They Give

#### Distribution of Dollars to Top 3 Charitable Categories



**Methodology:** The 2016 U.S. Trust® Study of High Net Worth Philanthropy is a study of giving and volunteering trends, behaviors, attitudes, and priorities among wealthy American households. It is based on a nationally representative random sample of wealthy donors, including, for the first time, deeper analysis based on age, gender, sexual orientation and race. The study is based on a survey of more than 1,500 U.S. households with a net worth of \$1 million or more (excluding the value of their primary home) and/or an annual household income of \$200,000 or more.

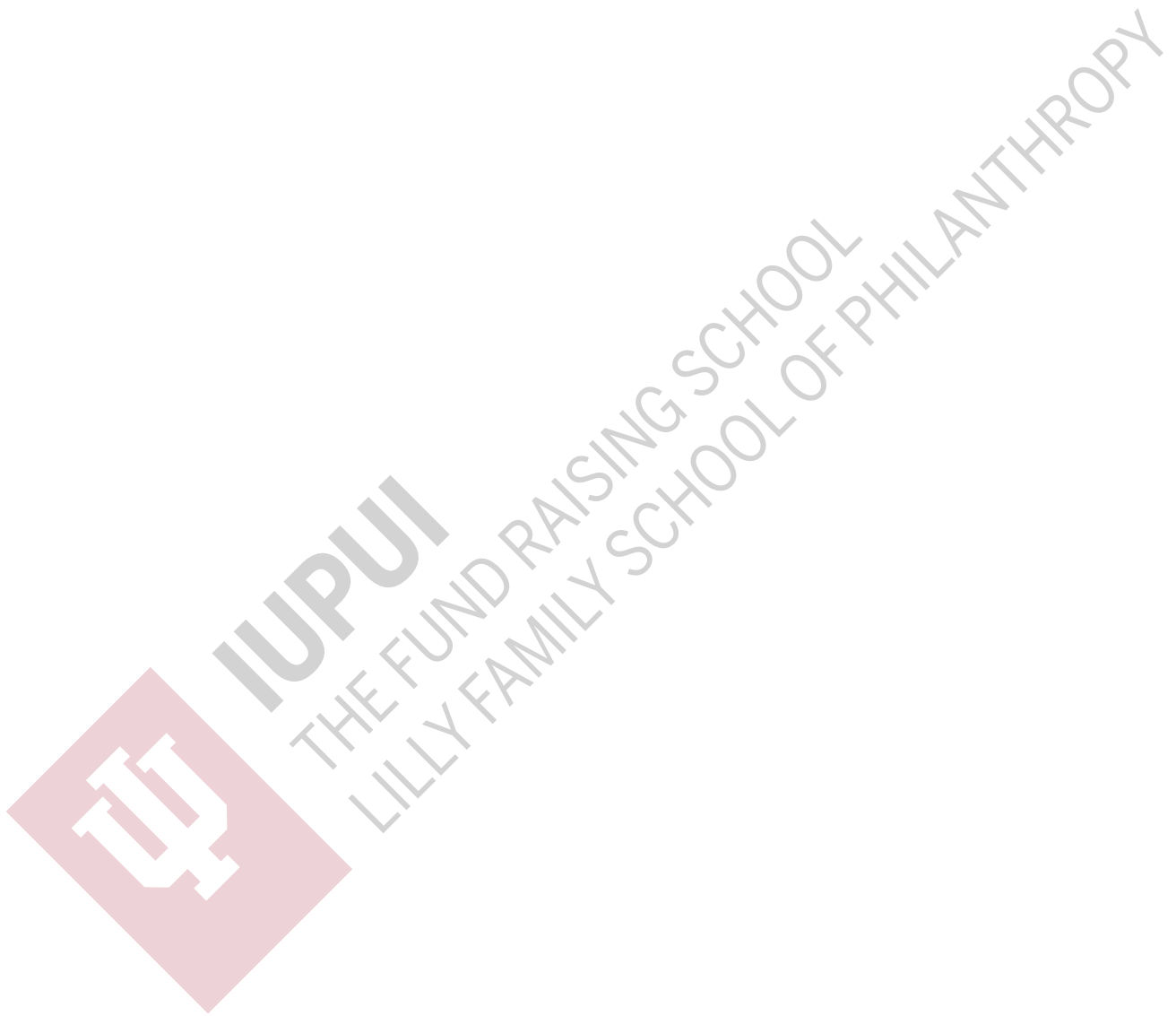
U.S. Trust, Bank of America Corporation is not affiliated with the Indiana University Lilly Family School of Philanthropy.

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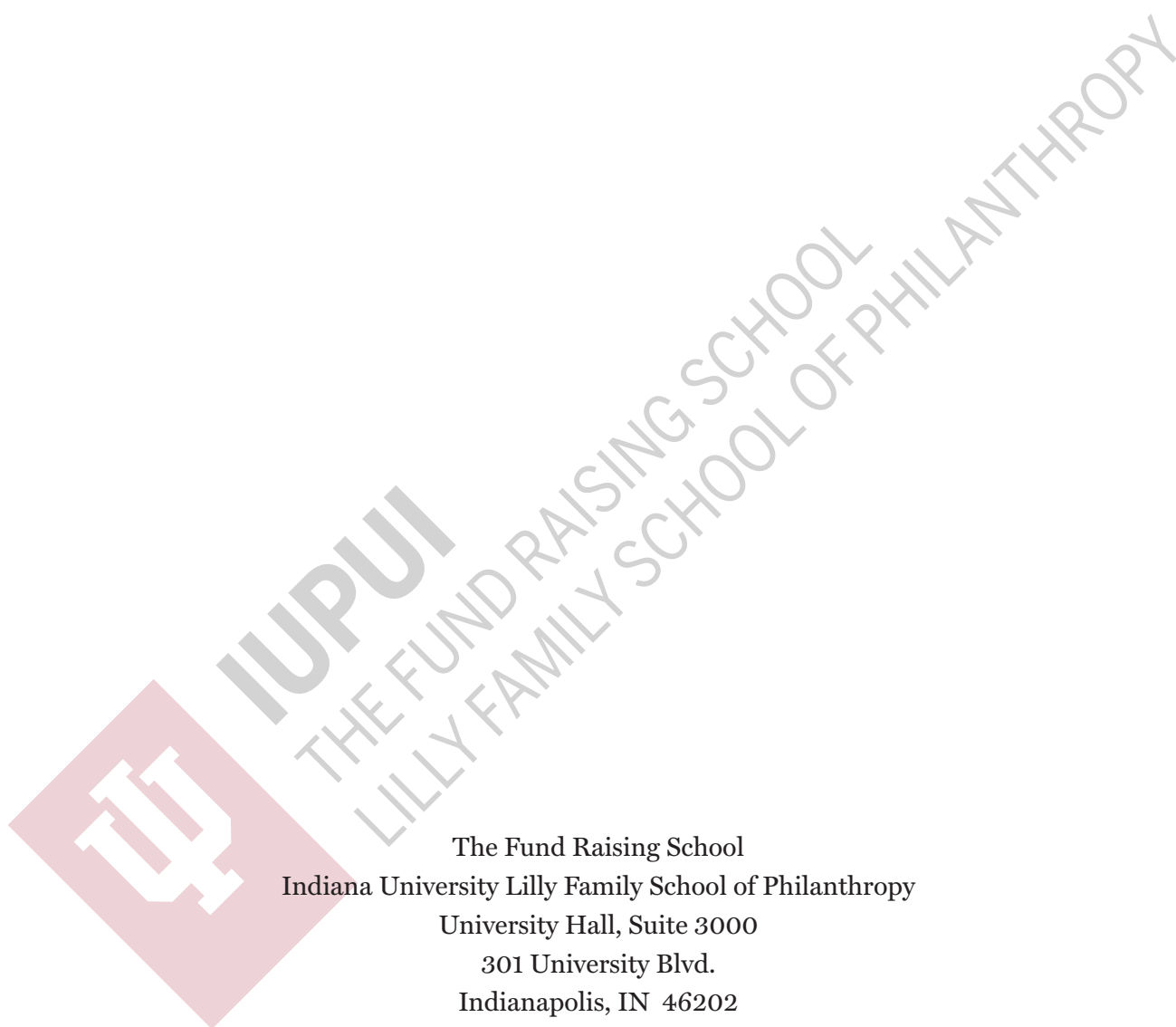
## Notes



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