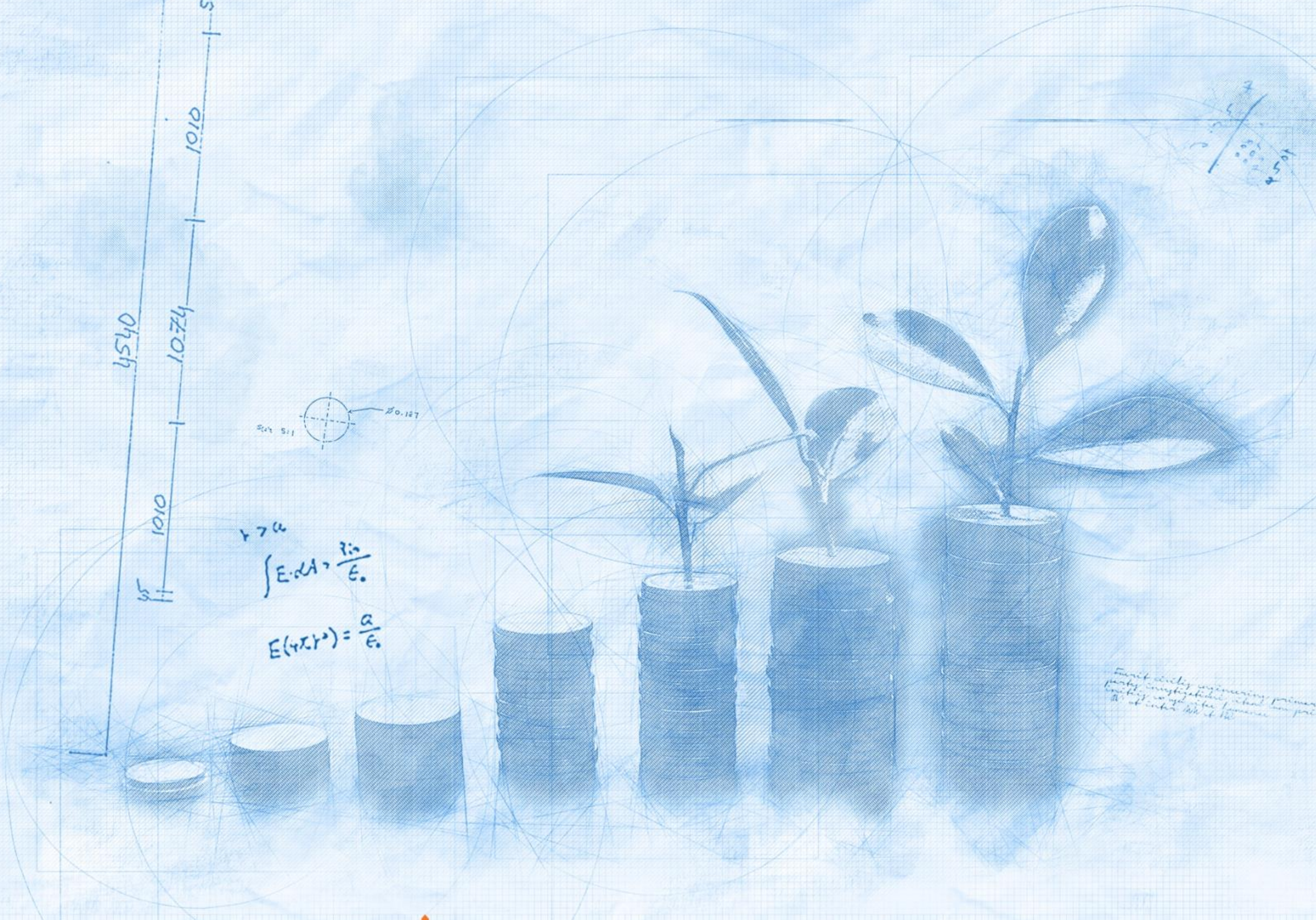
Fundraising 101

TOOLKIT



TRUE CHARITY®

Introduction

Welcome to the Fundraising 101 Toolkit. This comprehensive resource is designed to guide you through the ins and outs of successful fundraising.

However, it's important to note that this toolkit is not meant to be devoured in one sitting. Instead, it's intended to be a valuable resource that you can return to time and time again.

This content has been created for those with limited to moderate experience. But seasoned development staff will also find useful resources in this toolkit, and they can use it to educate others about the basics of their work.

This guide will help you uncover the "unknown unknowns." While it won't answer all your questions, it will teach you enough to get you moving in the right direction.

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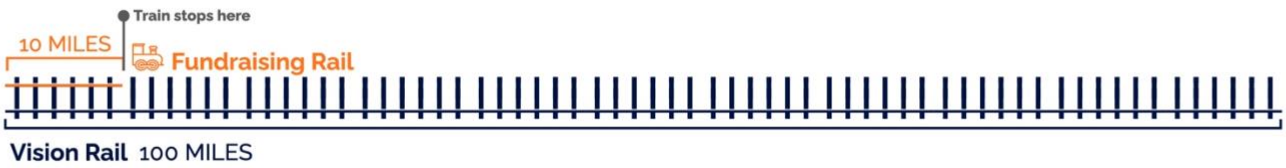
Establishing a Good Mindset for Fundraising

How far your organization travels toward its goal depends on two limiting components—vision and funding.



According to fundraising trainer David Duncan, these elements are like the parallel rails on a railroad track. If the vision rail is 100 miles long, and the funding rail is ten miles long, the train can only go ten miles.

Some organizations might have more funding than worthwhile plans on which to spend it. For most organizations, funding is their primary limiting factor. To learn more from David on time-tested, proven-effective, and giver-centric fundamentals that will propel your success and sustainability, check out his Fueling Good Work with Great Fundraising presentation.

IS FUNDRAISING A NECESSARY EVIL?

Unfortunately, fundraising can feel like a necessary evil. To the uninitiated, it often feels like something that needs to be concealed under ambiguous titles (development, advancement, strategic partnerships, and so on). Even when we get around to asking for money, making the ask directly can feel intimidating and as though we're doing something we shouldn't.

AM I USING DONORS FOR THEIR MONEY?

As the first step to building a successful fundraising program, it's critical to reject this unjustified perspective. Donors are not merely "giving money." Donors are doing good deeds through your programs.

While people can and must "do good deeds" in their for-profit enterprise by taking care of their employees and families as well as serving their customers, there is also a place for people to serve those who cannot afford to pay the full cost of the services they need, such as in church or nonprofit work.

By providing a pathway for donors to support charitable work financially and through volunteerism, you give them an opportunity to serve alongside you. And it's more than an opportunity; donors have a biblical obligation to support the work of the ministry (1 John 3:17, 2 Cor 8:14). Your fundraising gives them an opportunity to fulfill that obligation. If they say "no," the rejection isn't personal—they likely have other giving opportunities that are a better fit for their focus. Fundraising also builds a natural bond between donors and the organizations they support. Many will become volunteers and build relationships with the people you serve. Some will be challenged to change their perspectives and become evangelists for your cause. Others will lend their professional expertise or become future staff or board members. This is one good reason to refer to fundraising as "advancement" or "development." When done well, fundraising has an impact far beyond your budget.

DOES FUNDRAISING SHOW A LACK OF TRUST IN GOD?

For faith-based organizations, aversion to fundraising often takes on a spiritual veneer. People refer to their unwillingness to ask for funding as "trusting God." On the contrary, the Bible makes clear that fundraising is not only acceptable but laudable. When Moses wanted to construct the Tabernacle, he ran a fundraising campaign (Exodus 25:1-9). Jesus was supported in his ministry by a handful of major donors (Luke 8:3). Paul coordinated a remote giving campaign to help starving saints in Jerusalem, complete with a financial accountability and transparency plan (1 Corinthians 16:1-4).

For this reason, we think that fundraising is a vital component of your work. Even if you could find a sole donor or a government grant to pay your bills, you would be robbing donors of a chance to serve their own neighbors. What's more, there are numerous advantages to a diverse funding stream of individual donors, organizations, and private foundations. This arrangement will provide you with more flexibility to manage your own programs in empowering ways and to minimize the amount of time you spend doing paperwork.

Check out this article, "Take the Fear out of the Ministry of Fundraising," for more tips and inspiration.

GIVING AND GETTING IN THE KINGDOM

A SPIRITUALITY OF FUNDRAISING

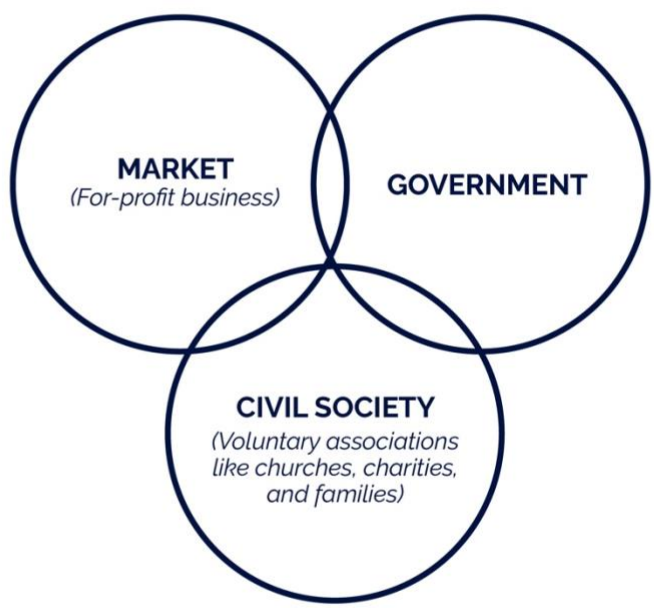
AMERICAN PHILANTHROPIC: FUNDRAISING WHEN TIMES ARE BAD EBOOK

TRUE CHARITY WEBINAR: SHARING THE STORY

WHAT ABOUT GOVERNMENT FUNDING?

What role should the government play in funding our charitable work? The True Charity team's position is that it should be as little as possible for both pragmatic and systematic reasons.

On the pragmatic side, government funding has a steady track record of taking organizations off mission. One-size-fits-all regulations at the federal and local levels tend to prevent programs from requiring anything from clients in any form of exchange. Their intent is to prevent exploitation, which is understandable, but asking people to be a part of their own solution isn't inherently exploitative. It would be as unreasonable as government-funded college assistance programs preventing colleges from requiring students receiving federal aid to do homework or take tests. Regardless of how many people this funding allows you to serve if you can't serve them effectively, it's a poor trade.



They also tend to place restrictions on faith-based organizations from sharing their faith. And those restrictions can bleed over into parts of programs that are privately funded, as many organizations have learned the hard way–in court.

But even if some better laws addressed these pragmatic issues, there are systematic reasons why local community support, freely given, will always be superior when available. There are three basic spheres in which all people interact: the market (for-profit business), the government, and the civil society (voluntary associations like churches, charities, and families). Each of these domains has strengths and weaknesses adapted to solve certain problems.

For instance, the government, the only sector allowed to use force, is good at providing for the common defense and protecting people from fraud and abuse. With its price mechanism and voluntary exchange, the market is good at allocating scarce resources to their most valuable uses and innovating new technology. With its personal relationships, civil society is best adapted to help people grow, flourish, and get back up when they fall down.

While the precise roles of each of these domains is complex and debatable, a healthy society has three strong domains and lets each specialize whenever possible.

WHY IS LOCAL SUPPORT BETTER?

When it comes to serving people in poverty, we think that the government is best suited to protect the poor from abuse and exclusion from opportunity, the market is best suited to offer a long-term path out of poverty (work), and civil society (families, churches, charities, and communities) is best equipped to befriend them, encourage them, and get them on that path.

When people with time, money, and skills voluntarily part with them to help people in poverty, it creates a natural bond between giver and receiver, which can be nurtured by an effective church or charity. When done well, it can also be a powerful connection that involves mutual learning, growth, gratitude, and genuine understanding.

When governments tax those who have and redistribute to the “have nots,” no such beneficial relationships are formed. The involuntary givers become either resentful or feel they are released from further moral obligation; the recipients remain isolated and often develop a sense of entitlement. There may be some situations where this is defensible, but there are none where it is optimal.

WHAT HAPPENS WHEN THE COMMUNITY ABDICATES THEIR RESPONSIBILITY?

Civil society also tends to atrophy as it is called upon to do less. As countries' social safety nets get ever larger, the middle and upper classes tend to become more apathetic about the poor and more convinced that poverty is "the government's problem," as evidenced by the correlation between decreased charitable contribution and increased public welfare expenditure. This is especially problematic because people in poverty do not only need money, but also connections, opportunities, and friends, which government programs cannot deliver by nature.

Rather than making your program an extension of the government, we encourage you to stay in the civil society sector whenever possible. If you can solve a problem through voluntary means, challenge your neighbors to do just that, and don't look to distant bureaucrats to fix it for you. If you determine that a serious issue can only be addressed with government resources, we would encourage you to look to the most local resources first (city before state and state before federal), based on the principle of subsidiarity. Those who are closest to the problem often understand the problem and the solution better than more distant sources of help.

We know it isn't easy to rely on your community to privately fund your programs. But we've seen members do it - and thrive. We hope you'll use this toolkit to spread your vision to more donors and impact even more lives.

TRUE CHARITY: CHOOSE SUPPORT THAT DOESN'T CROWD, CRAMP, OR HURT

Understanding Donor Types

The first step to engaging funders effectively is understanding different donor types and their common characteristics.

Donor Type	Revenue Provided	Who Are They?	Giving Type/ Occurrence
Individual Major Donors	50-75%	Local business people, upper-class professionals, retirees	Lump sum – typically in accordance with a specific request
Individual Monthly Donors	25-50%	Lower to middle income – overlap significantly with your volunteer base	Reoccurring, monthly donation
Individual Periodic Donors	10%	Same type of people who make up your monthly donor base, but either their other financial commitments prevent them from being regular donors or they simply haven't been asked yet.	Occasionally
Corporate/ Church Donors	In-Kind Donations	Businesses, churches, or organizations – typically giving towards a specific project	As-needed

INDIVIDUAL MAJOR DONORS

Major donors should make up 50-75% of your total revenue. However, most organizations find that major donors realistically make up 80-85% of their donor base instead. What constitutes a major donor is "relative." Depending on the size of your organization, a major donor will likely contribute anywhere from $5k to $100k annually.

For a typical community-based nonprofit, major donors might be local business people, upper-class professionals, or retirees. One common characteristic of this group is that they tend to give in a single lump sum on an annual basis, usually in response to a specific, personalized request, which can be for a project or general purpose funds.

Major donors should be managed in a personalized way. You should have a roster of the people you believe fall into this category and track contacts with them individually. You're typically going to find major donors through referrals.

TRUE CHARITY: THINGS YOU MAY NOT KNOW ABOUT YOUR TOP DONORS

TRUE CHARITY WEBINAR: CREATING A 7-FIGURE DONOR PITCH

TRUE CHARITY WEBINAR: 3 STRATEGIES TO FIND NEW MAJOR DONORS

INDIVIDUAL MONTHLY DONORS

Monthly donors are people who give to your charity on a monthly basis, usually with a recurring online donation. These supporters will probably provide 25-50% of your revenue.

These are the backbone of your loyal supporters, typically lower- to middle-income, who will probably overlap significantly with your volunteer base.

Having some name for your monthly donors can give them a sense that they belong to a community (e.g. "Ministry Partners" or "Sustainers"). Ideally, monthly donation amounts are fluid so that one monthly donor can give $10, while another gives $50. This allows donors to give an amount that makes sense for them and also allows you to ask donors to raise their monthly giving over time in tailored increments (e.g. "Jacob, thanks for being a faithful sustainer at $35 a month, would you consider increasing that to $45 this year?").

At the end of the year, be sure to recognize individual monthly donors for the total amount they have given. A $50-per-month donor is a $600 annual donor, this should be recognized both for donor cultivation and stewardship as well as internal planning.

You can also use a "sponsorship program" with fixed shares of giving, like $25 to sponsor one day in a residential life transformation program. Sponsorship programs can attract more funding when tied to specific individuals, but they also create more complex donor communication if you promise donors specific information about the individual they are sponsoring. If you choose to run a sponsorship program, you should have an additional flexible monthly giving program and give direct monthly donors that option as a first choice, with sponsorship as a second choice.

Monthly Giving: **CANDID: WHY YOU NEED MONTHLY DONORS**

Donation Tiers: **CAUSEVOX: DONATION TIERS**

Providing good volunteer engagement and training will help build relationships with this segment of your donors. Check out our **VOLUNTEER ENGAGEMENT TOOLKIT** to learn more.

INDIVIDUAL PERIODIC DONORS

Small-dollar donors who give occasionally, but not on a recurring basis, make up 10% or so of a typical nonprofit's revenue. These donors may be the same type of people who make up your monthly donor base, but either their other financial commitments prevent them from being regular donors, or they simply haven't been asked yet.

In either case, this demographic can help you fund one-time projects and also serves as your primary pool from which you can recruit future monthly donors (and perhaps some major donors).

CORPORATE AND CHURCH DONORS

Many businesses also donate to charities. Typically, they will only fund projects or provide "in-kind" donations, such as building materials or labor for expansion projects.

Churches are more likely to give money, and maybe even on a monthly basis, but the typical process to turn a church into a monthly donor involves 1-3 years of relationship building. Consequently, if you don't have an existing relationship, a quicker return is to ask the church for the ability to address the congregation about your work.

Civic organizations and clubs may be willing to fund a project but will usually not be regular donors. However, like a church, if you request an opportunity to speak to the club, you're more likely to convert one of their members into a regular supporter.

All collective organizations tend to have their own reporting requirements and should be managed individually beyond your standard donor communication processes.

PRIVATE FOUNDATIONS

A private foundation is a type of 501(c)(3) tax-exempt organization that exists not to run charitable programs but to fund the charitable programs of other organizations. Typically, foundations exist to help wealthy families or businesses conduct deliberate philanthropy, complete with an operating staff to ensure the funds are well spent.

Most foundations are focused on a narrow geographic area or range of causes and have some sort of application process (i.e., a grant request) for funding. They tend to fund projects rather than general operating expenses, but their contributions are often large and can be transformational. It is important to note that though private foundations tend to fund specific projects, they may be open to general funding upon request.

501(C)3 INFORMATION

IWAVE: CORPORATE AND FOUNDATION GIVING EBOOK

AMERICAN PHILANTHROPIC: MASTER CLASS CATALOG

Finding Donors

Now that you have a basic understanding of what types of donors exist, how do you find them?

Before you embark on this hunt, keep in mind that the "best place to get your next donation is where you got your last one." If you're an existing organization, increasing donor engagement and consistency will significantly improve your funding base much faster than hunting for new donors. Just by engaging existing donors more effectively, you may be able to increase your funding by as much as 25-50%.

However, once your existing donor base is well maintained, you will need to find new donors in order to grow. In general, all of your future donors will share the concern for the issue you are addressing—either prior to or because of your relationship with them.

The most important thing to remember about recruiting funders for your cause is that **you need to ask them to give.** The more direct and personal the ask, the more effective it will be.

Imagine 100 prospective monthly donors with whom you have at least an acquaintance level relationship:

- A mass email or a Facebook post with an option to donate monthly will likely result in 0-1 donors.
- A 15-minute speaking opportunity to all 100 people in a room with a QR code that allows them to donate monthly might result in 2-5 donors.
- An individual, tailored email to each person, asking them to consider donating monthly might result in 5-15 donors.
- A phone call with each of them with a clear ask might result in 15-25 donors.
- A meal with each of them with a compelling ask will likely result in 20-40 donors.

The following sections list the most common strategies to recruit new donors in rough order of effectiveness. (Some of these concepts are additionally developed in the *Communicating with donors* section.) Eventually, you'll want to employ all of them but, if you're just getting started, prioritize the ideas toward the top.

ROUNDTREE: TEN THINGS I LEARNED FROM DONATING TO 100 ORGANIZATIONS

REFERRALS OR PERSONAL CONNECTIONS

Regardless of where you are in your fundraising journey, referrals from existing donors are always the most effective way to secure new donors. If you're starting a new organization from scratch, the initial "referrals" will naturally consist of your personal contacts and the contacts of whoever else is involved in the launch.

Pursuing referrals is the most effective way to get new donors. When your organization is small, you should use referrals for all levels of donations. Once you get larger, you'll probably reserve this approach for major and mid-tier donors and use wider reach messaging strategies to find smaller donors.

This webinar provides more details, but the basic approach is this:

- Ask existing donors, volunteers, and board members: *"Is there one person, who is like you, that we should talk to about supporting our work?"*
- If they say yes, ask *"what's the best way to get in touch with them?"* They may offer a personal introduction, which can be a nice touch, but can also delay your ability to follow up.

Remember that a referral request is "an ask" of the donor and shouldn't be coupled with a request for money.

Once you have a meeting (preferably in person or a video or phone call) with a prospective donor, provide **AN OVERVIEW** of the organization or project for which you are requesting funding, and make a **DIRECT REQUEST** for funding - it could be for a one-time gift, a monthly gift, or support for a particular project.

7 FIGURE FUNDRAISING: 8-PART DONOR PITCH

7 FIGURE FUNDRAISING: ELEVATOR CLOSE

USING PRESENTATIONS AND SPEECHES TO FIND DONORS

For many community-based organizations, an effective way to find new donors is to speak at a church or civic organization. While churches often have minimal platform time on a Sunday morning, many smaller churches still welcome aligned ministries sharing briefly (2-10 minutes) with their congregations. Civic clubs, like Kiwanis, Rotary, or the Chamber of Commerce, often have dedicated time for speakers they would like to fill. In those contexts, it's often best to develop a presentation that educates the audience about some issue generally and then ties your organization to the solution.

In either case, some version of the eight-part donor pitch is likely a good fit for a brief presentation. If you're short on time and you are a new organization, just tell your origin story and a story of need. If it's a short presentation for an existing organization, go with a story of success and your vision for the future.

EFFECTIVELY RUNNING A BOOTH

Often, in conjunction with a presentation, you will have an opportunity to set up a table or booth. This could be at a church, a conference, or a local nonprofit fair.

Tips for Success:

- **Have a clear message.** Keep your booth simple and your call to action clear. You should have some central banner or sign that tells people who you are and what you do in as few words as possible and with images. Additionally, setting up a laptop-connected monitor with scrolling images or video will allow people to visualize your work.
- **Have an informative handout.** A flyer (rack card or trifold) should give everyone who engages with you something to walk away with to read more on their own.
- **Gather contact information.** You should attempt to get everyone interacting with your booth to at least provide an email address on a simple sign-up roster for your email list.
- **Engage in conversation and be ready to pitch.** It helps to be especially outgoing when you run a booth, even if you're not that way by nature. Anyone who walks by is fair game to call out to with a friendly "Hi there, where are you coming from?" or "Hey, how are you doing today?" Once engaged in conversation, many people are willing to talk. It's natural to then ask about what they do or what organization they represent and then provide a brief overview of your organization. You'll need a good 30-second "elevator pitch" that grabs attention and provides information. Referencing images or physical items on your table is especially compelling.
- **Have a clear on-site giving pathway.** You should provide an option to sign-up to give on site. Most people who are interested, though, will want to think about it, and

you will need to take their contact information and follow up with them. Your email sign-up sheet works for this, too, and should also include a space for phone numbers. While providing a digital donation option via a tablet or QR code is good, paper forms on clipboards with manual entry for credit card information and giving amount are an essential backup. Typically, your booth will receive a rush of people at once after a church service or conference session, and you need to be able to set non-tech-savvy people up to give as quickly as possible. Otherwise, they will walk away intending to donate "when they get home," but many never will.

MARKETING HUB: TOP 13 QR CODE GENERATORS

USING EMAIL MARKETING

Building an email list is an effective way to engage people digitally. Social media posts are only seen by around 5% of your followers, while email open rates tend to be in the 20-40% range—with better open rates for more interesting emails.

Tips for Success:

- **Collect email addresses regularly.** You should collect as many email addresses as possible from potential donors. This includes the addresses of everyone who donates through your website, people who register for events you host, and even those you meet with who decide not to donate.
- **Practice opt-in etiquette**. It is certainly best practice to get permission before you add people to your mailing list, but it is not currently required by US law. US law does require you to provide recipients with a way to opt out in every message. Popular email marketing tools like Mailchimp have opt-out features built into them and can also allow you to segment your donors and potential donors into different groups to tailor messages.
- **Establish a solid campaign.** A good email campaign provides interesting information and updates in addition to occasional requests to support the work.
- **Use a well-rounded marketing tool**. A great email marketing tool is Mailchimp. This service allows you to send specific email types to specific donor categories. This can be included as a tool for the donor relations/response to donations section.

CAN-SPAM ACT

KINDFUL: NONPROFIT EMAIL MARKETING.

NEXTAFTER: 12 YEAR-END FUNDRAISING EMAILS YOUR DONORS CAN'T RESIST

MISSION INCREASE: YOUR WEBSITE AND EMAIL COMMUNICATIONS STRATEGY

USING SOCIAL MEDIA MARKETING

Your social media presence can play a large part in how you are perceived by potential donors. People who learn about your organization will likely look you up online, especially if they are considering supporting you financially. Making sure your social media is well put together and uncluttered is a great way to establish some appeal for potential donors. At a minimum, put important links in your bio and pin posts that really explain what your organization does.

For most organizations, social media is primarily a way to engage existing supporters rather than find new ones. However, there are some basic ways to find new donors through social media.

Tips for Success:

- **Share your story.** When you have an especially compelling story to share, pay a few dollars to "boost" it to more people. On Facebook, if people "like" your post who don't follow your page, you can invite them to like your page. Some will, netting you more followers.
- **Run a fundraising campaign.** If you have a robust social media program (i.e., you are posting interesting updates and facts a few times a week that are not explicit requests for donations), then you should be able to run a handful of fundraising campaigns each year from your social media platforms. Facebook tends to be best equipped for fundraising, though you could integrate a third-party campaign software, like GoFundMe, into another platform. One to four fundraisers a year is a good goal.

  A typical campaign will consist of setting a target goal for a project or an existing expense that can be framed as a sort of project and reposting the project once or twice a day for a week, along with additional stories and information to add flavor to the project. Adjust your goals over time through trial and error such that you usually meet or exceed them most of the time. If you set a goal of $1,000 and raise $1,200, you look like you have engaged supporters, and even those who don't give are happy to see the results. If you set a goal of $10,000 and raise $1,200, you look desperate.

PHILANTHROPY DAILY: FACEBOOK

PHILANTHROPY DAILY: INSTAGRAM

PHILANTHROPY DAILY: YOUTUBE

THRIVE AGENCY: HOW TO ENGAGE WITH DONORS VIA SOCIAL MEDIA

ORBIT MEDIA: TURNING SOCIAL MEDIA ENGAGEMENT INTO DONOR ENGAGEMENT

USING PUBLIC SERVICE ANNOUNCEMENTS, MEDIA APPEARANCES, AND PRESS RELEASES

For most charities, creating public awareness surrounding your message does not come easily. However, amplifying your message can help others catch your mission and vision. As you purposefully "spread the word" in your community, you will consequently educate the public and connect with like-minded individuals – ultimately becoming stronger together.

Tips for Success:

- **Form your message.** It's recommended that this be rooted in your organization's mission, vision, and values. Distill this down to what your organization is doing, why you're doing it, and how.
- **Determine your mediums.** Radio, TV Public Service Announcements, and digital billboards are often low-cost (or free) for public service announcements (PSA). Contact your local radio, TV stations, or billboard company to learn more, introduce your organization, and start building a mutually beneficial relationship: promoting your organization and helping their station meet PSA requirements.
- **Develop your content.** Once you've identified your medium, build your content around your overarching message and themes, always providing a brief connection to your overarching message. This ensures each PSA or billboard is consistently grounded.

AMPLIFYING YOUR MESSAGE: GETTING STARTED WITH PUBLIC AWARENESS IN YOUR COMMUNITY

HOSTING AN EVENT

Hosting an in-person event is a great way to connect with your donors and meet potential donors who have been invited (a good form of referral) by your current donors. These events honor your donors and allow you to make a fundraising push for a specific cause. A well-polished event with a welcoming atmosphere will go a long way in your fundraising.

There is a wide range of events that you can consider:

- A formal dinner
- A breakfast or brunch (less expensive and formal)
- A festival or block party
- A fun run
- A golf tournament or skeet shoot
- A selling-oriented event like a fireworks stand or flower sales

Silent auctions integrate well with many events and are excellent ways to connect local businesses with your organization. Many businesses will gladly donate a gift basket to your organization for a silent auction. This is a perfect way for the business to engage potential customers while helping a local cause. If your organization has any sort of social enterprise aspect to the ministry, these events are well-suited for selling merchandise.

All events should include two main points:

1. An opportunity to tell the story.
Nonprofit work is very anecdotal in nature, and you are likely well equipped with a wealth of stories from the past year. Spend time preparing for your event by selecting some very empowering and encouraging stories to share with your donors. If it's a success story, and if the organization client is willing, give the person who was helped the chance to tell his or her own story.

2. A direct ask/call to action.
This call to action can be delivered by your Executive Director or another senior leader. The event should inspire and invite participation in the mission. Don't tell a great story and then shy away from making a direct ask (be sure to give people multiple ways to respond and a dedicated time to do so). People respond when asked and even if they don't give, they

won't be offended. It's an event thrown by a nonprofit; they understand what they're there for.

TRUE CHARITY BOOK REVIEW: THE PROFITABLE CHARITY

FUNDRAISING DINNER OPERATIONS MANUAL BY MISSION INCREASE

INCORPORATING GRANT REQUESTS

Particularly when requesting funding from private foundations, you will need to complete a grant request. In most cases, the grantor looks at you as a potential partner - not a beggar. Remember that they need to give the money away, it's why they exist. They typically fund projects of limited duration, so they are a great way to fund a building or program expansion but a poor way to cover operating expenses.

Steps for Success:

1. **Build and maintain a relationship.** Like with any donor, you should try to build and maintain a relationship with grant managers. Often, despite the instructions on their website, they want you to talk to them before submitting a grant request. They will informally evaluate your proposed project to see if it's a good fit for them, so that you don't waste time submitting a lengthy request that falls outside the scope of what they fund.

2. **Submit a letter of intent.** Once cleared to formally apply, the first step is typically to submit a Letter of Intent (LOI). An LOI will be a short synopsis of what your organization does, what you need funding for, and how much funding you're asking for. A lot of LOIs will be entries to specific questions, so make sure you know what an organization will be asking on their LOI application.

3. **Submit a full grant application.** If they approve your LOI, they will ask you to submit a full grant application, which is a much longer and more detailed document. Often you will need very specific budget information and an outline of actionable steps to achieve the strategic goal presented in your application. Outcomes measurement is especially important to grantors. You can learn more about that in our Outcomes Measurement Toolkit.

4. **Report on project progress.** Once you've received the funds, they will expect reports on how the project is going. Pay close attention to their reporting requirements, and if you're not able to meet them for any reason, be quick to call and let them know why. Don't make them hunt you down for an update.

Also, know that grant managers in related fields often talk to each other. Don't accept a grant you're not able to close well. There can be a lot of restrictions with grants which is why it is important to make sure you're applying to grant organizations that align with how you want to do your work. Look for organizations that will fund your work, don't look for work that a specific grantor will fund.

GRANT STATION

INSTRUMENTAL RANKINGS

LEARN GRANT WRITING: GRANT WRITING TIPS

FIRE SPRING: 10 GRANT WRITING TIPS

UW-MADISON: GRANT WRITING TIPS

OUTCOMES MEASUREMENT TOOLKIT

Providing Giving Pathways

As you find donors, you also need to provide them with numerous methods to fund your good work. This includes both the platforms on which you accept donations as well as the way you structure donation requests.

By default, donations to a nonprofit are "unrestricted," which means you can spend the funds on anything that supports the charitable purpose of your organization. Many organizations would call these "general funds" internally and list that giving category to donors as "where most needed." Unrestricted giving is always preferred, as it simplifies accounting and provides you with maximum flexibility in spending the money to advance your mission.

DONATION STRUCTURES

Restricted Funds

In addition to general fund giving, you may also want to fund specific one-time projects or specific ongoing programs. The benefit of making a more specific request for funds is that you can often tailor the request to the donor's interests and increase the likelihood that you will receive a donation. However, whenever you communicate to a donor that funds will be used for a specific purpose, those funds become "restricted" to that purpose by both ethics and IRS regulation. Once restricted, the funds must be spent for the stated purpose unless the donor explicitly authorizes a new purpose.

There are also a few downsides to specific "earmarked" requests. First, each one-time project generates an implicit expectation of a closeout report ("Did you ever build that new shed I funded?"), and you will have to generate these informal closeout calls and emails in addition to your regular donor communication. Second, there is always a chance that a program or project falls through, and you have to disappoint the donor that the project wasn't fully funded, was delayed, or was canceled. Because the funds are legally restricted to the original project, the donor must authorize a change in usage. If he doesn't, you will need to offer a refund of the donation.

It can be tempting to over-restrict funding to please donors, but do your best to avoid it. When you must earmark, consider framing the usage as broadly as possible, such as "We need to build storage space for our residents' possessions. We're planning to build a locker system that will cost $6,000, though we are looking at some other ways to solve it. Would you donate towards this project to protect our residents' belongings?" This way, if lockers end up being a poor choice, but a shed or a shelving unit works better, the funding is restricted to the need, but not the specific solution.

You can also add a disclaimer to give yourself a little more flexibility over the use of restricted funds (though a disclaimer cannot fully unrestrict the funds): "All contributions designated for specific ministry projects will be applied to those projects, and up to 10 percent may be used for administering the gift. Occasionally, if we receive more contributions for a given project than can wisely be applied to that project, we use those funds to meet a similar pressing need."

Another solution to enjoy the donor appeal of restricted funds while retaining the freedom of unrestricted funds is to ask for some portion of your budget that you were already covering with unrestricted funds. For instance, you may be funding meals for your after-school program with existing unrestricted funds but need to raise money to buy a new donor management software to make your program more efficient. While a special campaign to "buy new software" will likely be unappealing to donors, you could ask some new donors to make a designated gift to feed children and use the freed up general funds to buy the software you need.

Pass-Throughs

A pass-through is a special type of restricted gift designated for specific individuals served by your organization. If the Martinez family suffers a house fire, and your church or nonprofit runs a fundraiser to help them, all of that funding is a pass-through. It is important to know that the IRS does not consider pass-throughs charitable contributions, and while you can facilitate them, the donor's tax receipt should reflect that that contribution is not tax deductible.

A better way to structure that campaign would be to build a fund for disaster relief and share the Martinez family's recent fire as an example of the kind of people you want to help, then you may give them some, though perhaps not all of the money. The important distinction is that the nonprofit must remain the determinant of who receives the funds. If the donor restricts the funds to an individual recipient, it is not a donation; it is a pass-through.

Donors are often confused as to why pass-throughs aren't tax deductible. It helps to explain that this regulation prevents donors from getting tax write-offs on personal gifts. Without it, a donor could fund his own child's college education through a shady 501(c)(3) and write the whole expense off as a contribution to charity.

Major Capital Campaigns

Another form of restricted giving is a major capital campaign, which is a large project that typically takes 2-3 years to fund. Capital campaigns should be conducted with a regularity your donor base can handle. Some organizations move from one capital campaign to another, while others take 1-2 year breaks between them. Whatever the case in your organization, just be cognizant of the potential for donor fatigue.

There are some great organizations, such as Dickerson, Baker and Associates, out there that can either manage your capital campaign and/or provide coaching for your team. Usually, a donor survey is included in those services, helping you gauge how much your donor base could handle in undertaking a capital campaign in addition to regular general fund giving. Without a survey, a general rule of thumb is to take your annual giving average and multiply that by two. This number is generally what you can afford to pursue in a capital campaign over the course of three years without hurting your annual general fund too greatly. That said, when undertaking a capital campaign, it is not uncommon for a ministry's general fund to dip by 10% or so as donors who are unable to give over and above their normal amount to the campaign give to the campaign instead.

METHODS FOR RECEIVING DONATIONS

Make it easy for donors to give by providing them with as many means as possible. Here are common methods of receiving donations.

Basic:

Website: Make your giving page easy to navigate and have all the needed information. Have your Employer Identification Number (EIN) at the bottom of the page for people who are giving more formally and need to complete paperwork. Don't make the lowest gift amount your default gift option. People are profoundly influenced by the dollar amounts you ask for. If the default gift is $25 you'll probably get $25. If the default gift is $50 you'll probably get $50. That's an easy way to "double" the size of your gifts.

Check Instructions: In our digital age, it's easy to overlook that many donors prefer to give by check. This is especially beneficial when people are giving a large amount, as fees for digital donations can be considerable. Make it easy for them! When you send physical newsletters, you can send a return envelope. A prompt on your website should have explicit instructions for filling out the check and where to mail it.

In-Kind Donations: Some donors will want to give goods, services, or time. This could look like a local furniture store donating bed frames, a local therapist donating his or her time to help the clients at your organization, or a construction company covering some or all of the cost for renovations to your building. Make it clear on your website what kinds of in-kind donations are helpful, and be sure to offer a receipt for in-kind donations if the donor would like one. You do not have to assign a value to the in-kind donation on the receipt. Just state what it was and that the donor did not receive anything in exchange for it.

Social media: Besides your website, ensure you're registered as a nonprofit on your social media platforms (and provide a donate button directly on your profile). Facebook is the current field leader for social donations and if you register your organization with them, they give you the ability to see who donated, collect money faster with direct deposit, and add donation buttons to your posts and page. Facebook also donates the cost of credit cards fees, giving you 100% of the amount donated.

QR Codes: In a high-paced world, it's important to provide quick and easy routes to your giving page. When donors are prompted to give, the best way to help them act on that is to provide an efficient way to make their donation. QR codes can lead a prospective donor straight to your giving page, no matter where you place the code. Your QR code could nestle nicely at the bottom of your newsletter, on the face of your annual report, or on your mailing envelopes. They can really go anywhere you can put an image! Adobe has a great free tool for creating QR codes that can be found on their website (requires creation of an Adobe account). In fact, you can get an idea of how this works by scanning the QR code to the right to visit the Adobe QR code generator.

Advanced:

Stock: Donors with significant income coming from stock often prefer to donate stock directly rather than sell it and donate cash. These gifts can be executed in a few ways, so make sure you communicate to your donors how to proceed. To take advantage of these gifts, you will need a brokerage account in which they can deposit their stock, which you can sell and send to your bank account. To make the transfer, the donor will need your Account Name, DTC Number, Account Number, and Federal Tax ID number. You can post this information on your website. Still, to minimize fraud risk, you should build a form for donors interested in stock donations that collects their name and planned contribution and automatically emails them the information they need once they submit the form.

IRA gifts: If a donor is 70.5 or older, they can donate directly to your organization from their IRA account. The distribution is not treated as taxable, and can be counted against their required minimum distribution. Giving this way has the potential to save donors quite a bit on taxes, especially if they do not itemize their deductions. Always be sure to inform your donors that they should not directly pull the funds themselves. They should have their account custodian process a direct gift to your organization.

Planned Giving: Your donors, though they are passionate about what you do, are not always able to give very much financially to your organization because they are operating on a tight budget. But planned giving can be an amazing way to leave a legacy of generosity. If you have a good relationship with your donors, ask them what they want their legacy to be and if they have their estate set up to give. Many people don't have their full estate in order and that can lead to large amounts of stress and confusion for their children and in those cases the funds may not even go where they were originally intended. Having a clear estate helps donors make large-impact gifts they would otherwise be unable to give.

Donor-Advised Funds: A donor-advised fund (DAF) is a special investment account that "freezes" money put into it to be released only for charitable purposes. For example, a donor can donate $10k to a DAF in her name and receive the tax deduction immediately. Since it is an investment account, the donor could grow the funds to $12k and then choose to donate them to one or more tax-deductible charities of her choice. Since she has already received the tax deduction when she deposited the funds in the DAF, she won't need a tax receipt from the organization (or she might mistakenly claim the deduction twice for the same funds). You don't typically need to do anything special to accept donations from DAFs. They will usually come in the form of a check from an account (e.g. Fidelity Charitable or the National Christian Foundation). The check should mention the name of the donor who "advised" the gift. Just be sure that's the person you thank, not the organization that manages the DAF.

Endowments and Investments: Endowments seem like they're only the province of big colleges and universities, but they don't have to be. Any nonprofit can invest its own money in an organizational brokerage account and keep any income generated without taxes. The only requirement is that you report the income on your annual tax forms. An endowment is an investment account restricted by donors such that you only use the earnings, but never touch the principle. You'd rather have investments that are not restricted by special stipulations donors, because in that case you can access the principle if needed. However, some donors, particularly major ones, may like the idea of giving to a fund that will keep on giving, and you can consider setting aside an investment account for that purpose.

Employer Matching: Many major companies offer to match the donations of their employees when they give through the company's giving platform. In order to accept those donations, you will usually need to register your organization with those platforms, which you can do as opportunities arise.

Earned Revenue: The IRS allows you to sell products or services tax free as long as they are related to your charitable purpose. A classic example is Girl Scout cookies–since the purpose of Girl Scouts is to develop skills in girls and the girls learn skills while selling the cookies, the revenue is tax free. You can also earn revenue unrelated to your charitable purpose, subject to certain limits, but you will need to pay income taxes on it. Sometimes a little effort can make revenue related to your charitable purpose. For instance, suppose a nearby event creates a weekend demand for parking and you think you can open up your organization's lot and sell parking tickets to raise revenue. Parking is not related to your charitable purpose, so this revenue would not be tax exempt. But if you had volunteers or clients man the lot and hand each driver a small information packet about your program, then it could reasonably be considered related to your charitable purpose and tax exempt. It's always best to get qualified tax and legal advice in these cases, but it's good to know that you do have some control over how earned revenue is classified.

Cryptocurrency: Cryptocurrency is not likely going to disappear, and it could be a donor's preferred method of giving. There are a lot of different ways to receive cryptocurrencies, and it's possible that your current donation software can be set up to receive them. Two things to keep in mind 1) cryptocurrency donations will need specific tax documentation with tax forms 8282 and 8283 and 2) gifts valued over $5,000 are considered a donation of property - similar to a land or art donation - and will need to be appraised. Two of the leading cryptocurrency donation platforms, The Giving Block and Engiven, have ways to streamline the tax and appraisal process to make it easier for both the donor and your organization. The cryptocurrency market has very inconsistent prices, so most donation platforms will be set up to automatically convert the crypto assets to cash.

STOCK DONATOR: WHY STOCK DONATIONS ARE ADVANTAGEOUS

BLACKROCK: DONATING STOCK TO CHARITIES

FIDELITY CHARITABLE: DONATING THROUGH AN IRA ASSETS AND OTHER RETIREMENT ASSETS

DOUBLE THE DONATION: CORPORATE MATCHING GIFT PROGRAMS

IRS: IRA DISTRIBUTION FAQS | THE GIVING BLOCK | ENGIVEN

DICKERSON BAKKER: CAPITAL CAMPAIGN CONSULTING

Communicating with Donors

The basic directive to a fundraiser is "tell your story wherever you can, whenever you can, to whomever you can, as well as you can."

In this section, we will cover the content of your storytelling as well as how to modify it by medium.

TELLING YOUR STORY EFFECTIVELY

Foremost, remember that part of telling your story is including donors within that story. The best way to build relationships with donors is to think of them as investors rather than "ATMs." Investors don't want to be left out of the loop. You want to give your donors and prospective donors access to a steady stream of information about the mission, triumphs, and even struggles of your organization.

You should spend a lot more time informing them and thanking them than asking for additional funds. One rule of thumb suggests seven non-request interactions for each explicit request for support—though throwing your donate link in the bottom of an e-newsletter isn't the same as an explicit request, in which the email is primarily an "ask."

Check out **THIS ARTICLE** from **AMPHIL** about the importance of storytelling. For more great AmPhil resources, check out their **BLOG** and **WEBINAR DATABASE.**

Tips for Success:

- **Lead with an attitude of gratitude.**
  This should permeate all of your communication. In mass publications such as newsletters and social media posts, you should treat readers as though they are supporters even though all of them may not be. You should also default to framing the work of your nonprofit as though it is done by the donors, not merely because of the donors. Make the donor the hero. “Thanks to you, Jenny has reunited with her children!” is better than “We reunited Jenny with her children - thanks for making that possible!”
- **Educate on how their action could impact current issues.**
  It is also very appropriate to educate your donors more generally about issues in the field and about how their actions may help or harm. Most donors think of the nonprofits they support as subject matter experts, and so they are interested in what you have to say about effective ways to help people in poverty. As True Charity Network members, you have access to numerous articles, videos, and online courses to educate not only your team but also your donors about effective charity.
- **Share stories of real outcomes.**
  The charity world, in particular, is rich with anecdotal stories that show the organization’s impact. These stories can become even more powerful and moving when you meld them with data that proves the stories aren’t mere anomalies.

  For example: “Michael is one of 18 people who has come through our work-readiness program so far this year. Our graduates go on to see an average 20% boost in their income in their first year after graduation. Michael says: ‘Thanks for giving me the chance to unlock skills I didn’t know I had.’”

  Check out our Outcomes Measurement Toolkit for more information on how to do this. As you educate donors about outcomes, you can simultaneously educate them away from unhelpful definitions of nonprofit success, like low overhead rates.

TOOL HIGHLIGHT

Graphic design is an important part of telling your story in a compelling manner. ***CANVA*** *is an online creative tool you can use to build high-quality graphic designs for print and online use. Their premium version normally costs $120 per user per year, but is free for nonprofits.*

Here are some standard information communications to add to your portfolio:

- **Weekly social media:** Although it is possible to overpost, remember that most of your audience won't see most of your posts. The target for a small to mid-sized nonprofit may be 3-5 times a week and a large organization with a lot to share may be able to post up to 3 times a day. Social media is optimized for "likes." People will rarely "like" a donation request, so use those sparingly. Send interesting information, client stories, inspirational quotes, and candid real-time updates from your ministry. Social media is an excellent way to make people feel like insiders and build a relationship with them.
- **Monthly emailed or mailed quarterly newsletters:** You should also provide a more deliberate description of your success and struggles every one, two, or three months. This may feature various aspects of your work on a rotating basis. For instance, if you run a food co-op with mentorship and various life skill classes, you can feature a client story, a mentor story, and one of your life skill classes in rotation. These should be moderate length (300-700 words), interesting, and inspiring. Even if you choose to send this by email, you may find it helpful to have an "opt-in" physical mailing list for the handful of donors who have a strong preference for print over digital products.
- **Annual reports (physical copy preferred):** An annual report mailed with a letter from your Executive Director or Development Director is a great way to close out the year and get donors motivated for the next year. This should be rich with information about the year that has passed and the year up ahead. Let your donors know what is on the horizon and what the budget is for the next year. Tell your donors in advance how much money needs to be raised to accomplish what is coming in the year ahead and ask them to be a part of the solution. Annual reports bear a lot of significance. If you only contract a graphic designer and send one physical mailing a year, this should be it.

NEWSLETTER RESOURCES

WATERED GARDENS: TESTIMONY OF THE MONTH

GATEWAY MISSION: NEWSLETTERS

DURHAM RESCUE MISSION: NEWSLETTERS

ANNUAL REPORT RESOURCES

WATERED GARDENS: 2024 ANNUAL REPORT

NEIGHBORHOOD COOPERATIVE MINISTRIES: 2021 ANNUAL REPORT

ANNUAL REPORTING CHECKLIST TEMPLATE

MISSION INCREASE: FREE MARKETING ASSESSMENT

THANKING YOUR DONORS

While all of your donor communication contains elements of gratitude, you should have additional processes in place to make sure that you recognize every donor individually. It's tempting to think that "over thanking" donors is a waste of time. After all, shouldn't you be looking for new donors? In fact, the best place to get your next donation is where you got your last one. Growing your revenue is dependent on making your current donors feel extremely appreciated.

You can also provide your donors with opportunities to give again when they are thanked for their gift, such as a donate link or self-addressed envelope. But be careful—don't make your "thank you" feel primarily like an additional request.

Tips for thanking donors:

- **Set up automatic processes for your initial thanks.**
  When you process a donation, your digital system will likely generate an automated email thanking donors for their contributions. You can ensure that this email is periodically updated with a new story or fact from your program, so that it is worth opening and reading. Thank you emails should present information about how much the donor gave, to confirm that the gift is correct, and a reference to what their gift is going to accomplish. Use this template to help you create automated thank you emails.
- **Go above and beyond for gifts above a certain amount.**
  You may also consider sending a physical letter for any gift over a certain amount.

Try to get these out within four days of receiving the gift. Use this template to help you write your thank you note.

- **Show your appreciation over the phone.**
  A phone call is also a great way to respond to a gift from a new donor or an exceptional gift from a regular donor. If they don't pick up the phone, be prepared to leave a voice or text message. Having a set script is a great way to ensure you thank donors in a brief, yet effective way.

- **Send out a welcome package.**
  Another option for new donors is to have a "new donor welcome package." This is a physical mailing that contains a package of information about your organization which you can send out quickly.

- **Give recognition annually.**
  One best practice is to have an annual "Thank-a-thon" where you enlist your whole team to call every single donor for a brief "thank you." Prepare to leave voice and text messages to non-responders in that case as well. Thank you calls are some of the easiest and most pleasant interactions you can have with donors. You're not asking them for anything, you're just saying thank you.

- **Send a small gift of appreciation.**
  Sometimes, it is appropriate to provide some small token of gratitude to your donors, like a mug or candy bar. It's important to ensure that the gift is only of "token value," or you will need to deduct it from the donor's tax receipt. Usually, token gifts will bear the logo of your organization, and be a way to remind them about your cause throughout the year. Donors also find value in a handwritten thank-you note that shows intentionality and thought.

- **Make tax time easier.**
  At the end of every calendar year, you should provide donors with an aggregated tax receipt (digital or physical). The IRS requires receipts for donations over $250, but it's best practice to send them to everyone. It's best practice to get these to donors by the end of January, so they don't need to contact you in order to complete their tax returns.

NONPROFIT PRO: WHAT TO INCLUDE IN A DONOR WELCOME KIT

NONPROFIT FUNDRAISING: SAMPLE PHRASES TO THANK YOUR DONORS

KINDFUL: 9 WAYS TO THANK YOUR DONORS

LINKEDIN: SENDING MEANINGFUL THANK YOU NOTES

NETWORK FOR GOOD: YEAR END DONATION RECEIPTS

CHARITABLE ALLIES: IN-KIND DONATION RECEIPTS

NETWORK FOR GOOD: COMPLETE DONOR THANK YOU GUIDE

ASKING FOR SUPPORT

The final type of communication you have with donors is asking them to support your cause. In the same way that you weave gratitude through all of your communication, you should also inject "soft asks" or options to give throughout much of your correspondence. However, there is also a time for an explicit request for support to be the central theme of a written document or a meeting.

There are a few things to keep in mind:

- **Present the opportunity to be involved in a mission and issue donors care about solving.**
  The purpose of the request is to give the prospective donor an opportunity to invest in an important cause. You're giving the donor a chance to do a good deed. If the donor declines, the rejection isn't of you personally. In most cases, donors simply have other causes they are supporting and limited resources to do so.
- **Write with a "smile" in your tone.**
  You have no reason to have an "apologetic" tone. You're giving the donor an opportunity, not asking for a favor. Once you make the ask, wait for an answer without trying to deflect in conversation. You're also not asking the donor to do something you don't do yourself. If you operate or are on staff for a privately-funded charitable organization, there is a high probability that you could earn a higher salary

for the same amount of labor in a different industry. The difference between what you could be paid and what you are paid is an in-kind donation of talent, which for most staff members amounts to tens of thousands of dollars a year. In other words, you and your staff are personally major donors. So you can approach prospective donors not as a beggar but as a peer who finds this cause rewarding enough to make a significant investment in and who wants them to benefit from the same reward.

- **Make the request personalized.**
  Whether in person or in writing, the best way to frame a request is in a person-to-person manner. In a request for a donation to your Christmas Market, you could say, "Would you help Jemma, and other working parents like her, provide gifts to their own children this year?"

- **Suggest giving a higher, irregular gift amount.**
  When speaking to a large audience, you want to suggest a relatively high gift amount. The amount you provide as an example will objectively impact the amount people give. Non-rounded numbers also sound more legitimate to people because most things in life cost irregular amounts. For example, the framing "$64 will provide the Saidi family of four with a night of shelter as they work to establish their lives in America," will likely result in larger donations than if you said, "We provide a night of shelter to a refugee for about $10."

  When speaking or writing to an individual donor, the same principles apply, but you can tailor the amount to your listener. For a given individual donor, you might ask that she fund a $5,000 project. Allow them to give an answer on the $5,000 ask before bringing out a list of smaller projects she could choose to fund instead. The $5,000 request will likely result in a much larger donation than if you had simply made an open-ended request for assistance. In general, the amount you ask of an individual will be informed by their previous gifts. For a potential major donor who has never given before, try the "elevator strategy."

- **Set up matching gifts.**
  With a matching gift, you identify one or more significant donors who agree to match other people's donations up to a set amount, in a set period of time or for a particular project. This is a "win-win" because small-dollar donors are more likely to give to a matched project, and major donors are more likely to give when they know they're not the only supporters.

  A simple way is to ask several individual donors to match an amount that is right for them, providing some suggested amount or range—preferably with a reference to previous matching donors.

  Let's say you personally ask five mid-tier donors to match a social media fundraiser that you are planning to run over two weeks to help fund a new cohort of a mentorship program. Three donors agree to match at $200, $300, and $500, respectively. You can set a social media fundraising goal of $600 and tell your social media followers that their gifts to this campaign will be "matched up to three times." The first $200 contributed will be matched by all three matchers (exhausting the funds of the first matcher), the next $100 will be matched by the remaining two, the next $200 by the last matcher, and any additional donations will not be matched, since all matching funds have been exhausted. Once you close out the social media fundraiser, you will return to the pledged matchers and let them know their funds were matched; most will send you their pledged funds at that time, though some will before.

KINDFUL: MATCHING DONATIONS

BEST PRACTICES FOR COMMUNICATION

Across all contexts of communication, these best practices will serve you well:

- **Fight the "curse of knowledge."**
  You are so familiar with the details of your organization that it is easy to forget to share critical information with prospective donors, such as what geographic area you serve or the fact that you run a women-only program. Try to view your communication with the eyes of an outsider, but also be sure to seek fresh perspectives from new supporters and new staff who can give you an outsider's perspective.
- **Do not exploit clients.**
  It can be a delicate balance to communicate to a donor how essential their support is in helping people live flourishing lives while also not painting your clients as mere victims in need of a savior. In your messaging, emphasize empowerment and capability while acknowledging that everyone needs help from others no matter their station in life. Respect your clients' privacy and always give them informed choices about if, when, and how you share their story. At the same time, if all of your clients opt out of sharing their stories, your program likely cannot continue to exist, so it's fair to explain to clients that sharing their stories is one of the ways they "pay it forward."
- **Authenticity beats perfection.**
  Be prepared for meetings to the best of your ability. However, it's ok to have the occasional typo or poorly chosen word. Let your emotions and passion come through in your communication. In-person and in writing, be genuine, honest, and sincere.

- **Share your challenges.**
  Share what isn't working or what needs aren't being met. Tailor the depth of that sharing to the audience—it's better to have more in-depth conversations on these matters with major donors and ask for their advice as well as their funding. However, don't cross the line to sounding desperate. No one wants to donate to a sinking ship.

- **Embrace your smallness!**
  Small organizations with a handful of donors often go to great lengths to appear larger and "more professional." This may mean doing extra work to print out envelope addresses for a small number of recipients rather than writing them by hand. Ironically, large organizations go to great lengths to appear smaller and more personal, such as by purchasing robots that "handwrite" on envelopes. If you're small and personal, make your communication look that way.

- **Be persistent.**
  It can be incredibly difficult to get in touch with potential donors for meetings and other requests. You may have attempted two emails and two calls. Your intuition tells you that they are giving you a hint, and you should give up. Your intuition is wrong. You will often get through on the third call and they will profusely apologize for not getting back to you before. Use multiple mediums to get in touch (email, phone, and text). It's not a problem to let a prospective donor tell you "no," but don't assume a no on their behalf.

- **Keep the ball in your court.**
  In one on one communication, let your donors know that if you don't hear from them, they will be hearing from you ("If I haven't heard from you by [date], I'll reach back out."). This sparks the initiative to respond, but gives you control if they don't. Further, when you reach back out, you're not being a pest; you're keeping your word.

- **Root for rivals.**
  People will ask you, "How are you different from the organization down the street?" Resist the temptation to denigrate someone else's work. In most cases, you can find some way to briefly complement them or describe how you work with them, then say something to the effect of "it takes many approaches to resolve poverty in our community, I don't want to say something critical about their model, I'd rather tell you why I'm excited about ours." You should also be quick to recommend someone else's program for a donation when it's clear that's where a donor's interest would be. You may even find opportunities for joint fundraising campaigns around certain issue areas. These approaches will ultimately give you greater standing in the eyes of donors than taking a cheap shot at your fellow nonprofits.

METHODS FOR TELLING YOUR STORY

Now that we've covered the substance of communication, let's dig a little deeper on various types of communication platforms and tips for using each for maximal impact.

Website

While web design tastes constantly evolve it is fair to say that your website is your opportunity to provide a comprehensive overview of who you are, what you do, and why people should care. Use your website to explain your programs, your philosophy, and evidence that your organization is worth supporting. This includes financial transparency documents like your form 990, as well as frequently asked questions, outcomes, success stories, and external ratings and recognition.

WIX: BUILDING A NONPROFIT WEBSITE

External Review Sites

Whether you want it to or not, your organization has a presence on the internet beyond your own website. When prospective donors learn about you, one of their first actions will be to search for you on the internet. In addition to your website, they will find reviews about you on third-party websites, ratings, and more. Pay attention to what they will find. Most external review sites allow you to update basic information about your organization, solicit good reviews, and respond to negative ones.

TRUE CHARITY ARTICLE: DIGITAL FOOTPRINT

Social Media

If you're a 501(c)(3), be sure to claim that status through your social media accounts. This allows you to add a donate button and access some other useful features specific to each platform.

Social media platforms are optimized for engagement. Do your best to engage your followers directly. When someone writes a compliment, respond! When they make a donation to a campaign, thank them in real-time! If you don't have time to do this or lack funding to hire a social media manager, you may be able to find a tech-savvy volunteer who can handle this for you.

AMERICAN PHILANTHROPIC: FACEBOOK

AMERICAN PHILANTHROPIC: INSTAGRAM

AMERICAN PHILANTHROPIC: YOUTUBE

THRIVE AGENCY: HOW TO ENGAGE WITH DONORS VIA SOCIAL MEDIA

ORBIT MEDIA: TURNING SOCIAL MEDIA ENGAGEMENT INTO DONOR ENGAGEMENT.

Email

If you want your supporters to open your emails, make them worth reading and not too frequent. For most nonprofits, once or twice a month is plenty. Email is also an excellent way to test the most effective marking strategies. Many email platforms make it easy to test variations of subject lines and messages to see what approaches get the best responses.

KINDFUL: WRITING A POWER EMAIL FOR YOUR DONORS

NETWORK FOR GOOD: EMAILS DONORS WANT TO READ

Physical Mail

Despite many pronouncements of its eventual demise, direct mail is still a high-return way to engage your donors. Even younger donors comfortable in the digital world respond well to direct mail. Because of its increased cost, you should be careful to track your return on investment. If you use a special giving link in your direct mail, you can segment your giving inspired by direct mail from other promotional efforts. Use a QR giving code on your direct mail, which helps your supporter bridge from the physical mail back to a digital giving platform seamlessly. Also, keep in mind that a direct mail campaign to 1,000 recipients is likely to only have a response from 40 or fewer people, but one of those 40 may give enough to justify the entire campaign.

On mailing to donors, don't do things that make people feel that their money has been wasted. If you're a small organization, embrace the authenticity of handwritten addresses and regular US postage stamps. Larger organizations spend a lot of money to make their mailings appear to be personalized. Their mantra is "Spend $5 to make it look like you're spending 50 cents."

NEON ONE : DIRECT MAIL VS EMAIL MARKETING

Mass Text Messaging

Text messaging is a powerful way to engage supporters and can often be done through your existing donor management system. Supporters will read your messages about 90% of the time, much more frequently than any other mass communication method. However, because of the more personal nature of this communication form, you should use it sparingly. It's a good way to augment a quarterly giving campaign but not a great way to provide more frequent updates.

TATANGO: NONPROFIT TEXT MESSAGING

Visits/Tours

One of the best ways to help people connect with your work is to let them see it in person. You can invite potential donors for personal tours or host a periodic open house in which you invite the whole community. When providing a tour, make sure to tell the stories of people and not just focus on the details of your facilities. If possible, have a former client or advanced-stage client on hand to share their story, making sure that they are comfortable doing that beforehand.

Annual Update Events

In addition to an annual fundraising event (described in more detail in the section on "Finding Donors"), you may also consider other events that allow you to update and encourage supporters. A volunteer appreciation event can serve a dual purpose as a donor update since many volunteers are also financial supporters. If you have a significant number of church or business partners, you may consider offering a breakfast or luncheon for pastors or business leaders. This can be your gift and update to them and doesn't require a formal "ask" as you would expect at a fundraising event.

1-to-1 Meetings

Personal meetings are key to engaging your major donors and can be useful in securing partnerships with new donors of any amount. What level of prospective donor merits the time expense of an in-person meeting is determined by the size of your organization. In-person meetings allow the best two-way communication to help you understand and learn from your donors.

In any event, you should have clear goals for your meeting. This could include learning more about the person and what they are passionate about, getting their advice about some aspect of your work, providing an update about your charity, or asking for a specific amount of support (i.e., you plan to ask them to be a monthly partner, up their monthly giving amount, or make a one-time gift to a project).

For major donors, a good rule of thumb is to have at least two significant interactions per year. One is focused on a request, and another is an update on the organization or project.

Scheduling meetings can be a challenge. One way to make it easier is to make the donor's answers as simple as possible. Rather than asking, "What's a good time to meet?" try "Does March 3rd at 11:30 or March 5th at noon work for you?" It's also a good idea to let donors know that you will call/write them back if you don't hear anything from them. It lets them know that you are willing to work and make an effort to meet with them.

7 FIGURE FUNDRAISING: 8-PART DONOR PITCH

Phone calls

Phone calls can be both a way to schedule a personal meeting or a substitute for it. When calling people unannounced, it's a good idea to ask, "Did I catch you at a bad time?" This allows them to opt out of the call and makes them feel less imposed upon. It's better than asking, "Is this a good time," because busy people will rarely feel like it's a good time.

If you need to leave a message, keep it simple and short. Just something simple like: "Hi Jose, this is Jim from Community Outreach, I just wanted to take a minute to reach out and thank you for your gift this week. We are so grateful for your partnership and support and I just wanted to make sure we thanked you directly. If there was anything in particular that inspired your gift I'd love the chance to chat with you. My number is **XXX-XXX-XXXX**."

PHONE SCRIPTS

Fundraising Management

The preceding sections lay out a smorgasbord of tools, methods, mediums, and techniques for fundraising. In this section, we'll discuss how to bring the components together in a deliberate plan and how to manage the implementation.

BUILDING A STRONG TEAM

When you get started, it's likely that the executive director will handle nearly all of the fundraising. Most new projects involve a director who may not even be full-time but is running the new organization as a "labor of love." If not even the director is making a decent wage, it's difficult to fund another salary. Additionally, you have to develop your programs to some degree before a full-time fundraiser can succeed. In other words, you may need a few years of results first.

In the beginning, if you are a solo executive director, you should probably be spending 25-50% of your time fundraising. This includes not only asking for donations but also updating donors and developing new relationships with future donors.

Good development directors are costly and will typically be among the most highly compensated members of any nonprofit team. If you have 2-5 program staff and are ready to increase your investment in fundraising but can't quite come up with the funds to hire a development director, there are a few possible interim steps:

1. **Hire administrative help.**
   If you, as the executive director, have the aptitude and interest to do more fundraising but not the time, you may be able to hire an additional staff member to free you up from some administrative or program-oriented duties.
2. **Hire communications help.**
   Consider hiring a communications manager/director that focuses on providing information to donors through a website, social media, thank you letters, and so on. This position is generally easier to fill at a lower cost than a development director but will help you attract and retain donors. In some cases, you may be able to develop a more junior communications manager into a fundraising director over time.
3. **Engage your board.**
   Make sure you are doing your best to engage your board members with their

fundraising responsibilities. Consider creating a development committee to oversee fundraising efforts at the board level.

Once you have considered or implemented these interim steps, you'll simply need to "bite the bullet" and invest in a dedicated fundraising team member. It may be difficult to acknowledge that funding this position will temporarily crowd out funding from your programs. However, in the long run, it will make much more funding available.

As your organization expands, you will want to hire additional fundraising team members. Hire for the simplest tasks first to free your development director to specialize in the highest value uses of his or her time. This can include team members dedicated to the following tasks or combinations of these tasks:

- Gift processing
- Grant writing and management
- Sponsorship programs
- Church and business partners
- Special events (fundraising sales and donor cultivation events)
- Major donor prospect research
- Major donor relationships

While development team structures vary highly based on numerous factors, having a dedicated fundraising/marketing staff member for about every 5-8 program staff members is common.

BUILDING A FUNDRAISING CALENDAR PLAN

When you initiate your fundraising efforts, they will naturally be somewhat ad hoc. In fairly short order, though, you should be able to create a comprehensive plan for what tasks need to be done and when.

You should build an annual fundraising calendar in which you start by identifying major events and the timeframes required to make them happen. These could include:

- An annual fundraising event
- A Giving Tuesday social media campaign
- An annual report
- A year-end appeal
- A planned campaign for a construction project
- A booth at a conference

- An “open house” tour day at your nonprofit
- A “thank-a-thon” mass phone call event

Once you identify the set events, you can add in windows of time other important projects that are more flexible, such as major donor visits, or speaking opportunities.

TRACKING KEY PERFORMANCE METRICS

In order to maximize your chance of success, your development program needs to have clear and attainable objectives. Your annual goals will vary based on your strategy for the year. Goals could include:

- Recruiting X first-time donors
- Recruiting X sponsors
- Applying for X new grants
- Meeting X times each with each of your top X donors

There are some basic metrics that you want to keep track of every year, regardless of your goals:

- Revenue per month, compared to the same month in the previous year
- New donors per month, compared to the same month in the previous year
- Recruitment-effort metrics like number of meetings with donors, speaking engagements and estimated crowd sizes, etc.

When you want to analyze and refine your programs, consider these metrics. You will probably calculate the following periodically rather than continuously:

- Year-over-year Donor Retention Rate
    - What fraction of your donors this year are previous year’s donors vs. what fraction are new? (45% retention is average)
- Donor Acquisition Cost (DAC)
    - How many dollars does it cost to find donors from various sources when accounting for time costs in dollar terms? For instance, a speaking gig at a local club might cost you six hours for preparation and delivery–for a dollar cost of $150. If you pick up two new donors, the DAC is $75 per new donor. A social media paid ad campaign might pick up five donors for the same price at a DAC of $30.

- Donor Lifetime Value (DLV)
    - How much does your average donor give over their full time-period supporting your program? You may have to use some imprecise estimations to calculate this one, but even "ballpark" numbers can get you a number that helps you establish what fundraising approaches are worth their time.

- Campaign Return on Investment (ROI)
    - When you run a special fundraising campaign, calculate the total time and money cost against the total amount raised to find an "ROI." For example, if a campaign costs $1,000 worth of time, and print mailers and raised $5,000. The ROI is 400%.

- Cost-per-dollar Raised
    - Divide your total fundraising costs (including salaries) by your total revenue for the year to determine how much it costs to raise a dollar of revenue. For example, your total revenue is $500k, and your total fundraising budget is $50k. The cost per dollar is 50k/500k = $0.10 or 10 cents per dollar raised.

It's also important to realize that these metrics may vary as you zoom in on different parts of your program. The Donor Acquisition Cost may be much higher for a major donor than a minor contributor. Still, the Donor Lifetime Value (DLV) will also be much higher for the major donor. The return on investment may differ greatly from a digital vs. a print mailing campaign. It may be helpful to break your donors into "tiers" internally (like small, medium, and major) and then consider all metrics separately by tier.

DONOR MANAGEMENT SOFTWARE

Donor management software is essential to help you track relationships with donors. It is also sometimes called Customer Relationship Management Software (CRMS). A good system will make it easier to track metrics in real-time, provide end-of-year tax receipts, and send a thank-you email to donors automatically when they make a gift. Some software will also allow you to manage "text-to-give" campaigns

The software rating website Capterra can help you find a donor software right for your budget. Popular choices also include the following:

- DonorSnap (Good budget option)
- Raiser's Edge
- Network for Good
- Every Action
- Virtuous
- Salesforce

Bringing it All Together

Next Steps and Examples

This toolkit creates a wide array of options for action and additional study. Whatever stage your organization is at, you will never be able to take them all on at once. There are doubtless many good solutions, so this section will cover how to pick some of the best for you so you can move forward with confidence.

Check out this general explanation of strategic thinking and then do a SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis of your program. Strengths and weaknesses are internal factors and opportunities and threats are external factors.

To assess strengths and weaknesses, consider the following:

1. Look at last year's revenue and determine what amount came from each type of donor. Are you missing whole donor types?
2. List out your top 10-20 donors (individuals or organizations). How strong is your relationship with each of them?
3. Look at how restricted your current revenue is. How much is project-designated vs. how much is unrestricted?
4. List your donor communication methods and rate how strong you think they are on a scale of 1-5.
5. Think about your giving pathways. Does your website make it easy to give? Are you missing common giving methods (like giving through your Facebook page or giving stock)?
6. Think about your donor care process. If someone makes a donation, when and how are they thanked?
7. What skills are missing on your team to implement a better fundraising program? Can you hire or contract any of them out.
8. Chat with some donors and ask for their advice. Run your theories by them about where your donor care and communication is weak and strong. Try to speak to a few donors with a variety of contribution levels and length of history with your organization.

To assess opportunities and threats, consider the following questions:

1. Are any of your major donors or donor types in imminent danger of ending their support? If so, why?

2. Are cost increases going to affect your ability to sustain yourself?

3. What new donor types can your existing donors connect you to? (e.g., churches can connect you to small-dollar donors by letting you speak to their congregations; business leaders can refer you to other business leaders who are potential major donors)

Once you've listed your key strengths, weaknesses, opportunities, and threats, prioritize the top 3-5 action items and get to work. Once you have completed the top items, come back to your list and prioritize the next 3-5. If you're just getting started or in "struggle mode," keep doing this until you feel like your program is in a healthier place. Then you can reassess your program in more detail, considering some of the advanced metrics and planning tools in the Fundraising Management section.

The following hypothetical case studies give you a quick example of actions that might rise to the top of your priority list in your first round of analysis and improvements.

CASE STUDY 1: GETTING AN ORGANIZATION STARTED

The Situation:

Eight volunteers have launched a small non-residential mentoring and life-skills classes program. They have no budget other than their personal donations and meet in a church basement. They have just received their 501(c)(3) status as "The Empowerment Club" and would like to raise enough money to hire one of the volunteers as a 20-hour-a-week director to stabilize and expand the program.

Strengths: Motivated volunteers and a program that has one cohort of five graduates who are willing to share their stories.

Weaknesses: They have essentially no fundraising program or experience.

Opportunities: The founding volunteers are from three churches and a business leader's club that have an interest in backing the project.

Threats: If they can't hire a director, it will be difficult to maintain the volunteers' current level of contribution indefinitely.

Possible Top Action Steps:

1. Build a basic communication platform, like a Facebook page, that allows them to tell their story and accept donations digitally. Appoint one of the volunteers as the social media manager.

2. Go to their existing church and business connections. Using the eight-part donor pitch, equip the prospective director to “cast a vision” for what the program could achieve with dedicated staff. Ask those organizations to commit to monthly support or make a significant “kick-starter contribution.”

3. They could consider a few low-key events, like a breakfast or luncheon for business leaders or church leaders (ask an existing church to sponsor). Have a couple of the program graduates share their stories and ask the attendees to make a one-time or monthly gift to launch the program.

4. Recruit initial board members strategically - identify people who are genuinely excited about the project but also well connected to various potential donors. Ask board members for referrals to potential major donors as well as to make their own significant contributions. Consider a short-term initial membership to help clear the board of inactive members.

5. Consider launching a web-based fundraiser with matching from a handful of mid-level donors (e.g., a goal of $2,000 with three matching partners of $2,000 each).

CASE STUDY 2: GETTING OFF THE STRUGGLE BUS

The Situation:

A small community outreach program called “Uplift Mayberry” has been around for 15 years and has an annual budget of around $200k. There are two program staff members, one administrative and communications staff member, and an executive director.

Strengths: Their primary support comes from area churches and businesses, with a smattering of individual donors.

Weaknesses: Their social media presence is basic, and most of their communication consisted of the executive director meeting with pastors and business leaders in person over the year. Most of their funding is tied to specific projects, making it difficult to shift their funding from older, less effective programs to newer and better ones.

Opportunities: They have a history in the community and a good reputation.

Threats: They were reliant on a local foundation that donated $50k a year, but it has cut back and looks like it may be on the verge of closing down. Their revenue is irregular and has fallen slightly over the past few years.

Possible Top Action Steps:

1. Since this organization has a history in the community, and their director is comfortable explaining it in 1-to-1 meetings, they should try to find 5-10 donors in the $5k a year range who can help make up for the impending demise of the foundation. By asking for targeted referrals from board members, as well as supporting church pastors and business leaders, and building a compelling pitch, this should be a feasible goal.

2. They need to redirect giving to the general fund, away from specific project designations. They could simplify giving options on their website to allow fewer designations and make "where most needed" the default. They could also go to their top 10-20 supportive donors, explain their need for more flexibility, and ask permission to redesignate their future giving towards all of the programs ("where most needed") rather than specific projects.

3. They need to build a more robust communication plan to keep small donors informed. A monthly or bi-monthly e-newsletter sharing client stories is a simple way to start.

4. They also need to build a recurring giving program (to "where most needed") and update their website with better information about the results of their programs. They could ask existing church partners for speaking opportunities to inform their congregations about the monthly donor program. They could engage existing program volunteers in 1-to-1 meetings with a request for them to be a monthly donor at any amount.

5. To support their donors with better information, they need to begin at least a basic outcomes measurement program and start measuring 2-3 meaningful program outcomes to share with donors.

CASE STUDY 3: UPPING YOUR GAME

The Situation:

A job training and social enterprise program called "Back2Work Midtown" has been around for 10 years and has an annual budget of around $400k. There are six staff members, including a part-time development director (who also manages communications) and an executive director.

Strengths: Their revenue is stable. Their primary support comes from small to mid-dollar donors, with a healthy blend of local foundations, businesses, and churches filling out the rest. Their social media presence is solid, and they have a decent website and newsletter and a successful annual banquet.

Weaknesses: They don't have many major donors who give to the general fund. They have a backlog of clients interested in going through their programs and would like to expand their budget to accommodate them.

Opportunities: Their social enterprise is mostly revenue neutral but helps clients gain job skills.

Threats: Nothing significant.

Possible Top Action Steps:

1. They could send their development director to a major donor training course and focus on building a major donor program. This could include investing in software to help assess the giving capacity of their existing donor base and identify high high-net-worth/income individuals who they could approach for additional support.

2. They could build a plan to energize their existing donor base. This could include an annual "thank-a-thon" phone call project or a monthly open house day where donors are invited to come to see what they're funding and meet a few of the beneficiaries.

3. They could seek ways to make their social enterprises more profitable - possibly by spending some advertising dollars to boost the volume of sales. They may be able to find a business leader who could advise on profitability pro bono or offer some free or discounted marketing.

4. They could look at contract help for aspects of their giving and communications that they haven't considered before, like planned giving, grant finding/writing, a website overhaul, or some video case studies of clients who benefited from the program.

5. They could hire a part-time communications director to free the development and executive directors to focus on more specialized fundraising tasks.

Working through Common Challenges

Here are a few common issues for nonprofits:

DONOR-DRIVEN MISSION DRIFT

Donors will often have ideas for what problems your organization should tackle and how to do it. Sometimes, these fresh ideas can be a source of great inspiration. Other times, they can be a dangerous distraction from your core mission. Typically, these major distractions will come in the form of a promise of funding for some non-existent project of the donor's choosing. If you're sure it detracts from your mission, you have to say "no." But avoid merely saying no. Whenever possible, provide an alternative project that does support your mission or even refer the donor to another organization better equipped to handle the project they have in mind. And always be willing to educate the donor on why you don't feel his or her proposal supports your primary focus.

DONOR SPECIAL REQUESTS

Sometimes donors ask for things that aren't necessarily dangerous to your mission; they're just a hassle. Maybe they want you to accept a physical donation you don't need or provide them with a special report on your operation. In that case, evaluate what you owe the donor. It is often the case that demanding donors aren't even major contributors to your mission. If the donor hasn't contributed much and is unlikely to in the future, a polite declination is in order. If the donor is a significant contributor, assess the hassle of the request and whether the donor's loyalty to your program merits doing something their way. In many cases, a loyal donor can be talked out of something that causes problems. But if they can't, then it's fair to comply with their special request while making it clear that you are doing them a favor which you could not do for every supporter, in recognition of their support to date.

ABUSIVE OR BURDENSOME DONORS

Some donors aren't very good partners. They can be demanding, demeaning, suspicious, or just plain mean. As in any relationship, the first approach should be addressing it directly with them. If they don't change, don't be afraid to let them know they should find another cause or organization to support. In most cases, the stress they induce on you and your staff isn't worth the funding they provide. And if you have the courage to "fire" bad donors, you'll find that the time and mental energy it frees up reaps a higher return in looking for new donors.

KEEPING OVERHEAD LOW

The IRS requires nonprofits to group their expenses into one of three categories on their annual 990 tax return: program service expenses, management and general expenses, and fundraising expenses. The latter two categories are informally considered "overhead expenses," and people often expect you to keep your "overhead" under 20% of your total budget, or you will be considered wasteful.

We think that overhead is *not* an important metric compared to outcomes or outcomes per dollar. Donors can often be re-educated on more important metrics than overhead, as explained in length in this article.

However, because donors do care about overhead, there are some ways to report your overhead more accurately, which will also typically lower your official overhead rate. The primary way is to split salaries of staff among the three categories by time worked in each. For instance, the executive director of small organizations often does programmatic work, such as meeting with clients, educating the community, or training volunteers. If she spends half of her time doing this, a quarter on fundraising and a quarter on general management, her salary should be split 50-25-25 among the three categories on the 990. This is more accurate and looks better in the final tally than simply allocating 100% of the director's salary to "management and general expenses."

SHOWING DONORS THAT YOUR PROGRAMS WORK

This is an important issue. You should absolutely make sure your programs work, and you should be able to prove it to donors. We built a whole Outcomes Measurement Toolkit to help you do just that.

INTERNAL RESISTANCE TO NEW WAYS OF DOING THINGS

What if you're a new member of a team and you see the wisdom of trying some of the approaches mentioned but other peers or superiors resist? Maybe your executive director keeps making hyper-designated asks of donors you think would be willing to donate to the general fund.

Best practices include, starting with understanding to find out why the resisters like the old ways so much. What are they trying to accomplish, how do they know if it's working? Propose parallel strategies. "I understand that you think these donors will only give to projects. What if I try to switch a couple of our mid-level donors over to unrestricted giving? If it works, you get more flexibility. If it fails, they'll keep supporting us as they did before." Use the success of those parallel projects to build trust and drive additional change.