Fundraising Strategies for Nonprofit Staff and Board Members

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Your Future, Our Focus
5 Takeaways

1. **Assess**: where are you at today, know your strengths and weaknesses

2. **Build**: a culture of philanthropy across the organization, get your team in place, build the infrastructure to support fundraising

3. **Know**: your story and your data = build your value proposition, communicate

4. **Plan**: have clear measurable fundraising goals with resources for long term success, invest in capacity

5. **Measure**: your success, celebrate, experiment
AGENDA

• Definitions
• Fundraising Assessment: where are you starting from
• Evaluating Fundraising Sources
• Data for fundraising and building a culture of philanthropy
• Fundraising laws and regulations
Models

• For Profit:

\[ sales = \text{purchase price} + \text{ownership of product} \]

• Nonprofit:

\[ \text{donation} = \text{voluntary contribution} + \text{personal fulfillment} - \text{ownership} \]
Definition

• Fundraising is the process that brings nonprofit organizations and donors together.
Fundraising

- **Fundraising is about value creation**
- No organization is able to function without money.
- Raising funds is one of the most natural activities in which Board members or active supporters can engage to show their own enthusiasm about an organization and its programs.
An Art AND a Science

- **Art**: listening, feeling connected to the donors, empathy, sincerity, thanking donors, respecting donors

- **Science**: donor prospect, analyzing who to approach (prospect research), keeping careful notes and records (database management), donor recognition

*Your Future, Our Focus*
What type of fundraiser are you?

- Hand out
- [https://askingmatters.com/](https://askingmatters.com/)
- 3 minute asking style quiz
FUNDRAISING
ASESSMENT
Areas to assess

• Organizational capacity and leadership: staff, board member, volunteer engagement and skills (the “art”)
• Infrastructure: donor records, accounting procedures, website (the “science”)
• Support materials: print and online
• Revenue analysis: current and goals tied to budget and strategic planning
Fundraising asset mapping

• Hand out
NONPROFIT FUNDING SOURCES
Funding Sources

- Individual gifts
- Grants: government, foundations, corporate
  - Federated Funds (United Way)
  - Program Revenue: local and state governments contracts, membership dues, program fees
  - Other Revenue: unrelated business income, gifts in kind
  - Investment/Endowment income
80% of all contributions are from individuals.
Assess

• What is your revenue mix today?
• What would you change about your revenue mix?
• What do you need to support those changes?
• When in doubt, always bet on individual donors!
Money is derived from the provision of some type of *good or service* (at hopefully a break-even point).

Education is a good example (tuition).
Individual Gifts

- Individual gifts will probably comprise between 30 and 80% of your revenue, the single largest source.
Who is a philanthropist?

• About 7 in 10 adults in the U.S. give away money.

• Middle and lower income donors are responsible for a significant percentage of the money given - from 50-80% -- and are the majority of givers.

• Most people who give to nonprofits give to at least 5 and as many as 15 groups.

• Volunteers are more likely to be donors than people who don’t volunteer.

• More people give away money than vote.

• Most people who give away money describe themselves as religious or spiritual.
### Latest Giving Data

#### Table 2: Median U.S. Household Giving

**U.S. Household Giving 2000–2014**

<table>
<thead>
<tr>
<th>Year</th>
<th>Overall giving</th>
<th>All secular giving</th>
<th>Religious giving</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>$962</td>
<td>$412</td>
<td>$825</td>
</tr>
<tr>
<td>2002</td>
<td>$921</td>
<td>$395</td>
<td>$789</td>
</tr>
<tr>
<td>2004</td>
<td>$1,040</td>
<td>$451</td>
<td>$877</td>
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<tr>
<td>2006</td>
<td>$1,028</td>
<td>$470</td>
<td>$951</td>
</tr>
<tr>
<td>2008</td>
<td>$979</td>
<td>$440</td>
<td>$880</td>
</tr>
<tr>
<td>2010</td>
<td>$977</td>
<td>$543</td>
<td>$869</td>
</tr>
<tr>
<td>2012</td>
<td>$929</td>
<td>$428</td>
<td>$1,031</td>
</tr>
<tr>
<td>2014</td>
<td>$900</td>
<td>$480</td>
<td>$1,000</td>
</tr>
</tbody>
</table>

**Source:** Philanthropy Panel Study (2001–15), calculated by Xiao (Jimmy) Han
Individual Giving: Demographics

- Religion +
- Female +
- Age +
- Education +
- Married +
- Income +
- Volunteer +
- Employment +
- US citizen +
- Inheritance +

- More likely to give to religious and non-religious orgs
- At all income levels (except widows/widowers)
- Peaks between 50-65 then declines
- $ increases but % higher in the lowest and highest incomes
- Unemployed give a higher % of household income
Motivations of Individual Donors

- Altruism or social exchange theory
- Individual needs and social influences
- Mixed motives
- Influence of tax deductions (2017 tax reform bill)
  - Higher standard deductions
  - Likely fewer returns required to do itemized deductions, could result in fewer making charitable donations to reduce their tax liability
- Influence of accountability and ratings
• Prospect research is what you do to learn more about your current supporters and potential supporters
• Acknowledgement and recognition key to building strong donor relationships
Types of Gifts

- **Defined by Amount**
  - **Principle Gift** - Large Major Gift; sometimes defined as $1 million or more
  - **Major Gift** - Large Gift; sometimes defined as $10,000 or $100,000 or more
  - **Leadership Annual Gift** - Large for an annual gift; sometimes defined as $1,000 or more
  - **Annual Gift** - Relatively small Gift, usually less than $1,000; often repeated on a regular (often annual) basis
Types of Gifts

• Defined by Purpose
  • Capital Gift - Adds to the organization’s physical capital (e.g., buildings) or financial capital (endowment)
  • Program or Project Support - Made to support a specific activity (restricted, current operations)
  • Unrestricted Gift - To be used at the discretion of the organization, often used to support the current-year operating budget
Types of Gifts

- Defined by Donor’s Perspective
  - Ultimate Gift - The largest gift of the donor’s lifetime; timing based on the donor’s circumstances
  - Special Gift - One-time gift made to support a specific purpose, may be repeated periodically but not annually; timing based on the organization’s needs
  - Regular Gift - Recurring; timing based on the calendar, usually annually
Figure 4.2
The Fund-Raising Pyramid

Planned giving

- Principal gifts program
- Major gifts program
- Annual giving program
- Principal gift donors
- Major gift donors
- Leadership annual gift donors
- Regular donors
- First-time donors
- Total constituency

NOTE ON SOURCES: The fund-raising pyramid is a concept described and illustrated by many different authors (e.g., Seiler, 2011a, p. 45; Ciccone and Jacob, 2009, p. 102; Sargeant, Shang, et. al., 2010, p. 331; Alexander and Carlson, 2005, p. 17; Hogan, 2008, p. 10). The manner in which levels are depicted and labeled varies widely and it is impossible to attribute the concept to any one source. The pyramid depicted here is this author’s original version, which includes some features found in various other versions.
The Development Process

- Stewardship
- Identification
- Solicitation
- Cultivation

Your Future, Our Focus
## Matching Prospects to Programs

<table>
<thead>
<tr>
<th>STRONG</th>
<th></th>
<th>WEAK</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Strong connection but modest capacity.</td>
<td>Modest capacity and weak connection.</td>
<td>Low financial capacity</td>
</tr>
<tr>
<td></td>
<td>Solicit for annual gifts, possible upgrading to leadership annual giving.</td>
<td>Solicit for annual gifts, but manage costs.</td>
<td>Financial capacity High</td>
</tr>
<tr>
<td></td>
<td>High capacity and strong connection.</td>
<td>High capacity but weak connection.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Prospects for major and principal gifts.</td>
<td>May be prospects for programs and projects consistent with their interests.</td>
<td></td>
</tr>
</tbody>
</table>

Fundraising Events

• Need to do a cost/benefit analysis of event (hand out) including indirect costs of volunteer and staff time
• Events most successful if new, then challenge to maintain net income in subsequent years
• Volunteer capacity challenges
Smithsonian Museums

• 19 Museums + 1 Zoo
• 30.1M Visits by Public
• 154.8M Museum Objects & Specimens
• 2.1M Library Volumes
• 151M+ Website Visitors
• 13.8M+ Social Media Followers
• 6,765 Employees
• 771 Research Fellows
• 16,270 Volunteers: 6,905 On-Site and 9,365 Digital
## Revenue vs. Expenses

Source: IRS Form 990

### 2016 Breakdown

**Net Gain/Loss:** $141,936,211 in 2016

<table>
<thead>
<tr>
<th>Total Revenue:</th>
<th>$1,449,630,382</th>
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<tbody>
<tr>
<td>Contributions:</td>
<td>$269,878,400</td>
</tr>
<tr>
<td>Gov't Grants:</td>
<td>$951,570,661</td>
</tr>
<tr>
<td>Program Services:</td>
<td>$109,747,404</td>
</tr>
<tr>
<td>Investments:</td>
<td>$53,948,762</td>
</tr>
<tr>
<td>Special Events:</td>
<td>-$799,198</td>
</tr>
<tr>
<td>Sales:</td>
<td>$37,644,195</td>
</tr>
<tr>
<td>Other:</td>
<td>$27,640,158</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Expenses:</th>
<th>$1,307,694,171</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Services:</td>
<td>$1,000,592,065</td>
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<tr>
<td>Administration:</td>
<td>$256,920,220</td>
</tr>
<tr>
<td>Fundraising:</td>
<td>$50,181,886</td>
</tr>
</tbody>
</table>

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*Your Future, Our Focus*
What are your BIIG donor questions?

- Do you know your donors?
- What information do you keep on your donors?
- How accessible is that information?
- Is it available to all staff or board members?
- How confident are you that it is current?
- If you could start over, what would your donor information system look like?
When do you need data for fundraising?

- **Prospect research**: who are potential donors; likes, dislikes, capacity to give, interest in your mission, history of giving
- **Planning**: history of giving, segmentation of donors, annual goals by campaign, setting fundraising budgets, attrition or growth of donor support, trends
- **Cultivation**: timing, when to reach out, how to get them involved, listening, gathering information, building relationships, motivations for giving, personal recognition desired
- **Solicitation**: how, when, how much, responses, who should solicit
- **Stewardship**: how do they want to hear from you and when, knowing what’s going on their life
- **Organizational Learning**: What’s working or not in your fundraising, what campaigns are more successful, what appeals, donor retention rates, donor gift level info, building a culture of philanthropy

*Your Future, Our Focus*
How many donors do you have at each level and what $ from each level?
Spreadsheet versus Database

**Spreadsheet (Excel)**
- Rows and columns of data
- Data to feed into database
- For mail merges
- Easily analyze numeric data
- Great for financial reports
- Summary data but not relationships between data
- Create charts and graphs
- Limited numbers of rows and columns, difficult to see

**Database**
- Fields (columns) and records of data (rows)
- Can incorporate all different types of data
- Easily manipulate large amounts of data
- Create queries and reports easily
- Understand relationships between data
- Multiple users, cloud
- Work in database to create emails, mailing labels
- Better search functions
- Standardization of data entry

*Your Future, Our Focus*
Downside of NOT tracking data

• Don’t know what’s working or not
• Using bad information in cultivation or solicitation (outdated information, wrong names)
• Appearing unprofessional or trustworthy with information
• Weak culture of evidence-based decision making and philanthropy
VIEW OF PHILANTHROPY

TRADITIONAL

Transactional (fundraising)

NONPROFIT ← DONOR
Gift of $ Charitable Receipt

CONTEMPORARY

Transformational (development)

Dream fulfillment

NONPROFIT

DONOR

Your Future, Our Focus
Friending to Funding

• How can you use online tools and websites for fundraising?
• What are the ethical and privacy considerations pertaining to online fundraising?
What’s a good nonprofit website?

3 key elements:

- Content: hub for all categories of information
- Commerce: deepen relationships so that they increase all kind of interactions including donations
- Community: interact with each other and the organization, find resources, learn from other
Web Approaches

• 1.0 strategy: one way communication, static pages, content heavy
• 2.0 strategy: two-way communication, subscribe to content, update their information, conversational online activities, sharing among users, social networking
• 3.0 strategy: multidirectional communication, mobile enabled, interactive capabilities
Preparing for Success: The Website

✓ Is it up to date? (programs, events, services)
✓ Do you tell people what you want them to DO? Over and over again?
✓ Good, clean writing?
✓ Easy to navigate? (cut the fat; and no silos)
✓ Does everything actually work?
✓ Opportunities for dialogue, engagement?
✓ Quick and easy email signup?
✓ Is it compelling?
✓ Transparency? (how is $ spent? privacy policy?)
Fundraising Online

• Search engine marketing
• Online public relations: news, social media, reports, webinars, email newsletters, interviews, podcasts
• Online partnerships: links, sponsorships, co-branding
• Interactive Advertising
• Opt-in email
• **Know who your supporters are:** the people you want to do something and those you want to be impacted

• **Understand how your supporters think:** how familiar are they with you, what are they saying about you, surveys, ask! Listen!

• **Find out what makes your supporters tick:** set fundraising goals with direct input from target audiences
• Identify how audiences prefer to get information and communicate: VERY important, mail versus online, phone versus email

• Reach your people in online communities: identify potential online communities based on the demographics of your target audiences
Challenges and Tips

• Low barriers to participate in online advocacy (cost effective or free)

• BUT

• Online information needs to be current and well organized, personalized

• Social media should add value to the organization or don’t do it
• Online donations are an easy way to increase revenues MYTH
• Some organizations are very successful raising funds online, and some are not
• Why? Putting a DONATE NOW button on your homepage is not a strategy
Advantages of Online Fundraising

• Donors find you
• Broad access to the Internet (but not everyone)
• Free or inexpensive software for nonprofits to accept online donations
• Easy to communicate with donors
• Can attract a large number of small donors
Disadvantages of Online Fundraising

• Lacks the person-to-person experience, still the most effective method
• Not large donations, generally small
• Reliance on third-party vendors to process donations cuts into revenue, reliance on vendor to uphold brand and act ethically
Employees/Volunteers

• Take responsibility for everything you say and do online
• Don’t say anything online that you wouldn’t say in person
• Set reasonable expectations when the organization will be “on”
• Decide who will engage in real conversations and how
• Support a social or networked culture
Case: Brookfield Zoo

- Instagram post by a Brookfield Zoo employee while at work and in uniform
- Posted to her personal account but tagged the location of the zoo
- Damages the reputation of the organization
Facebook

- Supports of the Zoo go on the Zoo’s Facebook page and react to her Instagram post.
- Zoo posted: “Yesterday, we became aware of the actions of a single employee which we agree are unacceptable. This employee's statements in social media are in violation of our policies and do not reflect our institution's values. We have zero tolerance for these kinds of divisive behaviors. We treat all employment matters confidentially but please know that we took prompt action to remedy the situation this morning. We hope you continue to hold Brookfield Zoo in high regard and not let the actions of one individual overshadow the longstanding good work of the Chicago Zoological Society.”
- According to the Chicago Tribune, Robinson was let go from her job after she posted the selfie.
Peer to Peer Fundraising

• Peer-to-peer fundraising is a method of fundraising that leverages your supporters to fundraise on your behalf. It’s also known as social fundraising, personal and/or team fundraising, or p2p fundraising.

• Peer-to-peer fundraising is a great way to get new donors and reach new networks of people.
Types of Peer to Peer Fundraising

• **Campaigns:** Campaigns run for a fixed period of time and have an overall fundraising or impact goal. Fundraisers participate by setting a [personal fundraising goal](#) towards the overall goal.

• **Personal Event/Challenge:** These fundraisers center around milestones, such as a birthday or graduation. They can also be a personal challenge such as climbing a mountain, or [growing some form of facial hair](#).

• **Activity:** These are activities such as marathons or walkathons for which participants fundraise in order to participate.
Case: Fairdale Tornado Online Fundraising Efforts

- Go Fund Me had **36 campaigns** for Fairdale Tornado victims including a Kane County official “Kane County / Fairdale Relief Fund” [http://www.gofundme.com/rk72t88r](http://www.gofundme.com/rk72t88r)
- Fundly [https://fundly.com/tornado-relief-fairdale-il](https://fundly.com/tornado-relief-fairdale-il)

• McCormack Foundation official site https://donate.mccormickfoundation.org/iltornado do 6,400 donors who gave more than $735,000. Along with the McCormick Foundation match, nearly $1 million is available to help rebuild the hope and homes of our neighbors.
Successful Online Fundraising Strategies

- Credibility: built on donor trust
- Simple, compelling messages: short and easily understood
- Urgency: short time frames
- Spread out the giving: low average gifts to start
- Donor recognition: highlight donor stories
- Storytelling still important!
Why would you donate online?

- Know your audience
- Know your potential donors
- Who is most likely to donate online, why?
- How can you make it as easy as possible
- How to keep them as a donor (recognition, thanking, regular communications)
Network for Good

## Ratings

### Salsa CRM
- **Rating:** ⭐⭐⭐⭐⭐ (18)
- **Price:** $ $ $ $ $
- **Recommended:** 94%
- **Platforms:** [Apple](https://www.salsacrm.com), [Windows](https://www.salsacrm.com), [Linux](https://www.salsacrm.com)
- **Deployment:** [Cloud](https://www.salsacrm.com), [Desktop](https://www.salsacrm.com)
- **Business Size:** SML

### Abila Millennium (formerly Sage Millennium)
- **Rating:** ⭐⭐⭐⭐⭐ (2)
- **Price:** $ $ $ $ $
- **Recommended:** 90%
- **Platforms:** [Apple](https://www.abila.com), [Windows](https://www.abila.com), [Linux](https://www.abila.com)
- **Deployment:** [Cloud](https://www.abila.com), [Desktop](https://www.abila.com)
- **Business Size:** SML

### Bloomerang
- **Rating:** ⭐⭐⭐⭐⭐ (40)
- **Price:** $ $ $ $ $
- **Recommended:** 91%
- **Platforms:** [Apple](https://www.bloomerang.com), [Windows](https://www.bloomerang.com), [Linux](https://www.bloomerang.com)
- **Deployment:** [Cloud](https://www.bloomerang.com), [Desktop](https://www.bloomerang.com)
- **Business Size:** SML

### Unit4 Business World
- **Rating:** ⭐⭐⭐⭐⭐ (2)
- **Price:** $ $ $ $ $
- **Recommended:** 70%
- **Platforms:** [Apple](https://www.unit4.com), [Windows](https://www.unit4.com), [Linux](https://www.unit4.com)
- **Deployment:** [Cloud](https://www.unit4.com), [Desktop](https://www.unit4.com)
- **Business Size:** SML

### DonorPerfect Fundraising Software
- **Rating:** ⭐⭐⭐⭐⭐ (63)
- **Price:** $ $ $ $ $
- **Recommended:** 86%
- **Platforms:** [Apple](https://www.donorperfect.com), [Windows](https://www.donorperfect.com), [Linux](https://www.donorperfect.com)
- **Deployment:** [Cloud](https://www.donorperfect.com), [Desktop](https://www.donorperfect.com)
- **Business Size:** SML
Salesforce.com
Rating: ★★★★☆ (1225) Platforms: Apple, Windows, Android
Price: $$$ Recommended: 84%

The Raiser's Edge
Rating: ★★★★☆ (138) Platforms: Apple, Windows, Android
Price: $$$ Recommended: 87%

Business Size: S, M, L
Donor Perfect

• Donor Perfect Online (www.donorperfect.com) Donor Perfect also can get costly quickly depending on the users, records and customization you require, so be sure to plan your requirements and budget carefully prior to choosing this package.

• Video
Blackbaud Raiser’s Edge

- Video from Food Bank
- Demo video
- Blackbaud University
- Nonprofit Solutions
- Products
Salesforce for Nonprofits

- [http://www.salesforce.org/nonprofit/](http://www.salesforce.org/nonprofit/)
- **Products**
- All [eligible organizations](http://www.salesforce.org/nonprofit/) receive 10 subscriptions of Sales Cloud Enterprise Edition at no cost (valued at $15,000 per year) through the [Power of Us](http://www.salesforce.org/nonprofit/) program, the Salesforce Foundation. Get deep discounts on additional subscriptions.
- **Eligibility**
- Salesforce Nonprofit [Grants](http://www.salesforce.org/nonprofit/)
- [Video](http://www.salesforce.org/nonprofit/) for community engagement [video](http://www.salesforce.org/nonprofit/)
Trailhead

- To learn Salesforce
Tech Soup

- [http://www.techsoup.org/](http://www.techsoup.org/)

- Most of the donor management offers available through TechSoup are for smaller organizations that have fewer than 1,000 records.

- Almost all of them are online or cloud-based software that you access by logging in via the Internet, though a few you can install locally on your organization's systems.

- Offers available ([hand out](#))
Email Campaigns

- Email still important
- Pay attention to open, click through and action rates
- Need to make your email stand out
- Stories
- Personalization
- Clear call to action
- Use deadlines to create a sense of urgency
- Make emails scannable
Peer to Peer Fundraising Platforms

- CrowdRise
- Razoo
- FirstGiving
- Kickstarter
- Indiegogo
- GoFundMe
- Fundly
- YouCaring
Focus on Your Stakeholders

- Speak their language in a format they use and want
- Opt in to match their preferences
- Let the individual pick their platform (text messages, emails, mail, social media etc.)
1 Minute Fundraising Pitch

- Hand out
Online Fundraising

- Most organizations still receiving one-time gifts online (50%-96%); highest for environmental organizations, lowest for health organizations
- International groups receiving the largest share of monthly giving online (25.6%)
- Tribute gifts (not associated with events) highest for health organizations (10%) such as memorial gifts so not easily replicated
• Quick decision
• Minimal research needed
• Heard via television to donate (895)
• Donated the same day (24%)
• Most not following the efforts seriously
• Online donations involve more deliberation
ALS Ice Bucket Challenge

- ALS challenge
- 24 hours to do it, post video
- Donate if you don’t
- Many did both
- Viral summer of 2014
- Over $100 million raised
EMAIL & WEBSITES STILL RULE:

88% Nonprofits said their most important communication tools were email and websites.

47% This may have to do with the fact that for many nonprofits (47%), the pinnacle of engagement is a donation which is facilitated by email or website.
Research on Why we Give

- Compelling that our giving is not purely out of altruism but self-interest
- Behavioral economics field of study
- Seed money does work to attract other donors (join us, follow the leader)
- Matching gifts work to drive donations, but the size of the match did not matter (1:1, 2:1, 3:1)
- Generosity also tied up in pride and glory in what you are contributing to, giving contributes to our social identities (I am a person who gives to my community)
• Lotteries work (I have a chance to win something and support a charity) especially from among cold lists and identify prospects, for first time donors

• The more attractive the solicitor, the bigger the donation, women raise more money, for one time donations
Grant Resources

- ILLINOIS GENERAL ASSEMBLY LEGISLATIVE RESEARCH
  Federal Grant Notices for State & Local Governments & Community Agencies
  http://www.ilga.gov/commission/lru/lru_home.html

- Grant Gopher:
  https://www.grantgopher.com/Grants-for-Nonprofits/articleType/CategoryView/categoryId/113/Illinois.aspx

- Forefront, Chicago: state nonprofit association (Foundation Center Database)

- Illinois Grant Watch http://illinois.grantwatch.com/ (paid subscription)
Recipe for Grant Success

• Have an up to date list of grants that you are eligible for based on your location, mission, needs (operating versus capital)

• Have a calendar of grant opportunities, building in time for research, writing, feedback, submission, review and award

• Estimate the likelihood of success based on connection to the funder (relationship), history of awards from funder, size of gift relative to organization size etc.
• Have an infrastructure that supports grant revenue (strong financial management, record keeping, reporting)
• Collect and analyze data to demonstrate impact of grant dollars
• Successful grant funded organizations are internally focused
• Start with small grants, build credibility, thorough data driven reports submitted on time
Corporate Philanthropy

- Trends in corporate philanthropy:
  - Growing focus on long-term, systemic solutions to critical social problems
  - Innovative approaches to partnerships to increase the leverage and impact of contributions
  - Doing more to respond to the direct impact of the economy on people’s basic needs
Recipe for Corporate $ Success

- Staff and board that are connected to corporations who are part of your community, business interests align with your mission
- History of working with corporate dollars, “speak their language”, understand their goals (needs to be mutually beneficial)
- Know your competition for corporate dollars
- Recognition of gift is negotiated with the gift (use of logo, branding, exclusive sponsorship etc.)
- Start small and build trust and recognition
FUNDRAISING LAWS AND REGULATION
Fundraising Laws & Regulations

A. Federal tax rules
B. State regulations
C. Local regulations
State Charitable Organization Laws

1. The Illinois Charitable Trust Act
2. Solicitation for Charity Act
3. Illinois Criminal Code
Illinois Charitable Trust Act

• Deals with:
  – registration of nonprofit organizations
  – filing of annual reports
  – public records
  – duties of Board members (trustees)
  – use of charitable assets
Solicitation for Charity Act

• Deals with:
  – Who can solicit charitable gifts
  – Use of professional fundraisers
  – Exemptions for filing registration includes the state universities (NIU), when solicitation of contributions is confined to members only, solicitations on behalf of one individual, religious organizations, unions and others….
  – Annual reports of charities
  – Fundraising requirements
  – Use of charitable assets
Illinois Criminal Code

- False personation of a charitable organization “unapproved use of a name or title or solicitation in violation of the Act”, Class A misdemeanor, fined at least $100 and not exceeding $200 OR a Class 4 felony in personation acting on behalf of any police department, fire department, sheriff’s department
Municipal Regulation

- Games of Chance/Raffles regulations for the
- Property tax
VFW raffle craze sweeps McHenry jackpot now tops $4 million

By Robert McCoppin
Chicago Tribune

Almost every day now, a line of gamblers winds out of the McHenry VFW hall, waiting for a chance to win the kind of rewards that millions of dollars can buy.
ETHICS AND
FUNDRAISING
• Board leadership
• Tax deductions
• Donor confidentiality, selling lists?
• Use of donor funds: transparency and disclosure
• Board-designated funds versus permanently or temporarily restricted funds
• Ethics policies for board and staff
• More regulation versus self-regulation
AFP Standards of Professional Practice

- Professional obligations
- Solicitation and use of philanthropic funds
- Presentation of information
- Compensation
The Donor Bill of Rights

• To be informed of the mission and how funds will be used
• To be informed of who the board is and expect the board to be responsible
• To have access to financial statements
• Assurance that gifts are used for the purposes for which they are given
• To receive appropriate acknowledgement and recognition
• To be assured of confidentiality and respect
• To expect professional relationships
• To be informed whether solicitors are volunteers, staff or hired solicitors
• To have the opportunity of anonymity and to be deleted from “lists”
• Ability to ask questions and receive prompt and truthful answers
THE FUNDRAISING PLAN
• Revenue mix and tradeoffs and tensions between those revenue sources
• Allocating resources for fundraising activities (playing the long game, working the plan)
• Goals are clearly defined: specific, measurable, action oriented, realistic, time bound
• Fundraising goals are realistic about costs versus revenue, short term versus long term
How to build a culture of philanthropy

• Fundraising is not one person’s job, it is everyone’s job, from board to staff, to volunteers
• Fund development and philanthropy widely understood and valued in the organization
• Fundraising efforts are donor-centric and focused on building deep relationships over time, not just asking for money when it’s needed
• Clients and donors, staff and volunteers, recognize this culture whenever they connect with the organization
Fundraising staff

• Where does your organization need the most help:
  – The science: building the infrastructure and the data (internal), estimating success, grants, compliance reporting
  – The art: building relationships (external), long term, working through the steps (prospects, first donor, sustaining donor, major donor etc.)
Fundraising must be viewed as investment like other capital expenditures not as an expense, regardless of the accounting treatment.

The most important reason for not achieving the organization’s financial objective was inadequate and/or ineffective fundraising.
• Begin with one year of operating expenses to fundraise for next year’s expenses, not the current year
• Use reports to manage fundraising campaigns and redirect as needed
• Identify post-campaign effectiveness and efficiency
Board Standards of Conduct

• **Duty of care**: board members act like any reasonable person in similar circumstances (diligent, attending meetings, understanding the issue before decisions)

• **Duty of loyalty**: act primarily in the interest of the organization not themselves

• **Duty of obedience**: act according to the law and in accordance of their mission
Board versus Staff Role in Fundraising

- Hand out
Experiment

- Test different approaches, methods, content, pictures
- Resistance to experimentation, fear they will lose their donors
The Future of Fundraising

• Technology will increasingly use technology to identify prospects and use that date to improve face to face visits
• Donors will give based on need, less to traditional nonprofits, want shorter term and focused results, focus on actually achieving a purpose
• Big data will change every aspect of operations including fundraising
• Nonprofits will leverage newsworthy events to connect with donors and their mission, ready to activate all the time, proactive rather than reactive
Resources

Penelope Burk
DONOR CENTERED FUNDRAISING
How to hold on to your donors and raise much more money

Jason Saul
THE END OF FUNDRAISING
Raise more money by selling your impact

Your Future, Our Focus
5 Takeaways

1. **Assess:** where are you at today when it comes to fundraising, know your strengths and weaknesses

2. **Build:** a culture of philanthropy across the organization, get your team in place, build the infrastructure to support fundraising

3. **Know:** your story and your data = build your value proposition, communicate

4. **Plan:** have clear measurable fundraising goals with resources for long term success, invest in capacity

5. **Measure:** your success, celebrate, experiment
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