Are You Ready To Start a Fund Development Program?

Assessing Your Organization's Readiness to Raise Money

Your ability to raise money successfully is directly related to your organization's capacity to support and sustain fund development activities. Take some time to assess your organization's "readiness" by thinking about the following areas.

Following is a checklist for each category with items most needed to successfully raise money. In categories where you only have a few checks, you may have some significant work to do before you are truly ready to establish an effective fund development program. In categories where you have many checks, you have helped to position your group for a strong fund development program.

1. **Is your organization well known and respected?**
    - ❑ If 30 people in the community were asked, most of them would recognize the name of our organization.
    - ❑ Most of the 30 people would be able to describe what our organization does and how it benefits the community.
    - ❑ We have a communication plan that keeps donors and prospects informed, and we seek feedback on how we are viewed.
    - ❑ Our events are well attended.
    - ❑ Our organization benefits from positive media coverage.

2. **Do you have a written Case Statement or Case for Support (and/or specific and defined program needs) and well-developed solicitation materials?**
    Your success in fundraising depends upon your ability to "make the case" to your individual donors and institutions. The following tasks will help you make the case verbally and in writing:
    - ❑ We have completed a Case Statement and all who are actively engaged in raising money have access to it.
    - ❑ We have defined our program goals and needs and we can articulate these to donors.
    - ❑ We have defined our internal needs (organizational capacity building, training, equipment, publications, etc.) and can articulate these to donors.
    - ❑ We have developed appropriate materials to support our face-to-face solicitation and our mail solicitation.

3. **Do you have a written plan to raise money?**
    A fund development plan needs to be long-term. It needs to include strategies that will best serve the group now and five to 10 years from now. It should specific about what tasks need to be done, when and by whom. Check off the following items you have in place:
    - ❑ Clearly defined needs for what dollars are needed to run your organization's programs and achieve your goals.
    - ❑ One-year goals for each income category.
    - ❑ An agreed-upon strategy for reaching each one of those goals.
    - ❑ A one-year or six-month calendar of activities and deadlines.
    - ❑ An over-arching assessment of what fundraising strategies or techniques you want to add, grow, or delete over the next five years.

4. **What is the size and shape of your donor base?**
    Your current donors are the best resource you have to build upon. It takes four times as much work to attract a new donor as it does to keep an existing donor. It is essential to understand the current abilities and the future potential of your donor base. You need to be able to readily access the following information about the people and institutions that give you money:

❑ How many donors do you have from each income source?
  - Individuals _____
  - Private Foundations _____
  - Corporate Donations _____
  - Corporate Sponsorship _____
  - Organizations _____

INDIVIDUALS
❑ How often do individual donors give?
Monthly _____ Quarterly _____ Annually _____ Other _____
❑ How long have they been giving to you?
Less than 1 year _____ 1-3 years _____ 3-5 years _____ 6 or more years _____
❑ At what level do your donors give? What has been their range of gifts over the last two or three years?
$1-$49 _____ $50-$99 _____ $100-$249 _____ $250-$499 _____ $500-$999 _____
$1,000-$4,999 _____ $5,000-$9,999 _____ $10,000-$24,999 _____
$25,000- $49,999 _____ $50,000-$99,999 _____ $100,000+ _____
❑ What interests them the most? Keep detailed records for each donor; the larger the donation, the more important this is to track.

PRIVATE FOUNDATIONS, CORPORATE DONATIONS AND ORGANIZATIONS
❑ How long have they been funding your organization?
Less than 1 year _____ 1-3 years _____ 3-5 years _____ 6 or more years _____
❑ What has been the range of their level of support over the last two or three years?
$250-$499 _____ $500-$999 _____ $1,000-$4,999 _____ $5,000-$9,999 _____
$10,000-$24,999 _____ $25,000- $49,999 _____ $50,000-$99,999 _____ $100,000+ _____
❑ What were the most important considerations in their decision to fund your organization?

CORPORATE SPONSORSHIPS
Sponsorships are from corporate marketing budgets and are not eligible for a tax receipt.
❑ What activities and events have been sponsored?
❑ How long have they been providing sponsorship to your organization?
Less than 1 year _____ 1-3 years _____ 3-5 years _____ 6 or more years _____
❑ What has been the range of their level of sponsorship over the last two or three years?
$250-$499 _____ $500-$999 _____ $1,000-$4,999 _____ $5,000-$9,999 _____
$10,000-$24,999 _____ $25,000- $49,999 _____ $50,000-$99,999 _____ $100,000+ _____
What did the corporation(s) expect in return for their sponsorship, i.e. signage, logo usage on promotional material, etc.

5. **Do you have the human power and time that is needed to ask for money from your identified sources?**
Money doesn't just "come in". People in your organization have to ask other people for money or it won't show up in your bank account! You need "human power" to organize and manage the fund development program. You also need "bodies" to carry out the critical tasks. Which of the following do you have in place?
❑ An active fundraising committee that creates and manages the fundraising activities (can be all volunteer leaders, or in staffed organizations should be a mix of board and staff members).
❑ A board of directors that understands asking for money and giving money is a central part of their work as board members.
❑ A board of directors that includes influential people who support the organization financially, know others who are capable of making a gift and are willing to ask them for financial support.
❑ Everyone on the board makes an annual donation to their ability.
❑ A dedicated core group of at least eight to 10 people who on average give two to five hours a month to fundraising tasks (24 to 60 hours per year).
❑ A group of at least 25 or more people who will give six or more hours a year to help raise money.

6. **Do you have the fund development expertise, and/or access to training or other resource people to gain the needed expertise?**

This may be a little harder to assess, but for your organization to be successful in fund development, you need people in your organization who have experience, knowledge and a very positive attitude about raising money.

If you don't have them in your organization right now, an option is to find other resource people who can help you build that expertise. Can you find help through pro-bono assistance, paid consultants, or training workshops and mentoring? Here are some questions to think about.

Who has raised money in your organization and what is their level of experience?

List board members and other volunteers with their years of experience including the type of fund development with which they have been involved: face-to-face solicitations, mailers, proposal writing for grants, special events and other methods.

Name   How long?   Types of fund development experience

_____   _____   _____

_____   _____   _____

_____   _____   _____

_____   _____   _____

- ❑ We do not have a lot of expertise in the organization, but we know who we can ask for help in our community.
- ❑ We do not have a lot of expertise, but we know where to get training and mentoring to strengthen our skills, knowledge, and contacts.
- ❑ We do not have a lot of expertise, but we could raise the money we need to buy help and advice if we need it.

7. **Do you have the physical and human resources needed for tracking your donors, managing the money, and thanking donors?**

It takes a lot of work to acquire new donors, to encourage them to give again (renewal) and motivate them to give more than the last gift (upgrade). You need some key administrative resources and effective stewardship practices in place. Consider the following areas as a place to begin:

- ❑ We have a database in place that can track the donor's information and giving history.
- ❑ We have a financial management system that deposits cheques within three days of receipt.
- ❑ We have a system in place that allows our organization to acknowledge a gift and send a thank you note or letter within one to three business days after receipt.
- ❑ We have mechanisms in place for regularly communicating about our programs with our donors, such as a newsletter that goes out at least three to four times per year, special mailings that go to donors, an annual report or other communication vehicle.
- ❑ We have defined other benefits for our donors. We know what they want or expect and we give it to them.
- ❑ For significant donors, we know their specific interests and we work to communicate with them on the phone or in person one to three times per year.

About Philanthropy and Fundraising

- Philanthropy and fundraising have sometimes been described as the difference between giving and taking.
- Philanthropy is an act of deliberative generosity for the public good – Giving.
- Fundraising usually describes activities that raise money while providing something to the supporter, such as a dinner at an event or a chance to win money or other prizes through the purchase of a lottery ticket – Taking.

It all comes down to whether a gift has been given. Canada Revenue Agency defines a gift as

"a voluntary transfer of property without valuable consideration. Gifts may take the form of cash or non-cash items.

To qualify as a gift, all three of the following conditions must be met:
- The property, either in the form of cash or a gift in kind (property other than cash, such as equipment, share or land) is transferred by a donor to a registered charity;
- The property is given voluntarily. The donor has to part with the property freely and not as the result of a contract or a court order or other legal obligation; and
- The donor transfers the property to the registered charity without expecting anything in return. No benefit of any kind may be provided to the donor or to anyone designated by the donor as a result of the gift.

Services provided to the charity are not considered gifts because services are not property. Pledges are not considered gifts until they are honoured by the donor."

For more information, refer to Canada Revenue Agency Interpretation Bulletin IT-110R3, Gifts and Official Donation Receipts and RC4108, Registered Charities and the Income Tax Act.

Competition for Funding

There were more than 161,000 not-for-profit organizations in Canada with 81,168 of these operating as registered charities in 2004. Each year another 1,500 agencies achieve charitable status from the federal government's Canada Revenue Agency. Charities and not-for profits compete for funds from individuals, businesses, corporations, granting foundations and organizations such as service clubs. That does not include churches and schools, which also rely on community support.

Charitable giving continued to grow in 2003, the most recent year for which statistics are available. The total giving to charities in Canada by individuals (72 percent), corporations (16 percent) and foundations (12 percent) is estimated at $9.1 billion in 2003, a 10 percent increase from the previous year.

Environmental Sector:[1]
The environmental sector includes organizations involved in pollution abatement and control, natural resources conservation and protection, environmental beautification and open spaces, animal protection and welfare, wildlife preservation and protection, and veterinary services.[2]

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[1] Cornerstones of Community: Highlights of the National Survey of Nonprofit and Voluntary Organizations (Statistics Canada 2004) and A Profile of Environmental Nonprofit & Voluntary Organizations in Canada: Canadian Environmental Grantmakers' Network Research Brief (October 2004)

- An estimated 4,424 environmental nonprofit and voluntary organizations were active in Canada in 2003. This represents only 2.7 percent of the total number of all nonprofit and voluntary organizations.
- Only 41 percent of environmental organizations are registered charities compared to 56 percent of all voluntary organizations.
- Religious organizations receive 50 percent of the charitable donations in Canada, health care 20 percent and other organizations share the remaining 30 percent.
- Environmental organizations reported total annual revenues of about $1.1 billion in 2003. This represents 1 percent of the total revenues of $112 billion reported by all nonprofits, including charities in Canada.
- The average revenue of environmental organizations was $256,000 – much lower than the average revenue of $692,000 for all organizations.
- The environmental sector had among the lowest average revenue of the sub-sectors, ranking 12th out of 15. The average revenue was slightly higher than that of arts and culture, and sports and recreation groups.
- Ontario accounts for the largest share (28 percent) of total revenue while accounting for only 21 percent of environmental organizations. This is likely the result of larger national groups located in the province.

Donor Motivation

Donors and volunteers have individual reasons for making gifts of money, land and/or time. Experts in many fields of interest have contributed to the body of knowledge about what motivates donors and volunteers. Three theories are shared here. The most important learning from these theories is that each individual is unique and may be motivated by a combination of factors. You need to keep this in mind while developing your case for support and customized 'asks' for individuals, corporations or organizations. Individuals will be making the decision, whether on their own or as part of an organization or corporation, and they will be influenced by their own worldviews. It is important to match donor needs with your organization's strategies.

Maslow's Theory
The American psychologist, Abraham Maslow, has suggested human needs can be categorized in five areas:
- **Physiological** – food, shelter, bodily needs
- **Safety** – physical safety, family stability, economic security
- **Social** – need to belong, to be loved, to be accepted by others
- **Self-esteem** – need to feel valued, respected by others
- **Self-actualization** – full expression of what one wants to be.

Maslow believed people most often satisfy these needs in ranking order, ready to move onto the next level once the former has been achieved. If Maslow's theory is true, fund development programs, which can identify and respond to those needs, will appeal to most people and will also provide an incentive to donors to keep giving and volunteering.

Life Orientation Theory
The Life Orientation Theory, developed in the 1960s by Dr. Stuart Atkins and Dr. Allan Katcher, described four basic behavioural styles based on how we view the world, see problems and how we react to them as our unique values, goals and strengths. Once you understand the typical behaviours, you can tailor your approach to encourage support for your organization and to better communicate with these individuals.

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[2] Hall, H. Michael, Barr, Cathy W., Easwaramoorthy, M., Sokolowski, S. Wojciech, Salamon, Lester M. (2005) The Canadian Nonprofit and Voluntary Sector in Comparative Perspective. Imagine Canada and John Hopkins University. p 34

The four behavioural styles include:
- **Supporting/Giving:** "If I prove my worth by working hard and pursuing excellence, the good things in life will come to me. I value excellence."
    - ➤ Suggestion: Describe the high standards to which your organization adheres and how your group has worked hard to benefit the community.

- **Controlling/Taking:** "If I can get results by being competent and seizing opportunity, the good things in life will be there for the taking. I value action."
    - ➤ Suggestion: Describe how your land trust has seized opportunities and taken action to protect land.

- **Conserving/Holding:** "If I think before I act and make the most of what I've got, I can build up my supply of good things in life. I value reason."
    - ➤ Suggestion: Describe the careful planning and thoughtful consideration your organization has undertaken to move forward in a logical and effective way.

- **Adapting/Dealing:** "If I please other people and fill their needs first, then I can get the good things in life that I've wanted all along. I value harmony."
    - ➤ Suggestion: Describe how your organization has worked collaboratively with landowners to ensure their needs are met, and how you have developed mutually beneficial relationships with municipalities and other organizations.

Seven Faces of Philanthropy

Russ Prince and Karen File provide some interesting ideas in their book, Seven Faces of Philanthropy: A New Approach to Cultivating Donors. They organize donor types into seven categories and provide typical motivations for each group, as listed in Chart A.

Chart A – Seven Faces of Philanthropy

Communitarian (26%)	- Motivated by service, leadership - Believe non-profits address human problems better than governments - 76% business owners (Rotary, Chamber of Commerce) - 91% male and 9% female - 79% donations support local cultural and religious organizations - 87% want ongoing, personal attention
Devout (21%)	- Motivated by purpose, mission - Religious beliefs and moral obligation - 84% male and 16% female - 93% give to religious organizations - 96% want non-profits to share their religious values - Does not mean that they will not give to other organizations
Investor (15%)	- Motivated by fiduciary considerations - The donation provides a good tax and estate consequence - They are morally obligated to give - 87% male and 23% female - 72% believe non-profits are the most efficient to solve society's problems - 81% intensely evaluate charities
Socialite (11%)	- Motivated by social network, fellowship and events - Doing good is fun, constructively philanthropic - 38% male and 62% female - 79% pick charities through social network - 92% want recognition
Repayer (10%)	- Motivated by desire to pay back, show gratitude - Feel responsible and obligated to the organization - Constituents first (alumni), donors second - 61% male and 39% female - 90% do not want recognition - Tax considerations are not important

Altruist (9%)	- Motivated by feelings of generosity and empathy; doing good feels right - Tend to give anonymously - 43% male and 57% female - 95% want nothing in return - 85% want to be appreciated for the purity of their motives - 100% believe that philanthropy should be pure
Dynast (8%)	- Motivated by responsibility, family tradition - Giving is a strong family value - 50% male and 50% female - Give to a wide range of non-profits, many out of the mainstream - 70% give traditionally - 62% make use of professional advisors - Hard to reach