

Fund Development

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Fund Development Through Revenue Diversification

(Courtesy Laura Thrall, Starlight Children's Foundation)

Fund Development vs. Fund Raising

- *Pockets of Money = Revenue Streams
- Individual
- Group
- Corporation
- Foundations

*Key: Have your hand in every "pocket"!

Balance Revenue between Restricted and Unrestricted

- Individual
 - Event
 - Direct Mail/Appeals
 - Major Gifts/Planned Giving
 - General Donations (Unsolicited)
 - Matching gifts from employers
 - Individual Program Sponsorship
- Groups
 - Events
 - Program Campaigns
 - Employee Giving
- Corporations
 - Restricted Program Sponsorship
 - Direct Support
 - Cause-related marketing
 - Employee Giving/Matching
 - Campaigns
 - Holiday Programs
 - Corporate Foundation Grants
- Foundations
 - Grants (primarily restricted support)

Events as a Mainstay

- Unrestricted Revenue
- Provide sponsorship/promotional opportunities for corporations
- Public Relationships
- Attract new donors/build database
- Attract volunteers
- Forum for education about FFCMH
- Reduce reliance on event revenue by effectively using the database events create

Events should be efficient

- Evaluate labor vs. revenue
- Expenses should not exceed 30% of revenue
- Do they meet other objectives?
- Have a plan for post-event cultivation

Always have your hand in every "pocket. Continue to build the size of each pocket while expanding the revenue stream that flows from each of them.

Small Organization Stream Mix – Minimum Revenue

- Individual
 - Event
 - Campaign (Holiday or Appeal)
- Groups
 - Campaign
- Corporation
 - Solicit for program sponsorship
 - Employee giving
 - In-Kind donations
- Foundations
 - Volunteer-based research

Mid-Size Organization Stream Mix – In Addition to the above

- 2-3 events per year
- Annual Appeal
- Holiday Program
- Routine grant submittal to Foundations

Fund Development

Everyone is a part of the team!

Board Responsibilities

1. Understands the role of contributed funds in the organization's finances
2. Ensures that the fundraising program has adequate resources in the annual budget
3. Approves fundraising goals
4. Board has development committee to oversee the board's activities in fundraising
5. Each member identifies an area where he/she can make a contribution to fundraising
6. Participates in fund development
7. Makes annual personal financial contribution
8. Recruits new members who can be helpful to the fund raising process

Staff

1. Executive Director ensures that prospective board members are informed about the fundraising expectations
2. Executive Director ensures that the new board member orientation and board manual educate board members about fundraising case for support and strategies
3. Executive Director works with each board member to identify the area in which the board member will participate in fundraising and coordinates with the staff
4. Provides input to fundraising plans
5. Helps implement the plan
6. Staff provides all needed information to board members working on fundraising
7. Staff thanks board members for contributions
8. Staff recognizes board members for their participation in fundraising

Board/Staff Fundraising Assessment

(adapted from Handbook of Nonprofit Leadership and Management)

What is your philosophy of fundraising?

What is your attitude towards/about fundraising?

What do you think your role in fundraising should be?

What is your "Case for Support"

1. Problem and need organization addresses – why you exist? Who do you serve?
2. Special services/programs organization provides to meet identified needs:
3. Who are likely donors/prospects?
4. Why should someone contribute to your organization– what is your value?
5. What benefit does donor receive from contribution?
6. What is your organization's cost per dollar raised?

Developmental Stages of Fundraising Strategy

(adapted from Handbook of Nonprofit Leadership and Management)

- Analyze** – History of previous fundraising
 Donor contributions and levels
 Constituency clearly defined
 Case for support?
- Plan** - Amount needed and when required to be available
 How many donations and how much from each
 Who to ask for donations?
 How?
 Who will do the asking?
 When is deadline?
 Kind of training for 'askers' needed?
 Case for support well developed?
- Implement** Assign tasks
 Training
 Time lines
 Who manages process and holds accountable?
- Control** Who receives donations?
 How recorded?
 How acknowledged?
 Report generation?
 Who oversees budget?
- Evaluate** Programs
 Staff and volunteer performance
 Prospect market
 What worked? What didn't?

Organizational Stages

- Formative sale's pitch – Staff fundraiser only
- Normative customer service, relationship building, staff fr + other staff involved
- Integrative Staff and Board, volunteer participation, strategies and partnership

Board Fund Development Ideas

- Identify potential donors, suggest possible strategies for approaches, suggest and appropriate level for a request for a contribution
- Add personal notes on letters to donors or prospects
- Give a luncheon/breakfast for a small group of people to introduce them to the organization. Guest may or may not be invited by hostess
- Give luncheon/breakfast for a small group of donors to thank them for their support
- Send a thank you note to a donor (particularly helpful with businesses)
- Participate in a special event (selling tickets, soliciting in-kind donations, taking care of arrangements)
- Participate in a telethon
- Make an appointment for the Executive Director/Development staff to see someone the board member knows
- Accompany the E.D./Development staff on a call
- Ask a prospect for an in-kind donation
- Ask a prospect for money

Philosophy of Fund Development

Adapted from: The Jossey-Bass Handbook of Nonprofit Leadership and Management.
Robert D. Herman & Associates. (1994)

- Organization exists to serve its mission
- Fund development should reflect the mission and culture of organization
- Integrate into organization as the “philosophy and practice that fosters voluntary giving to achieve public good” - Philanthropic fundraising
- Fund Development provides money needed to run the organization
- Fundraising success measures the degree to which an organization’s purpose is affirmed
- Donors demonstrate their acknowledgement of the organization and support the mission
- Lack of success may be do to lack of visibility/understanding/acceptance

Organizational Stages

Formative	need for money Few people involved	sell organization Staff fundraiser only
Normative	relationships Family symbol	donors through connection Circle expands staff fr + other staff involved
Integrative	building and maintaining Circle expands further	organizational growth staff, board and volunteers maintain relationship with donors
	FR, Staff and Board – volunteer participation, strategies and partnership	

Management Process

Developmental Stages of Fundraising Strategy

Analyze	History of previous fundraising Donor contributions and levels Constituency clearly defined Case for support?
Plan -	Amount needed and when How many donations and how much from each Who to ask for donations? How?

	Who will do the asking? When is deadline? Kind of training for 'askers' needed? Case for support well developed?
Implement	Assign tasks Training Time lines Who manages process and holds accountable?
Control	Who receives donations? How recorded? How acknowledged? Report generation? Who oversees budget?
Evaluate	Programs Staff and volunteer performance Prospect market What worked? What didn't?

Case for Support

Problem and need DVI addresses – why you exist? Who do you serve?
 Special services/programs DVI provides to meet identified needs:
 Who are likely donors/prospects?
 Why should someone contribute to DVI – what is your value?
 What benefit does donor receive from contribution?
 What are DVI's cost per dollar raised?

Be Prepared

(Adapted from Community Resource Center Leadership and Management Packet)

Know who your prospect is, how much they can give, some personal background

Know why people give

:

1. Belief in the mission of your organization
2. Community responsibility and civic pride
3. Fiscal stability of the organization
4. Respect for board, staff, volunteer, and/or organization leadership
5. Has an adult history of being involved in the institution
6. Influence of the solicitor

Know the answers to the following questions:

1. Who are you?
2. What are your goals and objectives?
3. Are you a nonprofit organization? Are you tax exempt?
4. What is the history of your organization? When was it formed?
5. What have been your most significant accomplishments and impacts?
6. Do you have a Board of Directors? Who is on the Board?
7. What is the size of your budget? Where do your funds come from? How much money do you need to raise?
8. How large is your staff? Who are the people on your staff?
9. Why are you coming to us for money?

10. How much money do you want from us?
11. Aren't you controversial?
12. How have other similar organizations responded to your requests?
13. Don't you do similar activities as ___Agency? Why should we support you?
14. We don't have any money to contribute this year.
15. We support the United Way...
16. We just don't support organizations like yours
17. We can't afford \$_____. Here is a check for \$_____

Role play with other board/staff members

(Adapted from Community Resource Center Leadership and Management Packet)

Role play the following steps:

1. Always ask for a specific amount of money
2. Always ask money for a specific part of your program
3. Break down your request into little terms
4. Why do you need the money now?
5. Is your donation tax-deductible?
6. Ask for the dollar amount again
7. Smile – Stop talking: Wait for a response
8. Answer questions briefly

Repeat steps 1-6 until they say yes.

How To Ask For Money

Suggestions for a script to secure a donation for your organization

1. Repeat you organization's name often AND SMILE
2. Say your name, the name of your group and your position:

Hello, my name is _____, I am a Board member for Domestic Violence Initiative

3. Describe your group's activities and its effectiveness in a maximum of five sentences:

4. Describe your organization's budget.

"It costs approximately \$111,000 to operate DVI for one year. Our greatest expense is our _____. Our director manages and supervises all cases. Each case averages approximately \$___ in staff time alone.

5. Describe your fundraising strategy.

"DVI recognizes the importance of maintaining a diversified funding base that includes foundations, corporations, government grants, special events, as well as individuals to insure long-term stability of our program. Our 2001 budget was supported 50% by government grants, 30% foundations, 10% corporations, and 9% individual donors, gala special event and training fees."

6. Break down your request into "little terms," i.e. "Your \$__ contribution will allow us to_____"

FFCMH Colorado Chapter Voucher for In-Kind Contributions



Federation of Families for Children's Mental Health – Colorado Chapter

In-Kind Donations

Month of Service: _____, 20____ (Page ____ of ____)

Name: _____ **Phone:** _____

Address: _____ **Soc. Sec. #:** _____ - _____ - _____
(If reimbursement exceeds \$600 per year)

Date:	Event:	Hours:	<i>x \$15 / hr</i>	Totals
				\$
<i>from:</i>	Notes:	Mileage:	<i>x \$.365 /mi</i>	\$
<i>to:</i>		Other expenses:		\$
				\$
Status of Service:	<input type="checkbox"/> Donated service and expenses <input type="checkbox"/> Request reimbursement <input type="checkbox"/> Other:		Total Value of Services:	\$

Date:	Event:	Hours:	<i>x \$15 / hr</i>	Totals
				\$
<i>from:</i>	Notes:	Mileage:	<i>x \$.365 /mi</i>	\$
<i>to:</i>		Other expenses:		\$
				\$
Status of Service:	<input type="checkbox"/> Donated service and expenses <input type="checkbox"/> Request reimbursement <input type="checkbox"/> Other:		Total Value of Services:	\$

Date:	Event:	Hours:	<i>x \$15 / hr</i>	Totals
				\$
<i>from:</i>	Notes:	Mileage:	<i>x \$.365 /mi</i>	\$
<i>to:</i>		Other expenses:		\$
				\$
Status of Service:	<input type="checkbox"/> Donated service and expenses <input type="checkbox"/> Request reimbursement <input type="checkbox"/> Other:		Total Value of Services:	\$

Total Services this sheet: \$ _____

Signed: _____ **Date:** _____

Attachment 1 b.

Anti-discrimination Statement

The Federation of Families for Children’s Mental Health-Colorado Chapter, will not discriminate on the basis of religion, race, ethnicity, culture, nationality, language, military service, political affiliation, sexual orientation, health status, physical appearance or ability, mental capacity, familial/marital status, gender, or age.

—

Planning for Fundraising

Guide picks

Links

There are many ways to raise money for nonprofit organizations: individual contributions, grants, special events, major gifts and planned giving are examples of some common methods.

But no matter what fundraising techniques you use (and most organizations will use several), a systematic approach to the tasks at hand is needed. In other words, plan your fundraising strategy at least a year in advance and develop systems and procedures to make sure important tasks do not fall through the cracks.

In other words, get organized. Good fundraising is, in part, paying attention to details.

Let's take a simple example -- thanking donors. This job should receive a high priority in your systems planning. Have you ever made a gift to a charity and received no acknowledgment? Makes you wonder if your check arrived, doesn't it? Or even worse, it makes you question how important your gift was to the recipient.

A paper presented recently by John Groman at the National Society of Fund Raising Executives annual meeting and reported in the April 6, 2000 issue of the *[Chronicle of Philanthropy](#)* found that a significant number of charities who received an online gift did not acknowledge the gift, either by email or other methods. Believe me, this is not the way to build your donor base.

Set up an internal policy that states that all donations will be acknowledged within 5 days or sooner. Give someone the responsibility for doing this and make sure he or she has the time and the tools to do it properly.

And besides sending a thank-you note for the donation, it's in your best interests to keep in touch with this donor. If you have a newsletter, add this person to the mailing list. Send them an annual report. And don't forget to ask for another gift. Your best prospect is someone who has already contributed to your organization.

What about major gifts? Most major gift campaigns use volunteers, often board members, to solicit the contribution. Develop a work plan to meet with your volunteers, provide training as necessary, acquire prospects and set a schedule for contacting them. Usually, fundraising staff is responsible for preparing any materials that are used by the volunteer to solicit the gift. Plan your work well in advance.

Grants? Don't send a proposal to every foundation in your community. Read foundation guidelines, call foundation program officers and prepare the ground well before submitting your grant request. And be certain your request is integrated with your programs. Trying to force your programs into foundation guidelines that don't fit is a waste of valuable time.

You'll find numerous [database programs](#) available to help you keep your data. But a computer program alone will not solve your problems. Software does not work unless someone is managing the program making certain that data is entered correctly and on a timely basis.

Develop a schedule for all the fundraising tasks you have to complete and assign responsibility for completing the tasks. Stay on top of this by referring often to your plan.

If you spend time planning and follow through with your plans, you'll be able to work smarter and accomplish more in less time.

[Essential Ingredients for Fundraising Planning](#)

Tricia Rubacky has excellent advice for helping you with fundraising planning, from the ProChoice Resouce Center.

[Fundraising Ideas, Projects and Strategies](#)

Good suggestions from the Indiana Prevention Research Center by William Bailey.

[Articles on Fundraising](#)

Previous articles on fundraising from your guide.

[Planning](#)

Information on planning from About.com's Entrepreneurs guide

Additional ideas and strategies for fundraising:

[Asking for Money](#)

Valuable tips from Kim Klein, courtesy of the Alliance for Nonprofit Management.

[Change in Giving After a Crisis](#)

This chart from the Association of Fundraising Professionals shows that charitable giving in the U.S. tends to go up following a crisis. Unfortunately, it doesn't break increases down into the various nonprofit sectors so we don't know if giving to the arts, for example, increased or decreased.

[Choosing the Right Event](#)

Betty Stallings and Donna McMillion list the right questions you should ask before planning a fundraising event, from the Grantsmanship Center Magazine.

[Direct Mail](#)

Basic information about direct mail campaigns from Mary Ellen Barnes from the Nonprofit FAQs.

[Finding the Right Fundraiser](#)

Tips from the Chronicle of Philanthropy on recruiting and hiring a fundraiser for your organization.

[Fundraising Costs and Accountability](#)

A detailed article by Stephen Smallwood and Wilson Levis that explores appropriate costs of various fundraising activities. You may want to print this article for easier reading. Courtesy of the Fundraising Productivity Series.

[Fundraising Readiness](#)

Assess your organization's fundraising readiness. From Brigette Sarabi at The

Grantsmanship Center Magazine.

Fundraising Readiness Redux

Here's a checklist to test your organization's readiness for fundraising, Tony Poderis' Fundraising Forum

Innonet

Step-by-step online help with program development, evaluation and fundraising plans. A simple registration process must be completed in order to use this site.

Search Systems

Look for prospects, individuals and corporations, in this state-by-state directory of free databases.

Special Project Fundraising

Sondra Shaw-Hardy provides advice about fundraising campaigns, from Western Michigan University

Tools for Nonprofit Mailers

Thinking of getting into direct mail? If so, check out this information from the Alliance of Nonprofit Mailers.

Fundraising Ideas, Projects and Strategies for Local Drug Abuse Prevention Projects

by
William J. Bailey, M.P.H., C.P.P.
Associate Professor of Applied Health Science and
Executive Director, Indiana Prevention Resource Center
Indiana University

Updated and adapted, in part, from the "**FUN**d Raising Workshop" presented by William J. Bailey and Mark A. Pogue, at the BACCHUS of the United States 9th National General Assembly, Dallas Texas, November 10-12, 1989.

Raising funds for worthwhile causes isn't all that difficult, it just takes planning, organization, and follow through. Preventing alcohol and other drug abuse is one of America's favorite causes this year, and most people want to help out!!! All you need to do is to come up with an appropriate plan and budget, identify potential funding sources, execute your plan, and provide leadership to assure that the plan is followed to its conclusion.

Planning and Budgeting

As a general rule, it is easier to raise funds for a "concrete," rather than an "abstract," idea. If you know -- and can explain -- exactly what you want to do, and how much it will cost, potential donors, funders, and sponsors will be more receptive. For example, asking for funds "for the war on drugs" is less likely to be productive than asking for "\$450 to send three students to a particular training conference." You should plan and budget for the "ideal" program, but have smaller, "fall-back" options in case you are unable to raise enough money to fully fund your ideal program. Make sure that you can break out all of the costs by category, and be open to combining funds from multiple sources and sponsors to complete your goal. Some funding sources have restrictions on the type of things they can or will fund. I once combined funds from 16 different sources to pay for taking ten students to a national conference. Some of our sponsors had a budget to pay for conference registration fees, but they were not allowed to pay for air fares. By combining several sources, we were able to pay all of the expenses.

Keep an open mind about how to accomplish your goal. Some sponsors will be willing to contribute "in-kind" goods or services. You may not need to raise money to buy a new TV and VCR if someone is willing to give you the TV and VCR instead of the money to buy it. A local printer may be better able to contribute printing services, rather than cash -- the tax benefits of in-kind contributions may make this type of funding much easier to obtain.

Look "Close to Home" First

Most experienced fundraisers divide potential funding sources into two categories: INTERNAL and EXTERNAL. Internal sources are those that you would find within your school, campus, or organization, while external sources are those you would find outside your organization. One of the biggest mistakes you can make is to underestimate the potential sources of *INTERNAL* funds that can be made available for alcohol and other drug prevention activities. Look inside your organization first, and refuse to accept the first "no" you receive as final!

Someone once said that budgets are statements of priorities expressed in fiscal terms. The people who develop your organization's budget provide funding for things that they determine are important. Remember that alcohol and other drug abuse prevention is one of America's favorite social causes this year: everyone wants to get involved, even the "gnomes" that usually protect your institution's purse strings. Don't be afraid to ask, and ask again and again if you don't like the answers you get. Persistence pays off in fundraising -- especially in competing for internal funding.

ALL large organizations (schools, colleges, governments, large social service organizations) have complex budgets with many different "pots of money" that can be used to fund your project -- provided that someone is convinced that your project is important enough. It's your job to do the convincing. Let's face it -- if the pipes in your building burst, your organization would come up with the funds to pay the plumber. Regardless of what you are told, the money is there, somewhere, to pay for your project. If you don't get it, someone like me will -- because I refuse to take "no" for an answer! Some people say "you can't get blood out of a turnip." I have been finding thousands of dollars worth of "turnip blood" for years!

The money in your school's, campus's, or organization's budget may be hidden in special accounts. Some of the sources for "internal funds" that I have tapped on college campuses include:

- president's, vice-president's, chancellor's, and dean's "contingency funds" (your organization may call them something else, but don't believe for a minute that such funds don't exist)
- student travel funds
- campus-community relations funds
- unrestricted contributions funds
- Speakers' bureau or special events sponsorship funds
- student activities funds
- residence life activity funds
- fraternity or sorority funds
- student organization co-sponsorships

High schools, large YMCAs, and other similar organizations have comparable accounts and special funds -- they may just call them something else.

Look to "Natural Allies" Next

Start your search for external funds close to home. Identify your "natural allies" -- people and organizations that share your values and concerns. For example, if you are planning an impaired driving prevention activity, your natural allies might be insurance companies, car dealerships and repair services, towing and wrecker services, businesses owned or managed by victims of impaired driving incidents, and MADD and similar organizations.

Businesses owned or managed by recovering people, those who have ATOD problems in their families, victims of ATOD-related violence, and treatment and counseling centers, hospitals, and similar organizations can be good sources of sponsorships or funding. Also, look to organizations that depend upon your target audience -- if you serve adolescents, then consider pizza parlors, motion picture theaters, fast food restaurants, sporting goods and record stores, etc.

Another good source can be large corporations that have local employees -- a local factory, office operation, or distribution center. You should also consider locally-owned corporations and businesses you patronize personally. Don't be afraid to ask. Most local store managers of discount stores, grocery chains, etc. have some local discretion for making small contributions of cash or merchandise.

If you need \$2,500, there are a number of ways to get it: one contribution of \$2,500, five contributions of \$500, 25 contributions of \$100, or 100 contributions of \$25. Consider all of your options. When I was the faculty sponsor of Indiana University's BACCHUS-SADD student organization, they had a very successful fundraiser selling \$25 "shares of the credit" in a safe rides program. The \$25 shares added up quickly and got lots of small businesses, fraternity and sorority chapters, residence hall units, and other student organizations involved. We printed up certificates that looked like shares of stock, and gave them to every contributor. Many businesses and organizations posted their "share certificate," which helped with publicity. Another benefit of this strategy is that it gets lots more people involved -- and they are more likely to use the service they contributed to. If some organizations can't contribute cash, don't be shy about asking for "in-kind" contributions, or discounts. We have received free advertising space, half price soft drinks for re-sale at our concession stands, and free photocopying -- all for asking.

Before paying for anything, be sure to check and see if some vendor will discount it or donate it as an in-kind contribution. Pizza parlors often will donate pizzas for good causes. Offer co-sponsorships, if necessary. We often were able to get radio stations to provide DJs and the sound system for events if we billed them as a co-sponsor.

Fundraising Events

If you decide to run a special fundraising event, try to put an *educational twist* on it. There is no sense in missing a golden opportunity to educate at the same time you are raising money. A car wash becomes educational when you distribute anti-impaired driving litter bags or bumper stickers to people who have their car washed. A Christmas

tree sale becomes educational when you provide a length of red ribbon to "tie one on for the holidays," as a reminder against excessive or inappropriate drinking over the holiday season. Even a candy sale can become educational if you distribute pamphlets or attach a sticker with a message with every sale.

Fundraising events and projects take quite a bit of time and effort, but can serve an additional functions of helping develop cohesion and participation in your organization, helping to publicize and promote your membership, and serving as opportunities for social interaction and teaching business and organizational skills to your members. Look at our webpage, [Ideas for Youth Organization Fundraising Events](#), for more information about planning fundraising projects and events.

Entrepreneurial Activities

If your organization or project has developed a film, video, handbook, or other educational medium that might have use beyond your community, take advantage of its value by marketing it. Sales revenue or copyright royalties can generate handsome profits to help support your prevention efforts. A single nationally marketed video or manual can generate thousands of dollars per year -- even when sold at below market value prices.

Fundraising Planning and Execution

Once you have planned your event and have established a budget, you need to develop a fundraising strategy. Should you try to get a large amount of money from a single source, or should you try to get smaller amounts from a number of sources? Only you can make that decision, based upon what you know about your community and your potential funding sources. In some cases, it will be easier to get \$5,000 from one source than to get \$50 from 100 different sources. In other cases, it will be easier to break the budget down into smaller pieces, in order to get it funded.

In any event, approach your potential funding sources with a well-developed plan and let them know how important their contribution will be to the success of the program and to the prevention of ATOD abuse in your community. If you decide to break your goal down into smaller portions, make sure that one person coordinates all of the solicitations and keeps track of your progress. Also, make sure that your donors are recognized in some tangible way, either by certificate, PBS-type mention in advertising or promotional materials, or at least by a thank-you note.

Above all, don't be too shy to ask. Remember, if YOU don't ask, then there will always be a pushy person out there, like ME, who will get the money instead.

NOTE: Links to commercial sites do not imply endorsement.



Special Events Fundraising

- [Great American Duck Races](#) - novel fundraising event involving rubber duck races
- [Fundraising.com](#) - interesting links for variety of strategies
- [Coast-to-Coast Marketing](#)
- [Western Fundraising Programs](#) - comput-a-thon, and -----a-thons
- [Donor Bricks](#) - custom engraved bricks, tile, stone, glass, for fundraising



Indiana Store-Based Fundraising Projects

- [Target Stores: Corporaate Giving Programs](#)
- [Marsh Supermarkets: Community Support](#)
- [Mr. D's Supermarkets - Community Cash Back Program](#)



Major Fundraising Project Links

- [Market Day](#) - monthly grocery sale project for schools
- [Campbell's Soup - Labels for Education](#)



Direct Sales Fundraising Links

- [Yahoo!! - Fund Raising Links](#) - hundreds of links to vendors of fundraising products
- [Human-i-Tees](#) - fundraising products with environmental twist
- [Jackson Candy Fundraising](#)
- [L & P Fundraising](#)
- [All American Fundraising, Inc.](#)
- [Current, Inc.](#) fundraising kit for greeting cards, stationery, etc.
- [Fundraising Bazaar](#)
- [Champion Fundraising Online](#)
- [Ready Fund Raising Company](#)
- [The Fundraising Lady, Inc.](#)
- [Profit Potentials](#)



Miscellaneous Links

- [JoinTogether Online - Funding Resources](#)
- [Funds \\$ Raiser Cyberzine](#) - online monthly magazine
- [Indiana University Center on Philanthropy](#)
- [The Fundraising Bank](#)
- [PC Leagues](#) fundraising bookstore for recreational sports leagues

URL: <http://www.drugs.indiana.edu/prevention/fundraising.html>

Comments and Web publishing info: drugprc@indiana.edu

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Last Updated: March 5, 2001 – wjb

Checklist to Assess Fundraising Activities in Nonprofit Organizations

(certain sections of the following may be specific to the U.S.)

Edited by Carter McNamara, PhD | Applies to nonprofits and for-profits unless noted

(Also see [Related Library Links](#) at the end of this document.)

This document includes general fundraising and [using an outside professional fundraiser](#).

General Fundraising

Rating *	Indicator	Met	Needs Work	N/A
E	1. Funds are raised in an ethical manner for activities consistent with the organization's mission and plan.			
E	2. The Board of Directors and organization staff are knowledgeable about the fundraising process and the roles in the organization.			
E	3. The organization's Board of Directors has established a committee charged with developing, evaluating and reviewing fundraising policies, practices and goals.			
E	4. The committee is actively involved in the fundraising process and works to involve others in these activities.			
R	5. The Board of Directors, executive director and committee supports and participates in the total fundraising process, including project identification, cultivation, solicitation and recognition.			
R	6. The fundraising program is staffed and funded at a level consistent with fundraising expectations.			
A	7. There is direct communications and relationship between information services or marketing, accounting and other administration support functions to assist in the fundraising needs and efforts.			
E	8. The organization is accountable to donors and other key constituencies and demonstrates their stewardship through annual reports.			
Indicators ratings: E=essential; R=recommended; A=additional to strengthen organizational activities				

Using an Outside Fundraiser

Rating *	Indicator	Met	Needs Work	N/A
A	9. The organization meets the nonprofit standards of the state charities review council (if one exists in the state, e.g., the Minnesota Charities Review Council provides standards for Minnesota's charitable nonprofits).			
R	10. If the organization chooses to use outside professional fundraisers, several competitive bids are solicited. Each prospective outside fundraiser's background and references are checked.			
E	11. The organization makes legal, mutual agreed upon, signed statements with outside professional fundraisers, outline each parties' responsibilities and duties, specifying how the contributed funds will			

	be physically handled, and to guarantee that the fees to be paid are reasonable and fair.			
E	12. The organization has verified that the contracted fundraiser is registered as a professional fundraiser with the Attorney General and all filings necessary have been made before the work commences. (Registration requirements are dependent on state requirements.)			
E	13. The fundraising committee or appropriate representatives from the Board of Directors reviews all prospective proposals with outside professional fundraiser and reviews and accepts all agreements before they are signed.			
R	14. If the outside professional fundraiser plans to contact potential donors directly, the organization must review the fundraising materials (e.g., public service announcements, print or broadcast advertisements, telemarketing scripts, pledge statements, brochures, letters, etc.) to verify their accuracy and to ensure that the public disclosure requirements have been met.			
E	15. The organization properly reports all required information regarding use of outside professional fundraisers, amount of funds raised and the related fundraising expenses as required by state and federal governments. The gross amount of funds raised by the contracted fundraiser is reported on the organization's financial statement. The fees and costs of the campaign must be reported on the statement of functional expenses.			
Indicators ratings: E=essential; R=recommended; A=additional to strengthen organizational activities				

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Common Grant Application Format

A. COVER LETTER: One page tailored to address the interests and specific priorities of the funding source and amount requested.

B. SUMMARY OF APPLICANT ORGANIZATION: (use attached form)

C. NARRATIVE: Include the following information in any order (preferred length not to exceed three pages)

:

1. Agency Information
 - a) Mission statement, brief statement of organization's goals, and/or objectives;
 - b) Brief summary of organization's history;
 - c) Description of current programs, activities, and accomplishments.
2. Purpose of Grant. This section should include the following:
 - a) Brief statement of the issue to be addressed; description of constituency served (include number served); target population; how will they benefit?
 - b) Description of goals and objectives for the purpose of the grant;
 - c) Description of activities planned to accomplish these goals; is this new or ongoing activity on the part of the sponsoring organization?
 - d) Timetable for implementation (if for specific program or capital project);
 - e) Other organizations, if any, participating in the activity;
 - f) Long term sources/strategies for funding at end of grant period.
3. Evaluation. Please discuss:
 - a) Expected results during the funding period;
 - b) How you would define and measure success
 - c) How will project's results be used and/or disseminated?

D. ATTACHMENTS: Please attach the following:

1. Board of directors
 - a) Occupations and/or community affiliations;
 - b) Anti-discrimination statement adopted by board;
2. List of names and qualifications of key staff;
3. Most recent fiscal year-end financial statements (audited if available);
4. Current agency budget;
5. Annual report (if available);
6. Program/project budget (if applicable);

7. A copy of the original IRS determination letter indicating 501 (c) or 509 (a) tax exempt status;
8. List of major contributors (and amounts) to organization/program (if applicable);
9. List of volunteer involvement and in-kind contributions.

FUNDS AVAILABLE FOR PROGRAM:

Gifts & Grants (pledged or paid)	\$
Trustees	\$
Corporations	\$
Foundations	\$
Individuals	\$
Government	\$
Other (earned income, special events, membership, subscriptions, etc.)	\$
TOTAL FUNDS AVAILABLE (B)	\$
BALANCE REQUIRED (A minus B)	\$
AMOUNT REQUESTED	\$

Sample Cover Letter

Please accept our application for funding from the _____. The Federation of Families for Children’s Mental Health (“Federation”) is a statewide membership organization providing support and resources to families of children with severe emotional disturbance.

The organization has experienced significant growth in a short time period. In the last 18 months, the Federation has grown from a grassroots advocacy group to an influential family advocacy organization. The first paid staff member was hired in 1996. That person worked out of her home. Today, there are twelve paid staff members operating out of a main office in Denver and satellite community sites.

We are requesting _____ from _____ for general operating funds.

Thanks you for your consideration. Please contact me for any additional information or questions.

Sincerely,

Ann L. Schrader
Executive Director
The Federation of Families for Children’s Mental Health~Colorado Chapter

Summary of Applicant Organization

Organization Name: Federation of Families for Children's Mental Health ~ Colorado Chapter

Address: 901 W. 14th Ave. Suite 100

City: Denver State: Colorado Zip: 80005

Executive Director: Ann L. Schrader

Contact (if other than Executive Director):

Name: _____ Title _____

Phone: 303-572-0302 Fax: 303-572-0304

Purpose of Grant:

- General operating (support for organization as a whole)
- Special program/project (support for specific activity of the organization that is consistent with its mission)
- Capital expenditure (funds for purchase of, or additions/improvements to, building or equipment)
- Start-up costs
- Endowment
- Technical assistance
- Other

Brief description of request:

Organization Budget: _____

Fiscal year: _____

Program budget: _____

Fiscal year: _____

Fiscal year ends: _____

Amount of Request: _____

Signature, President, Board of Directors

Date

Signature, Executive Director

Date

Narrative

1. Agency Information

a) Mission statement, brief statement of organization's goals, objectives

The mission of the Federation is to advocate for an integrated system of care for families with children with mental health issues that is responsive to family strengths, needs and culture. Our goals are to provide information and resources to families; train leaders in system of care reform by offering technical assistance to families and service providers; develop a network of family advocates; and create and sustain affiliate family support groups throughout Colorado.

b) Brief summary of organization's history

The Federation is a statewide membership organization providing support and resources to families of children with severe emotional disturbance. The Federation was formed in 1993 as a result of a partnership between families of youth with mental health issues, the Mental Health Association of Colorado, Inc. and the Colorado Department of Mental Health's Child and Adolescent Service System Program. The two organizations and families recognized a need for a statewide parent organization and received Federal funding to develop a family advocacy program. The Federation resulted from the activities of that family advocacy program. The Federation has been a tax-exempt 501 (c)(3) organization since 1996.

c) Description of current programs, activities, and accomplishments

Current Programs and Activities

The Colorado Cornerstone Initiative ("Cornerstone"). Cornerstone, a federal grant awarded to the state of Colorado in 1999, is a partnership among youth, families, agencies and communities in three targeted Colorado counties: Denver, Jefferson, & Clear Creek. The Federation provides family advocacy services in the targeted counties by providing family advocates, conducting parent support groups, and trainings for youth, family members, agencies and the community.

Statewide Family Network Services: The Federation provides a technical assistance and training program to recruit families for participation in planning and reform activities. The Federation is also developing an extensive evaluation component on the needs of families in the state. Moreover, the Federation provides telephone and web site support and advocacy, and information and referrals.

Colorado Department of Human Services, Mental Health Services Consumer and Family Affairs Division ("MHS"): Through a partnership with

MHS, the Federation provides a Child and Family Advocate within the Department. The Child and Family Advocate is available to youth and their caregivers to address complaints and grievances about services in the public mental health system. The advocate provides education, technical assistance, and resource materials to mental health service providers.

Accomplishments:

The Federation has been a successful recipient of both Federal and state funds to develop and implement innovative projects aimed at identifying and breaking down barriers of family participation in mental health services in Colorado. These projects have included:

Technical Assistance Field Team (“TAFT”): The Federation created TAFT teams to communicate with family advocates around the state. The Federation has utilized electronic communications, marketing resources, and telecommunications to connect families throughout the state.

The Unmet Needs Project: In a partnership with the Mental Health Association of Colorado, a report on the unmet mental health needs in Colorado was developed and disseminated. The report cited the demographics, services, quality of life, representation and funding of mental health in the state.

Parents as Partners Project: Through an extensive survey with Colorado families, the Federation analyzed the barriers that families face in participating in state and mental health service planning, policy development and family network development. Additionally, the Federation utilized creative means to help families be present at decision-making venues: providing mileage, childcare reimbursement, on-site childcare, and stipends.

2. Purpose of Grant

a) Brief statement of the issue to be addressed

According to the National Federation of Families for Children’s Mental Health, approximately 6 to 8 million (about 12%) of all children and youth in the United States have an emotional, behavioral or mental disorder in need of treatment. Over 8% of the children in Colorado are identified as being seriously emotionally disturbed:

Number of children in Colorado	1,082,462
Colorado children in need of mental health services	118,961

Families are experts on their children. Children will receive better care when families are equal partners with service providers in the development, implementation and evaluation of a service plan for the family. Family advocacy services and other non-traditional services are effective tools in improving a family's quality of life. Family advocacy services can help families have both "voice and choice" in the services they receive.

Family participation and representation on relevant policy-making bodies is currently inadequate.

Many of the relevant bodies do not mandate youth/family representation. Of those that do, participating families face significant barriers to participation. In a 2001 survey of families served through the Federation, families identified the barriers to participation:

- 93% of families identified more convenient meeting times
- 80% of families identified the convenience of the meeting site to families' home
- 68% of families identified assurance of confidentiality
- 59% of families identified member confidence that the group will be both supportive and productive
- 57% of families identified reimbursement for travel to meetings
- 57% of families identified provision of on-site childcare

b) Description of goals and objectives for the purpose of the grant

Goals:

- Change the mental health system of care in Colorado by the integration of a model of equal decision-making by families.
- Break down barriers for family participation in decision-making arenas.

Objectives:

- Develop local and state-wide mental health contacts.
- Provide supportive services necessary for families in Colorado aimed at helping families identify their needs and navigate the system.
- Provide the services necessary to help family organizations provide community based system of care changes.

c) Description of activities planned to accomplish these goals

Activities:

- Work with families one on one in partnership with service coordinators to facilitate the wraparound process, help families identify needs and navigate the system. Conduct support groups for families with youth who have mental health issues.
- Design curriculums and deliver trainings to families regarding their rights in working with various systems, mental illness, family advocacy, and various meeting formats.
- Conduct an annual family conference for families in Colorado that identifies the strengths, resources, and systems of care that are working in a community, identifies the next steps for change within a community, cultural competency development and identifies how families can support and help each other.
- Develop Federation affiliates around the state and strengthen our current affiliates by providing creative information sharing devices such as information on the website, listservs and conference calls.
- Build relationships with key agencies in Colorado to advocate for family and youth partnerships.

- Break down barriers for family participation in decision-making arenas by providing appropriate childcare for families, or reimbursement for childcare costs, reimbursement for mileage, and stipends to parents who miss work to attend meetings.

d) Timetable for implementation

Program activities will be on-going.

e) Other organizations, if any, participating in the activity

The Federation works closely with affiliates around the state to participate in activities. Current affiliates include family organizations in the Western Slope, Jefferson County, Trinidad, Wiley, Colorado Springs and Fort Collins. Additionally, the Federation works closely with such organizations as the Mental Health Association of Denver, the National Association of Mental Illness (NAMI), the Behavioral Healthcare Council and the Department of Human Services Children Rehabilitation Services.

f) Long term sources/strategies for funding at end of grant period

The Federation will work on marketing fundraising plans and membership recruitment as sources of long-term sources/strategies for funding at the end of the grant period.

3) Evaluation.

a) Expected results during the funding period

The Federation will expect to see an increase in the number of families and family organizations participating as decision making in mental health coalitions.

b) How you would define and measure success

The Federation will annually collect quantitative data on number of family contacts, type of resources offered, number of contacts made in the community, and number of presentations, workshops, advisory and community meetings attended.

c) How will project's results be used and/or disseminated?

Project data will be used to develop further Federation activities and will be disseminated to participating families, family organizations and mental health centers throughout Colorado.

Writing a Case Statement

Why? Why does your organization exist. What problems do you address? Demonstrate severity and seriousness.

Objective: *Assure your audience that the work of your program responds to proven needs.*

Who? Who are we? What makes your organization uniquely qualified to lead this effort?

Objective: *Demonstrate the skills, qualification and experience of your staff, board and volunteers. Why are you **unique** in your ability to effect a solution.*

What? What programs and activities do you propose to solve the problem? What can you realistically hope to accomplish?

Objective: *State your mission and specific program objectives*

How? How will you implement these programs?

Objective: *Provide details of how your programs and projects are implemented.*

How

Much? How much will it cost to solve the problem? What is the cost of ignoring it?

Objective: *Substantiate your stated programs costs. What is your budget? Outline plans to generate income/revenues. (Include fundraising)*

Why Are People Afraid To Ask for Money?

Asking people for money is both the most difficult and the most important part of fundraising. Every community-sponsored organization uses a variety of methods to ask for money, such as direct mail appeals, special events, pledge programs, products for sale, and so on. But the hardest way for an organization to raise money is for board, staff and volunteers to ask people directly for donations. Experience has shown, however, that it is almost impossible to have a major gifts program without face-to-face solicitation of the prospective donors.

Sources of our fears

Asking a person for money face-to-face is an acquired taste. Few people love to do it initially. In fact, most people are afraid to do it. If you are afraid to ask for money, that's normal. If you are not afraid, that's great. Stop reading this article and go ask somebody for a donation!

People are afraid to ask for money for a wide variety of reasons and we can't hope to explore them all here. However, it is important to look at the role money plays in our American society to understand the sources of our fears.

Most of us are taught that four topics are taboo in polite conversation: politics, money, religion, and sex. Many of us were also raised to believe that asking people what their salary is, or how much they paid for their house or their car is rude. In many families, the man takes care of all financial decisions. It is not unusual, even today, for wives not to know how much their husbands earn, for children not to know how much their parents earn, and for close friends not to know one another's income. Many people don't know anything about the stock market, what the difference is between a "bear" and "bull" market, or what the rising or falling of the Dow Jones means for the economy.

Many small organizations have discovered that if they seek a paid staff person to be a program or volunteer coordinator; they will be flooded with applications, but if they seek a fundraising coordinator, they will have almost no skilled applicants.

The net effect of these taboos about discussing money is that money takes on the air of being both mysterious and bad. The hidden message is that good people don't deal with money except insofar as they must in order to live. Many people, misquoting the Bible, say, "Money is the root of all evil." In fact, Paul's statement to the Phillippians in the New Testament is, "Love of money is the root of all evil." Money, in itself, has no good or evil qualities. It is not a moral substance. Money facilitates people getting what they want or need. As such, how money is used, where it is obtained and inequities of who has it and who does not, has moral implications. This is very different from money itself being evil.

When money is mysterious and taboo, only those persons willing to learn about it can really control it. In America, an elite upper class controls most of the nation's wealth, whether by earning it or inheriting it, or both. It serves the interest of this ruling class for the mass of people to continue not to know about money. As political activists and participants in social change, it is not only important for fundraising, but for all organizing purposes, that we learn about money -- how to raise it effectively and ethically, how to manage it, and how to spend it wisely.

How to dispel fears about asking for money

We will describe two easy exercises your group can do that will help dispel fears about asking for money. A member of the group can act as facilitator or you can ask someone outside the group to facilitate. These exercises can be done individually, but they are more effective when group members share with each other in recognizing and letting go of fears about money. To do the exercises, you will need a black board or sheet of butcher paper.

Exercise Number One

In this exercise, the group looks objectively at its collective fears about asking for money. Fear of asking for money is similar to what you feel when you hear a noise in your house at night when you are alone. Your immediate, normal reaction is to fear. You have two choices about how to respond to this fear: 1) you can give in to it, huddling under the covers, and imagining all the worst things the noise could mean, or 2) you can take the more sensible, but much more difficult action of getting up and turning on all the lights until you probably discover that the noise was something as simple as the cat, a leaky faucet, the wind, or nothing at all.

In the same way, looking at all your fears about asking for money in the light of discussion with others will show that many of them are irrational, and that for most, the feared outcome is far less likely to happen than you think.

To begin the exercise, each person imagines asking someone for a large amount of money (anything over \$50). Going around the room each person says out loud what they think will happen to them. What will the person they are asking think of them? What will they think of themselves? The facilitator writes down all the feared outcomes. After four or five minutes, there will probably be a list that includes the following:

- The person will say no
- The person will yell at me (or hit me)
- The person will give me the money; but won't really want to, and will resent me
- I know the person doesn't have the money
- It is imposing on our friendship for me to ask, and we won't be friends anymore
- The person will think that the only reason I was nice to them was to get money
- The person will say "yes" and then ask me for money for his or her cause
- I don't know if my group really deserves the money as much as some other groups might
- The person will ask me questions about the organization that I can't answer

After this brainstorming session, the group should look at the fears that are listed and notice that they fall into three categories:

- Fears of responses that are extremely unlikely to happen (I'll be punched, I'll be sued, I'll have a heart attack)
- Fears of things that might happen but could be dealt with if they do (the person will ask me for money, the person will ask questions I can't answer)

- Fears of things which will definitely happen occasionally (the person will say no).

Examine the third type of fear first. For most people, the worst thing that can happen when they ask for money is that the person will say no. But, everyone who does fundraising will experience this kind of rejection. Remember, just as it is your privilege to ask for money, it is the other person's privilege to turn you down. The person being asked may have just spent \$400 on his or her car, or been asked to give to five other organizations, or have other current priorities. While no one likes to be turned down, it is important not to take being turned down as a rejection of you personally.

In the second category of fears -- that someone will give to your organization, and then ask you for money for his or her special cause -- you can make your own decision. You don't owe the person a favor. To be supportive of him or her and the cause, you may want to say yes, but you are not obligated to do so.

Questions you can't answer can be responded to with "I don't know" or "I'll find out and let you know."

Fears such as, "I know the person doesn't have the money" are very common. However, unless you have a financial statement from the person you are asking, or unless you know her or she is on welfare, or has recently experienced a devastating tragedy, you don't know that the person doesn't have the money.

Other fears can be dealt with the same way. The group should look at each fear and see which category it fits into.

Sometimes it is not appropriate to ask someone else for money, but this is true far less often than we think. When you consider asking someone for money, and decide not to, ask yourself, "Do I have a reason not to ask, or just an excuse based on assumptions I am making about the other person?"

Exercise Number 2

When thinking about why a person would give money to an organization, think about why you give money to any organization. Your reasons for giving or not giving will be much the same as everyone else's and will help you understand what motivates people to give.

In this exercise, participants imagine that an acquaintance of theirs has come to them, explained a cause he or she is involved in, and asked for a gift. Imagine that the gift is an affordable amount, but not an amount one could give to everybody who asked. For most people, this amount is somewhere between \$25 and \$50.

For thirty seconds participants write down on their own sheet of paper all the reasons they would say yes to this request. Then for the next thirty seconds, they list all the reason they would say no. Asking participants to share their results, the facilitator then writes the "yes" and "no" reasons on two separate sheets of butcher paper, or two sides of the blackboard. Generally, there are more yes reasons than no reasons. The following are the most common reasons:

YES

- like the person asking
- believe in the cause

- get something for my money
- tax deduction
- I feel generous
- know my money will be well used
- just got paid
- want to support my friend
- feel guilty saying no
- know other people in the group
- liked the approach

NO

- disliked the person asking
- don't believe in the cause
- don't have the money
- bad mood that day
- organization has a bad reputation
- give to other things
- already been asked several times that week
- don't know what my money will be used for
- think person asking is naive

The group discusses the two lists. Looking at the no list, these answers fall into two categories:

- reasons which are not the asker's fault, and which could not be known ahead of time
- reasons which appear to be "no" but are really "maybe."

In the first case, the asker usually cannot know that the prospect does not have the money right now, or that he or she is in a bad mood, or has been asked several times that week. When this is the reason for the rejection, the asker can only thank the prospect for his or her time, and go on the next prospect.

In the second case, if the prospect knew more about the organization, knew how the money was used, knew that the reasons for the bad reputation have been cleared up, he or she might give. The "no" answers are really "maybe." "Maybe I would give if I thought the organization did good work." The person asking for the money must be prepared to discuss the prospect's reasons with him or her and hope to persuade the prospect to change to an affirmative answer.

A few of the "no" reasons reflect badly on the asker. For example, if the prospect thinks the asker is naive or pushy or dislikes the asker altogether, then this was an unfortunate choice of a person to solicit the gift.

The point of this exercise is twofold -- to illustrate why people give and don't give and to illustrate that people have more reason to say yes than to say no to a request for a contribution.

These exercises and the subsequent discussion they involve will help people in your group understand that asking for money is not as frightening as they may have thought. The worst thing that can happen is that the person asked will say no and usually they say no for reasons outside your control or knowledge.

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Fifty-Five Ways for Board Members to Raise \$500

by Kim Klein

All good fund raising plans have one thing in common: they show a diverse number of sources for their income. The board of directors plays a crucial role in the selection, implementation, and evaluation of fundraising strategies. In addition to other ways that board members may participate in fundraising, they individually commit to raising and giving a certain amount of money, or commit to working by themselves on specific strategies with no financial goal attached.

It is a good idea for board members doing fundraising on their own to write up their plans. This "contract" allows staff to know when they might be called on to help, ensures that events don't happen on the same day, or the same donors aren't solicited by several board members, and also helps to remind board members of their commitments.

In order for this method to work, the organization or the board fundraising committee should think of many specific ways board members could actually raise money by themselves. The fifty-five ways suggested below are by no means an exhaustive list, nor will they all work for every group. Few board members could use all fifty-five ways, but almost any board member should be able to use two or three of them.

All of these methods have been used by different volunteers in a wide variety of organizations. Some methods are much more popular than others. Some depend on access to certain resources.

Presenting board members with fifty-five ways that would work for your organization helps counter the excuse, "I would help but I just don't know what to do." Having each board member write out a plan, with goals and a timeline, also gives them a sense that if they do their best with this plan, they will have helped significantly. Many board members feel that fundraising is never ending, and that no amount of effort is enough. "Whatever I do, I could have done more, and probably should have," they say. This feeling of inadequacy leads to high turnover, burn-out, and resentment in boards. Specific fundraising contracts can help avoid that result.

Following the description of the fifty-five ways board members can raise funds, there is a suggested format for a contract, and examples of some completed contracts.

1. Give it yourself. This is the easiest way for those who are able, although if you are able to give this much money you should be helping raise much more than \$500.
2. List all your friends who are interested in your organization, or similar organizations. Decide how much each one should give. Write to them on your own stationery, include a brochure from the organization and a return envelope. Phone those people who don't respond in two weeks. Some people will need 10 friends to give \$50, and some people need 50 friends to give \$10. Most people will need a combination such as: 2-3 @ \$50; 4-5 @ \$25; 15 @ \$10.
3. Give part of the \$500. Then ask your friends to join you in giving \$25, \$50, or whatever your gift is. This is most effective because you are not asking them to do anything you haven't done.

4. Set up a challenge campaign. Challenge gifts can be quite small. Tell people you'll give \$5 for every \$25 they give, or will match every \$10 gift up to ten gifts. For added suspense, make this challenge during a fundraising event. You or the host can announce, "We now have the Dave Buckstretch Challenge. For the next five minutes, Dave will give \$5 for every new member that joins Worthy Cause."

5. If your organization has a diverse funding base with several grassroots fundraising strategies in place, use them all:

Sell 100 raffle tickets = \$100

Give \$50 = \$ 50

Bring 10 people to an event that costs \$10 = \$100

Buy two gift memberships (@ \$15) = \$ 30

Get 15 friends to join (@ \$15) = \$225

6. Help with your organization's phone-a-thon. Bring the names of people you think would like to join and call until you have raised \$500. Or trade names with someone in the organization and call their friends until you have reached \$500. This is particularly effective for people who are shy about asking their own friends for money, but not afraid to ask people they don't know.

7. Acquire mailing lists for your organization. If you belong to another group, perhaps you can set up an exchange, or perhaps you have access to a list of members of some other group. You can ask all your friends to give you the names of 10 to 15 people they think would like to join. You would need to recruit about 25 members at an average gift of \$15. Depending on how "hot" your list is, you might need as few as 200 names (to do a bulk mailing) or as many as 1500-3000 (if you expect a 1-2% response.) You would have to have a greater response if you wanted the mailing to pay for itself and also generate \$500.

8. Give the organization something they need that is worth \$500, such as a fax machine, filing cabinets, couch, adding machine, computer program, etc.

9. Pledge \$20 a month, and get one other person to do likewise. Then sell \$20 worth of raffle tickets.

10. Teach a seminar on a topic you know: Fundraising; Knitting; Organic Gardening; Organizing; Proposal Writing; Environmental Impact Reports; Gourmet Cooking; Dog Grooming; Starting Your Own Business. Charge \$30-50 per person, with a goal of 20-30 people. Either absorb the cost of promotion, or have enough participants to cover it.

11. Give some or a lot of things to your organization's garage sale, making sure they are worth \$500, and then help to sell it all.

12. With 4 or 5 friends, have a spaghetti dinner at a church or union hall or other big room with a large kitchen. Charge \$10 per person and feed more than 50 people. You can charge extra for wine or garlic bread, or for dessert.

13. Have a fancy dinner at your home or a regular dinner at someone's fancy home. Serve

unusual or gourmet food, or have special entertainment. Charge \$25 or more per person, and have 20 or more guests.

14. Get three friends to help you have a progressive dinner. Start at one person's home for cocktails and hors d'oeuvres, progress to the next person's house for soup or salad, the next person's for the main course, and the last person for dessert. Either charge by course, or for the whole package. To make it extra special (and much more expensive), get a limousine for the evening that carries guests from house to house.

15. Host a wine and cheese party. Do not charge admission and invite as many people as you can. During the party, give a short talk about your organization, and ask everyone to consider a gift of \$25, \$50, \$100 or more (depending on the crowd). Either pass out envelopes and ask people to give then, or after the party contact everyone individually who came and ask for a major gift. Indicate that you have given, and if appropriate, how much you have given.

16. Get your gambling friends together. Charge a \$5 entrance fee, and have a poker evening, asking that every "pot" be split with the organization. Individuals win and so does the organization. You can charge extra for refreshments, or include one or two glasses of something with the price of admission. (Watch the laws in your community on this one. In some communities it is illegal to gamble, even in your own home.)

17. Do one fundraising event every other month that nets at least \$75. This might look like:

Poker Party \$100

Fancy dinner (8 people x \$25) \$200

Sell 50 raffle tickets @\$1 \$ 50

Book sale \$ 50

Recycle newspapers \$100

18. Solicit small businesses, churches, synagogues, or service clubs for \$500. If you are active in a church, or own your own business and are involved in business organizations or service clubs, this can be very effective. You can often raise \$200-\$500 with a simple proposal and oral presentation.

19. Take a part-time job in addition to your present work, and give everything you earn up to \$500.

20. Ask 5-10 people to save all their change for 3-5 months. You save yours. Count it at the end of the prescribed time and use one of the other methods to raise the rest. (You may not need to.)

21. Ask 2-5 friends to help with a bake sale, book sale, or garage sale. You and your friends bake the goodies, or get the books or the other stuff required for the sale, staff it, and help clean up afterwards. This is an excellent way to get people involved in fundraising without ever actually asking them for money.

22. For the fairly rich: Give your organization \$5,000 as an interest-free loan for a year. They invest it, earn 8-10%, and at the end of the year, they give you your \$5,000 back.

23. Sell your organization's materials, buttons, T-shirts, bumper stickers, or whatever else they have for sale. Also, help distribute these to bookstores or novelty shops.

24. The Farming Out Method: Entice 5 friends to sell 100 raffle tickets each, or to raise \$100 however they like. Share this list of suggestions with them. Give them a nice dinner at the successful end of their efforts (or a bottle of good wine, or a weekend away).

25. Get a famous or popular person to do a special event. Watch the costs on this, or you may lose money.

26. Invite people to your birthday party and ask that in lieu of gifts they give money to your organization.

27. Conduct a volunteer canvas. For one evening, you and a group of friends take literature to all the neighborhoods around you and ask for money at the door. Be sure to comply with city and county ordinances.

28. Lead or get someone to lead a nature walk, an architectural tour, a historic tour, a sailing trip, a rafting trip, or a horseback ride. Charge \$15-\$25 per person, or charge \$35 and provide lunch. Advertise the event in the newspaper to draw in people from outside your organization.

29. Start a pyramid dinner, or a chain dinner. Invite 12 people and charge \$12 each. Get two people of the twelve you invited to invite 12 people each at \$12, and two people from each of those two dinners to have 12 people at \$12, and so on. Here's the income:

Your dinner $\$12 \times 12 = \144

From your dinner $\$12 \times (12 + 12) = \288

From those dinners $\$12 \times (12 + 12 + 12 + 12) = \576

Twelve is used in this example because it worked very well for the Nuclear Freeze Campaign in California, which was Proposition 12. In many communities, most of the income for the campaign was generated by 12 x 12 dinners.

30. Collect cans for recycling. Ask all your friends to save their cans and bottles for you and turn them in to a buy-back recycling center.

31. Sell your frequent flyer miles to friends or donate them to the organization for a raffle. Watch the rules of the airline on this, but most airlines let you give away miles, and you may be able to sell your miles as long as you don't go through a mileage broker.

32. If you live in a nice house or own a getaway cottage in a beautiful place or an expensive city, rent it out for a week or a weekend two or three times during the year and give the proceeds to your organization. Or rent a room in your home for much less than the cost of a hotel room to people needing a place to stay while they are on business in a big city. You may even make a new friend in the process.

33. If you own a valuable dog and you breed it, donate the proceeds from one or two puppies. (I

know some animal lovers will join me in feeling mixed about bringing more animals into the world when so many need homes; this suggestion is for people who were already planning to breed their dog. It is not intended as an incentive.)

34. Organize a service raffle. Get four people (one can be you) to donate a simple but valuable service that many people could use and sell raffle tickets for \$3-\$5 each. Keep the price a little high so you don't have to sell so many and so that the buyers have a higher chance of winning. Services can include childcare for a weekend or for any weekend night two weekends in a row; one day of housecleaning; yard work; house painting (interior or exterior), etc. Sell the tickets to neighbors, work mates, and to other board members. Encourage people to buy several by offering discounts for multiple purchases, such as one for \$5, 22 for \$10, but 3 for \$13, 4 for \$17, 5 for \$20. If you are really bold or live in a more affluent area, or have few friends, sell the tickets for \$20 each. A full day of housecleaning for \$20 is a real bargain, and buyers have a high chance of winning with fewer tickets sold.

34. Offer to do something your friends and family have been nagging you to do anyway, and attach a price to it. For example, quit smoking on the condition that your friends donate to your group, or get your friends to pay a certain amount for every day you don't smoke up to 30 days. Agree to match their gifts at the end of thirty days if you didn't smoke give them their money back if you did. (This method could be applied to other healthy behaviors, such as exercising or not eating sugar.)

35. If you belong to a church, research whether your church or others has a discretionary fund. Many churches have small pools of money available to groups through a women's fellowship or pastor's discretionary fund or various seldom-used endowments. Grants are often in the \$50-\$500 range and so go largely untouched by fundraisers. Sometimes simply writing a letter will free up this money and it tends to be renewable if someone is willing to ask the church yearly.

36. Research all the service clubs in town and see what their giving policies are. They often have formal giving guidelines for large grants of \$2,000 and up, but have smaller amounts of money available for specific small projects.

37. Find out what items your group needs and try to get them donated. This is good for people who really hate to ask for money but who don't mind asking for things that cost money. Items that one can sometimes get donated include computers, paper, office supplies, office furniture (second-hand from banks and corporations as they redecorate), typewriters, adding machines, food, even cars.

38. Ask someone to donate \$50 a month for a year. Ask four people to donate \$10 a month for a year. Ask nine people to donate \$5 a month for a year. Get the organization to send reminders to them or send the reminders yourself.

39. Find a few friends who have small savings accounts and pool them into one account. Invest the pool in a Treasury Bill or CD and when it comes due, give everyone what they would have made if they had invested only their little amount, and give the group the rest. For example, if four people invest \$2,500 each for a pool of \$10,000 in a CD that matures in a year, they may be

able to earn 6% interest for a total of at least \$600 (actually more, depending on the compounding factor). If each person invests only \$2,500 for a year individually, they may not be able to earn more than 4%, for a total of \$100 each or \$400 for everyone. The \$200 difference can be given to the group while everyone gains the interest they would have made. Find more friends or invest for longer to make up the \$500.

40. Give it yourself. (This is so good I have to say it twice.)

41. Strategy with a long-deferred payoff (we hope): leave the group a bequest.

42. With similar hopes as above, get friends to include the group in their wills.

43. Ask friends who belong to service clubs, sororities, antique collecting groups, support groups, bridge clubs, etc. to discuss your organization in their group and pass the hat for donations. A once-a-year sweep of even small organizations can yield \$100 from each.

44. For the church-going: ask if your organization can be a "second collection." The church passes the plate for its own collection and then you or someone from your organization gives a brief talk (or sometimes the whole sermon) about your group and the plate is passed again; the proceeds go to your group.

45. A variation on the above is to organize a "second collection Sunday" and get as many churches as you can to take up a second collection for your organization. Someone from your group will need to be at each service and give a brief talk. Second collection Sundays can be very lucrative, as witnessed by the Catholic Campaign for Human Development, which collects \$8 million on one Sunday in all the participating Catholic churches in the United States.

46. If, as a child, you collected something avidly that you now store in a basement, consider selling it. Coins and stamps are particularly valuable and have usually increased in value over the years. But your collection of rocks, toy ships or rockets, arrowheads, or dolls can also be valuable. When you donate the income from the sale, you can deduct that amount from your taxes-an added bonus of this strategy, since you probably paid little or nothing for the items in the collection.

47. Have a sidewalk sale or garage sale for your whole neighborhood or building. Go around to your neighbors and tell them you will take their stuff outside and sit with it all day to sell it if they will donate half or all of the proceeds to your group. Since this is stuff people want to be rid of anyway, it is a good deal for them. In one apartment building with ten units participating in donating stuff, an organization netted \$3,000 in one day. Three people from the organization helped with the selling. With a few high-ticket items, such as a washer/dryer or some nice lamps, you can make good money.

48. If you have an artistic bent, offer to design greeting cards to specification for organizations or individuals for a fee. If you are good at calligraphy, sell your skills to schools for graduation announcements, friends for classy but low-cost wedding invitations, or just fun certificates such as "World's Greatest Dad" for Father's Day or "Outstanding Friend." Create unique Halloween

costumes or masks. Donate the proceeds from your artistry.

49. Create a take-off on the "adopt-a-highway" technique by naming budget items of your group as available for adoption. You could develop a flyer that reads, "The following items have been found near death from negligence and abuse. Won't you help? \$25 per month will ensure that our computer is maintained. \$100 per month will release our photocopy machine from toiling with no toner and a dying motor. (We can lease a new one.)"

50. An idea for people who live in border towns: Get permission to place a large container in stores or even at the airports of towns near national borders. Have a sign that asks people (in several languages) to throw in any coins or paper money they have not exchanged. Many times people leaving Canada or Mexico don't have time to exchange all their money or cannot exchange their loose change. Multiply this times hundreds of shoppers or travelers and you can make a lot of money. UNICEF does this in many European airports.

51. Hold an "I'm Not Afraid" Auction. You do this with just a few friends or hundreds of people if you have enough items to auction. You survey a few people (and use your own common sense) about what things need to be done in their home or office that they are afraid of or would really rather not do. This is different from a service auction-there has to be an element of dread in the activity. For example, some people cannot wash their windows because their apartment is too high or the second story of their house is too high and they suffer from vertigo. If you are not afraid of heights, you can sell your window-washing service. This goes for drain cleaning, minor roof repairs, antenna fixing, etc. Of, if you are unafraid of cockroaches or waterbugs or spiders, you can offer to clean out that dark corner or garage or basement for a small fee. Snakes can be found in gardens and woodsheds, but maybe that doesn't bother you. The problem doesn't need to be as serious as phobia. How about allergies to dust, pollen, weeds? If you don't have them, you can mow, sweep, clean for a fee. By marketing it as an "I'm Not Afraid" Auction, you also have the option for people to name something they need done to a group of volunteers, and then have a volunteer say, "I'm not afraid to do that." In that case, you will need a set fee for service.

52. Similar to the suggestion above is the "Details Auction." This is for all your friends whose desks are overflowing with papers or who can't get their receipts in order to give to the tax preparer or who complain they can never find anything. If you are well organized, offer to clean up their desk, get their rolodex in order, file their papers, etc. If you like to shop, sell that to people who don't and do all their holiday shopping for them, or buy birthday, baby shower or niece/nephew presents for them. Anything that people feel they cannot control is the organized person's fundraising dream come true.

53. Find out which of your friends (perhaps this is true for you also) work in corporations with matching gift programs. Then ask them to donate and get their gift matched, and ask them to ask their co-workers to donate and get their gift matched.

54. Get an "affinity" credit card. (This is for really large organizations or chapters of national organizations.) A firm, such as Working Assets, sets up a credit card with your logo on it, and a small percentage of each sale goes to your group. The Nature Conservancy, the Women's Building in San Francisco, and others are using this successfully. It requires a guarantee of

volume of users.

55. For smaller groups than in #54, think of a store or service related to your organization or where a lot of your members shop. Ask the store to donate a percentage of profits for a certain day or week, or even forever. You can also explore this with mail-order firms. Then you advertise widely to friends, family and members that Joe's Florist will give 2% of each sale during Valentine's weekend to anyone identifying themselves with your group.

As you can see, almost all of these strategies involve asking for money and giving money yourself. These are the basic premises of fundraising-you must ask, you must give. Everything after that involves creativity, imagination and a sense of fun. I also listed two twice-give it yourself and ask someone for it. That's not because I didn't really have 55 ways-it is because those are the best, fastest and easiest ways to get money.

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Checklist to Assess Financial Activities in Nonprofit Organizations

(certain sections of the following may be specific to the U.S.)
Edited by Carter McNamara, PhD | Applies to nonprofits and for-profits unless noted

(Also see [Related Library Links](#) at the end of this document.)

Rating *	Indicator	Met	Needs Work	N/A
E	1. The organization follows accounting practices which conform to accepted standards.			
E	2. The organization has systems in place to provide the appropriate information needed by staff and board to make sound financial decisions and to fulfill Internal Revenue Service requirements.			
R	3. The organization prepares timely financial statements including the Balance Sheet [or statement of financial position] and Statement of Revenue and Expenses [or statement of financial activities] which are clearly stated and useful for the board and staff.			
R	4. The organization prepares financial statements on a budget versus actual and/or comparative basis to achieve a better understanding of their finances.			
E	5. The organization develops an annual comprehensive operating budget which includes costs for all programs, management and fundraising and all sources of funding. This budget is reviewed and approved by the Board of Directors.			
R	6. The organization monitors unit costs of programs and services through the documentation of staff time and direct expenses and use of a process for allocation of management and general and fundraising expenses.			
E	7. The organization prepares cash flow projections.			
R	8. The organization periodically forecasts year-end revenues and expenses to assist in making sound management decisions during the year.			
E	9. The organization reconciles all cash accounts monthly.			
E	10. The organization has a review process to monitor that they are receiving appropriate and accurate financial information whether from a contracted service or internal processing.			
E	11. If the organization has billable contracts or other service income, procedures are established for the periodic billing, follow-up and collection of all accounts, and has the documentation that substantiates all billings.			
E	12. Government contracts, purchase of service agreements and grant agreements are in writing and are reviewed by a staff member of the organization to monitor compliance with all stated conditions.			
E	13. Payroll is prepared following appropriate State and Federal regulations and organizational policy.			
E	14. Persons employed on a contract basis meet all Federal			

	requirements for this form of employment. Disbursement records are kept so 1099's can be issued at year end.			
E	15. Organizations that purchase and sell merchandise take periodic inventories to monitor the inventory against theft, to reconcile general ledger inventory information and to maintain an adequate inventory level.			
R	16. The organization has a written fiscal policy and procedures manual and follows it.			
E	17. The organization has documented a set of internal controls, including the handling of cash and deposits, approval over spending and disbursements.			
E	18. The organization has a policy identifying authorized check signers and the number of signatures required on checks in excess of specified dollar amounts.			
E	19. All expenses of the organization are approved by a designated person before payment is made.			
R	20. The organization has a written policy related to investments.			
R	21. Capital needs are reviewed at least annually and priorities established.			
R	22. The organization has established a plan identifying actions to take in the event of a reduction or loss in funding.			
R	23. The organization has established, or is actively trying to develop, a reserve of funds to cover at least three months of operating expenses.			
E	24. The organization has suitable insurance coverage which is periodically reviewed to ensure the appropriate levels and types of coverages are in place.			
E	25. Employees, board members and volunteers who handle cash and investments are bonded to help assure the safeguarding of assets.			
E	26. The organization files IRS form 990's in a timely basis within prescribed time lines.			
R	27. The organization reviews income annually to determine and report unrelated business income to the IRS.			
R	28. The organization has an annual, independent audit of their financial statements, prepared by a certified public accountant.			
R	29. In addition to the audit, the CPA prepares a management letter containing recommendations for improvements in the financial operations of the organization.			
R	30. The Board of Directors ,or an appropriate committee, is responsible for soliciting bids, interviewing auditors and hiring an auditor for the organization.			
R	31. The Board of Directors, or an appropriate committee, reviews and approves the audit report and management letter and with staff input and support, institutes any necessary changes.			
E	32. The audit, or an organization prepared annual report which includes financial statements, is made available to service recipients, volunteers, contributors, funders and other interested parties.			
A	33. Training is made available for board and appropriate staff on			

	relevant accounting topics and all appropriate persons are encouraged to participate in various training opportunities.			
Indicators ratings: E=essential; R=recommended; A=additional to strengthen organizational activities				

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Checklist for an Assessment of Legal Activities in U.S. Nonprofit Organizations

(certain sections of the following may be specific to the U.S.)

Edited by Carter McNamara, PhD | Applies to nonprofits and for-profits unless noted

(Also see [Related Library Links](#) at the end of this document.)

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E	5. The organization develops an annual comprehensive operating budget which includes costs for all programs, management and fundraising and all sources of funding. This budget is reviewed and approved by the Board of Directors.			
R	6. The organization monitors unit costs of programs and services through the documentation of staff time and direct expenses and use of a process for allocation of management and general and fundraising expenses.			
E	7. The organization prepares cash flow projections.			
R	8. The organization periodically forecasts year-end revenues and expenses to assist in making sound management decisions during the year.			
E	9. The organization reconciles all cash accounts monthly.			
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E	11. If the organization has billable contracts or other service income, procedures are established for the periodic billing, follow-up and collection of all accounts, and has the documentation that substantiates all billings.			
E	12. Government contracts, purchase of service agreements and grant agreements are in writing and are reviewed by a staff member of the organization to monitor compliance with all stated conditions.			
E	13. Payroll is prepared following appropriate State and Federal regulations and organizational policy.			

E	14. Persons employed on a contract basis meet all Federal requirements for this form of employment. Disbursement records are kept so 1099's can be issued at year end.			
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E	19. All expenses of the organization are approved by a designated person before payment is made.			
R	20. The organization has a written policy related to investments.			
R	21. Capital needs are reviewed at least annually and priorities established.			
R	22. The organization has established a plan identifying actions to take in the event of a reduction or loss in funding.			
R	23. The organization has established, or is actively trying to develop, a reserve of funds to cover at least three months of operating expenses.			
E	24. The organization has suitable insurance coverage which is periodically reviewed to ensure the appropriate levels and types of coverages are in place.			
E	25. Employees, board members and volunteers who handle cash and investments are bonded to help assure the safeguarding of assets.			
E	26. The organization files IRS form 990's in a timely basis within prescribed time lines.			
R	27. The organization reviews income annually to determine and report unrelated business income to the IRS.			
R	28. The organization has an annual, independent audit of their financial statements, prepared by a certified public accountant.			
R	29. In addition to the audit, the CPA prepares a management letter containing recommendations for improvements in the financial operations of the organization.			
R	30. The Board of Directors ,or an appropriate committee, is responsible for soliciting bids, interviewing auditors and hiring an auditor for the organization.			
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Understanding Financial Operations

Association Management; Washington; Jan 2000; Doris Fee;

Abstract:

A guide to nonprofit organizations' policies, procedures, financial statements, and fiscal fitness is presented. Every nonprofit organization needs policies and procedures in place to protect its assets and dictate how the finances are to be managed. Effective financial management includes procedures that guarantee prompt, efficient processing of all cash receipts and disbursements. To ensure effective internal controls, different members of the staff must be responsible for processing cash receipts, processing cash disbursements, reconciling bank records, and preparing financial statements.

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A guide to policies, procedures, financial statements, and fiscal fitness.

Does your organization have adequate monetary resources to accomplish its mission? Are financial operations managed well? Educating yourself about typical nonprofit policies and procedures will give you the knowledge you need to carry out your fiduciary responsibilities.

THE FIRST STEP: AN ORIENTATION

You may wish to start by requesting an orientation conducted by the chief staff executive or chief financial officer. This should include a review of your organization's objectives and goals; programs, products, and services; and financial practices and procedures.

It's also important to discuss the differences between the goals and operations of for-profit and nonprofit organizations. For-profit organizations, which are typically governed by compensated boards and corporate insiders, obviously have a profit motive. Nonprofit organizations, on the other hand, are usually governed by volunteer leaders, and although these organizations must at least break even to survive, making a profit is not their primary goal. Typically they exist to improve conditions for society or advance a specific cause, profession, or industry, hence their nonprofit, tax-exempt status. Nonprofit organizations must report the results of their efforts to the public and to federal, state, and local agencies by filing the annual Form 990 federal tax return; producing and distributing annual reports; and submitting other reporting documents, as required.

FINANCIAL POLICIES AND PROCEDURES

Every nonprofit organization needs policies and procedures in place to protect its assets and dictate how the finances are to be managed. Sometimes these policies and procedures are spelled out in formal manuals.

Effective financial management includes procedures that guarantee prompt, efficient processing of all cash receipts and disbursements. To ensure effective internal controls, different members of the staff must be responsible for processing cash receipts, processing cash disbursements, reconciling bank records, and preparing financial statements.

Policies should cover, among other things, the types and amount of insurance to be purchased to protect the assets and operations of the organization. Such insurance should include bonding for staff and volunteers who handle cash and securities as well as directors and officers liability insurance.

RESERVES AND INVESTMENTS

Typically, financial policies also cover investment and reserve policies and guidelines. These policies should be reviewed to determine if they are consistent with current conditions or need to be revised. If no policies exist, this is an opportune time to create them.

It's important to have a clear understanding of the difference between investments and reserves.

An investment policy dictates how cash and liquid reserves will be invested. The policy should include what types of investments the organization can purchase and who approves their purchase and sale. This should be reviewed and updated regularly as the organization's needs and market conditions change.

A reserve policy dictates how the net assets (reserves or fund balance) will be allocated. Net assets represent the excess of assets over liabilities. Reserve policies vary widely from organization to organization because they're based on the individual organization's culture and needs. While one organization may have a policy in place that prohibits an excessive buildup of reserves, another may grow the reserves to fund future programs or operating expenses.

BUDGETING: A TOOL TO MEASURE RESULTS

Developing an annual operating budget is a process that may involve both staff and volunteer leaders, depending on the organization's size and scope. Because a budget spells out goals and activities in financial terms, it's an effective tool for monitoring the results of activities. To help you detect and review any budget variances, financial statements should include the annual and year-to-date budget numbers in addition to the actual numbers.

In addition to the annual operating budget, your organization may include an annual capital budget that allows it to allocate resources for the purchase of equipment or other long-term assets. Your organization may also maintain cash-flow projection worksheets for monitoring cash balances weekly or monthly.

FINANCIAL STATEMENTS

Designed to report the organization's fiscal health and results of operations, financial statements are typically prepared internally each month and forwarded to the board or appropriate committee for monthly or quarterly review. All financial statements must be accurate, easy to understand, and produced in a timely, consistent manner. Ideally they show prior-year activity to allow for tracking of trends and operating variances. Financial reports include these types of documents:

* Statements of financial position (formerly known as the balance sheet), to help you understand assets and liabilities as of a specific date. Review these statements to determine the status of

assets, liabilities, and net worth and to answer broad questions about the organization's overall solvency. For example, is sufficient cash available to support the organization's operations? Do current assets exceed current liabilities? Is the organization laden with debt? Does it have a positive fund balance?

* Statements of activities (formerly the income statement), to provide information about income and expenses for a specific period of time. Review these statements to determine if revenue goals are being met, if expenses are in line with budget projections, and if the organization is generating an addition to net assets (formerly net income). Statements of activities should include the annual budget and budget-to-date figures so you can determine if income and expenses are in line with projections. Ask for an explanation of any large variances between actual year-to-date figures and budgeted year-to-date figures.

Income and expenses may be reported by natural account or by program area. When financial statements are prepared using natural accounts, expenses are listed by type, such as outlays for printing, postage, and salaries. Natural account statements report net income or loss of the organization as a whole.

When statements are prepared by program area, expenses are listed by broad activities (such as the annual convention and membership) and include both direct and indirect costs (such as personnel and overhead). Obviously, this type of statement allows your organization to determine net income or loss by program area as well as for the whole organization.

* Statements of cash flows, to provide information regarding increases or decreases in current assets and liabilities and increases or decreases in cash balances since-the beginning of the fiscal year.

In addition to compiling monthly financial statements, your organization may also have an independent external auditor or accounting firm conduct an annual audit of the financial operations. This practice is highly recommended to ensure proper management of your organization's financial resources.

INDUSTRY TRENDS

Finally, to determine how the results of your organization's operations compare to those of others, both board and staff can refer to ASAE's Operating Ratio Report, 10th Edition. Produced every three years, this report provides operating ratios on key nonprofit organization operations categorized by organization size. The ORR serves as a valuable tool for comparative assessment. To purchase a copy of the ORR, contact the ASAE Member Service Center by phone, (202) 626-0940; fax, (202) 3718315; or e-mail, service@asaenet.org.

Once you understand the basics of how nonprofit finances work, you must keep abreast of your organization's financial condition through a combination of close monitoring and appropriate questioning. Only by being aware and alert will you have the understanding you need to fulfill your fiduciary responsibility as a board leader.

Questions to Ask About Finances

- * Are adequate cash balances and reserves maintained?
- * Are investment policies in place?
- * Are reserve policies in place?
- * Are financial statements prepared regularly?
- * Do financial statements contain budget and prior-year information?
- * Are financial statements easy to read and understand?
- * Is a budget prepared annually?
- * Has adequate insurance coverage been purchased?
- * Are there adequate internal controls?
- * Is an independent audit performed each year?

Doris Fee, CAE, is president of Blue Ridge Business Consultants, a Pennsylvania-based company that assists organizations nationwide in the evaluation and improvement of their financial and business operations. E-mail: brbcdf@ix.netcom.com.