



Nonprofit Connection

Information
Access
Strategy
Results

TOOLS FOR A SMALL DEVELOPMENT SHOP

**Nonprofit Connection
2002**

I. Assessing Your Organization's Capacity to Engage in Fundraising

✓ or ✗	Mission
	The organization has a formal mission statement that defines target population, services, and anticipated results
	The organization has a process for determining whether a proposed project or program is consistent with the mission.
	Board
	There is an up-to-date board list.
	Attendance at board meetings is regular and there are quorums at meetings.
	The board is involved in strategic planning for the organization.
	The board members make financial contributions to the organization.
	The board is active in fundraising planning and solicitation.
	Financial Management
	The organization has an annual operating budget that consolidates all programs and administrative costs.
	The board approved the organization's budget prior to the start of the fiscal year.
	There is a recent audited financial statement.
	Cash flow projections exist and are monitored.
	The organization uses a computerized fund accounting system.
	There is a system of internal financial controls.
	Fundraising
	There is an annual, consolidated fundraising plan.
	The plan has defined goals for each revenue stream.
	The plan projects realistic increases in revenue each year.
	The board understands its role in fundraising and participates.
	There is a staff position responsible for managing fund development.

II. Researching Prospective Donors

In order to grow the organization's budget, continue to solicit regular donors while prospecting for new funders. Here are some basic research tips:

1. Research foundations - primarily those in New York City - by using reference materials such as FC Search or the Foundation Directory available at the Foundation Center or one of its Cooperating Collections. Look at foundations that have grantmaking programs in your area of interest. Also, be sure to research your "competitors" to learn which foundations support them, since these funders might also be interested in supporting your organization. Remember, your competitors should be organizations with programs of a similar size and scope to your organization. If you are a community-based arts organization with an annual budget of \$100,000, your competitor is not the Metropolitan Museum of Art.
2. Make a list of 5 to 10 foundations that might give between \$5,000 to \$20,000, and 5 to 10 that might give between \$20,000 to \$50,000.
3. Check the internet for foundation websites. Look for lists of recent grantees and grant guidelines. If there is no online presence, call for the annual reports, grant guidelines, and applications from each foundation. Ask to be put on the mailing list.
4. Compare the programs funded by the foundation with your program. Note similarities and differences, and in particular, the size of the grants. Also pay attention to the language used to describe the gift. Often this will provide a clue as to the funder's priorities. Keep your request for a grant within the foundation's normal range for comparable programs, but aim for the top of the range.
5. Time your request according to your needs and the foundation's giving cycle. Be aware of deadlines for submission of requests and the dates of board meetings when grants will be approved. You should submit your request at least two months before the board meeting at which you hope to be considered.
6. Remember that even if you submit your request on time and your program officers agrees to recommend a grant, you may have to wait until the next board meeting to be considered because other nonprofits have been lined up for consideration ahead of you.
7. Call the program officer at each foundation to discuss your program and indicate how your program/organization is unique. Ask about the possibility of submitting a proposal. In discussing a dollar figure, you can ask if a request for \$xx,xxx would be appropriate. Send a thank-you note to follow-up on your telephone call if it will take a couple of weeks to prepare your proposal. This note will help the program officer to remember you. In your cover letter, begin by referring to your telephone conversation and thanking the program officer again.
8. As mentioned previously, put the program officer on your mailing list.
9. Tailor your standard proposal to the specific foundation you are soliciting. In most cases, this will mean including additional information in your text, rewording your proposal to match a funder's stated priorities and/or enclosing additional attachments.
10. It is important to follow funder guidelines. If they require a letter of inquiry first, you should submit a letter of inquiry before submitting a full proposal. In addition, if they have a specific application format, you must follow this. In addition, pay attention to whether or not you need to submit more than one copy of your proposal.

III. Diversification of Revenue Sources

It is standard fundraising best practice to raise money from diverse revenue streams. This is to insure that the organization does not become too dependent on one revenue stream to support its programs. For example, if your organization is wholly dependent on government grants and an administration or government funding priorities change, your organization may find itself in an extremely difficult position with its major source of income gone. For this reason, Nonprofit Connection strongly advises diversification of income. Below, please find a chart that outlines the advantages and disadvantages of different revenue streams.

Revenue Stream	Advantages	Disadvantages
Government Contracts and Grants	<ul style="list-style-type: none"> <i>Often an organization's first major funder</i> <i>Large amounts</i> <i>Often provide full support for a program</i> <i>Long-term funding</i> <i>Good means of covering salaries</i> 	<ul style="list-style-type: none"> <i>Subject to policy changes</i> <i>Do not cover general operating costs</i> <i>Often dictate program activities</i> <i>Comprehensive reporting requirements</i>
Foundation Grants	<ul style="list-style-type: none"> <i>Renewable/long-term funding</i> <i>Larger amounts</i> <i>Relationship with one funder can lead to others</i> <i>Interested in program innovations</i> <i>Will provide seed money or fund pilot programs</i> 	<ul style="list-style-type: none"> <i>Trend toward program grants and away from general support</i> <i>Funding focus may change</i> <i>May require matching or leveraged funds</i>
Corporate Gifts	<ul style="list-style-type: none"> <i>A strong indication of diversification of the organization's funding base</i> <i>The presence of one corporate funder reassures others</i> <i>Options include employee-based contributions and matching gifts</i> <i>Often entails less paperwork</i> 	<ul style="list-style-type: none"> <i>Tied to company's business interests</i> <i>Smaller amounts</i> <i>Funding focus likely to change or amounts contract due to mergers or business conditions</i>
Individuals (direct mail, major gifts, sustaining gifts, planned gifts)	<ul style="list-style-type: none"> <i>Direct mail provides unrestricted funds</i> <i>Direct mail is a good way to communicate with donors</i> <i>Based on a strong, personal connection with the organization</i> <i>Major gifts tend to set the pace in a campaign</i> <i>Planned gifts foster long-term financial planning with little initial outlay</i> <i>Planned gifts establish long-term relationship with donors</i> 	<ul style="list-style-type: none"> <i>Dependent on the whims of the individual</i> <i>Direct mail costs are high</i> <i>Stiff competition in direct mail</i> <i>Income from planned gifts might not be realized for a long time/might not be assured</i>
Special Events	<ul style="list-style-type: none"> <i>Unrestricted funds</i> <i>Great for donor recognition</i> <i>Good option for organizations with a large volunteer base</i> <i>High public relations potential</i> 	<ul style="list-style-type: none"> <i>Planning is costly and time-consuming</i> <i>High costs may shave profits</i>
Earned Income	<ul style="list-style-type: none"> <i>Unrestricted funds</i> <i>Enhances organizational capacity by encouraging new skills</i> 	<ul style="list-style-type: none"> <i>High start-up costs</i> <i>May take time to break even or show a profit</i> <i>Entrepreneurial skills may not be available among staff</i> <i>Risk of failure</i>
In-Kind Donations	<ul style="list-style-type: none"> <i>Help defray expenses</i> <i>Indicate support in the community</i> 	<ul style="list-style-type: none"> <i>May not adequately meet the organization's needs</i> <i>Funding for maintenance or infrastructural improvements often not provided</i>
Other Income (federated funds, clubs, unions, etc.)	<ul style="list-style-type: none"> <i>Indicates approval of the organization by a major entity in the community</i> 	<ul style="list-style-type: none"> <i>Membership requirements of federated funds may be onerous</i> <i>Might restrict the organization's ability to seek funds elsewhere</i>

IV. Annual Fundraising Plan

The annual fundraising plan is a tool to help organizations plan and analyze their annual fundraising. At the end of each fiscal year, during the budgeting process, your organization should also put together a fundraising plan for generating income in the coming year. Some questions to ask during this process include:

- How much money do you have to raise in the coming fiscal year? Is this a realistic amount?
- Where did most of your funding come from in the past year?
- Which funders are likely to renew?
- What programs do you plan to grow in the upcoming year?
- Which income streams can you realistically expect to grow?
- Which new funders will you target?
- What is your likelihood of return on new prospects?

Annual Fundraising Plan			
	Previous Fiscal Year	Current Fiscal Year	Next Fiscal Year
Total Expenses			
Income Sources			
Government- Local			
Government – State			
Government – Federal			
Subtotal Government			
Foundations			
Corporations			
United Way			
Board Donations			
Annual Campaign			
Special Events			
Fees For Service			
Interest Income			
In-Kind Contributions			
Total Income			
Surplus/Deficit			

V. Checklist for Proposal Critique

Mission Statement

- Indicates services the organization will provide.
- Identifies a specific target audience who will benefit from the organizations services.
- Demonstrates a clear commitment to serving the public good.
- Reflects what makes the organization unique or similar to other organizations that address similar issues.

Cover Letter

- No longer than one page in length.
- On letter head.
- Addressed to a specific and appropriate person at the foundation or corporation, i.e. program officer, corporate gifts manager.
- Clearly states request including amount requested, the program the grant will support AND how this request meets the **funder's** priorities.
- Offers brief background on organization (1 paragraph) perhaps mentioning a recent accomplishment.
- Offers brief background on program that the request will support (1 paragraph).
- Offers contact information for Program Director and/or ED.
- Signed by Program Director or the Executive Director.
- Copied to appropriate people, i.e. board member, mutual friend etc.

Proposal

Cover Page

- States full name of the foundation or corporation to whom the request is addressed.
- States the name of the program that will be supported by the request.
- States the date the proposal is being submitted.
- States the name of the organization making the request.
- States the names of the Executive Director, Board Chairman and, if pertinent, the name of the staff person making the request.

Executive Summary/Proposal Summary/Summary of Request

Note: It may be easier to complete this section after writing the rest of the proposal.

- No longer than half a page.
- Clearly states request including amount requested, the program this request will support AND how this program meets the funder's priorities.
- Request is appropriate to funder's average levels of support for this type of program (determined through research).
- States the need(s) the program seeks to address.
- States how the program meets this need.
- States program goals, i.e. what this program will accomplish.
- States organizational mission and directly relates program to fulfillment of this mission.
- Shows why the organization and program are ideally suited to meet this need.

Institutional Background

- No longer than two paragraphs.
- Restates organizational mission.
- Provides brief history and accomplishments.

Needs Statement

- No longer than one page.
- Specifically states relevant need(s) of the community(ies) served by the program.
- Provides documentation to support stated need(s) i.e. statistical data, quotations from government reports etc.

Program Goals and Objectives

- No longer than half a page.
- Clearly stated, preferably in list or bullet form.
- In direct relation to the stated need (s)

- Objectives should be:
 - Specific
 - Measurable
 - Accurate
 - Reasonable
 - Time Framed
- Calibrated for the period that will be funded, i.e. one-year, two years etc.

Program Description:

- No longer than 1 page.
- Clearly describes the ways in which the program will meet the stated objectives.
- Clearly describes audience the program serves.

Evaluation

- Clearly relateable to program goals and objectives.
- Includes some examples indicators of success.

Staff

- Mentions program staff stating name, title, responsibility and relevant experience.
- No longer than ¼ page.

Organizational Relationships

- Lists organizational relationships and relevance to program.
- No longer than ¼ page.

Conclusion

- No longer than two paragraphs.
- Recalls program goals and relates achievement of stated objectives to achievement of goal.

4. Budget

- Accurately reflects the true cost of program delivery including overhead such as rent, utilities, phone, printing, postage, executive oversight, etc.
- Line items directly relatable to items in program description.
- Follows format specified by funder.
- Clearly states to whom the request is being made, the program for which the request is being made, the amount of the request and the time period for which funding is being requested.

5. Attachments

- Copy of 501 (c)3 letter.
- Copy of most recent annual report.
- Copy of most recent organizational budget.
- Copy of most recent audit.
- Current Board List.
- Summary of Support.

Examples of Program-related Attachments

- Clear copies of any positive articles about the program including the name and date of the publication.
- Examples of program products, i.e. newsletter, etc.
- Testimonials of program participants.
- Copies of articles further elaborating upon stated needs.
- Letters of support/recognition.

6. Overall Style Points

- No longer than 6 pages.
- Spell checked.
- Pages numbered.
- Consistent section headings and font

VI. Basic Pointers for Donor Relations

When possible try to speak to potential funders, by phone or in person, before sending your proposal. It is important to emphasize the work you do and the things you have accomplished over the past year.

Also, try to contact some of your current and potential funders to see whether they can help you reach out to new funders. When asking for help, you should be as specific as possible in terms of why you feel they might be an appropriate funder, what type of support you want to ask for, how much you want to ask for, and how your contact could be instrumental in moving the process forward.

Here are some steps you can take to maintain and improve donor relations:

1. Put all prospective, current and past donors on your mailing list so you can send them copies of any newspaper articles or events that are upcoming.
2. Send donors an annual report which summarizes your accomplishments over the year such as how many young people you have served, the new classes and programs you've implemented.
3. Recognize donors in your annual report.
4. Always follow up with donors. Return their phone calls within 24 hours.
5. Ask donors if they can suggest other funders to approach and if you can use their name in a letter or call; or if appropriate if they will write a prospective donor on your behalf.
6. Thank donors at every opportunity especially if you are asking them for more help.
7. Praise your donors to other donors. Remember that donors talk to one another.

VII. Face-to-Face Solicitation

1. Follow up your written request with a telephone call within two to three weeks to ask if the proposal was received and to inquire whether the program officer would like to make a site visit.
2. Large foundations may ask you to visit them before agreeing to a site visit. Think about whether or not you want to bring along a board member. The presence of a board member will impress a potential funder as the board member's presence indicates a willingness to take time from their work to endorse your program and talk about what it personally means to them. It is important to be clear about the board member's role. Send your board member a memo on the funder and your strategy for the meeting in advance. You may also want to meet with the board member before hand to decide on a strategy for the meeting and/or rehearse your presentation jointly. You, of course, will provide the details on program, including examples of your successes.
3. Do not leave that meeting without asking for a specific amount. Say something like, "Do you think you can help us to get a grant of \$xxx for yyy?" This way, you will be enlisting the foundation officer's help and not positioning yourself in opposition to him or her.
4. At the meeting, extend an invitation for a site visit and ask about the next step in the funding process. Send a thank-you note.
5. For the site visit, staff and volunteers should be briefed in advance and encouraged to put their best foot forward. If a board member did not participate in the visit to the foundation, ask one to join you for the site visit and follow the procedure noted above. Send a thank-you note.

6. Near the time of the decision-making process, place a lobbying call to your contact. Tell him or her that you are hoping for a favorable decision on your exciting project and that anything he or she can do to help would be most appreciated.

VIII. The Funder's Decision and Your Follow Up

1. If the proposal is funded, send a thank-you letter within one week. Any contracts enclosed for signature should be signed and returned immediately. If you are out of the office, this should be done by whoever has signatory power in your absence and that person should explain that you are away. When you return, you can call or write to thank your contact at the foundation. For large grants, prepare a draft of a thank-you for the chair of the board to sign on his stationery.
2. Attach the check to a transmittal letter for processing by your financial staff. Attach a copy of the check to the letter of notification, and file in that foundation's folder. Staple a grant record sheet, which we have given you, to the inside cover of that folder, and record the grant and check immediately. Ensure that the grant is posted correctly in your accounting records.
3. File timely fiscal and narrative report to grantors. Keep a calendar listing all reporting deadlines. Include a line of thanks in your report or in your cover letter.
4. Ensure fiscal compliance with donor requirements, abiding by any restrictions outlined in the letter of notification, and any other constraints placed on your gifts by donors.
5. Renewals depend on the strength of your reports and are not really automatic. Nonprofit Connection urges you to write a thank-you whenever you receive notification of a renewal. This is a critical part of donor cultivation and will strengthen your relationships with donors who are being actively pursued by other nonprofits.
6. If the request is declined, telephone the program officer to determine the reason. Begin by thanking the officer for considering the request. Ask why the proposal was rejected, if no reason was given or if the reason was unclear. If a reason was given, ask how you can strengthen your request to submit another time. Offer to keep the foundation on your mailing list and to send regular updates on your work.
7. Repeat the process next year.

IX. Selected Fundraising Resources

Fundraising Assistance

Nonprofit Connection – Gateway Service

Provides nonprofits with access to key information and resources to help them explore issues related to fundraising and program development. Services can include prospect research and proposal critique.

By appointment only.

One Hanson Place, Room 2504

Brooklyn, NY 11243

Tel: 718-230-3200

Fax: 718-399-3428

www.nonprofitconnection.org

The Foundation Center

Use the library or online databases to research funding opportunities. The Foundation Center also offers professional development opportunities for grantseekers, such as seminars on proposal writing.

79 Fifth Avenue

New York, New York 10003

Tel: 212-620-4230

Fax: 212-691-1828

www.fdncenter.org

Periodicals, Journals and Newsletters

Chronicle of Philanthropy

Bi-weekly newspaper. One year subscription (24 issues) \$67.50

1255 Twenty-Third Street, N.W.

Washington, D.C. 20037

www.philanthropy.com

Crain's New York Business

Weekly newspaper. One year subscription \$64.95

711 Third Avenue

New York, NY 10017

www.craainsny.com

Grassroots Fundraising Journal

Published six times yearly. One year subscription \$58.00

Chardon Press

3781 Broadway

Oakland, CA 94611

Tel: 888-458-8588

www.chardonpress.com

Grants Action News

1 Commerce Plaza, Suite 1125

Albany, NY 12260

www.assembly.state.ny.us/gan/

The Grantsmanship Center Magazine

1125 West 6th Street, Fifth Floor

P.O. Box 17220

Los Angeles, CA 90017

www.tgci.com

Books

Michael Seltzer, **Securing Your Organization's Future: A Complete Guide to Fundraising Strategies**. Revised and Expanded Version. New York, NY: The Foundation Center, 2001.

Jane C. Geever, **Guide to Proposal Writing**. Third Edition. New York, NY: The Foundation Center 2001.

Joan Flanagan, **The Grass Roots Fundraising Book: How to Raise Money in Your Community**. Contemporary Books Inc., 1992.

Cheryl Carter New and James Aaron Quick, **Grantseekers's Toolkit: A Comprehensive Guide to Finding Funding**. New York, NY: John Wiley & Sons, Inc., 1998.

Kim Klein, **Fundraising for Social Change**. Fourth Edition, Revised & Expanded. Oakland, CA: Chardon Press, 2001.

Websites

Foundation Research

Foundation Center

www.fdncenter.org

Internet Prospector

www.internet_prospector.org/index.html

New York Regional Association of Grantmakers

www.nyrag.org

Form 990

Guidestar

www.guidestar.org

Corporate Research

Hoovers

www.hoovers.com

Forbes

www.forbes.com

Government Research

Federal

Empowerment Zone Community Toolbox

www.oed.usda.gov/nofa.htm

NY State

New York State Home Page

www.state.ny.us

Grants Action News

assembly.state.ny.us/Reports/Gans/

New York City

NYC Link

www.ci.nyc.ny.us

Council District Finder

www.cmap.nypirg.org

GRANT\$ource, N.Y.C.

www.ci.nyc.ny.us/html/grants/