THE *TOBACCO POLICY CHANGE* FUNDRAISING TOOLKIT

Philanthropy is a multi-billion dollar industry, with individuals, foundations and corporations contributing roughly $200 billion to nonprofits annually, according to the Independent Sector. But according to the Urban Institute, this total does not include the more than $200 billion distributed annually in government grants. Clearly, philanthropy is a significant industry employing thousands whose job or passion is to donate money.

> Please note: This toolkit is designed so that those grantees that need or want information on a specific topic, such as fundraising from foundations, can use those sections independently of the others. As a result, some of the information provided in the Developing a Fundraising Plan and Meeting the Match sections is repetitive.

What Are the Goals of the *Tobacco Policy Change* Fundraising Toolkit?

The *Tobacco Policy Change: A Collaborative for Healthier Communities and States* (TPC) Fundraising Toolkit has been developed to help demystify fundraising and provide some basic tools to help you meet the Robert Wood Johnson Foundation match requirement. This kit seeks to meet your organization's unique needs and be a valuable resource for identifying potential sources of funding, helping you construct your fundraising plan and approaching potential donors.

What Is in the *Tobacco Policy Change* Fundraising Toolkit?

In Key Principles of Fundraising, some overarching guidelines are presented for you to keep in mind while reading the rest of the toolkit and implementing your fundraising efforts.

When getting started, you will want to refer to Assessing Funding Needs and Opportunities, as it guides you through the process of evaluating what you have to offer, what resources are available to you and tips on networking.

The Developing a Fundraising Plan sections provide background information about various types of funding sources, including corporations, foundations, government grants, nonprofits and individuals, as well as resources for developing your list of potential funding prospects.

The Preparing Your Approach section discusses the importance of supporting materials, offers advice on developing a positive attitude toward fundraising, and provides tips on how to call your potential funders and make the "ask."

After deciding which funders you will pursue, refer to the Meeting the Match sections for information on how to research, approach and write proposals for foundation, corporation and government grants. Other fundraising strategies, such as seeking individual donations and holding events, are also addressed.

In the Creating Financial Sustainability section, the importance of follow-up and maintaining contact with potential donors is addressed.

The Elements of a Proposal section provides a detailed narrative and organizational description of the basic elements of a foundation proposal.

For additional information, the Resources section provides a list of online resources to help you conduct your research and build a profile of prospective funders. The Glossary of Terms in Philanthropy provides definitions of common terms used in the philanthropic sector.

The Appendices provide templates and samples to help organize and guide your research, develop a fundraising plan and assess your progress to guide you in future fundraising efforts.

The templates found in this toolkit are available on the *Tobacco Policy Change* web site at *www.rwjf.org/tobaccopolicychange.*

KEY PRINCIPLES OF FUNDRAISING

- People give to people. Whether you are seeking funds from individuals, foundations, government agencies or corporations, it is the personal relationships you cultivate with prospects that increase the opportunities for receiving funds.

- Fundraising is 90 percent networking and 10 percent grant writing.

- View fundraising in business terms. Your work in strengthening and advancing with tobacco prevention and control policies provides a valuable service that improves the lives of those most affected by tobacco-related disease and exposure. With that in mind, fundraising becomes the process of marketing the critical efforts your *Tobacco Policy Change* initiative provides to the community. Your TPC project deserves the community's investment.

- Even if you have no formal fundraising experience, you are the best person to make the request for funds. By capitalizing on your knowledge, experience and passion for your work, you will be able to communicate the value of *Tobacco Policy Change* to potential donors.

- The most successful fundraisers are the ones who are not afraid to make the "ask."

- Fundraisers need to use their persuasive abilities to create funding opportunities. You need to be assertive and proactive.

- Focus, discipline and persistence are the most critical factors determining the fundraising success of organizations with small or nonexistent development staffs.

- One of the most important fundraising skills to develop is listening to your prospective donors. They will provide you with a tremendous amount of guidance and insight about how to succeed in getting their contribution.

- Fundraising is time and labor intensive. Develop a fundraising plan and methodically pursue it, only deviating from the plan if the opportunity for a significant grant is presented.

- Fundraising is a team effort. Everyone involved in the organization (e.g., staff members, board of directors, coalition members, etc.) should be recruited and trained to participate in the process. The team effort requires a captain who directs and encourages all team members to do their part.

- In tough economic times, it is more important than ever to (1) tailor your proposal to a funder's interests, and (2) cultivate a personal relationship with someone at the funding organization who will champion your program during the decision-making process.

- Fundraising is not a science—there is no one correct approach.

ASSESSING FUNDING NEEDS AND OPPORTUNITIES

Before you begin fundraising, you should have a basic understanding of what resources you have at your disposal to help you meet your match.

What You Have to Offer

Organization and Coalition Assessment

It is important to understand what your organization's and coalition's strengths, weaknesses, opportunities and threats are in relation to fundraising. This information will help guide your initial and future fundraising efforts in a targeted and efficient way. For example, one of your strengths might be that your partners bring established relationships with potential funders, while one of your threats is that regardless of need, funding related to tobacco policy is being reduced. By mapping out these characteristics and situations, you will have a big picture view of your fundraising environment. This information will help guide you in the steps and exercises that follow.

One way to map out your organization's and coalition's characteristics is to complete the Strengths Weaknesses Opportunities Threats (SWOT) Exercise (See Appendix B). With the help of your staff and coalition members, list these characteristics of your organization and coalition. Focus on the characteristics as they pertain to fundraising. The information gathered in the SWOT chart will help you plan for your short- and long-term funding needs. It will also help when developing your talking points for potential funders by highlighting points that should be addressed (threats) before you start seeking funds from donors.

Fundable Projects

Your *Tobacco Policy Change* work plan includes many activities in which a potential funder may be interested. Begin by reviewing your work plan and listing the activities your coalition has set out to accomplish. These will be the projects that you will focus on when reaching out to potential funders. Creating this list will also help you describe your work in a concise manner.

Keep your list of TPC activities in mind while researching potential funders so that you can match your activities to their interests. By focusing on those potential funders whose interests are aligned with your project, you will be able to narrow down your list of prospects.

Examples of fundable projects that appear in some TPC work plans:

- Educate and mobilize religious communities to include tobacco control advocacy in their social agenda
- Ensure that tobacco excise taxes are allocated to tobacco prevention and treatment programs by encouraging community participation in letter-writing and outreach to policy makers
- Identifying successful quitters who are willing to share their story in fact sheets and provide testimonials at government hearings

Networking

Next, you will need to assess whom you know and whom the members of your network know. First and foremost, fundraising is about personal relationships. Having a personal connection with a prospective donor can help you identify sources of grant monies, refine your proposal to better meet grant criteria and ensure that your proposal is reviewed.

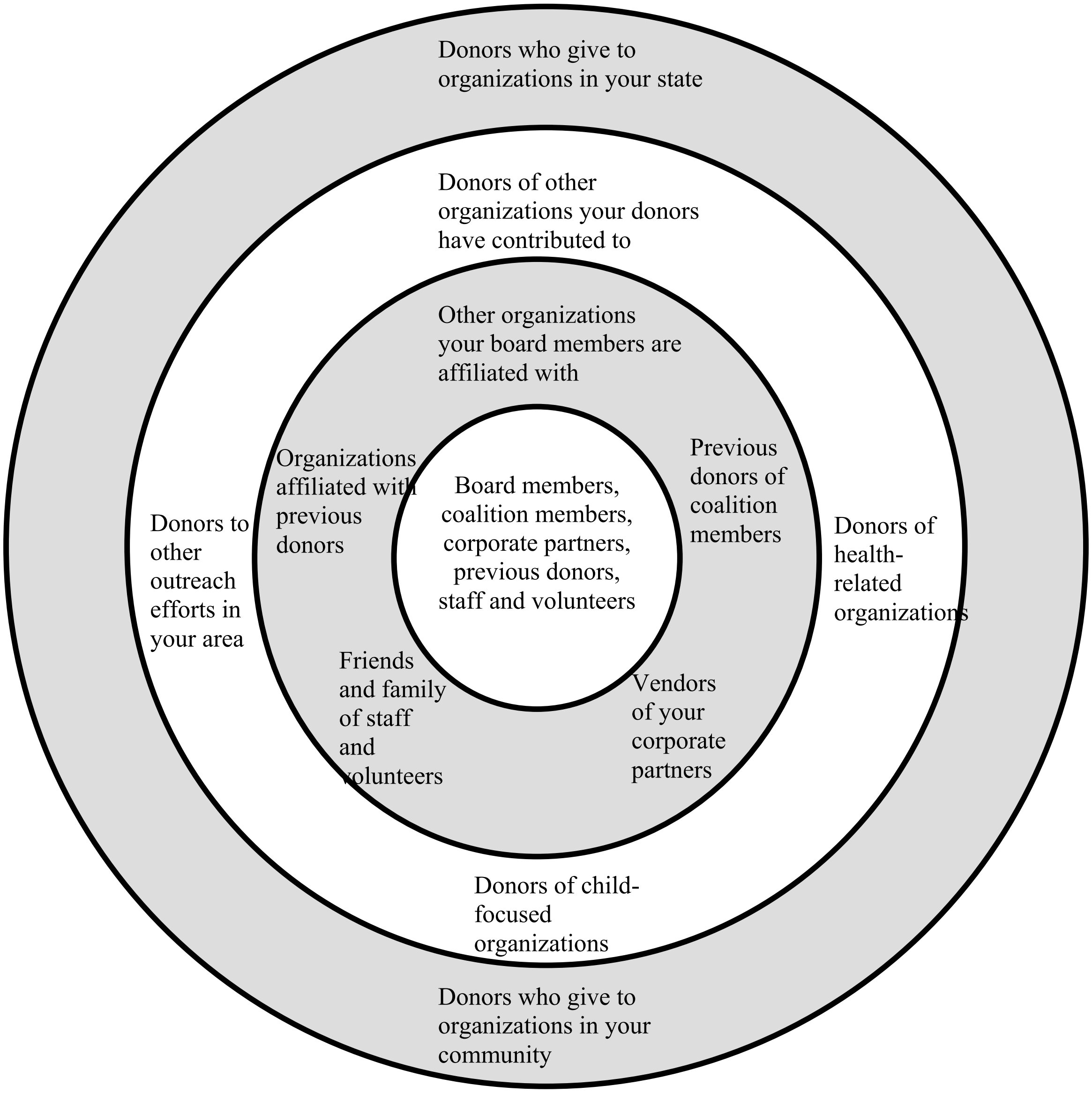
Because most people are uncomfortable with fundraising, they mistakenly devote all of their time and attention to the impersonal aspects, such as developing the proposal. Oftentimes, it does not matter how worthwhile your cause is or how well written your proposal may be, even though excellent writing is very important. The unfortunate truth is that there are hundreds of worthy organizations in your community and not enough grant dollars to fund them all. Having a personal advocate "on the inside" can give you an edge over other grant seekers.

Your immediate reaction will probably be: "I don't know anyone with access to that kind of money." But you have more resources than you think. Fundraising is 90 percent networking and 10 percent grant writing. Even if you do not know the head of the major health foundation in your area, chances are that by talking with people you do know, such as your coalition members, you will discover someone who does have a connection to that potential funder. You may also discover that you know someone else who has funds to give. The information gathered in the "opportunities" section of the SWOT exercise (See Appendix A) may be helpful in compiling your list of fundraising contacts. Begin by approaching anyone who has a direct relationship to you or your organization, including:

- Coalition members (statewide and local)
- Corporate partners
- Board members
- Local and state elected officials
- Employees
- Personal contacts
- Donors for other projects in your organization
- Volunteers
- Vendors

You should first consider if any of your immediate contacts or their organizations have the means to be a funder for your TPC project. If not, explore with them the possibilities of connecting you to someone who might. A useful exercise to determine possible fundraising contacts is the Circle Exercise (See example below and Appendix C). Based on your contacts, complete the worksheet following these guidelines:

- Circle One (a.k.a. bull's eye) – People/organizations directly affiliated with your organization (e.g., board of directors, staff, volunteers, donors, suppliers, vendors)
- Circle Two – People/organizations that have direct relationships with those in the bull's eye
- Circle Three – People/organizations that have demonstrated interest in your issue (e.g., contributed to similar groups) but have not contributed to your organization
- Circle Four – Any other good ideas (e.g., major philanthropists in the area)



Your best prospects will be in Circles One and Two. If you have an interesting prospect in Circles Three or Four, your goal will be to bring them into Circles One or Two by researching, networking and cultivating.

It's important to remember that most people do not like fundraising. They will inevitably respond by saying, "I don't know anyone." Be sure to explain that making the ask will be your responsibility. Their help is needed only to connect you to the right people, provide guidance and, if they are comfortable, move the process along. Some things to consider that will make your networking efforts more successful:

- Have direct, one-on-one conversations with people in your network. Do NOT send out a mass e-mail or rely solely on making the request at a board or coalition meeting, where it is too easy for individuals to be unresponsive.
- Have a list of major fundraising targets prepared to direct the conversation.
- Be ready to ask people for help with specific fundraising tasks. For example, if a health foundation has funded another project for your organization, ask the program director at the donating foundation if they can help open the door to other foundations in your area.
- Have materials prepared and available for your contacts should they ask for more information to send to a potential funder (i.e., an executive summary of your organization and the TPC project tailored to the interests of the potential funder).

> Some specific ways you might ask your contacts for help include:
> - Asking your contact at your local hospital to put you in touch with someone at another hospital in your area
> - Asking your current funders for help in reaching out to other possible funders, such as other foundations or similar businesses

Staffing

One of the biggest challenges you may face in securing your matching funds is the ability to dedicate enough time to fundraising. If you wear many hats (e.g., programmatic, communications, managerial) fundraising can slip through the cracks. With the short time frame you have to meet your match, it is critically important that you, or someone on your staff or coalition, make fundraising a priority.

Fundraising is time consuming but does not need to be all consuming. The Developing a Fundraising Plan section will help you use your fundraising time most effectively.

> **Tip: Time Management**
> - Remember that fundraising is 90 percent networking and 10 percent grant writing.
> - Methodically stick to your fundraising plan. Detour from your plan only when a new opportunity for significant funds emerges.
> - Schedule time for fundraising daily. (Tip: Good times for phone calls are 10:00 a.m. and 2:00 p.m.)
> - Make at least five calls to prospective funders daily—more if your match deadline is near.

Fundraising Consultants

If you are thinking about hiring a fundraising consultant, consider these points:
- Hiring a consultant will not decrease the amount of time you dedicate to fundraising. Instead, a good consultant can help you use your time better.
- Never pay a consultant on commission; it creates a significant potential for conflicts of interest (your interest, not the consultant's). In fact, the Association of Fundraising Professionals' "Code of Ethical Principles and Standards of Professional Practice" strictly prohibits commission-based compensation.
- Look for someone who has experience with the type of donors that are your top prospects.

Fundraising Committees

Depending on the nature of your organization, you may find it helpful to develop a more formal committee (i.e., a subgroup of your coalition or board of directors) whose responsibility it is to assist with fundraising efforts. Managing such a group effectively takes significant time and attention, but the results can make it a worthwhile investment. Remember, making the ask and developing the proposals will still be your responsibility. If you pursue this option, here are some things to take into account:

- Be direct during your recruiting efforts about your *specific* expectations for members.
- Only recruit people who have time to contribute to the fundraising process. Do not be seduced into recruiting people because they have name recognition, since these people rarely have time to complete the steps necessary to be successful. Use these individuals to generate contacts only. It is very important that every member feels they have to meet the same expectations.
- Be prepared to say "no" to well-intentioned but misguided efforts.
- Try to make sure your committee is comprised of a diverse group of people who have connections to funders from differing sectors.

DEVELOPING A FUNDRAISING PLAN

The basic elements of a short- and long-term plan are similar. However, there are some additional considerations you should think about when developing your long-term plan, which are covered in the Creating Financial Sustainability section.

Fundraising and prospect research is time-consuming and can seem overwhelming. *Tobacco Policy Change* grant awards are up to $150,000. Grants $50,000 or less will not require matching funds unless the applicant was awarded funds in Round One. Grants from $50,000-$150,000 will require a 1:1 match in hard cash. Applicants are expected to secure these matching funds from sources other than RWJF and its grantees. No monies above $50,000 will be granted until proof of matching funds has been verified by RWJF staff.

Note: Grantees funded in Round One of the Tobacco Policy Change program must apply with match dollars to be eligible to compete in this funding cycle. Grants up to $50,000 will require a $25,000 match; a 1:1 match is required for grants of $50,000 – 150,000.

If you are in the position of needing to raise a large amount of money in a short amount of time, it is especially important for you to develop a short-term fundraising plan that will enable you to use your time wisely. The most effective use of your time will be to focus on identifying and cultivating a small number of prospects with significant means rather than trying to reach as many prospects as possible.

As you gain knowledge and experience, you can expand your fundraising plan to include more potential funders to raise additional funds and continue the funding stream to build upon the work you do on tobacco policy advocacy.

A fundraising plan does not need to be a lengthy document; it is a simple roadmap to meeting your match. This section will walk you through the components of a basic fundraising plan. When you are ready to compile your list, some templates have been provided in the Appendices section to help in your organization. (Please see Appendix D: Sample Worksheet for Compiling Preliminary List of Prospects; Appendix E: Funding Assessment Worksheet; Appendix F: Sample Fundraising Plan Worksheet; and Appendix G: Fundable Projects Worksheet.)

Step 1: Gain an understanding of the major types of funding.

It is important to have a basic understanding of why and how each of the major funding sources grants funding, as well as a basic process for determining if a specific potential funder is the right fit for your organization. Begin by gaining a basic understanding of the major sources of funding, including:

- Foundations
- Government grants
- Corporations
- Other nonprofits

- Major individual donors
- Other individual fundraising opportunities (direct mail, telemarketing, special events)

> Each of the following Developing a Fundraising Plan sections has been developed so that the reader can use it independently of the others. For example, if you have experience raising money from foundations but would like to know more about corporate fundraising, you can focus on those sections that address researching and reaching out to businesses.

Step 2: Create a preliminary list of potential funders.

Once you have an understanding of fundraising from different sources, your next step is to create a preliminary list of possible funders for your TPC project. Start by listing potential funders that you know off the top of your head. It is also a good idea to brainstorm possible funders with your coalition members. Consider the following:

- What are the top foundations in your area that have demonstrated an interest in contributing to implementing effective tobacco prevention and cessation policy initiatives?
- What are the appropriate agencies at the state and local levels that have the capacity to fund grants of this size?
- Do you have any major donor prospects on your board or coalition? Who are the top philanthropists in your area who have demonstrated an interest supporting tobacco control policy?
- What are the corporations, foundations or government agencies with which your board members are affiliated?
- Are there any alternative sources of funding (e.g., March of Dimes, United Way) available to your coalition?
- Are there any federated giving funds in your community you should consider?
- Who are the top elected officials who might champion this issue?

Step 3: Research your potential funders to refine and/or expand your list.

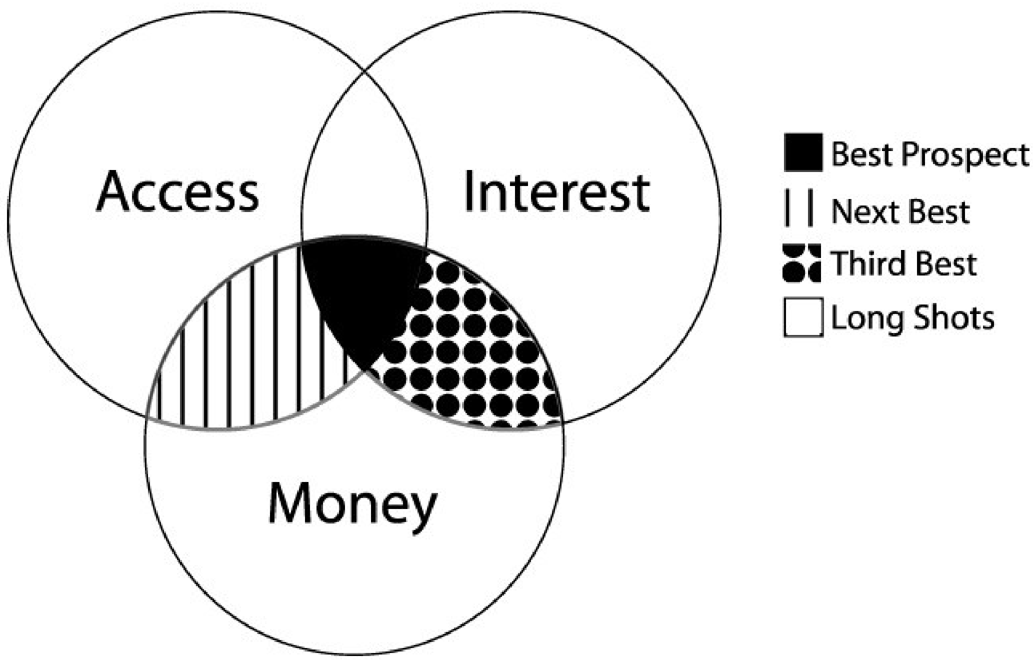
With your preliminary list in hand, you may need to do some additional research to determine additional prospects. Some ideas for finding additional prospects include:

- Corporations: Check with your local chamber of commerce
- Foundations: The Foundation Center (*www.fdncenter.org*)
- Government grants: Call your local elected officials or the officials who focus on health issues in your state

You can find additional resources for prospect research in the following Developing a Fundraising Plan and Resources sections. Appendix D: Sample Worksheet for Compiling Preliminary List of Prospects provides a template to record the information you find on each prospect.

Step 4: Determine your best targets.

After developing your preliminary list, you will need to prioritize your targets. Your best targets are the ones that have the financial ability to contribute, interest in your work and some connection to you. The diagram that follows provides a visual representation of the process for identifying top prospects.



For each prospect, you will need to balance the issues of potential grant amount, interest and access with the amount of time required to cultivate the prospect (e.g., grant deadlines). Follow these steps to prioritize your list:

1. ***Rank your prospects by the potential grant amount.*** – If a prospect has the ability to provide you with 50 percent or more of your goal, it should be a top priority. A funder with the ability to contribute 25 percent or more of your goal should be a high priority. Keep in mind that the larger the prospective grant, the more time you should expect to devote to cultivating that gift.
2. ***Rank your prospects by the level of interest they may have in your TPC project.*** – If the type of work you do on *Tobacco Policy Change* falls within the prospect's giving guidelines or interests, it is a good prospect, and its ranking on your priority list will be determined by the potential amount of the grant and your level of access to the funder. If your work does not fall within the prospect's giving guidelines, you will need to have a legitimate reason to believe that you could convince the funder to deviate from its guidelines or interests in order to include it on your target list.
3. ***Rank your prospects by the level of access you have to them.*** – You will need to balance the amount of time you devote to securing funds from prospects to which you have a close relationship with the potential size of the grant. If you do not have access, you will need to

determine if the potential size of the grant merits the time it will take you to cultivate a relationship.

4. ***Prioritize prospects that have a realistic ability to make a commitment prior to your match deadline.*** – For example, if your match deadline is in April and a foundation will not be making funding decisions until September, that foundation would be a good prospect for the long-term but not for the short-term.

Step 5: Put your plan in writing.

Organizing the information you have gathered will make it easier to move forward with your plan in a focused manner. It will also make the task of meeting your goal seem less intimidating. Your plan should include:

- A clearly written fundraising goal including the dollar amount you need to raise and the timeframe
- The name of each prospective funder
- The name of your contact at the funder organization
- The amount of funds you will be asking for
- The name of your contact who has a connection to the funder
- Any deadlines that you will need to meet
- Any other pertinent information

A sample of this chart is provided at the end of this section on page 20. A template of this chart is provided in Appendix F to help organize your plan of action.

Tip: Things to Consider When Developing Your Fundraising Plan

- Try to set a goal that is higher than your match amount. Doing this will decrease the chances that you will be scrambling to identify and cultivate new prospects late in the process.
- Plan on pursuing your top prospects contemporaneously, but devote more time to the prospects that have the ability to provide the largest grants.
- Pick the low-hanging fruit. It would be a shame to miss a good opportunity for a smaller grant just because you were too busy pursuing other prospects.
- Don't get bogged down by the process. If you learn about a great lead that has access, interest and capacity while writing your plan, take advantage of it in a timely manner.

DEVELOPING A FUNDRAISING PLAN: CORPORATE FUNDING

Background

The primary goal of corporations and businesses is to generate profits. Increasingly, corporate executives and business owners are identifying ways in which their philanthropic contributions can help them meet financial goals. Businesses have long acted as "good citizens" by contributing to charities in communities in which their employees live or to organizations serving populations that overlap with their customer base. While most continue that tradition, they are increasingly spending their philanthropic monies, as well as additional funds from their operating budgets, on endeavors that benefit the community while simultaneously supporting their business goals.

The Independent Sector estimated that corporations donate 5 to 6 percent (or $10 billion) of the $200 billion given annually to charities from private sources. However, that number is misleading. Corporate philanthropy is difficult to measure because funds can come from a variety of places, including departmental budgets, which can be hard to track. Some estimates place corporate giving at $40 to $50 billion annually.

The economic downturn has had an impact on corporate contributions. While it is difficult to measure precisely, surveys show that companies are decreasing and streamlining contribution programs. The key is to ensure that your program demonstrates a solid return on their investment, including:

- Making the most efficient use of increasingly limited dollars
- Increasing corporate profits
- Enhancing the company's image

The Basics

There are three major avenues into corporate giving:

- *Core Business Interests*: The most sizeable corporate contributions often are driven by the company's core business interests and are paid for out of operating budgets rather than with philanthropic dollars. Accessing these funds requires extensive networking. (This issue will be addressed in the Meeting the Match: Corporate Funding section.)
- *Corporate Giving Programs*: Many companies have established a grantmaking program. These programs do not have an endowment; grants are part of the company's annual budget and are not subject to the same reporting standards as a corporate foundation. The grants given through these programs are typically aligned with corporate interests, addressing the issues that affect their customers and employees. Many programs have established guidelines and have a designated "giving officer" who can answer specific questions regarding your request. (This issue will be addressed in the Meeting the Match: Corporate Funding section as well.)
- *Corporate (company-sponsored) Foundations*: Some companies create foundations that they either endow or give annual gifts. While the company-sponsored foundation may maintain close ties with the donor company, it is a legally separate organization subject to the same

rules and regulations as other private foundations. (Corporate foundations will be addressed in the Meeting the Match: Foundations section.)

The advantages of corporate fundraising are that companies:
- Have a relatively fast decision-making process once you have access to the right person
- Place few restrictions on the use of funds
- Require minimal reporting
- Desire much shorter and less detailed proposals
- Promote greater public awareness of a nonprofit's efforts through their extensive marketing campaigns

Be sure to consider how your relationship with a funder may affect your reputation in the community. A good rule of thumb is that if news of a donation from the company you are pursuing were to be on the front page of your newspaper, would you be comfortable? In addition to the restrictions on receiving matching funds from tobacco companies and their subsidiaries, grantees should give careful consideration to other aspects of a company, such as whether or not it provides health care coverage for its employees, before asking it to support your work.

Tip: Researching a Company's Potential Link to Tobacco

Grantees should not approach companies that have an obvious link to tobacco (e.g., Philip Morris, R.J. Reynolds, and Brown and Williamson)

Because many of these companies are large conglomerates that own several consumer product companies (particularly in the food and entertainment industries), grantees also should conduct research to see if there are less obvious links (e.g., Philip Morris/Kraft, R.J. Reynolds/Nabisco). To do so, ask your contact at the company or carefully review each corporate prospect's annual report, which can be obtained by calling the company's main phone number or going to the corporate web site. Specifically, look at the listing of the company's brands. Most publicly held companies have "About Us" or "Investor Relations" sections on their web sites that provide more specific information.

If a prospective corporate funder has a connection to the tobacco industry, you should consult RWJF prior to confirming the funding.

Know Your Audience

Like all your fundraising efforts, success in the corporate arena begins with an inward look at your coalition. It is important to examine your coalition's goals and resources to determine the most efficient and effective way to engage the companies in your fundraising efforts. This section will help you determine your corporate fundraising goals and identify resources and benefits in advance to help you stay focused in your fundraising efforts. The most common factors include:
- *Alignment*: How does the issue of tobacco policy change fit with the corporation's needs, mission, and products or services?
- *Cost*: What are the costs associated with the company's involvement?

- *Ease*: Is donating money or materials going to be easy to implement? How much money are you specifically asking for and for what reason?
- *Timing*: What else is on the company's calendar? Does your grant work with the company's fiscal calendar/spending cycle?
- *Benefits*: How will the corporation benefit from its contribution?

Conduct an inventory of the benefits that your *Tobacco Policy Change* coalition can offer a business. Being recognized as a good corporate citizen is important, but often not enough. Be creative and offer other tangible benefits. Possible benefits include:

- Demonstrating the health care savings associated with decreasing tobacco-related illnesses that companies will realize.
- Explaining the positive impact that tobacco cessation programs make on the health and well-being of individuals in the work place.
- Illustrating the good publicity that companies receive by serving as community leaders on this issue.

Targeting Prospects

There are several potential funders in your state and community. The goal is to narrow the search to those who are the most viable candidates. Here, we provide the step-by-step process for developing and refining your prospect list.

Step 1: Compile a broad list of companies that may be interested in supporting your TPC projects.

Include:

- Previous corporate donors
- Business partners
- Companies whose customer base overlaps with your target audience
- Companies headquartered or with facilities in your area, particularly those that have funded public health and policy initiatives
- Businesses with which you have or can establish a close personal link

Another way to add to your list is to look at the members of your local chamber of commerce (*www.worldchambers.com*) as well as donors to similar nonprofit organizations in your area. Many organizations will list major donors in their annual reports, on project materials, and in programs for their fundraising events.

Step 2: Research each company's business and giving interests in order to pare down your list to a more manageable size.

For each company, you will want to gain a better understanding of whether a funder will be a good match by researching the following:

- How will promoting tobacco prevention and cessation policy initiatives increase the company's revenue?
- What are the company's products and/or services? Is it launching any new initiatives?

- Who is its target audience?
- Who are its competitors?
- What current community causes/issues does it support?
- What is the approval process and time frame for decision making?
- Who is the right contact? Which department are they in?
- Who are the top executives?
- Who serves on the board of directors?
- Is there anything about the company that might pose a real or perceived conflict of interest?

The Corporate Prospect Worksheet (See Appendix I) provides a rubric in which to gather the information you find on each prospective business donor. Based on your research, you should prioritize the prospects that seem to be the best match for your project needs. (Please note: Because of the proprietary nature of business plans, the information available in public sources is limited. Therefore, a conversation with an executive at the prospective company is a critically important step in your research.) Resources that will provide information include:

- Corporate annual report
- Corporate web site
- Corporate giving guidelines
- Business publications, local newspaper's business section
- Hoovers*
- LexisNexis*
- American City Business Journals*
- Your network
- Executives at the company

* See the Resources section for more information on these resources.

Step 3: Refine your list.

Because your fundraising time and resources are limited, you will need to refine your list further. Rank your narrowed-down list of prospects based on business interest and personal relationship.

RANK	Interest	Examples
1	Direct Impact on Bottom Line	Organizations that fund tobacco prevention and cessation policy initiatives
2	Indirect Impact on Bottom Line	Target population is customer base
3	General Interest	Business or philanthropic efforts focus on health
4	Geographic	Business or philanthropic efforts focus on region

In corporate fundraising, the top prospects have the business interest, sufficient resources and a connection to your organization. Based on the information you gathered through networking and research, determine the level of personal connection each prospect has to your organization. If you do not have a direct connection to a prospect, you should circulate the potential funder's name and, if available, the names of its board and key staff members to your network to see if there are any relationships upon which you can build. If, in spite of networking, you cannot find a connection to a prospect, you will need to determine whether the prospect can give a large enough gift to warrant the additional time and resources it will require to gain access.

Building business relationships takes time, persistence, creativity and enthusiasm. The Meeting the Match: Corporate Funding section will walk you through some of the most important things you need to know about reaching out to your corporate community.

DEVELOPING A FUNDRAISING PLAN: FOUNDATIONS

Background

Foundations are nonprofit organizations created specifically to fund charitable causes. Foundations are an important funding source for fledgling nonprofit organizations and new programs within established nonprofits because many prefer to support new, innovative initiatives. That being said, foundations provide only 9.8 percent of the $200 billion donated annually by private sources to nonprofit organizations.

As with every other sector of the economy, the economic downturn of the past few years has affected foundation giving. Foundations invest their endowments in the stock market and must distribute a certain percentage of their earnings. By and large, their earnings have suffered dramatically because of declining stock values.

Foundations have responded in several ways:

- Many foundations are attempting to minimize cuts to grantmaking by concentrating the necessary cuts on operating budgets (e.g., staff layoffs, hiring freezes, travel limitations).
- Some foundations have used reserve funds to maintain or increase their grantmaking levels because the economic downturn has created an even greater need for the programs offered by their grantees.
- Some foundations are reducing the number of organizations they support and keeping that support level, while others have made cuts across the board to every grant.
- Others are limiting new giving.

One encouraging piece of data is a survey showing that in spite of the fact that the assets of community foundations dropped by 1 percent in 2001, their grants increased by 18 percent, totaling $2.6 billion in grants awarded.

Clearly, it is a difficult climate for grant seekers, so it is more important than ever for you to:

- Highlight parallels between your proposal and a foundation's giving priorities because foundations are adhering even more rigidly to their giving guidelines
- Focus on programs that demonstrate solid return on investment
- Develop and nurture relationships with the staff and board members of foundations
- Obtain guidance and feedback on funding priorities from foundation officials to ensure your proposal meets their qualifications

The Basics

There are four major types of foundations:

1. *Independent foundations* are endowments established by gifts from individuals or families. Some are professionally staffed organizations with independent boards such as the Robert Wood Johnson Foundation. These larger foundations have professional staffs that act as liaisons to current and prospective grantees, review proposals and make funding recommendations to the foundation's board. The board makes final funding decisions. There

are also small family foundations that do not have program staff. Instead, members of the family review requests and make contribution decisions. Independent foundations may have specific giving guidelines based on topic, geographical location and type of grant, or they may take a very broad approach to contributions.

2. *Community foundations* represent the interests and resources of several donors rather than one family. Community foundations actively fundraise from donors to raise additional funds to augment their grantmaking abilities. Grantmaking is limited to a specific geographic area. Community foundations make funding decisions in two ways. First, similar to professionally staffed independent foundations, staff members review proposals and make recommendations to the board, which, in turn, makes the final funding decisions. Second, many community foundations have "donor-advised" or "donor-directed" funds for which the foundation handles the administrative duties but the donor exercises sole discretion over funding decisions. For instance, an individual may donate money to a community foundation for a specific purpose. The foundation will be responsible for managing the proposals and distributing the money, but the individual donor will have final say in who is awarded the grant. Donor-advised funds are growing in popularity.
3. *Corporate foundations* receive their funding from a single company. These foundations may be endowed by or receive annual gifts from the company. The board tends to be composed primarily of the company's executives. Some operate similarly to independent foundations in that they have grant guidelines that drive their grantmaking efforts and a professional staff. Others are giving arms for the company's charitable efforts. Most tend to restrict giving to geographic areas in which the parent company has facilities, and many focus their giving to issues that complement the parent company's interests (e.g., Johnson & Johnson and children). Corporate foundations do not make all of a company's charitable contributions; many contributions are made directly by company executives and come directly from corporate funds.
4. *Operating foundations* are private groups that use their funds to conduct their own programs and do not award grants to other organizations. Because they are listed alongside other types of foundations in research directories, it is important for grant seekers to understand that these foundations typically do not entertain outside proposals.

Tip: Target Health Conversion Foundations

Health conversion foundations are foundations that are created by the proceeds from the sale of a not-for-profit organization to a private entity. Conversion foundations began appearing 30 years ago, and their numbers have increased dramatically in the last decade because of the growing trend of for-profit health care companies acquiring not-for-profit hospitals. Because many have been created by the sale of hospitals, they tend to focus much, if not all, of their grantmaking on health care issues. Grantees should be sure to research the giving potential of any health conversion foundations in their community. For a listing of health conversion foundations, please see Grantmakers in Health's report at *www.gih.org/usr_doc/2003_Conversion_Report.pdf*.

The major advantages to pursuing foundation grants are:

- Because the IRS requires foundations to disclose information about their organization and activities, foundations are the simplest funding source to research.
- Size of gifts can be significant.
- Grant writing is the most inexpensive form of fundraising because there are few direct costs and existing programmatic staff can develop proposals.
- Foundation support provides credibility to an organization's efforts.
- Most require less reporting than government grants.

The major disadvantages to pursuing foundation grants are:

- Many have narrowly defined scopes of giving.
- Many limit grant renewal opportunities.
- Grant seekers have little ability to influence a foundation's decision-making process because they are private organizations.
- The application and review process can be lengthy.
- Many restrict the ways in which funds can be used (e.g., funding may not cover general operating expenses).

Know Your Audience

As mentioned previously, in this difficult and competitive fundraising environment, it is more important than ever to understand what motivates a prospective donor. Here, we will highlight who the decision-makers are and their criteria for awarding grants.

- *Board of directors or trustees* typically make the final decisions regarding grant awards. The composition of boards will vary greatly from members of an individual family to community and business leaders. Having relationships with board members can help you better understand the foundation's giving interests and ensure that your proposal receives attention. It is important to understand that board members of professionally-staffed foundations rely on the expertise of the staff to make recommendations; therefore, you should not view a relationship with a board member as a shortcut to receiving funding.

- *Foundation staff* act as liaisons between the board and grant seekers. Staff members can be incredibly important allies to a grant seeker. They can help refine a proposal to better meet grant criteria, ensure a proposal receives attention, and make the recommendation to the board for funding a project. Larger foundations often have program officers who have significant substantive expertise in the field. At some foundations, certain senior staff members may have the ability to award smaller grants from a discretionary fund. These awards do not need board approval. Other foundations solely have administrative staff that also can provide important insights into that foundation's decision-making process. Regardless of how close a relationship you may have with a board member, it is wise for a grant seeker to develop a relationship with staff and avoid creating tension by appearing "to go over their heads" to a board member.

In some cases, foundations act like individual or corporate donors. For example, some families set up family foundations to act as the vehicle for their charitable giving, but each family member serves on the board and exercises sole discretion over a certain amount of the gifts awarded. In this case, you may approach a single family member as you would approach an individual prospect (See the Meeting the Match: Major Individual Donors section). Board members of many corporate foundations are corporate executives. In these cases, it may make sense for a grant seeker to understand the mindset of the corporate executive (See the Meeting the Match: Corporate Funding section).

Targeting Prospects

The good news is that foundations are the simplest type of prospect to research. Below, we provide the step-by-step process for developing and refining a prospect list:

Step 1: Compile a list of foundations that may be interested in supporting TPC.

At this stage, include every possible foundation that:
- Has supported your work in the past
- You have established or can establish a close personal link with
- Awards grants in your geographic area
- Awards grants in your general topic areas (e.g., health, children, families, minorities, outreach, public policy)

The first step in developing this list is visiting the Foundation Center, a nonprofit information clearinghouse that disseminates information on foundation giving. The Foundation Center publishes a variety of directories that are excellent resources for developing and refining prospect lists (See the Resources section for a partial listing of available directories). Using these directories, you can search for information about funders interested in public health and policy issues in your geographic area (See Appendix L: The Foundation Directory Entry Example). These directories are available online for free or for a small fee at one of more than 200 cooperating collections around the country (See the Foundation Center web site at *www.fdncenter.org* for locations.). The web site also serves as a gateway to individual grantmakers' web sites and provides educational resources on fundraising.

Another way to add to and refine your list is to look at the donors to similar nonprofit organizations or projects in your area. Many organizations will list major donors in their annual reports, on project materials and in programs for their fundraising events.

Step 2: Research the foundations' giving interests in order to pare down your list to a more manageable size.

For each foundation, you will want to gain a better understanding of whether it will be a good match by researching:
- Subject area – Narrow down the interests of the foundation further than the general subjects of public health and policy issues by looking at its materials and grant listings. For example, foundations interested solely in biomedical research would not be a good fit, while those interested in issues pertaining to access to preventive services or programs that focus on early childhood development may be a better match.

- Type of support (e.g., general operating funds, program, research)
- Population – Does the foundation focus on programs that serve a specific population?
- Types of recipients (i.e., history of supporting organizations similar to yours)
- Range of grant sizes (e.g., high, low, average)
- Geographic limits to funding
- Interest level in funding new organizations – Foundations that award grants to the same organizations year after year are probably not good prospects.
- People (i.e., board and staff members)
- Proposal requirements and deadlines
- Funding cycles – Some foundations will shift the focus of their funding at different points in the year.

The Foundation Prospect Worksheet (See Appendix J) provides a rubric in which to gather the information you find on each prospective foundation. Also, the Grant Match Worksheet (See Appendix S) provides a list of grant and organizational characteristics to consider before applying for a grant.

The following list identifies sources of information for a grant seeker. Please note that these sources of information may be a bit dated, so it is important to have a conversation with a promising funder to make sure its interests have not changed since the publishing of the materials. Resources for finding information on foundations include:

- *Foundation Center (www.fdncenter.org)* – Founded in 1956, the Foundation Center is the nation's leading authority on philanthropy and is dedicated to serving grant seekers, grantmakers, researchers, policy-makers, the media and the general public. It provides access to information and services through its web site, print and electronic publications, five library/learning centers, and a national network of Cooperating Collections.
- *Grantmakers in Health* – GIH provides a listing of health conversion foundations online at *www.gih.org/usr_doc/2003_Conversion_Report.pdf.*
- *990-PF's* – These are the tax forms that private foundations file with the IRS. For smaller foundations, this may be the only source of information available. You can view 990-PFs online (searchable by funder) at the Foundation Center (*www.fdncenter.org*) or at Guidestar (*www.guidestar.org*). (See Appendix K: Sample 990-PF Form)
- *Foundations' web sites* – A foundation's web site contains valuable information. Be sure to look at any online press releases, since they will contain the most current information about giving priorities.
- *Annual reports and other printed materials* – Foundations often publish materials that detail their giving interests and grants awarded.
- *Guidelines* – Many foundations will publish their giving guidelines.
- *Newspapers* – Check your local paper for stories about the foundation or its key staff and board members.
- *Personal network* – Tap into your network of coalition members, board members, business partners, etc., to find connections to and information on the foundation. Other grantees may be willing to trade information with you as well.
- *Foundation board and staff members* – Board and staff members can provide you with the most detailed and up-to-date information on a foundation's future direction in grantmaking.

Step 3: Refine your list.

Because your fundraising time and resources are limited, you will need to refine your list further. Rank your narrowed-down list of prospects based on your relationship to them.

TIER	Relationship	Examples
1	Direct Affiliation	Board members, coalition members, corporate partners, previous donors, staff, volunteers
2	Indirect Affiliation	Prospects that have direct relationships with members of Tier 1
3	General Interest	Donors who have demonstrated interest in your issue because they contributed to similar groups
4	Geographic	Donors who have demonstrated interest because they contributed to groups in your area

Clearly, the ideal donor has sufficient resources, an interest in the subject and your community, and a connection to your organization. Based on the information you gathered through networking, determine the level of personal connection each prospect has to your organization. If your connection to a prospect is not in Tier 1, you should circulate the potential funder's name and, if available, the names of its board and key staff members to members of Tier 1 to see if there are any relationships upon which you can build. If you have a prospect that has the ability to give a significant amount of money and an interest in your issue, but, in spite of networking, you cannot find a connection to it, do not completely rule it out. You will need to assess whether the potential grant amount merits the additional time it will take you to gain access. In the Meeting the Match sections, you will learn how to make the initial contact with funders, including ones with whom you have no personal connection.

Because foundations often have defined funding cycles with application deadlines, you may revise your list to ensure that you do not lose out on a good opportunity simply because you missed the deadline.

DEVELOPING A FUNDRAISING PLAN: GOVERNMENT GRANTS

Background

Federal, state and local governments distribute more than $200 billion annually to support nonprofit organizations that provide programs and services to the nation's citizens. The government is motivated to fund these nonprofit organizations because it needs their expertise, their ties to the community and their resources. Available funding and funding priorities, however, fluctuate with the national and local climates. Variables such as the economy, the political party in office, the popularity of the cause and the strength of competing demands determine the funds available and the types of programs that receive funding.

The advantages to receiving government grants are:

- *Substantial support*: In many cases, government grants provide substantially more funding than other sources. However, keep in mind that some government agencies are interested in knowing that your project has multiple sources of funding, regardless of the size of the grant.
- *Credibility*: Once you have secured funding from one grantor agency, it will be significantly easier to approach other agencies in the future. Knowledge of the systems and processes within the government, and proof that you can meet the fiscal and programmatic expectations, bodes well when applying for other government grants. Additionally, the credibility will help when attempting to solicit funding from private ventures as well.
- *Access to decision-makers and the decision-making process*: Relationships with agency personnel and elected officials are invaluable. Once you have your foot in the door, gaining and keeping support for your program among decision-makers and key personnel will be that much easier (assuming you've successfully attained project goals, etc.). The longer the program is around, the more likely it is to build public support.

The disadvantages to receiving government funding are:

- *Paperwork*: Extensive record keeping is a must when fulfilling the requirements of a government grant because the government is responsible to the taxpayers to ensure that state monies are being used wisely. Both fiscal and programmatic data are reported on a regular basis. Additionally, you may be audited at any time to determine how you are spending the government funds.
- *Unanticipated/uncovered expenses:* Some government grants do not necessarily cover all expenses that you may incur over the course of the grant period. In addition, the extensive paperwork and potential financial audits required for compliance can increase your costs. Studies show costs of up to $20,000 over and above every $100,000 obtained from the government. It is therefore necessary to include additional program funding in your fundraising plan.
- *Legal responsibility*: Recipients of government funds should clearly understand every aspect of their grant or contract. Noncompliance with grant requirements could result in legal action, including revocation of an organization's tax-exempt status.
- *Unpredictable Budget Shortfalls:* Many legislators are cutting costs by eliminating sound and effective public health programs including comprehensive tobacco prevention and control programs. Because government grants are subject to the whims of the legislature, it is critical that organizations diversify funding to include non-governmental funds.

- *Usually do not support policy advocacy:* Government dollars generally are not available to support policy advocacy change. Because policy advocacy initiatives usually require funds which are flexible and can be swiftly and easily re-directed to other activities within a campaign, it is not recommended that government funds serve as the sole funding source but rather to supplement policy advocacy activities.

Tip: Government 101

- Governors are elected officials. The governor introduces spending budgets that mirror his or her priorities to the Legislature.
- The State Legislature is comprised of elected officials. Its role in the system of checks and balances is to act as a safeguard to the governor's power. When the governor introduces his or her budget, the governor's allies in the State Legislature support his or her agenda. The governor's opponents in the Legislature will likely oppose many of the governor's priorities. Through debate and compromise, the Legislature will eventually pass a final budget that may or may not look like the governor's original budget. Individual members champion causes and, depending on their influence and other factors, can secure funding for specific programs.
- A mix of political appointments and career civil servants staff government agencies. The governor appoints people to the top posts who share his or her philosophy and will direct an agency's resources in such a way as to reflect the governor's agenda.
- While the governor and his or her political appointees determine the agency's priorities, career civil servants implement the programs and, in so doing, often have limited discretion over the project's finer details.

The Basics

The process for securing a government grant may vary at the city and county levels. Regardless of the exact process, grantees should keep in mind the varying political agendas of the elected officials involved in the decision-making process.

A nonprofit can pursue government funding in one of two ways:

1. Participating in the budget process to ensure that public funds are allocated to support outreach efforts for tobacco prevention and cessation policy initiatives by:
   a. Educating the governor (and/or the governor's policy staff and appointees) about the need for the program in the hope that he or she will make it a priority
   b. Educating state legislators about the need for the program in the hope that one or several will champion its funding or fight against any budget cuts
2. Approaching government agencies for grants or contracts from appropriated funds

Please note: The Robert Wood Johnson Foundation does not allow *Tobacco Policy Change* grantees to use grant funds for lobbying. The Foundation defines lobbying as either a "direct lobbying communication" or "grassroots lobbying communication." Both of these terms have very technical definitions. But, generally, this means that as a TPC grantee, you cannot ask for funds to be appropriated for your TPC project and you cannot advocate for legislation, which includes your state budget. For more information regarding prohibited lobbying and political campaign activity, please refer to the TPC Grantee Handbook.

Know Your Audience

Identifying your audience, and most importantly what motivates them to support your cause, is the first step in securing government funding. With all government grants, it is important to understand the local political climate.

Elected Officials

Elected officials have a responsibility to the citizens of the community. How they define that responsibility varies greatly with individual political philosophies about government's role and priorities. Often, elected officials who are the most supportive are those whose constituencies stand to benefit the most from the program.

When approaching elected officials, it is important to have a clear understanding of where they fall on tobacco policy initiatives. It is much easier to make someone a champion for your specific program if they are already aligned with the fundamentals of state-funded health insurance programs. Do some research. Visit their web site and look into their voting history on pertinent issues before contacting them.

Grantor Agencies

When seeking out a potential grantor agency, it is important to look for agencies with like programs, goals and initiatives. Agencies that focus on children, families and health are a good place to start. In the event that the agency you contact doesn't have open requests, place your name on the potential benefactors list to be sure you receive any future requests for proposals. In addition, you may want to inquire about recommendations for other like agencies that could serve as a potential funding source.

In addition to targeting the right audience, it is also important to understand the climate in which the agency operates to help you better craft your proposal and address the agency's direct needs and potential budgetary constraints. Refer to the Preparing Your Approach section for suggestions on what to think about when looking at an agency's motivation to fund your program and some preliminary arguments on why funding programs like TPC is good for the state's bottom line.

Targeting Prospects

When applying for government grants, it is most important to identify elected officials or grantor agencies that have the same interests, intentions and needs as your program. Contacting local government officials and congressional offices directly to determine the availability of funding should be at the top of your to-do list.

- *Contacting state agencies*: State agencies devoted to health issues are the best places to start when looking for available state grants. Many state web sites also include searchable databases of available grants. To log on to your state's web site, go to www.state.[your state abbreviation].us.
- *Contacting elected officials*: Outreach to elected officials such as city council members, assemblypersons, town selectpersons, mayors, governors, state and county legislators, state and local commissioners, and others can be helpful in your search for additional funding, whether it already has been appropriated or not. Though you cannot ask them to appropriate specific funds, educating your local officials about the issue and making them a champion for your cause will increase the probability that funding will be appropriated. As always, do your homework before contacting any elected official; before you approach them, you should have an understanding of their level of support for initiatives similar to the *Tobacco Policy Change* program.
- *Contacting your state's senators and representatives*: The legislative assistants responsible for health-related issues in your state often can help direct you to the appropriate contact at the local level. Contact information can be found at www.senate.gov and www.house.gov.
- *Consulting members of your network*: This also can help guide you to potential grant dollars.

Other helpful resources include state, city and county budgets. An understanding of the budgetary process will allow you to identify appropriated funds and determine available dollar amounts for particular budget functions. Be sure to check out the resources section at the end of the toolkit for other helpful sites and sources.

The <u>Meeting the Match: Government Grants</u> section will give you the tips you need to approach government funding sources for your match requirement.

DEVELOPING A FUNDRAISING PLAN: OTHER NONPROFITS

Background

In addition to the traditional fundraising sources, you should consider asking other nonprofit organizations to provide some or all of the required match, particularly nonprofits that are part of your coalition, since they may be able to provide an emergency or one-time grant.

In addition, community foundations are nonprofit umbrella organizations which provide an array of services to donors who wish to establish endowed funds without incurring the administrative and legal costs of starting independent foundations. Contact your local community foundation to identify potential funds that would make a contribution toward the match requirement.

While the United Way is primarily a federated giving organization (See Meeting the Match: Other Individual Fundraising Opportunities for details on this type of organization), it will occasionally give emergency grants to organizations in its community that it feels are providing a valuable service and are in dire need of funding. You should consult with your local United Way to inquire about this opportunity and the application process.

Other nonprofits, such as the Kentucky League of Cities and the United Neighborhood Organization, have also contributed money toward the match requirement. While organizations like this may not seem obvious to you as a source of potential funds, you should look at other nonprofit organizations in your coalition and determine if they may be able to provide support and would be interested in funding a particular aspect of the work you do.

DEVELOPING A FUNDRAISING PLAN: MAJOR INDIVIDUAL DONORS

Background

Because individuals do not have to make contributions and, by law, do not need to disclose information about their gifts publicly, raising funds from individuals is very different than raising funds from institutions such as foundations and government agencies. Nonprofits with a nonexistent or small development staff are typically faced with having to decide which type of funders to pursue—institutions or individuals. This section will provide the basic information you will need to determine whether fundraising through major gifts from individuals is appropriate for your organization.

> **Tip: Different Types of Individual Donors**
>
> Often, the lines blur between types of individual donors. For example, many funds in community foundations or small family foundations are "donor directed," meaning that individuals use foundations as a vehicle for delivering their charitable contributions, but the individual, as opposed to staff, is making the decisions. Or, you may approach a CEO of a corporation for a personal donation and receive that donation from the company or company foundation.

The Basics

"Major donors" may refer to individuals, foundations or corporations. Here, it serves as a category of individuals who individually donate a significant sum to a nonprofit. Depending on the nonprofit's experience and its area of the country, the definition of "significant" or "major" gifts varies greatly and can range from $2,500 to $100,000 or more.

In order to successfully secure a major individual gift, you will need:

- Individuals in your community who have the means to donate a significant amount of money and who might have an interest in your issue
- Access (or a way to get it) to these individuals

Know Your Audience

What motivates an individual to donate? An individual gives because of some combination of personal values, personal experience, community involvement, ego, posterity and sheer pleasure. The keys are (1) having or developing a personal connection to the prospect, and (2) understanding what motivates the prospect. Having one can lead to two.

Key principles to follow when raising funds from individuals:

- People give to people.
- The higher the contribution you seek, the more personal the contact needs to be.
- The larger the contribution sought, the longer the cultivation time.
- Minimize uneasiness about discussing money by identifying donors with a history of giving.

- Remember that you are asking for an investment in a program that benefits those most affected by tobacco-related disease.

Major gifts from individuals may offer a better opportunity for TPC grantees than other types of individual fundraising because, in cultivating a prospect, you are able to have a more sophisticated dialogue about the need for your program.

Targeting Prospects

As with institutional donors, the network of individuals involved with your organization will be critically important in providing names of, background on and access to major donor prospects.

Step 1: Compile a prospect list.

Begin by compiling a prospect list of:
- Major donors to your organization
- Individuals who have a direct connection to you or your organization—board of directors, coalition members, corporate partners, donors, employees, personal contacts, volunteers, and vendors and their contacts—who may have the means, or access to someone who has the means, to donate a major gift
- Board members and donors to similar organizations
- Major philanthropists in the region

Step 2: Gather background information so that you can prioritize the names on the list.

Collecting background information on individual prospects is much more difficult than it is for institutional prospects. Specifically, you are looking for evidence of:
- Links to your organization or to someone in your network
- The prospect's history of donating to causes similar to yours
- Their ability to give significant sums (It will be up to you to define "significant.")
- The prospect's profession, personal interests and the nature of their wealth

While development offices of universities and other large nonprofits dedicate significant resources to sophisticated prospect research operations, a small organization should limit the scope of the research to:
- Interviewing members of the network
- Research in the local newspaper
- Searching the web for information on the prospect and, if applicable, their company

The Individual Prospect Worksheet (See Appendix T) provides a rubric in which to gather the information you find on each prospective donor.

The Meeting the Match: Major Individual Donors section will provide a brief overview of how to approach individuals for a major donation.

DEVELOPING A FUNDRAISING PLAN: OTHER INDIVIDUAL FUNDRAISING OPPORTUNITIES

Unless you have access to an existing donor base through your organization, you will probably not want to consider the other individual fundraising techniques discussed in this section. If you do have access to a donor base, consult the department that maintains it for additional guidance on implementing these fundraising techniques.

Other Techniques for Fundraising From Individuals

An endless array of tools exists for soliciting individual contributions other than major gifts. Three of them are: special events, direct mail and telemarketing. These tools are best used for enabling an organization to amass moderate or small contributions from a much larger constituency and may have significant direct costs such as postage and catering in addition to staff time.

For *Tobacco Policy Change* grantees, there are three potential disadvantages or challenges to consider:

1. One major challenge that *Tobacco Policy Change* grantees may face with individual fundraising is people's perception of tobacco control policy. Tobacco use, in many states, is still considered a personal habit that does not affect the lives and health of workers, family members and others who are exposed to second hand smoke. Others may feel as if it is not a decision-maker's role to prohibit individual use of tobacco. Personal views of government, regulations and tobacco use will affect whether TPC initiatives will appeal to a wide variety of donors.
2. For organizations that raise the majority of their funds from foundations, corporations and government agencies, there is often a perception that a smaller individual gift will not make a difference or that it is a program that the government or another institution should fund. Therefore, individuals may be reluctant to donate to your TPC project.
3. Because *Tobacco Policy Change* grantees need to raise their matching funds in a relatively short period of time and it can take years to develop a fruitful individual donor base, you will need to carefully assess whether building an individual fundraising program will net enough dollars in time to help you meet your match requirements.
4. Individuals like to feel that their gift is making a difference in a tangible way. For example, the American Red Cross and other relief organizations received unprecedented amounts of contributions in the aftermath of the September 11th terrorist attacks. And the Susan B. Komen Foundation has the ability to mobilize thousands of people whose lives have been touched by breast cancer. While the *Tobacco Policy Change* initiatives are vitally important to improving the lives of children, communities and workers, it may be challenging to appeal to a large number of individuals because of the nature of the initiative and the pace of building community support for policy advocacy.

Special Events

Special events refer to galas, annual dinners, auctions and any other type of event that is promoted with the express purpose of bringing people together at a certain time and in a certain place to make a contribution. The size of the event, the time and place it's held, and the price of the tickets may vary greatly.

Special events can play an important fundraising role for organizations because they offer an opportunity for their networks to recruit and introduce new donors to the organization at a specific date in time. Special events also offer the opportunity for middle- to low-range donors to contribute. A successful fundraising event involves:

- A fundraising committee, or a network of individuals able and willing to sell tickets to personal and professional networks
- Personal, direct solicitation by the committee or, in cases of smaller events, by the host (Do not be seduced by a "great list." It may generate a 1 percent response to invitations—perhaps 2 percent with follow-up calls—while committee members can receive a 30 to 50 percent response when soliciting personal networks.)
- Significant staff time to support the committee's fundraising efforts and event logistics (Hiring or contracting an experienced event fundraiser should be considered for larger events.)
- Direct costs ranging from 15 to 50 percent of gross (not including staff/consultant time)
- Time (sometimes several years) for the event to generate a profit or realize its full potential
- Lead time of three months to one year to plan and execute the event (depending upon the nature of the event)
- Holding the event annually in order to re-solicit donors

The major advantages to raising money through events are:

- Flexibility on how to use the funds raised
- Expansion of your donor base
- Expansion of your major donor prospect pool

The major disadvantages to relying on events for needed funds are:

- They are time and labor intensive
- They have significant direct costs up front, so if your fundraising falls short, you can lose money
- It can take years for an event to reach its full potential
- Typically, you must re-solicit the donors by making the event an annual gathering, since event donors often are not responsive to other types of solicitations, such as mail

Grantees should carefully weigh the costs and demands of holding a special event against the net dollars that can be raised. The Meeting the Match: Events section will provide a brief overview on how to plan an event to raise money toward your match requirement. (Also see Appendix U: Event Planning Worksheet)

Direct Mail

Direct mail refers to mailing a solicitation to a number of people. The letters are not personalized other than including the recipient's name and address at the beginning of the letter and personalizing the salutation. It can be an informal, in-house effort or a sophisticated effort outsourced to direct-mail specialists. Typically, direct mail solicits small contributions from a large number of people. Some requirements to implementing a successful direct-mail campaign include:

- Having a message that is urgent and emotional, since direct mail tends to be a "hot" medium in which these types of pleas are most successful
- Access to a large universe of direct-mail responsive donors, often through the renting of a list (The response rate for a successful mailing is 1 to 2 percent, so you would need a large enough universe of prospects in order for 1 to 2 percent to be a sizable enough return. Direct-mail programs typically are suited for larger organizations that have wider audiences because of the size of lists needed for mailing.)
- An understanding of direct marketing techniques, including copywriting, graphic design, list rentals, and data analysis (A direct-mail consultant is very helpful.)
- Funds to cover the significant upfront costs for list rental, production and postage
- Time, since direct-mail programs typically require several years to generate significant profits

Telemarketing

Telemarketing requires making cold calls, which are what most people envision when they think of fundraising. The needs are similar to those of direct mail:

- Having a message that is urgent and emotional, since telemarketing tends to be a "hot" medium in which these types of pleas are most successful
- Access to a large enough universe of telemarketing responsive donors (Because of the nature of the lists needed, telemarketing is more suitable for larger organizations (e.g., universities), national or international groups with established constituencies, or issues with broad appeal.)
- An understanding of telemarketing techniques, such as scripting and pledge collection (A professional telemarketing firm can be helpful.)
- Funds to cover the significant upfront costs for list rental, phone banking and pledge collection
- Time, since telemarketing programs typically require at least one to two years to generate significant profits

The advantages to raising money from individuals through direct mail or telemarketing are:

- Fewer requirements in the ways funds are spent
- Fewer, if any, reports needed

The major disadvantages to raising money through direct mail or telemarketing are:

- It may take years to build a donor base that will generate a significant net income
- The results can greatly depend on having staff or consultants with specialized expertise in these areas

- The direct costs (e.g., postage) are higher than with grant writing, and the challenges to launching a direct-mail or telemarketing campaign are greater if you do not already have a defined constituency (e.g., church/synagogue members, university alumna) that has a direct connection to the organization and the means to give

Federated Fundraising Organizations

Federated fundraising organizations are nonprofit organizations that raise and distribute funds for nonprofit member organizations in their community. Federated funds provide financial support to nonprofits in three different ways:

1. Approving an application for membership in the federation, which qualifies it for ongoing annual allocations
2. Providing grants through various discretionary programs, such as community development grants
3. Sponsoring donor option programs, which allow individual employees to make on-the-job gifts during a campaign drive

The most common federations are United Ways, religiously affiliated federations and alternative funds:

- *United Ways* are organizations that raise and distribute funds for a variety of social service agencies on the local level. Additionally, United Ways may undertake other activities that aid the well-being of their nonprofit member agencies and their own communities, such as management assistance programs, long-term planning, and information and referral services. Most local United Ways are members of their parent organization, the United Way of America. By and large, they receive the bulk of their support from company employees who have been solicited at the workplace, and from major companies through grants.
- *Religiously affiliated federations* are generally established to raise money from individuals in the faith-based community to provide financial support to organizations that represent the giving interests of a particular religious faith. Examples include local Catholic charities and Jewish federations.
- *Alternative funds* are public charities established to raise and distribute funds to organizations that share a particular constituency or set of common concerns. Examples include the United Arts Funds and Combined Health Agency funds.

The advantages of securing support from a federated fund include:

- *Reliable source of steady income*. If you are fortunate enough to be approved for membership in a federated fund, you are generally assured of its ongoing support as long as you remain a member in good standing.
- *Savings in your own fundraising time and budget*. Federated funds are generally more efficient because they centralize all of the fundraising staff time and budget outlays.
- *Heightened public profile*. Federated fund campaigns usually promote the work of their member agencies throughout the community, so your organization would receive publicity as

a member of the fund. Member agencies are also sometimes invited to present to groups of prospective donors on the merits of giving to their organization.

- *Enhanced reputation*. Through your association with a federated effort, you usually can receive a boost in your reputation. Well-organized federations have ties to their communities and those contacts can be a value to your work.
- *Networking and technical assistance*. Through participation in a federated campaign, you will have the opportunity to meet others in the same line of work. You may also have access to training materials and sessions organized by the federation.

The disadvantages of securing funds from a federated fund are:

- *Restrictions on your own fundraising*. Admittance to a large federation usually involves restriction on other types of fundraising in which an organization can participate. The federation will usually reserve the right to decide if a fundraising practice is acceptable or not based on how it affects the interests of the federation.
- *Long waiting period for admission (or rejection)*. Because of the bureaucracy that can sometimes be in place at a large organization, it can take upwards of a year to have your application for membership approved and to begin receiving funds.
- *Fluctuating levels of support*. As long as you are fulfilling your mission as stated to the federation, your membership should remain intact. However, the amount of money that is allocated to your organization from the fund can fluctuate depending on a variety of factors, but especially if the total amount of monies collected by the federation changes.
- *Contribution of time and labor to actual fundraising campaigns*. Participation in federated campaigns requires a significant amount of staff time during the funding drives. The federations will usually request organizations to participate in information fairs and presentations to potential donors at their workplace. You may also have to compete with representatives from other nonprofits. This can sometimes be frustrating because, while the work you do for *Tobacco Policy Change* is vital to the community, it may not be as tangible to donors as other giving opportunities, such as an animal shelter or soup kitchen.
- *Subtle pressure toward conformity*. Membership in a federation can sometimes sway the projects of a particular organization if the federation announces that it is interested in funding a particular type of work. While a federation cannot outwardly tell an organization what to do, some members may change their focus in the hopes of increasing their fund allocation.

PREPARING YOUR APPROACH

Before You Begin

Before approaching any potential funder, researching grants or writing your first proposal, you need to understand a few basic fundraising rules and do some planning. This section will guide you in your preparations by providing instructions on:

- Developing supporting materials
- Preparing yourself
- Making the call
- Making the ask
- Developing written proposals

Supporting Materials

Once you have developed a clear, concise description of your overall program and individual pieces of your work plan, you should modify it to meet individual funder's needs. Some will require a letter, a one- to two-page summary or a fully developed proposal. No matter the specific funder's requirements, it will help to prepare supporting materials that articulate the core messages of your TPC project (See Appendix H: *Tobacco Policy Change* Core Talking Points), including:

- An overview of your *Tobacco Policy Change* project (one to two sentences)
- A description of the issue as it relates to your state or community, including available data such as:
  - The number of individuals who are directly effected by tobacco-related illness
  - The impact on the larger community (e.g., loss of productivity in the workplace, cost of providing care)
- The specific objectives (measurable, achievable outcomes) you want to accomplish in your community
- Your plan of action to help alleviate these problems, and why your staff and board are qualified to tackle these problems
- Success you have had working toward your goal
- The amount of funds you need to raise and the amount you are seeking from this funder

Preparing Yourself

The terms "philanthropy," "altruism" and "charity" can be misleading to a fundraiser because they connote a sense of powerlessness on the part of the nonprofit. Corporations, foundations and governments regularly invest in their communities and seek partnerships that will make their investments more effective. Your role with *Tobacco Policy Change* is to provide the "sweat equity" to improve the lives of those most affected by tobacco-related disease. With that in mind, fundraising becomes the process of developing partnerships with likeminded investors. Your TPC project merits their investment.

It has been mentioned previously and it is important to mention again: Even if you have no formal fundraising experience, you are the best person to make the request for funds. By capitalizing on your knowledge, experience and passion for your work, you will be able to communicate the value of TPC to potential donors.

When a prospect says “yes” to your request, you will experience an incredible rush. Odds are you will hear “no” more often than “yes,” but the positive feelings you receive from each yes will refuel you.

Making the Call

It may take a few calls to find the most appropriate contact, but once you are speaking with the right person, the process can move quickly. Tips for making calls include:

- *Schedule calls*. Scheduling a time to talk with a representative of a potential funder not only helps you prepare, but shows them you respect their time. No one likes to receive unexpected telephone solicitations. Scheduling the call is a courtesy and puts your name on the contact’s calendar. Recruiting calls last, on average, between five and 10 minutes, depending on the interest the contact shows and the questions they ask. Never call a potential funder if you have less than 15 minutes free.
- *Be prepared to make an ask*. Have your core program and funding points in front of you when you make your calls to help you stay focused.
- *Practice the message you will leave on voice mail if the contact is not available*. This is very important. Speak clearly, keep the message brief, and leave your name and phone number *at the beginning of the message* so the recipient does not need to listen to the entire message a second time to retrieve your contact information. Repeat your name and number at the end of your message.
- *Be mindful of your listener*. Make sure that your contact has time to talk before you start your explanation. This may present the opportunity to formally schedule the call for a later date, when the contact is more inclined to give their undivided attention. At the beginning of your conversation, ask your contact if they are familiar with tobacco prevention and cessation policy initiatives and adjust your core points accordingly.
- *Use a conversational tone*. Do not read directly from your core points. Explain your program briefly in simple terms. You can fill in the details later.
- *Show your enthusiasm*. Convey your excitement about the opportunity to work with the prospect you are calling. Smile when you are talking. It will make your voice sound happy, making the funder more inclined to listen.
- *Mention any direct connection you have to the funder*. If your contact has agreed to it, mention your connection by name. This may put the funder at ease and make for a more pleasant conversation.

Tip: Leaving a Voice Mail Message

If you think the likelihood of your contact calling you back is low, think about how much information you leave on a voice mail message. Consider leaving just your name and number without a lot of details concerning why you are calling. This may prompt them to call you for more information.

Making the Ask

Cultivating donors is a very dynamic process. It is difficult to predict the exact point at which you will make the specific ask for funding. Intuition plays a large role. Here are a couple of tips to guide you:

- Do not mention money until you feel you have "sold" a prospect on your program. Having allayed their concerns, the prospect should seem genuinely interested in investing in your success. Be wary of prospects who ask you "how much?" early in the process because they often are looking for an easy way out: "Sorry, too rich for my blood."
- Avoid making the ask on the phone or in writing. It is much more difficult to say no in person.

In our culture, talking about money is often taboo. But in fundraising, there is no way around it. One of the biggest mistakes a fundraiser can make is not asking for a specific amount. Below are the steps to making the ask:

- Look the prospect in the eye.
- Calmly and confidently ask for a **specific** amount or range (e.g., $2,500 or a range such as $2,500 to $5,000) so that the prospect can make a decision within a context.
- Do not say anything else until you have given the prospect time to respond.
- If the prospect says that they are interested but the amount you quoted is too high, ask them what they would be comfortable giving.
- If the prospect is not ready to make a firm commitment, ask for guidance as to when it might be appropriate for you to check back.

Tip: When a prospect says "no"

- Remember that it is not about you. A potential funder is saying "no" to your program/project/event—not to you as a person.
- If you receive a response in person or by phone, you may still receive a form letter. The letter is the official company response to your request.
- If a corporation that you would like to fund your coalition declines, keep the contact information on file. There may be an opportunity to approach it in the future.
- Look for opportunities to turn a "no" into a "yes." The key to a "no" follow-up conversation is to first indicate that you have heard the initial "no" and thank the company for considering your request before exploring other opportunities to work together. When a corporation declines to fund your program, it will usually provide an explanation (e.g., it has already made funding decisions for the year). Once you acknowledge the company's answer and thank it for considering your request, you can decide whether or not to gently probe the explanation.

Writing the Proposal

In today's competitive fundraising environment, it is important to develop a compelling funding proposal that effectively and concisely describes a problem in your community, your strategy and capability to address the problem, and how funds will be used if secured. A few key points to remember:

- *Be concise*. Your goal is to paint a compelling picture that engages and guides the grant reviewer through your proposal. Too frequently, grant writers feel the need to include everything they know about the general topic.
- *Avoid jargon and acronyms*. Assume that a prospective funder knows nothing about the issue or your TPC project.
- *Grantmakers receive far more requests than they can fund*. It is incumbent upon you to draw the parallels between your program and the grantmaker's funding priorities.
- *The proposal should be engaging and easy to read*. Use bullets and other formatting tools to highlight key points. If appropriate, use charts for data rather than long, wordy descriptions.
- *The tone should be confident, not desperate*.
- *Ensure that the nature of the proposal matches the budget and the request for funds*.
- *Employ a rigorous review process*. Ideally, a proposal should be reviewed by:
    - A colleague who can ensure that it is an accurate depiction of the program and provide substantive feedback
    - Someone not directly involved in the program who can ensure that it is clear and compelling
    - A copy editor to prevent any grammatical errors and ensure clear, crisp writing

To help you develop your proposal, refer to the Elements of a Proposal section of this toolkit and Appendix R: Proposal Checklist Worksheet, for tools and guidance on developing proposals.

Preparing Your Approach

The most important step in corporate fundraising is to find the best person in the company to approach. You should expect to make more than one phone call to a company to reach the best contact. Getting your foot in the door is sometimes the hardest part of fundraising.

If you have a personal connection, call your contact and discuss possible opportunities for funding or for guidance on how to approach the potential funder. Ask your contact to make an introductory phone call.

If you do not have a personal connection to a business that you are targeting, it is better to make a cold call than to send an unsolicited request. Contact the business and ask to speak to the appropriate person to discuss funding opportunities.

Regardless of how you get connected to the business, whether it is through your personal connection or a cold call, make sure you are prepared before making the call or setting up a meeting.

The goal is to find a decision-maker. Possible entry points include:

- Network
- Chief executive officer
- Chief financial officer
- Community relations department
- Corporate relations department
- Public relations department
- Human resources department
- Owner
- General manager

There are several individuals within an organization who can be targeted about funding your coalition; however, it is important to tailor your message for whomever you are approaching. Below is a list of various people and departments you can contact and the messages you will want to convey regarding their participation.

- *CEO/CFO/COO*: These executives are responsible for the overall management and expenditures of a corporation. Messages should align with the company's overall business mission and message. Executives will want to understand how funding your coalition will aid in achieving the company's financial and long-term goals.
- *Marketing director*: The marketing director is responsible for improving a corporation's sales strategy and maintaining a corporation's image to consumers. Messages should be tailored to show how a corporation's brand reputation will benefit from funding tobacco policy change initiatives.
- *Community/public affairs*: The community or public affairs department is responsible for a company's community involvement activities. This includes handling a company's media

relations and ensuring the company receives positive press. Emphasize the importance of your work to the community as a whole, and if applicable, to the company's employees.

Once you have determined the appropriate person to contact regarding funding opportunities, follow these steps to approach them and make the ask.

Step 1: Review research.

Funders will want to see that you have done the necessary background research on them when you call. As opposed to foundations or government agencies, your ability to research a company's business plan will be limited because of its proprietary nature. You do not have to pretend that you have this type of information. Corporate executives who have an initial interest will educate you about their needs to see if you can help them meet these needs.

Step 2: Prepare.

Prepare to do the following during your first contact:
- Determine the right corporate contact.
- Outline why your TPC project is a good match for the funder.
- Gather additional information to guide you in your cultivation effort and proposal development.
- Set up a face-to-face meeting.

Step 3: Rehearse.

You will have a limited amount of time to state your case and ask questions. Based on your research, tailor your discussion to the company's interests. Specifically consider the following issues:
- Program – Will you be pitching the entire program or a specific project?
- Bottom line – How can your project improve the company's profits?
- Publicity – What type of acknowledgement opportunities would you provide?
- Grant size – How much do you need?

Step 4: Make the call.

When calling:
- Introduce yourself and your organization.
- Mention any personal connection you have to the company.
- Provide some background information on *Tobacco Policy Change.*
- Ask questions you have about the company's interests as well as the proposal process.
- Ask for a face-to-face meeting.

Step 5: Listen!

Funders will often give you guidance—all you need to do is ask. Information that may be gleaned includes:

- The funder's business plan and funding priorities
- How to refine your proposal so that it better meets the funder's interests
- The funder's requirements and review procedures
- Additional funding prospects
- Timeline for making a decision

Step 6: Be persistent.

If your first call is not returned, keep trying.

Step 7: Send a letter.

The letter should contain some basic information about your TPC project and a request for a meeting if you are unable to reach anyone on the phone after repeated attempts. This should be your last alternative.

Meeting

The goals of meeting with a potential funder are:
- Building interest in supporting your project
- Making a formal request or being invited to submit a proposal
- Receiving guidance on the proposal or next steps

Be prepared for the meeting by repeating the steps you took to prepare for the phone call. Sometimes, funders will give you an opportunity to make a presentation about your project. At other times, funders will guide the process by asking a series of questions. Be prepared for either.

You should open the conversation with a discussion of the merits of your project and how it connects to the interests of the funder. Then, using the information you have gathered from your research, learn more about the interests of the funder; the funding request process, including format of the proposal (e.g., letter, application or formal proposal); and the details to be included in a formal request.

In addition, you should consider who, if anyone, will attend the meeting with you. The main consideration is that each attendee should have a specific role to play at the meeting. For example, you may bring the person who is your connection to the funder. Such a person could offer you credibility while helping elicit advice. You do not want to bring too many people or you may overwhelm the funder and miss an important opportunity for an in-depth conversation.

Do not let the meeting end before you have an opportunity to clarify next steps. Ultimately, the goal is to be invited to submit a request.

Remember: In a competitive fundraising environment, it is up to you to draw the parallels between the funder's interests and the specifics of your TPC project. Be sure to:

- Review your research about the corporation's giving interests.
- Tailor your conversation to the funder's interests.
- Talk about acknowledgement opportunities if you suspect a corporation may be more interested in opportunities for good publicity than in the details of your project.

Proposals

Compared to foundations or government agencies, corporate prospects typically do not require extensive proposals. They prefer a one- to two-page summary of the project that highlights benefits to the company.

Follow-up

To successfully engage corporations in your fundraising efforts, you will need to be committed to following up. It is important to follow up with prospective funders after each interaction. Do not wait for a corporation to initiate the follow-up. Keeping in touch with funders and moving the relationship process forward is *your* responsibility.

Tips for follow-up:

- *Send a thank you note*. If you talk to a funding contact by phone or meet in person, be sure to send a formal thank you letter (See Appendix Q: Template Thank You Letter) along with follow-up materials, if applicable. Other thank you tips include:
    - Send a thank you letter as soon as possible (within two days). The letter can be short. A brief paragraph is appropriate.
    - If the follow-up information will take longer than two days to prepare, send the thank you letter separately and indicate in the letter that additional information will be arriving soon.
    - If you attend a meeting with multiple people, send a thank you letter with the follow-up materials to your primary contact and short thank you letters to the other meeting attendees.
    - Once a business relationship has been established, handwritten thank you notes or e-mails are acceptable.
- *Customize follow-up materials*. Use the information that you gathered from your conversation or meeting to customize follow-up materials. For example, if a corporation expressed interest, be sure to reference it in your follow-up materials.
- *Confirm receipt of correspondence and materials*. This is a professional courtesy. You can leave a voice mail message, send an e-mail or speak with your contact's assistant.
- *Establish a rapport with your contact's assistant or secretary*. Assistants are often gatekeepers for corporate leaders. Be sure to learn the name of your contact's assistant and be cordial when you call. An assistant can help keep your grant on the boss's radar screen.

Stewardship

Once a corporation commits to funding a program, it becomes invested in its success. By continuing to build upon your relationship with the funder over the course of the grant, you:

- Increase your chances for the funder renewing the grant
- Position your organization for new funding opportunities from the funder
- Expand the network of people you can ask to utilize their personal contacts to assist your fundraising efforts

Tip: Building a Relationship with Your Donors

Try to deepen the funder's interest in your project by sending updates on your efforts, showing that you are using their money effectively, and inviting them to any appropriate events. For example, if an elected official holds a press conference to promote tobacco prevention and cessation policy initiatives, call your major donors and invite them to attend.

Tip: Saying Thank You

The first step of stewardship is thanking people for their support (of money or time). Here are some suggestions for saying thank you. It would be appropriate to choose several from this list:

- Call to thank individuals responsible for the grant.
- Send a personal thank you note.
- Inform the person who helped you make the connection so they also can thank the funder.
- Issue a press release.
- Include a mention of the funder in communication materials (e.g., newsletter, annual report).
- Invite them to attend local events.
- Send them materials you have developed and seek their input.
- Fulfill any acknowledgement offers discussed during your conversations, such as mention on program materials.
- Send something special (like homemade baked goods).

MEETING THE MATCH: FOUNDATIONS

Background

It is easy for a passionate grant seeker to be a bit biased when it comes to his or her project. You think yours is the most important project and feel that everyone should agree. If this is the case, you should take a minute to put yourself in a foundation program officer or board member's position. Needs are greater than ever, funds available for awards have decreased, your staff size has been trimmed, and you receive many more proposals than you could possibly fund. Foundations look for funding requests that:

- Rigidly adhere to the foundation's giving priorities (Grantees should highlight how their TPC project falls squarely within the guidelines.)
- Fall within the range of grant awards
- Provide a funder with confidence that the program is sustainable over time
- Demonstrate that the grant seeker is focused on return on investment of foundation dollars and is prepared to rigorously evaluate outcomes
- Describe a TPC project that will feasibly address a significant problem
- Come from organizations with which the foundation has some relationship so it feels confident about your abilities to use foundation dollars effectively

Another consideration for TPC grantees is whether a potential funder prefers to have some sort of "ownership" over a project. Having received the RWJF grant gives TPC grantees tremendous credibility in the eyes of potential funders. But while some foundations will find contributing matching funds appealing, others will not complete funding projects that other funders have initiated. In the case of the latter, you will need to carefully consider how to pitch your project. For example, you may frame the project as an expansion of your current activities.

Preparing Your Approach

If you have a personal connection, call your contact and discuss possible opportunities for funding or for guidance on how to approach the potential funder. In some cases, your contact will be able to move the process along, and in others, they will only be able to get you in the door.

If you do not have a personal connection to a potential funder, it is better to make a cold call than to send an unsolicited grant request. Contact the funder and ask to speak to a project manager, preferably the one who manages health-related projects, to discuss funding opportunities.

Regardless of how you get connected to the funder, whether it is through your personal connection or a cold call, make sure you are prepared before making the call or setting up a meeting.

Once you have determined the appropriate person to contact regarding funding opportunities, follow these steps to approach them and make the ask.

Step 1: Review research.

Funders will want to see that you have done the necessary background research on them when you call.

Step 2: Prepare.

Be prepared to do the following during your first contact:

- Raise awareness of your organization.
- Outline how your TPC project is a good match for the funder.
- Gather additional information to guide you in your cultivation effort and proposal development.
- Set up a face-to-face meeting.

Step 3: Rehearse.

You will have a limited amount of time to state your case and ask questions. Be prepared to have an in-depth discussion about the program (review the <u>Preparing Your Approach</u> section). Based on your research, tailor your discussion to the grantmaker's interests. Specifically, consider the following issues:

- Program – Decide if you will be pitching the entire program or a specific TPC project.
- Grant size – Determine how much you will be asking for from this donor in the event that they ask you during the initial conversation.

Step 4: Make the call.

When calling:

- Introduce yourself and your organization.
- Mention any personal connection you have with the foundation.
- Provide some background information on TPC.
- Ask questions you have about the funder's guidelines and interests as well as the proposal process.
- Ask for a face-to-face meeting.
- Ask if you can submit a proposal if the funder prefers to review a proposal or letter of intent prior to meeting with a prospective grantee, and be specific about your project and the amount of support you will be requesting.

Step 5: Listen!

Funders will often give you guidance on how to be a successful grant seeker—all you need to do is ask. Information that may be gleaned includes:

- How to refine your proposal so that it better meets the funder's interests
- The funder's requirements and review procedures
- Additional funding prospects

Step 6: Be persistent.

If your first call is not returned, keep trying.

Step 7: Send a letter.

A letter of intent should only be sent if you are unable to reach anyone on the phone after repeated attempts.

Meeting

The goals of meeting with a potential funder are:
- Building interest in supporting your project
- Being invited to submit a proposal
- Receiving guidance on the proposal or next steps

Be prepared for the meeting by repeating the steps you took to prepare for the phone call. Sometimes, funders will give you an opportunity to make a presentation about your project. At other times, funders will guide the process by asking a series of questions. Be prepared for either.

You should open the conversation with a discussion of the merits of your project and how it connects to the interests of the funder. Then, using the information you have gathered from your research, confirm the interests of the funder; the funding request process, including format of the proposal (e.g., letter, application or formal proposal); and the details to be included in the formal request.

In addition, you should consider who, if anyone, will attend the meeting with you. The main consideration is that each attendee should have a specific role to play at the meeting. For example, you may bring the person who is your connection to the funder. Such a person could offer you credibility while helping to elicit advice. You do not want to bring too many people or you may overwhelm the funder and miss an important opportunity for an in-depth conversation.

Do not let the meeting end before you have an opportunity to clarify next steps. Ultimately, the goal is to be invited to submit a proposal.

Proposals

In the current funding environment, it is important to make your proposal match the foundation's interests and guidelines. While you may already have developed a standard proposal (See the <u>Elements of a Proposal</u> section), take time to tailor the proposal to each foundation. Some foundation staff will even work with you in refining a proposal prior to its official submission. When preparing proposals for submission, be sure to:
- Adjust proposal language to match the foundation's interests and terminology.
- Draw parallels between your program and the foundation's interests.
- Make sure that you are following guidelines and any verbal instructions.

- Submit the proposal prior to the official deadline.
- Send the proposal by regular mail unless otherwise instructed. (Foundation staff are not impressed by costly overnight postage or messengers.)

Funders in several states or regions have worked together to adopt a standardized format for funding requests as a time-saving measure for both grant seeker and grantmaker. You should check to see if such a format exists in your region. If so, check to see that the funder you are approaching accepts the common grant application. Information about areas that have adopted common grant applications can be found at the following web sites:

- Associated Grantmakers of Massachusetts (*www.agmconnect.org*)
- Association of Baltimore Area Grantmakers (*www.abagmd.org*)
- Connecticut Council for Philanthropy (*www.ctphilanthropy.org*)
- Council of Michigan Foundations (*www.cmif.org*)
- Delaware Valley Grantmakers (*www.dvg.org*)
- Donors Forum of Chicago (*www.donorsforum.org*)
- Minnesota Common Grant Application Form (*www.mcf.org/mcf/grant/applicat.htm*)
- National Network of Grantmakers (*www.nng.org/resources/cga.htm*)
- New York/New Jersey Area Common Application Form (*www.nyrag.org/usr_doc/34420.pdf*)
- Rochester Grantmakers Forum (*www.grantmakers.org*)
- Washington Regional Association of Grantmakers (Washington, D.C.) (*www.washingtongrantmakers.org*)
- Wisconsin Common Application Form (*www.dfwonline.org/resources-grantapp.asp*)

Follow-up

After your meeting, send a thank you note promptly. If the funder has requested a proposal or any other information, include it with the thank you note. If it will take you some time to gather the information requested, immediately send a thank you note referencing your plans to follow up on any specific requests or suggestions the funder made.

Once you have submitted your request, wait seven to 10 business days. If you have not heard from the funder, call to ensure your materials were received and ask if you can answer any questions. You may suggest a site visit if appropriate. This serves to keep the dialogue going and allows the funder to see your work first hand.

As the review process continues, touch base with the funder to provide updates on your efforts and check the status of the request. You will have to use your judgment about how frequently to call. You may also consider using any contacts that may have a relationship with the foundation's board members. If you have been working with staff, be sure to let them know if you or your network will be contacting a board member.

Include the funder on your mailing list for progress reports, newsletters and press materials.

Stewardship

Once a funder commits to funding a program, it becomes invested in its success. By continuing to build upon your relationship with the funder over the course of the grant, you:

- Increase your chances that the funder will renew the grant
- Position your organization for new funding opportunities from the funder
- Expand the network of people you can ask to utilize their personal contacts to assist your fundraising efforts

The first step is to thank the funder for its support. You should choose several options from this list:

- Call to thank the individuals who are responsible for the grant.
- Send a personal thank you note.
- Inform the person who helped you make the connection so they also can thank the funder.
- Issue a press release with language that is reviewed and approved by the funder.
- Include mention of the funder in communication materials (e.g., newsletter, annual report).
- Fulfill any acknowledgement offers discussed during your conversations, such as mention on program materials.

The next step is to fulfill any reporting requirements in a thorough and timely manner. Regardless of whether a funder requires any formal reports, maintain a dialogue about the progress of the program. From your conversations with the funder, you will have a sense of the amount and type of information in which it is interested. For example, some funders may be interested in the numbers of children and families helped by the program, while others may have a greater interest in the details of the program to see if it can be replicated. Some funders may enjoy being on the recipient list for press releases, while others may prefer periodic calls or letters summarizing your progress.

Most importantly, be a good steward of the investment. Use the funds as described in your proposal. If there are any significant programmatic changes, be sure to inform the funder.

Remember, your RWJF grant monies cannot be used in lobbying. Please be aware of the distinction between asking an elected official to support a specific piece of legislation, which would constitute lobbying, versus educating an elected official about your efforts. In addition, requests for line-item appropriations constitute lobbying.

Preparing Your Approach

Garnering Community Support

It is imperative that you garner community support for your cause because the priority of elected officials and government agencies is to serve the citizens of the community. Hold meetings with influential community members and decision-makers who are concerned with the issue of the uninsured to generate support for your cause. Look for individuals or groups from academic, political, health, professional or lay organizations in the community who may be willing to write letters of support describing why they believe your project is worthwhile and why your organization is best equipped to implement the program. Including multiple letters of support in your grant proposal can prove persuasive to a grantor agency, keeping in mind that the type and caliber of support is critical during the review phase.

Elected Officials

You should educate officials about the successes to date of the program and the importance of your continued efforts.
- Take some time to learn about the nature of the problem of the uninsured within the elected official's district. For example, does a state legislator's district have a large Spanish-speaking population that would benefit from outreach materials in Spanish?
- Inform elected officials about the community support for tobacco prevention and cessation policy initiatives.

If appropriate, invite elected officials to visit enrollment sites or events. By cultivating relationships with elected officials, you may:
- Find an ally who will help identify existing grants
- Find a champion who will connect you to key donors in the community
- Increase the chances that they will choose to champion tobacco prevention and cessation policy initiatives funding issues
- Generate publicity for your programs

Grantor Agencies

Once you have identified your target agency, the next step is to get to know the key players within the agency who will ultimately decide the fate of your proposal. A pre-application meeting is a good time for you to make a personal contact. Face-to-face meetings with the examining agency/official are important. They not only help you develop a relationship, but give you the opportunity to discuss essential details about the proposal and ask for suggestions, criticisms and advice about the proposed project. The agency should be familiar with you and your organization long before it receives your final proposal.

Suggested Talking Points

- Highlight the program's ability to stretch state dollars. Because, in most cases, *Tobacco Policy Change* programs are funded from multiple outlets, the addition of state monies only helps to broaden the reach of an already well-respected and effective program.
- Highlight the program's impact on the community. The tobacco industry has targeted and exploited a number of communities. *Tobacco Policy Change* efforts aim to strengthen tobacco control policy to protect those most vulnerable and most affected by tobacco use and exposure.
- Highlight the cost savings. Tobacco-related illness translates into missed work and decreased productivity, as well as increased costs for providing care to uninsured families.
- Highlight the lives saved. Effective tobacco policy has been shown to reduce youth and adult tobacco use which translates into more and more lives saved.

Proposals

For government grants, most proposals are submitted in response to a request for proposal (RFP) from a potential grantor agency. The majority of states do not have a central clearinghouse for RFPs. In many cases, you will need to contact the agencies directly for information about open requests. As mentioned previously, once you have made contact with agency personnel, it is also a good idea to have your program placed on the list of organizations that will receive any future RFP requests.

Though the application process varies by agency, you should always be sure to follow all directions, include all requested documentation and submit your proposal on time. It is recommended that you use your agency contact as a resource long before you submit the final proposal. This way, you will be sure that you have included all of the necessary information before your proposal is sent to committee.

Follow-Up

Once you have submitted your proposal, follow up with your agency contact after two weeks regarding the review process and approximate timeline. Check in periodically and update your contact with any pertinent information such as funding updates.

Stewardship

As noted in previous sections, once you secure funding, your funding source becomes invested in the success of the program. Government grants are no different.

Elected Officials

Continue to nurture your relationships with elected officials by informing them of the progress of your program and newly identified needs. It will remind them of the importance of addressing the issue of children, families and the community at large and help build your relationship, which could lead to other funding opportunities through their contacts.

Grantor Agencies

Stewardship is particularly important when it comes to taxpayer dollars. Once you have been awarded the grant, the next step is to understand how you will be required to report on the progress of the program and the use of government funds. As mentioned above, extensive record keeping is a must when dealing with government grants. Both fiscal and programmatic data are reported on a regular basis. Additionally, you may be audited at any time to determine how you are spending the government funds. Recipients of government funds should clearly understand every aspect of their grant or contract. Noncompliance with grant requirements could result in legal action, including revocation of an organization's tax-exempt status. And lastly, if there are any changes to the program, be sure to alert the funding agency immediately.

Meeting the Match: Major Individual Donors

Preparing Your Approach

Once you have narrowed your prospect list to top targets, the next step is to prepare for and schedule a face-to-face meeting. It is helpful to have the introduction made by someone in your network. If you do not have a direct connection to a potential major donor, first consider ways you can establish one. If you find that even after networking you cannot find a connection, you may want to consider waiting to approach that individual until a connection can be established.

When you make the initial call, refer to your mutual acquaintance, give a very brief overview of your project, ask for a meeting and stress that you will take only 30 minutes of their time. Remember, your goal is a face-to-face meeting. When calling remember to:

- Make calls when you are in a positive, upbeat mood to ensure that you are conveying enthusiasm and confidence.
- Call mid-morning or mid-afternoon, not first thing in the morning or at lunchtime.

Securing the meeting means the prospect is willing to entertain your request. The goal of the meeting is to move the prospect from "maybe" to "yes." The cultivation process may require one meeting or several meetings and conversations before you actually make the ask for a gift. You should be prepared to make the ask in the first meeting. Prepare for the meeting by:

- Reviewing prospect research
- Asking your contacts for background information on your prospective donor
- Rehearsing the ask
- Deciding the size of donation to request

Making the Ask

In the meeting, you will:

- Provide compelling information on program and financial needs.
  - Avoid jargon.
  - Use quantitative and qualitative information (e.g., the numbers of individuals affected in your region and the positive impact of tobacco prevention and cessation policy initiatives).
- Try to connect your efforts with what you know of the prospect's values and interests.
- Ask for the prospect's input and **listen** carefully.
- Respond to any concerns they may have.
- If the conversation veers off on a tangent, entertain the tangent to a point then bring the conversation back to financial needs.
- Be enthusiastic and confident.

You will have to use your intuition and judgment about when to make the ask. As soon as you sense that you have their interest and that you have allayed any significant doubts, you should make your request. One thing is certain: do not defer making the ask by offering to send a proposal. Making a direct ask in person is the most effective fundraising method. Keep in mind that they know you are meeting with them to raise money, so they are expecting you to make an ask. In addition, developing a proposal will only unnecessarily add to your already significant workload.

After the meeting, immediately send a thank you note, being careful to reference any questions they had or any pledge they made. Once the donation is received, send another thank you note.

Stewardship

Identifying and recruiting a new donor is the most difficult part of the fundraising process. Nurturing the relationship with the donor provides important benefits. By continuing to build upon your relationship with an individual donor, you:

- Increase the chances that the donor will provide additional and possibly larger contributions in future years
- Expand the network of people you can ask to utilize their personal contacts to assist in your fundraising efforts

Do not hesitate to thank them several times and in several ways. For example, you may choose several options from this list:

- Personally call and thank the donor.
- Send a personal thank you note.
- Inform the people who helped you make the connection and encourage them to thank the donor.
- Issue a press release with language that is reviewed and approved by the donor.
- Include mention of the donor in communication materials (e.g., newsletter, annual report).
- Fulfill any acknowledgement offers discussed during the cultivation process.
- Offer a small personal gift (e.g., homemade baked goods).

Tip: Building a Relationship with Your Donors

Try to deepen the funder's interest in your TPC project by sending updates on your efforts, showing that you are using their money effectively, and inviting them to any appropriate events. For example, if an elected official holds a press conference to promote tobacco prevention and cessation policy initiatives, call your major donors and invite them to attend.

MEETING THE MATCH: EVENTS

Even though other types of individual fundraising have been discussed previously, this section will only cover special events, since grantees are more likely to benefit from this technique compared to other individual donor strategies. Keep in mind, though, that given how quickly you need to raise matching funds, in most cases you will be more successful at meeting your match if you attempt to raise large contributions from a few funding sources rather than amassing moderate or small contributions from a much larger constituency. You may only want to consider holding a fundraising event if you are close to reaching your goal and need a new source for obtaining the last piece of your match.

The event components outlined below are for large events, but the concepts will hold true for smaller events. For example, if you have an individual hosting a fundraiser for you, that person should be responsible for raising the money for the event. Do not fall into the trap of partnering with someone who merely wants to provide the use of his or her home without doing the fundraising.

Event Committee

"People give to people" is the rule that is central to special event fundraising. Fancy invitations, fabulous locations and celebrities are NOT draws. While these details should be done nicely, they very rarely sell tickets.

It does not matter how wonderful a mailing list someone gives you, you will only receive a 1 percent response from the mailing of invitations to a list of prospective donors who do not have a direct connection to you or your organization. If you make follow-up calls to this list, you may be able to increase the response rate to 2 percent. The bottom line is you need to develop an event committee whose primary role is to sell tickets to their personal and professional networks. A committee member will get a 30 to 50 percent positive response when reaching out to their personal network.

Everyone on the committee should receive the same assignment—selling a minimum number of invitations. It is very important that every committee member feels they have to meet the same expectations.

To develop a committee, look first to those individuals who have a direct relationship to you or your organization, such as board members, coalition members, corporate partners, employees, previous donors, personal contacts, volunteers and vendors. To expand your reach as widely as possible, try to make sure that your committee is comprised of a diverse group of people who have personal and professional connections in different communities.

You will need to educate, guide and encourage your committee members throughout the planning process.

- Provide the committee with talking points about your organization's mission, programmatic goals, financial needs and successes.

- Guide them on potential prospects they can reach. For example, if you recruit a company executive, encourage them to reach out not only to their personal network, but also their professional network, including the company's vendors. Once a member solicits his or her personal list, share with them other prospect lists you have to see if they may be able to expand upon their own list.
- Suggest ways they can solicit. It is your role to educate committee members that the most effective methods of fundraising—both in terms of response rate and dollar amount—are: bullets below are not consistent with others in the document:
    - Face-to-face solicitation
    - Personal letter on personal stationery followed by a phone call
    - Phone call alone

  Each committee member should include a personal note in the invitations to their personal list. At a minimum, they should include a business card with "Hope you can make it" written on it. Once the invitations are mailed, each committee member should personally call each person on their list to ask them to attend.
- Check in with committee members weekly for status reports on their efforts and to provide encouragement. If you feel like you are pestering the committee members, remember that you do have reasons to call, such as needing to give the caterer a head count or needing donors' names for the program. More importantly, you want to encourage your committee members to collect the pledges prior to the event because it is very difficult to follow up on pledges afterwards, particularly if the person who makes the pledge does not attend.
- After the event, make sure each committee member knows who attended because of their efforts and whether they contributed. This allows the committee member to thank attendees personally and encourages them to help you collect the pledge.

How many committee members do you need? First, decide what your fundraising goal and ticket price for the event are. Divide the goal by the ticket price to determine how many tickets need to be sold. Assume that each committee member will deliver only 40 percent of their commitment (e.g., if they agree to sell 10 tickets, expect that they will sell only four). Divide the number of tickets by this realistic projection to determine how many committee members you will need. For example, if you have a goal of raising $25,000 and the ticket price is $250, you need to sell 100 tickets. If each committee member is asked to sell 10 tickets, you should budget for them selling four. One hundred divided by four is 25, so you will need 25 committee members to reach your goal. Of course, you should not share these projections with your committee members since they may not appreciate the seemingly cynical but realistic 40 percent estimate.

Tiered Events

It is easier to reach your goal if you develop tiered sponsorships in addition to the individual ticket price. For example, for your $25,000 event, you may have the following structure:

Gold	$5,000
Silver	$2,500
Bronze	$1,000
Tickets	$250

Assuming you found one sponsor at the Gold level ($5,000), one at the Silver level ($2,500) and two at the Bronze level ($2,000), your committee would need to raise $15,500.

Keep in mind that sponsors should be:

- Recruited prior to the printing of the invitation, so you have the option of including their names on the invitation
- Given several tickets for the event and, if applicable, receive priority seating
- Thanked in the printed program for the event and during the speaking program
- Invited to serve on the event committee (Often, top sponsors feel invested in the success of the event and may sell tickets over and above their contribution.)
- Presented with a list of benefits they will receive based on the size of their gift (Sponsorships may be attractive to major donor prospects who are motivated by public acknowledgement of their gift.)

Staffing

Staff will be responsible for:

- Event logistics
- Supporting and monitoring the committee's fundraising efforts
- Selling tickets
- Maintaining lists
- Designing, printing and mailing invitations
- Sending thank you notes to donors
- Organizing the speaking portion of the event
- Seating assignments, if applicable
- Registration at the event
- Ensuring that the event stays within budget

You may consider hiring a special events consultant who can help you avoid costly mistakes with your logistics and motivate host committee members.

Budget

Budgets for events can range from 8 percent of the gross (which would be bare bones and probably include in-kind donations) to 50 percent of the gross. Remember, it can take five years for events to reach their full potential, so your net may be much smaller in the first year. A good rule of thumb is to keep direct costs (not including staff/consultant time) to 15 to 25 percent of the gross. For your $25,000 event, the budget will be between $3,750 and $6,250 for printing, postage, catering and entertainment.

Expenses to anticipate include: site rental, catering, audio/visual, entertainment, decorations, graphic design, printing, postage, and possibly a special events consultant. To be safe, add a 20 percent contingency fee to cover any unanticipated costs.

A few tricks to keeping budgets under control:
- If a prospect says, “maybe I’ll come,” they won’t, so do not include them in your firm head count for the caterer.
- If a committee member tells you that they do not know whether someone is coming, assume that they are not coming and do not include them in your firm head count for the caterer.
- Give the caterer a guarantee that is 10 percent less than your firm head count. For example, if you think you will have 100 people, guarantee 90 with the caterer. There will always be no shows and experienced caterers always prepare a little extra food.

Printed Materials

Some organizations go to great lengths to develop elaborate invitations. While this is a nice luxury, it is by no means a necessity.

That being said, it is helpful to provide written details about the event. Depending on your budget, you can hire a designer and printer or develop the invitation in-house on a desktop computer. Some organizations forego printed materials altogether and rely on electronic invitations. This is by far the cheapest alternative if you have access to e-mail addresses. Regardless of the design, the invitation should include:
- Name of organization
- Time, date and location of event
- Ticket price
- RSVP information
- Brief information on your organization
- Host committee list
- Sponsors (optional)
- Response card that asks for the number of people attending, and their names, addresses and phone numbers (This information is useful for pledge follow-up as well as for your database.)
- Response envelope

- A note certifying that your organization is a 501(c)(3) organization and that contributions are tax deductible to the full extent allowed by law

Determine the number of invitations you will need by adding together the names on your list and making an allowance for each host committee member (e.g., if committee members are responsible for 10 tickets, assume they will need 20 to 25 invitations). If you are sending your invitations to a printer, order more than you think you will need because you invariably will run out if you are too conservative.

One money-saving tip is to ask the printer who prints all of your organization's materials if they will give you a discount on printing the invitations. At the minimum, ask your printer (and each of your vendors) to buy a few tickets to the event.

Speaking Program

The event will be your opportunity to connect with new donors as well as keep established donors energized about your cause. You should carefully strategize about what messages you want to deliver during your speaking program and who is best able to deliver them. Remember that the donors are there to enjoy themselves, so try to keep the speaking portion short. Each speaker's presentation should be a maximum of two to three minutes.

Timeline

Depending upon the nature of your event, the lead time needed to plan and execute a successful event will range from three months to one year. See Appendix V: Event Planning Timeline.

CREATING FINANCIAL SUSTAINABILITY: SECURING YOUR ORGANIZATION'S FUTURE

Creating a sustainable base of funding for your program requires attention to the three necessary components of any successful fundraising initiative: relationships, vision and delivery. Each of these is a necessary element in creating successful, sustainable fundraising efforts. *Tobacco Policy Change* grantees must cultivate and maintain relationships with funders, prospective funders and target communities. These relationships bear financial fruit when they include a compelling vision of organizational service. Finally, TPC grantees must fulfill their goals as presented to the funder and maintain a good relationship with each funder to be successful.

This section reviews key components in each of these three areas and outlines important considerations for creating sustainable fundraising programs. Appendix W: How Are You Doing? Assessing Your Progress While Fundraising provides a rubric for grantees to evaluate their fundraising efforts.

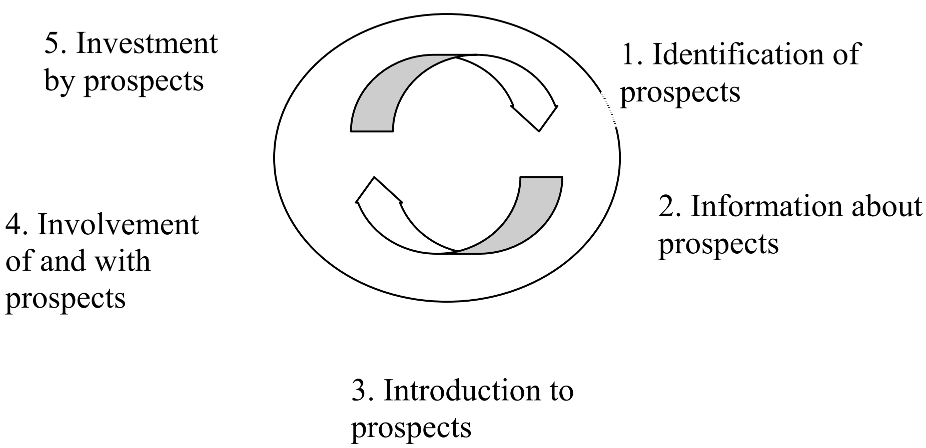
Building and Maintaining Relationships

Understanding and Implementing the Cultivation Cycle

Just as it is imperative to create a strong case to sell programs, it is equally important to undertake *systematic*, sincere cultivation of donors and prospective donors. As outlined in this toolkit, you must identify, and then cultivate, an adequate number of good prospects to ensure financial sustainability. To do so, you will need to follow, and modify as appropriate, a written fundraising plan. Implementation of your fundraising plan will require the allocation of staff and leadership time to attend to donors, and rigorous scheduling, tracking and evaluation of all donor contacts. There are no shortcuts for the process.

Originally developed by the endowment campaign staff at Cornell University, the donor cultivation cycle looks like this:

The Donor Cultivation Cycle



To achieve sustainability, each step of the cycle must be executed with an adequate number of appropriate prospects. The elements of the donor cultivation cycle have been extensively covered in this toolkit, and you will find much help throughout the toolkit in demystifying the process of fundraising. This subsection is designed to help you move confidently toward financial sustainability.

How Much Fundraising Activity Is Enough?

One question that is often asked by people new to fundraising is "How do I know if I'm doing enough to secure the future of my organization?"

Successful fundraisers know that the answer to this question is not to examine timesheets or to-do lists, but rather, to examine whether the organization has sufficient income and future commitments to meet current and future program needs. If you have adequate sources of money and potential funding identified and are in regular contact with decision-makers building good relationships, you are well on your way to "doing enough." If not, you will want to invest more of your time in fundraising. Generally speaking, you should plan to invest 20 percent or more of your time in fundraising (more if you are near your match requirement deadline). This could mean spending two hours each day on fundraising, or it could mean one full day a week, or one week a month. Your own work style will determine which allocation of time is most productive for you.

Remember, however, that this time must actually be invested in networking and cultivating donors and prospects. There is an old "Peanuts" cartoon in which Linus solemnly informs Lucy that "Worrying about your math homework isn't the same thing as doing your math homework." So it is with fundraising. There is no substitute for actually networking in your community and making cultivation phone calls and personal appearances.

How Much Do I Need to Raise and How Many Sources Should It Come From?

As you create your long-term fundraising plan, one of the most important pieces of information you will need is an accurate assessment of how much money you will need to raise. For a long-term plan, you should spend some time thinking about long-term financial need. What can you do now that will help diversify your organization's funds and allow for you to continue your efforts in tobacco policy advocacy?

> **Tip**
> If you are lucky enough to have met your match from one funding source—congratulations! However, you will want to keep cultivating donors so that you can diversify your funding portfolio and ensure long-term success.

Once you have established a fundraising goal, based both on your needs and your best assessment of your potential prospects' giving ability, you will be ready to move to the next step: determining how many sources you will need to approach to raise this money. There are trade-offs here that you will want to consider.

For example, a single generous gift, which helps you meet your entire budget goal, may be easier to raise and may drastically reduce the amount of time you need to spend raising money. The downside of this is that, if this gift is not renewed, you may find your entire program imperiled. Meeting your budget via many smaller gifts may provide greater long-term stability and security, but will increase the amount of time you spend cultivating donors. Each of these scenarios has positives and negatives, and you will, after a careful analysis of your community, be able to judge where you want to fall on this continuum to reap the best return on your investment in fundraising.

Regardless of how you opt to meet your long-term funding goals, you will need to undertake a systematic set of networking activities. Many fundraisers estimate that you will need to identify and cultivate 10 potential prospects for each actual donation. You may want to track this for yourself over time to help you judge how much networking you actually have to do.

Ultimately, the payoff for your networking will be new opportunities to authentically involve influential decision-makers in the life of your program. This increased involvement of an enlarging circle of interested and sympathetic prospects can be one of the most rewarding and creative projects you undertake as the leader of your organization. Creating a sustainable revenue stream for your organization will happen when you have involved a sufficient number of the right people in the life of your organization. Luckily, this isn't as grueling as it sounds, and in fact, you may find that it is one of the areas of organizational leadership that is most creative and fun.

Involving Donors and Prospects

Before moving on to new fundraising opportunities, spend some time deepening your relationship with your current funders. Here are a few concrete ideas:

- If you have received significant funds from government sources, you will want to be sure to have more than one champion, whether it is in the governor's mansion, the State House or a state agency. Funding priorities can be volatile, depending on the mood of the electorate, which party is in power and budget issues. It is important to have champions on both sides of the aisle to protect the future of tobacco prevention and cessation policy initiatives and tobacco policy advocacy.
- If you have received significant funds from a hospital or another corporation, build a deep company "bench." In today's business environment, things can change quickly. Your company contact could be promoted, move to another division or leave the company. It is important to build relationships with more than one person in a company to ensure that the company's support of your coalition will continue even if your primary contact changes.
- If you have received significant funds from a foundation, assess whether there is a limit to the number of times it will renew the funding. If there is, spend some time strategizing with the program officer or your main contact about future funding avenues, whether it's developing a new but related project within your organization or enlisting the foundation's help to open doors to other funders.
- If you have received significant funds from an individual, ask the donor if they would be willing to open doors to other funding sources for you. An introduction by someone who has personally invested in your program is a valuable recommendation.

Next, go back to the prospect research you completed. Were there some good prospects that you did not pursue because you did not have the access? Do not wait until you have a budget crisis. Begin cultivating those prospects now that you have the luxury of time.

Vision

Money Follows Vision

Money *always* follows vision, vision never follows money. The biggest challenge you face in building a sustainable fundraising program is finding compelling ways to communicate your vision to donors and prospects. You must create and communicate a strong organizational and program vision. Your mission and program must be compelling, meet critical, unmet needs in the community, and add value to the existing work of other organizations and individuals. You have to tell your story.

In some communities, you may have a more limited pool of funding prospects. In this case, you will need to make your story dynamic, to keep current funders involved and recruit new funders who did not have the interest or means to support your efforts previously.

Delivery

Accurately Assessing Your Progress

A checklist to help you evaluate your ongoing readiness to raise money can be found in Appendix W: How Are You Doing? Assessing Your Progress While Fundraising. You may want to use this tool as a fundraising to-do list or you may want to score yourself periodically on each item and track your progress over time. Fundraising fundamentals have been covered in the list, but you may find that you have additional items to add to customize it.

One of America's most successful fundraisers has the following sign posted in his office:

IF YOU CAN READ THIS,
YOU AREN'T OUT CALLING ON PROSPECTS

Many successful nonprofit leaders keep some kind of symbol in their offices to remind them not to get so caught up in the daily internal demands of running the organization that they forget the daily external demands of leading. Whether you put up a sign in your office or use some other method, to be successful, you must regularly and enthusiastically talk with your donors and prospects.

Providing people with the opportunity to invest in creating a better future for our communities is an incredible gift. While some of the tasks required to successfully raise money are tedious and can seem like drudgery (creating databases and maintaining good files comes to mind), the real joy in fundraising is being able to talk with donors and prospects about our shared vision for a better community.

ELEMENTS OF A PROPOSAL

This section outlines the components of a typical eight- to 10-page proposal. It is merely a guideline. First and foremost, your proposal should be easy to read, follow the required format (e.g., type, spacing, margins, ordering, etc.) and provide a compelling case for why funding is being requested. It is also important to remember that the basic requirements, application forms and procedures vary with each funder. Some funders will request shorter proposals, a letter of inquiry or the completion of an application. In these cases, it should be easy to provide much of the information and language from the proposal you have developed using this guide.

Please note that this outline sometimes refers to the typical number of pages that comprise a particular section. This estimate is based on an eight- to 10-page proposal. The length of each section may differ, depending on the funder's requirements, the focus of the proposal and the total number of pages allowed.

I. Executive Summary

In a grantmaker's eyes, the executive summary is often the most important piece of the proposal. This section will allow reviewers to quickly ascertain if a proposal fits into their giving guidelines and merits a more thorough review. As the writer, your goal is to succinctly summarize the key elements of the proposal while piquing a reviewer's interest.

The executive summary is typically no more than one page in length. It is usually easier to write the summary after completing the entire proposal. The summary includes:

- Problem: A one- to two-paragraph summary of the problem as it relates to your community, state and region

- Solution: A one- to two-paragraph summary of your work plan that includes a brief description of the TPC project, the target audience that it will reach, the location of your offices, the timeline, and a description of your staff

- Organization: A one-paragraph description of your organization, its history, and its capability to manage the request

- Funding request: One paragraph specifically identifying who is making the request, of whom, and in what amount:

    > The ABC Organization is pleased to submit this request to the XYZ Foundation for $100,000 to support our program to develop and distribute a toolkit in Spanish.

    (If another organization or funder has already committed significant funds, you may want to mention this as well.)

II. Statement of Need
The statement of need is the writer's opportunity to persuade the funder that the problem deserves an investment of their grant dollars. This section is typically two pages in length and should succinctly and persuasively:

- Educate the reviewer about the scope of the problem
- Instill a sense of optimism that the problem can be addressed/resolved
- Build confidence in your coalition or organization's ability to address/resolve the problem

To begin writing this section, outline and organize your arguments for (1) the need to address the problem and (2) receiving funds to help remedy this problem.

Next, gather all of the facts and figures needed to describe the scope of the problem, including who is affected, how many are affected, how they are affected, and what the impact is on the larger community. Also, gather evidence that supports your case for how to address the problem, but be selective about what data you include. The evidence should be both quantitative (hard data that describes the extent of the problem) and, if available and appropriate, qualitative (case studies or anecdotes that help to humanize the impact of the problem). Be sure to include data that is tailored to the interests of the funder. For example, if a funder is interested in projects that address the needs of the Hispanic community, be sure to include data on how your project will affect the lives of Hispanics in your community.

Restrict the use of national data or evidence to those times when it is absolutely necessary to back up your case or provide important context. For example, if an organization in another community has successfully implemented a program similar to your project (e.g., outreach to very similar populations), refer to its data as evidence of the project's potential impact.

When developing this section, spend some time playing devil's advocate by trying to anticipate a reviewer's concerns. This will help you ensure that you include information to answer any questions before they arise. For example, if there is another organization in the community doing similar work, be sure to address why your project is different or complementary to that work. Never criticize another organization's efforts. Funders have finite resources and often encourage collaboration between organizations with similar projects. It would be in your best interest to research those possibilities if applicable.

Two criteria that funders use to evaluate proposals are reasonableness and credibility. Can this problem be addressed/resolved? Can your organization make an impact? Make sure the answer to each of these questions is "yes!" by carefully defining the scope of the problem and displaying your expertise on the subject through coherent and concise arguments.

III. Program Plan
The program plan provides details on the elements of your project. It describes your plan to address the problem in your community. The goal of this section is to demonstrate to the funder that your approach is thoughtful, feasible and cost-effective. The main components of this section are:
- Objectives – What do you propose to do?

- Methods and timeline – What are the steps for each area and how long will each one take?
- Staffing – Who will undertake these actions?
- Evaluation – How will you know that you have made a difference?

This section is typically three pages in length.

1. Objectives
Objectives are specific, measurable and feasible. While you may have multiple objectives in your *Tobacco Policy Change* work plan, you should only include in the request those objectives the requested funds are targeted to achieve. Do not include objectives that may only be by-products of your work. In addition, be realistic about objectives. Exaggerating expectations will raise red flags with potential funders and possibly place you in a difficult position when it is time to evaluate the success of your project.

Formatting Tip: It is helpful to bullet or highlight your objectives in a visual way so there is no question about what you will be measuring in order to define success.

2. Methods and Timeline
The methods and timeline section should describe the specific actions (e.g., conducting outreach events) you plan to take, when you plan to take them, and why you chose these courses of action. If the project is ongoing at the time you submit your proposal, or significant research and planning has already taken or will take place, be sure to include a description in relation to how this funding request will be incorporated into the larger plan.

It is important to be thorough and clear about what you intend to do and why because it will justify the budget for the project. You must show that you have been thoughtful about what will be most effectual and cost-effective, in order to make the potential funder confident in your ability to accomplish the work.

Formatting Tip: To create a more credible and reader-friendly proposal, include a chart of your timeline that delineates the projected starting date and completion date for each activity. The timeline should begin with the project start date (i.e., when you intend to begin spending money) and conclude with the project end date. (See Appendix P: Sample Timeline for Proposal.)

3. Staffing
This section describes the roles, responsibilities, expertise and credentials of key staff, consultants and/or volunteers involved with the project. Funders will review this information to determine if (1) staff has the capabilities to complete the project, and (2) the salaries and time dedicated to the project are justified.

Formatting Tip: You should include all key individuals who will work on the project in the staffing section. If you need to hire people, include brief job descriptions. If many people need to be included, you might consider limiting your discussion in the body of the proposal to one or two key people and adding a staffing section to the appendix. Do not promise the participation of individual staff members unless they are truly available to do the work.

4. Evaluation
The evaluation component is important because it demonstrates your commitment to meeting the objectives set forth in the proposal. It will also help you assess the effectiveness of your methods and refine them during the course of the program.

The evaluation section should describe what benchmarks will be measured for each of the objectives. Other questions this section should answer include: What data will be gathered? How will it be gathered? When will it be gathered? How will it be analyzed? When will reports be made?

Tracking your progress can help identify both successes and needs to shift direction. An important point to remember is that most funders, if kept apprised on issues/changes to the initial program plan, will allow revisions over the course of the project as long as there is documentation to ensure that funds are being used in the most effective manner and in line with the initial request.

IV. Budget
The budget section delineates all of the costs associated with the program. This section is often the second most important piece of a proposal, following the executive summary, because it shows the thoroughness of your planning to ensure that your approach is cost-effective. A poorly devised budget will raise red flags with an experienced grant reviewer. (See Appendix O: Sample Budget for Proposal.)

Remember that once approved, the end budget amount is final. Typically, you cannot go back to your funders and ask for more money, even if an essential program element was not included in the original budget.

- The budget needs to be consistent with the program plan and should not contain items not mentioned in the program plan. Similarly, items mentioned in the program plan must be realistically budgeted.

- Think carefully about every expense you may incur. If you will be hiring new people, for example, include costs associated with recruiting them (e.g., classified ads) and any necessary costs for additional office space and equipment.

- Take time to get accurate estimates (e.g., if you will be printing a brochure, call a printer, provide as specific a description as possible, and get an estimate).

- When in doubt, err on the side of overestimation. Inevitably, you will forget certain expenses or there will be cost overruns, which you may have to absorb.

- If your project is multi-year, you will need to include annual increases in certain expenses (e.g., salary increases) in your estimates.

Begin by carefully reviewing your program plan and staffing needs and itemizing every expense required. Expenses are typically divided into personnel expenses, direct project expenses, and administrative/overhead expenses. Be sure to use funder generated forms if requested and place items in the categories as indicated by the funder. Following are some general rules to remember:

- *Personnel expenses* include the salaries and benefits for each person working on the project. For employees, list the title, pay rate (plus benefits) and the percentage of time dedicated to the project. For contractors, list the flat fee or rate plus the estimated time. Because benefits can easily add 20 percent or more to personnel costs, it is important to include them in your calculations. Examples:

    - Project director (75%) $45,600
    - Communications consultant (5 days @ $750) $3,750

- *Direct project* expenses are the specific costs associated with implementing the program plan and may include travel, printing, office equipment, long distance, postage, meeting expenses, etc. Many funders will allow costs such as rent, utilities and equipment usage in direct proportion to the project (e.g., the project staff may require 15 percent of existing office space). Grant writers often confuse these items with "overhead" and do not include them. Review the funder's guidelines carefully to determine if you can include these costs. Examples:

    - Brochures (qty. 10,000) $3,500
    - Airfare (6 trips @ $500) $3,000

- *Administrative/overhead expenses* are non-personnel operating expenses that your organization will incur even if this specific project does not get funded, including accounting, equipment leases, etc. Many organizations develop a formula to determine overhead expenses based on the percentage of the organization's total budget that will be expenses for the program. For example, if your organization has a $1 million annual budget and the project and personnel expenses for this request are $200,000, then you may request that 20 percent of your overhead expenses be allocated to this project. Review the funder's guidelines carefully to determine what, if any, administrative expenses it will cover.

Budgets are typically one page in length. For formatting purposes, you will likely want to group expenses together (such as in the categories above) and list major line items. Minor expenses can be grouped together (e.g., group health insurance premiums, disability coverage and life insurance under the heading of benefits). If the budget or project is very complex, you may want to consider breaking down expenses further (e.g., organize by year or project phase) and making your section titles more descriptive.

If your proposal is for partial funding of the project, be sure to discuss how you will secure or have secured the other funding needed. Prospective funders will want to know that you have or will have the funding to complete the program plan described in the proposal. If specific commitments have been made, this may be as simple as adding an income section to your budget and itemizing other contributions. It is also important to include whether the funds you are seeking are matching funds and a requirement of a grant that has

already been awarded. Some donors will find this fact more appealing, while other funders will not complete funding projects that other funders have initiated.

Use a budget narrative if there are unusual items in your budget that need clarification or if the funder requires this section. Often, footnotes will suffice if further explanation is needed.

V. Organizational Description

Once you have convinced the funder that the problem merits attention and that your approach to the problem merits investment, it is time to convince the funder of your organization's ability to oversee the effort. The organization description is typically one page in length and includes information on the organization's mission, history, expertise, other programs and key successes, as well as the names, affiliations and brief biographies of the board of directors, staff and pertinent volunteers. Be sure to mention the expertise and responsibilities of your coalition/partnerships in this section as well. It is often simpler to add the information about the board, coalition, staff and volunteers in the appendix.

VI. Conclusion

The conclusion is your last shot to sell the funder on your project. In this section, you should recap the key details and make a somewhat more emotional plea for support of the project, without undermining the rational case you have made for this investment heretofore. The conclusion is typically one to two paragraphs in length.

VII. Appendices

Appendices serve two purposes: (1) attaching information the funder requires, such as your Internal Revenue Service letter of 501(c)(3) determination, and (2) supplying any supplementary information that supports your proposal but did not fit into the body of the proposal (e.g., a study authored by the project director that addresses the topic).

Most funders will request the following:

- Copy of the IRS letter declaring that your organization is tax exempt
- Listing of the board of directors and their affiliations (include coalition lists here)
- Financial statement from your last complete fiscal year
- Budget for current fiscal year

The appendix should be attached separately from the body of the proposal.

Formatting Your Proposal

In addition to having compelling information, your proposal should be aesthetically pleasing. Be sure to check any funder formatting requirements first and foremost. Following are some tips to consider when formatting your documents.

- Add a cover page that includes a descriptive title for the proposal, the name of the funder you are approaching and the amount you are requesting (e.g., A Proposal to the Robert Wood Johnson Foundation for $100,000), as well as contact information for your executive director and organization. (See Appendix N: Template Proposal Cover Page and Title.)

- Include a table of contents delineating the page numbers for the major sections.

- Assemble the body of the proposal and staple the appendices separately. Do not bind the proposal, since funders will sometimes circulate sections of your proposal for review. Be sure to include the requested number of copies.

- The formatting should be visually appealing, leaving a sufficient amount of white space.

You should always send a cover letter with your proposal. It is important to begin with your request (e.g., "The [X] organization is pleased to submit this proposal for educating Lesbian/Gay/Bisexual/Transgender communities in Washington DC about the importance of Smokefree venues (restaurants/bars/workplaces). We are requesting $100,000 from the Robert Wood Johnson Foundation for this 12-month project."). The cover letter should also demonstrate that you have done your research by explaining why you are submitting your proposal to the funder. If you have had any conversations with staff members or received any previous contributions, your cover letter should reference these as well. The president or executive director should sign the cover letter and contact information should be included. (See Appendix M: Template Proposal Cover Letter.)

Remember, the basic requirements, application forms and procedures will vary with each funder. **Your proposal should be tailored to meet those requirements, while taking into account the focus of your project and the interests of the funder.** The Proposal Checklist Worksheet (Appendix R) provides a checklist of characteristics to help you grade your proposal.

Good luck!

Resources

This list of resources, while not exhaustive, should help you conduct your research and build a profile of prospective funders, including foundations, corporations, state governments and individuals. For published resources, the date of the latest edition is included. All links to online resources were active as of October 2003.

National Resources

Alliance for Nonprofit Management
www.allianceonline.org
The Alliance is a professional association of individuals and organizations dedicated to improving the management and governance capacity of nonprofits. It provides leadership and advice on important management issues affecting nonprofits. The major subject areas are financial management, strategic planning, board development and fundraising. Fees for membership are based on your operating budget. Membership benefits include:

- Opportunities to network with other individuals invested in nonprofits
- Access to the online Alliance Resource Center (ARC), which includes books, publications and web sites relating to nonprofit management topics
- A monthly electronic newsletter filled with information about new ideas and events

American City Business Journals
www.bizjournals.com
American City Business Journals lists business journals by industry and major market and is a good source for articles about local businesses. The benefits of registering (no fee required) at this site include:

- A searchable archive of a half-million local business articles from across the nation
- Daily, city-specific business news updates e-mailed directly to you
- Industry-specific updates by e-mail

Association of Fundraising Professionals
www.nsfre.org
The Association of Fundraising Professionals, an individual member association, advances philanthropy through education, training and advocacy based on research and a Code of Ethical Principles and Standards of Professional Practice. The web site includes information on seminars that can build your fundraising knowledge base. For a membership fee, members can access an extensive library of educational resources on fundraising techniques and trends.

BoardSource (Formerly the National Center for Nonprofit Boards)
www.boardsource.org
This web site is an excellent way to access information on board development and training (including fundraising). It offers a variety of publications, reports, training sessions and frequently asked questions. Many of the resources are available free of charge, while the publications and training sessions are available for a fee.

The Chronicle of Philanthropy
www.philanthropy.com
The Chronicle of Philanthropy is the newspaper of the nonprofit world for charity leaders, fundraisers, grantmakers and others involved in philanthropy. The print edition is published biweekly. The site offers some information to the general public, but much of the material is only available to subscribers.

Council on Foundations
www.cof.org
Though the Council on Foundations is a membership organization that provides tools and services to grantmaking bodies (foundations and corporate giving programs), it also provides some valuable resources for grant seekers, including:

- Links to information on potential funding sources
- A searchable database of community foundations, including contact names, addresses, telephone numbers, and web sites where available
- General information on corporate foundations and corporate direct giving programs

The Foundation Center
www.fdncenter.org
The Foundation Center is an independent nonprofit information clearinghouse established in 1956. The center's mission is to foster public understanding of the foundation field by collecting, organizing, analyzing and disseminating information on foundations, corporate giving and related subjects. For a small fee, you will gain access to some useful tools, including:

- The Foundation Finder, which allows you to search by name for basic financial and contact information of more than 70,000 private and community foundations in the U.S.
- Four distinct directories of annotated links to grantmaker web sites organized by type
- A sector search, which is a specialty search engine that indexes every page of the most useful nonprofit sites on the Internet
- The 990-PF search, a searchable database of the 990-PF tax returns filed with the Internal Revenue Service by all domestic private foundations, providing a wealth of information, including names of the foundation's officers, assets, and grants it awarded in the previous tax year

Other resources include the Foundation Center libraries located in Atlanta, Cleveland, San Francisco and Washington, D.C., as well as cooperating collections in more than 200 libraries nationwide. Useful research resources that can be found at the Foundation Center and its cooperating collections include:

- **Corporate Foundation Profiles, 12th Edition –** This essential fundraising volume provides grant seekers with current, in-depth reports on nearly 200 of the largest corporate grantmakers in the United States. The first of three sections included in each corporate foundation profile provides the essential facts fundraisers need when writing a proposal, such as the grantmaker's name, address, contact person, purpose, giving limitations statements and application guidelines. This section also includes an analysis of the sponsoring company, a complete review of the foundation's program interests, and a list of key officials. Subsequent sections include a detailed breakdown of the corporate foundation's grant program and recent grants awarded by the foundation. The extensive indexing system allows grant seekers to target profiled grantmakers by the names of donors, officers and trustees, subject areas funded, types of support preferred, geographic location, and international giving.

- **The Foundation Directory, March 2003 Edition –** This directory is published annually and includes the latest information on all foundations whose assets exceed $2 million or whose annual grants total $200,000 or more. Each entry contains precise information on application procedures, giving limitations, types of support awarded, the publications of each foundation and foundation staff. In addition, each entry features such data as the grantmaker's giving interests, financial data, grant amounts, address and telephone number. The Foundation Center works closely with foundations to ensure the accuracy and timeliness of the information provided. The directory includes indexes by foundation name; subject areas of interest; names of donors, officers and trustees; geographic location; international interests; and types of support awarded. Also included are analyses of the foundation community by geography, asset and grant size, and the different foundation types.
- **The Foundation Directory Part 2, March 2003 Edition** – This directory is published annually and has the same coverage as The Foundation Directory for foundations whose assets range from $1 to $2 million or grant programs from $50,000 to $200,000. Access to foundation entries is facilitated in six indices, including foundation name; subject areas of interest; names of donors, officers and trustees; geographic location; international interests; and types of support awarded.
- **The Foundation Grants Index on CD-ROM** – This index offers grant seekers a searchable database of more than 100,000 grants of $10,000 or more offered by the largest 1,000 U.S. foundations. The Foundation Grants Index on CD-ROM database features accurate and vital information in each grant record, including current data on the recipient organization and the purpose of the grant; the amount of the grant and when it was awarded; and, in the majority of records, a description of the grant. Each record also includes important data on the foundation that awarded the grant, such as the foundation's geographic focus, name and address, contact names, telephone and fax numbers, e-mail addresses and web site links when available. The 2003 index will be available in December.
- **Guide to U.S. Foundations, Their Trustees, Officers, and Donors, 2003 Edition –** This reference tool provides current, accurate information on nearly 60,000 private grantmaking foundations in the U.S. The two-volume set also includes a master list of the names of the people who establish, oversee and manage those institutions. Volumes 1 and 2 of the guide contain more than 58,000 grantmaker portraits filled with key facts that will help fundraisers identify appropriate funding prospects. Grantmaker entries include foundation addresses, telephone numbers and contact names to facilitate direct access to potential funders. Because entries list current assets and grant amounts, fundraisers can quickly determine the giving potential of any foundation. Many entries also include geographic limitation statements, which tell fundraisers whether their organization fits a funder's geographic criteria. A series of cross-reference codes indicates if another Foundation Center reference book includes additional information on a grantmaker.
- **National Directory of Corporate Giving, 9th Edition –** This directory offers authoritative information on nearly 3,500 corporate-sponsored foundations and direct giving programs. Included are detailed portraits of more than 2,000 corporate foundations and close to 1,500 direct giving programs, including application guidelines; key personnel; types of support awarded; giving limitations; and financial data such as assets, annual giving, and the average size of grants. Also included are descriptions of recently awarded grants to shed light on

grantmaker funding priorities. In addition, many of the large corporation entries include in-depth program analyses to describe grantmaker giving interests in greater detail. Fundraisers can gain quick access to grant sources with an alphabetical index to corporations and their foundations and direct giving programs.

- **National Directory of Grantmaking Public Charities –** This directory features information on grantmakers that, until now, were simply overlooked. The community foundations listed in the directory offer some form of financial support to nonprofit organizations or individuals, whether it be grants, scholarships, fellowships, loans or in-kind gifts. It includes descriptions of selected grants, which often provide the best indication of giving interests, as well as types of support, geographic preferences, and names of officers and trustees. While the directory is no longer updated, past editions are still a good resource.
- **National Guide to Funding for Community, Youth and Families, 5th Edition –** This guide provides facts on foundations and corporate direct giving programs that together award millions of dollars annually to organizations committed to causes involving children, youth and families. Each entry includes the grantmaker's address and contact person, purpose statement, and application guidelines. There are also descriptions of more than 13,000 sample grants recently awarded by many of these foundations. While the guide is no longer updated, past editions are still a good resource.
- **National Guide to Funding in Health, 2001 Edition –** This guide contains facts on foundations and corporate direct giving programs interested in funding hospitals, universities, research institutes, community-based agencies, national health associations, and a broad range of other health-related programs and services. The volume also includes information on recently awarded grants. While the guide is no longer updated, past editions are still a good resource.
- **Who Gets Grants: Foundation Grants to Nonprofit Organizations –** This directory provides direct access to grant recipient information on thousands of nonprofit organizations and grants. Grant seekers can scan through recently awarded grants within their field of interest to generate lists of grant prospects. Within each subject area, grants are listed by geographic area. The grant recipient entries feature grant descriptions that include grant amount, its duration and use, and the name of the grantmaker. An index lists all the grants made by each foundation covered. While the directory is no longer updated, past editions are still a good resource.

GuideStar
www.guidestar.org
GuideStar offers information on the programs and finances of more than 850,000 American charities and nonprofit organizations, up-to-date news stories on philanthropy, and resources for donors and volunteers. It also includes online access to IRS 990 forms. For a fee, some useful tools you can gain access to include:

- Grant Explorer – Grant seekers and grantmakers can research information on funding and programs for more than 34,000 U.S. foundations and 680,000 grants. Searches can be conducted for funders, grantees or specific people in the philanthropic community using a variety of search criteria.
- Analyst Reports – These customized reports offer the most up-to-date financial analyses on individual charities. Each report is delivered right to your desktop in real time and contains at

least two years' worth of information on a particular charity.

Hoover's Online
www.hoovers.com
Hoover's Online is a comprehensive source of information on business, company stocks, industry trends and more. Various subscription levels are available based on your needs.

Kidon Media-Link
www.kidon.com/media-link/usa.shtml
Kidon Media-Link provides a free complete directory of newspapers in the U.S. as well as other online news sources. It includes a searchable database of media outlets around the world. This resource is helpful when searching for funders who have given to organizations in your area, since local media will usually write a story about major donations.

National Network of Grantmakers
www.nng.org
The National Network of Grantmakers (NNG) is an organization involved in funding social and economic justice. The site includes a list of links to resources for fundraising, technical assistance, nonprofit management and e-philanthropy, as well as a common grant application (CGA) for groups seeking grants for social and economic justice work.

Philanthropy Journal
www.philanthropyjournal.org
The Philanthropy Journal helps people understand, support and work in the nonprofit and philanthropic world by providing philanthropy and nonprofit news and information at no cost.

Philanthropy News Digest
www.fdncenter.org/pnd
The Philanthropy News Digest, a free weekly news service of the Foundation Center, is a compendium, in digest form, of philanthropy-related articles and features culled from print and electronic media outlets nationwide.

Philanthropy News Network
www.pnnonline.org
The Philanthropy News Network offers a free electronic newsletter with a weekly alert service, a searchable database, and news about philanthropy, nonprofits, fundraising, technology, volunteers, charity and jobs.

World Chambers Network
www.worldchambers.com
World Chambers Network is a global business network providing e-commerce, business and trade resources through an international, trusted network of chambers of commerce. The site provides a free searchable database of chambers of commerce around the world that can help you locate local business prospects.

State Resources

The following organizations support and promote the work of nonprofit and community organizations in specific regions, states and counties. Please note that these organizations do not have offices in every state.

Alabama
Resource Center for Nonprofit Organizations (*www.nonprofit-al.org*)
Southeastern Council of Foundations (*www.secf.org*)

Alaska
Alaska Association of Nonprofits (no web site)
The Alaska Community Foundation (*www.alaskacf.org*)
Alaska Funding Guide, 2002 (Available through the Alaska Funding Exchange at *www.funding-exchange.org*)
Philanthropy Northwest (*www.philanthropynw.org*)

Arizona
Arizona Grantmakers Forum (*www.arizonagrantmakersforum.org*)
Conference on Southwest Foundations (*www.c-s-f.org*)

Arkansas
Southeastern Council of Foundations (*www.secf.org*)

California
Center for Civic Partnerships (*www.civicpartnerships.org*)
The Center for Excellence in Nonprofits - San Jose (*www.cen.org*)
Center for Nonprofit Management (*www.cnmsocal.org*)
CompassPoint Nonprofit Services (*www.compasspoint.org*)
Northern California Grantmakers (*www.ncg.org*)
San Diego Grantmakers (*www.sdgrantmakers.org*)
Silicon Valley Council of Nonprofits (*www.svcn.org*)
Southern California Association for Philanthropy (*www.scap.org*)

Colorado
Colorado Association of Funders (*www.coloradofunders.org*)
Colorado Association of Nonprofit Organizations (*www.canpo.org*)
Conference on Southwest Foundations (*www.c-s-f.org*)

Connecticut
Connecticut Association of Nonprofits (*www.ctnonprofits.org*)
Connecticut Council for Philanthropy (*www.ctphilanthropy.org*)

Delaware
Delaware Association of Nonprofit Agencies (*www.delawarenonprofit.org*)
Delaware Community Foundation (*www.delcf.org*)

District of Columbia
Washington Council of Agencies (*www.wcanonprofits.org*)
Washington Regional Association of Grantmakers (*www.washingtongrantmakers.org*)

Florida
Donors Forum of South Florida (*www.donorsforumsf.org*)
Florida Association of Nonprofit Organizations (*www.fano.org*)
Southeastern Council of Foundations (*www.secf.org*)

Georgia
Georgia Center for Nonprofits (*www.nonprofitgeorgia.org*)
Southeastern Council of Foundations (*www.secf.org*)

Hawaii
Hawaii Community Foundation (*www.hawaiicommunityfoundation.org*)

Idaho
Directory of Idaho Foundations, 10th Edition (2001)
- The Directory of Idaho Foundations is a valuable resource for Idaho grant seekers. The directory is divided into five sections: foundations headquartered in Idaho, scholarships, foundations granting only to designated organizations, inactive foundations, and national foundations funding in Idaho; as well as three appendices: a geographic index, calendar of application deadlines, and a bibliography.

Philanthropy Northwest (*www.philanthropynw.org*)

Illinois
Community Foundation of Central Illinois (*www.communityfoundationci.org*)
Community Foundation of Northern Illinois (*www.cfnil.org*)
Donors Forum of Chicago (*www.donorsforum.org*)
Nonprofit Financial Center (*www.nfconline.org*)

Indiana
Central Indiana Community Foundation (*www.cicf.org*)
Community Foundation Southern Indiana (*www.cfsouthernindiana.com*)
Indiana Grantmakers Alliance (*www.ingrantmakers.org*)

Iowa
Greater Des Moines Community Foundation (*www.desmoinesfoundation.org*)
Iowa Nonprofit Resource Center (*http://inrc.continuetolearn.uiowa.edu*)

Kansas
Kansas Health Foundation (*www.kansashealth.org*)
Newton Community and Healthcare Foundation (*www.nchf.net*)

Kentucky
The Community Foundation of Louisville (*www.cflouisville.org*)
Southeastern Council of Foundations (*www.secf.org*)

Louisiana
Center for Nonprofit Resources - New Orleans (*www.geocities.com/center_nonprofit*)
Louisiana Association of Nonprofit Organizations (LANO) Action Network (*givevoice.org/lanoadvocacy/home.html*)
Southeastern Council of Foundations (*www.secf.org*)

Maine
Maine Association of Nonprofits (*www.nonprofitmaine.org*)
Maine Philanthropy Center (*www.megrants.org*)

Maryland
Association of Baltimore Area Grantmakers (*www.abagmd.org*)
The Maryland Association of Nonprofit Organizations (*www.mdnonprofit.org*)

Massachusetts
Associated Grantmakers (*www.agmconnect.org*)
The Boston Foundation (*www.tbf.org*)
Community Foundation of Cape Cod (*www.capecodfoundation.org*)
Community Foundation of North Central Massachusetts (*www.cfncm.org*)
Community Foundation of Western Massachusetts (*www.communityfoundation.org*)

Michigan
Council of Michigan Foundations (*www.cmif.org*)
Michigan Nonprofit Association (*www.mna.msu.edu*)

Minnesota
Fargo-Moorhead Area Foundation (*www.areafoundation.org*)
Management Assistance Program for Nonprofits (*www.mapfornonprofits.org*)
Minnesota Council on Foundations (*www.mcf.org*)
Minnesota Council of Nonprofits (*www.mncn.org*)

Mississippi
Gulf Coast Community Foundation (*www.charityadvantage.com/gulfcoastfoundation/Mission.asp*)
Southeastern Council of Foundations (*www.secf.org*)

Missouri
Greater Kansas City Community Foundation (*www.gkccf.org*)
St. Louis Metropolitan Association for Philanthropy (*www.mapstl.org*)

Montana
Montana Community Foundation (*www.mtcf.org*)
Philanthropy Northwest (*www.philanthropynw.org*)

Nebraska
Lincoln Community Foundation (*www.lcf.org*)
Omaha Community Foundation (*www.omahacf.org*)

Nevada
Conference on Southwest Foundations (*www.c-s-f.org*)
Nevada Community Foundation (*www.nevadacf.org*)

New Hampshire
Associated Grantmakers (*www.agmconnect.org*)
New Hampshire Charitable Foundation (*www.nhcf.org*)

New Jersey
The Center for Non-Profit Corporations (*www.njnonprofits.org*)
Council of New Jersey Grantmakers (*www.cnjg.org*)

New Mexico
Conference on Southwest Foundations (*www.c-s-f.org*)
New Mexico Association of Grantmakers (*www.nmag.org*)

New York
Cause Effective (*www.causeeffective.org*)
Citizens Committee for New York City (*ccnyc.neighborhoodlink.com/ccnyc/*)
Community Resource Exchange (*www.creny.org*)
Fund for the City of New York (*www.fcny.org*)
New York Regional Association of Grantmakers (*www.nyrag.org*)
Nonprofit Coordinating Committee of New York (*www.npccny.org*)
Rochester Grantmakers Forum (*www.grantmakers.org*)
The Support Center for Nonprofit Management (*www.supportctr.org*)
Western New York Grantmakers Association (no web site)

North Carolina
North Carolina Center for Nonprofits (*www.ncnonprofits.org*)
North Carolina's Network of Young Nonprofit Professionals (*www.ncyt.org*)
Southeastern Council of Foundations (*www.secf.org*)

North Dakota
Fargo-Moorhead Area Foundation (*www.areafoundation.org*)
North Dakota Community Foundation (*www.ndcf.net*)

Ohio
Ohio Association of Nonprofit Organizations (*www.ohiononprofits.org*)
Ohio Grantmakers Forum (*www.ohiograntmakers.org*)

Oklahoma
Center for Nonprofits (*www.centerfornonprofits.us*)
Conference on Southwest Foundations (*www.c-s-f.org*)

Oregon
Grantmakers of Oregon and Southwest Washington (*www.gosw.org*)
Philanthropy Northwest (*www.philanthropynw.org*)

Pennsylvania
Delaware Valley Grantmakers (*www.dvg.org*)
Nonprofit Center at La Salle University (*www.lasallenonprofitcenter.org*)

Rhode Island
Associated Grantmakers (*www.agmconnect.org*)
The Rhode Island Foundation (*www.rifoundation.org*)

South Carolina
Southeastern Council of Foundations (*www.secf.org*)

South Dakota
Sioux Falls Area Community Foundation (*www.sfacf.org*)
South Dakota Community Foundation (*www.sdcommunityfoundation.org*)

Tennessee
Center for Nonprofit Management (*www.cnm.org*)
East Tennessee Foundation (*www.easttennesseefoundation.org*)

Texas
Amarillo Area Foundation (*www.aaf-hf.org*)
The Center for Nonprofit Management (Dallas) (*www.cnmdallas.org*)
Conference on Southwest Foundations (*www.c-s-f.org*)
The North Texas Center for Nonprofit Management (*coserve1.panam.edu/nrc/wf.html*)
Texas Nonprofit Management Assistance Network (*www.texasnetwork.org*)
United Way of the Texas Gulf Coast Management Assistance Program (MAP) (*www.unitedwayhouston.org/help/map.html*)
University of Texas Pan-American Office of Center Operations and Community Services (CoSERVE) Southwest Border Nonprofit Resource Center (*coserve1.panam.edu/nrc/)*

Utah
The Salt Lake Foundation (*www.saltlakefoundation.org*)

Vermont
Associated Grantmakers (*www.agmconnect.org*)
The Vermont Community Foundation (*www.vermontcf.org*)

Virginia
Bedford Community Health Foundation (*www.bchf.org*)
Northern Virginia Community Foundation (*www.novacf.org*)
Southeastern Council of Foundations (*www.secf.org*)

Washington
The Evergreen State Society (*www.tess.org*)
Grantmakers of Oregon and Southwest Washington (*www.gosw.org*)
The Nonprofit Center (*www.npcenter.org*)
Northwest Nonprofit Resources (*www.indra.com/nnr*)
Philanthropy Northwest (*www.philanthropynw.org*)

West Virginia
Community Foundation for the Ohio Valley (*www.cfov.org*)
Southeastern Council of Foundations (*www.secf.org*)

Wisconsin
Donors Forum of Wisconsin (*www.dfwonline.org*)
Greater Milwaukee Nonprofit Institute (*www.gmni.org*)

Wyoming
Wyoming Community Foundation (*www.wycf.org*)

GLOSSARY OF TERMS IN PHILANTHROPY

Many of the terms used in philanthropy are meant to convey succinct ideas or actions, but can seem like gibberish to those who are less experienced in fundraising. This glossary offers definitions for common terms used within the field, which will hopefully make philanthropy a little more familiar to those just starting out. *Please note: Not all of the terms included in this section have been used in the writing of this toolkit, but have been included to assist you as you expand your fundraising skills.*

501(c)(3)
Section of the Internal Revenue Code that designates an organization as charitable and tax-exempt. Organizations qualifying under this section include religious, educational, charitable, amateur athletic, scientific or literary groups; organizations testing for public safety; and organizations involved in prevention of cruelty to children or animals.

affinity group
A separate and independent coalition of grantmaking institutions, or individuals associated with such institutions that shares information or provides professional development and networking opportunities to individual grantmakers with a shared interest in a particular subject or funding area.

annual report
A voluntary report published by a foundation or corporation describing its grant activities. Annual reports range from simple, typed documents listing the year's grants to elaborately detailed publications. A growing number of foundations and corporations use an annual report as an effective means of informing the community about their contributions, activities, policies and guidelines. (The annual contributions report is not to be confused with a corporation's annual report to its stockholders.)

assets
Cash, stocks, bonds, real estate or other holdings of a foundation. Generally, assets are invested and the income is used to make grants. (See also payout requirement.)

beneficiary
In philanthropic terms, the donee, or grantee, receiving funds from a foundation or corporate giving program is the beneficiary, although society benefits as well.

bequest
A sum of money made available upon the donor's death.

bricks and mortar
An informal term indicating grants for buildings or construction projects.

budget

The amount of money that is available for, required for, or assigned to a particular purpose.

capital campaign
An organized drive to collect and accumulate substantial funds to finance major needs of an organization, such as a building or major repair project. Also referred to as a capital development campaign.

capital support
Funds provided for endowment purposes, buildings, construction or equipment.

case statement
Used instead of a proposal when conducting a capital campaign, the case statement "makes a case," in a clear and compelling way, for a program or project. It states the project's mission and goals and shows how the program will meet those goals.

challenge grant
A grant made on the condition that other funding must be secured, either on a matching basis or via some other formula, usually within a specified period of time, with the objective of stimulating giving from additional sources.

charity
In its traditional legal meaning, the word "charity" encompasses religion, education, assistance to the government, promotion of health, relief of poverty or distress, and other purposes that benefit the community. Nonprofit organizations that are organized and operated to further one of these purposes generally will be recognized as exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and will be eligible to receive tax-deductible charitable gifts.

committed funds
A portion of a donor's budget that has already been pledged for future allocation.

community foundation
A tax-exempt, nonprofit, autonomous, publicly supported, philanthropic institution composed primarily of permanent funds established by many separate donors for the long-term diverse, charitable benefit of the residents of a defined geographic area. Typically, a community foundation serves an area no larger than a state. Community foundations provide an array of services to donors who wish to establish endowed funds without incurring the administrative and legal costs of starting independent foundations.

company-sponsored foundation
(See corporate foundation.)

contributions committee
A corporate group organized to make grant decisions, usually with the guidance of a corporate foundation or contributions administrator. Typical responsibilities include setting and interpreting policy, approving an annual budget and reviewing grant requests.

corporate contributions
A general term referring to charitable contributions by a corporation. Usually, this term is used to describe cash contributions only, but may also include other items, such as the value of loaned executives, products and services.

corporate foundation
A private foundation that derives its grantmaking funds primarily from the contributions of a profit-making business. The company-sponsored foundation often maintains close ties with the donor company, but it is a legally separate organization, sometimes with its own endowment, and is subject to the same rules and regulations as other private foundations. There are more than 2,000 corporate foundations in the United States holding some $11 billion in assets. (See also corporate giving program.)

corporate giving program
A grantmaking program established and administered within a profit-making company. Gifts or grants go directly to charitable organizations from the corporation. Corporate giving programs do not have a separate endowment; their expense is planned as part of the company's annual budgeting process and usually is funded with pre-tax income. The Foundation Center has identified more than 700 corporate giving programs in the United States; however, it is believed that several thousand are in operation.

declining grant
A multi-year grant that becomes smaller each year, in the expectation that the recipient organization will increase its fundraising from other sources.

demonstration grant
A grant made to establish an innovative project or program that, if successful, will serve as a model and may be duplicated by others.

designated funds
A type of restricted fund in which the fund beneficiaries are specified by the grantors.

discretionary funds
Grant funds distributed at the discretion of one or more trustees that usually do not require prior approval by the full board of directors. The governing board can delegate discretionary authority to staff.

distribution committee
The committee responsible for making grant decisions. For community foundations, the distribution committee is intended to be broadly representative of the community served by the foundation.

donee
A person or organization that receives money. (See also grantee.)

donor
A person or organization that gives money. (See also grantmaker.)

donor-advised fund
A fund held by a community foundation, public charity or other entity, where the donor or a committee appointed by the donor recommends eligible charitable recipients from the fund.

donor-designated fund
A fund held by a community foundation where the donor has specified that the fund's income or assets be used for the benefit of one or more specific public charities. These funds are sometimes established by a transfer of assets by a public charity to a fund designated for its own benefit, in which case they may be known as grantee endowments. The community foundation's governing body must have the power to redirect resources in the fund if it determines that the donor's restriction is unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served.

employee matching grant
A contribution to a charitable organization by an employee that is matched by a similar contribution from his or her employer. (See also matching gifts program.)

endowment
The principal amount of gifts and bequests that are accepted subject to a requirement that the principal be maintained intact and invested to create a source of income for a foundation. Donors may require that the principal remain intact in perpetuity, for a defined period of time or until sufficient assets have accumulated to achieve a designated purpose.

e-philanthropy
Describes the variety of methods of giving using the Internet. Many sites have been developed that accept donations in addition to providing information regarding nonprofit groups. Many e-commerce sites (e.g., charity malls) incorporate fundraising efforts by donating a percentage of their proceeds to charity. Such sites can serve as a clearinghouse for large numbers of organizations and for information that would otherwise be difficult to access.

family foundation
Because it is not a legal term, family foundation has no precise definition. Yet approximately two-thirds of the estimated 44,000 private foundations in this country are believed to be family managed. The Council on Foundations defines a family foundation as a foundation whose funds are derived from members of a single family. At least one family member must continue to serve as an officer or board member of the foundation, and as the donor, they or their relatives play a significant role in governing and/or managing the foundation throughout its life. Most family foundations are run by family members who serve as trustees or directors on a voluntary basis, receiving no compensation. In many cases, second- and third-generation descendants of the original donors manage the foundation. Family foundations tend to concentrate their giving locally.

feasibility study
A method of determining whether a project or program is both possible to do and likely to have its desired effect. A feasibility study involves gathering, analyzing and evaluating information on a small scale.

federated fund
(See federated giving program.)

federated giving program
A centralized fundraising effort usually administered by a nonprofit umbrella organization that distributes the contributed funds to several nonprofit agencies. Some examples of this include United Way, the United Negro College Fund, community chests, and joint arts councils. (See also community fund.)

Form 990/Form 990-PF
The IRS forms filed annually by public charities and private foundations, respectively. (PF stands for "private foundation.") The IRS uses these forms to assess compliance with the Internal Revenue Code. Both forms list organization assets, receipts, expenditures and compensation of officers. Form 990-PF includes a list of grants made during the year.

foundation
A foundation is a nongovernmental, nonprofit organization that has its own funds or endowments. Foundations are managed by their own trustees or directors and are usually founded to benefit educational, charitable, social, religious or other activities serving the common good. There are many types of foundations defined in this glossary:

- community foundations
- corporate foundations
- corporate giving programs
- family foundations
- operating foundations
- public foundations
- private independent foundations

funding cycle
A chronological pattern of proposal review, decision making and applicant notification. Some donor organizations make grants at set intervals (quarterly, semiannually, etc.), while others operate under an annual cycle.

general operating support
A grant made to further the general purpose or work of an organization, rather than for a specific purpose or project. (See also unrestricted funds and operating support grant.)

goal
The end toward which effort is directed. Goals are long-term and more general than objectives. . For example, when applying for a grant, the key is to make sure that your goals are the same as the funding source's goals. Your objectives will help you get closer to those goals. (See also objective.)

grant
An award of funds to an organization or individual to undertake charitable activities.

grantee
Also referred to as a grant seeker, the individual or organization that receives a grant. (See also donee.)

grantmaker
Also referred to as a grantor, the individual or organization that makes a grant. (See also donor.)

grantee financial report
A report detailing how grant funds were used by an organization. Many grantmakers require this kind of report from grantees. A financial report generally includes a listing of all expenditures from grant funds as well as an overall organizational financial report covering revenue and expenses, assets and liabilities.

grassroots fundraising
Efforts to raise money from individuals or groups from the local community on a broad basis. Usually an organization's own constituents—people who live in the neighborhood served or clients of the agency's services—are the sources of these funds. Grassroots fundraising activities include membership drives, raffles, auctions, benefits and a range of other activities.

guidelines
A statement of a foundation's goals, priorities, criteria and procedures for applying for a grant.

in-kind contribution
A donation of goods or services rather than cash or appreciated property.

independent foundation
A private foundation usually founded by one individual, often by bequest. Independent foundations are occasionally termed "non-operating" because they do not run their own programs. Sometimes individuals or groups of people, such as family members, form a foundation while the donors are still living. Many large independent foundations, such as the Ford Foundation, are no longer governed by members of the original donor's family but are run by boards made up of community, business and academic leaders. Private foundations make grants to other tax-exempt organizations to carry out their charitable purposes. The Rockefeller Foundation and the John D. and Catherine T. MacArthur Foundation are two examples of well-known "independent" private foundations.

Internal Revenue Service (IRS)
The federal agency responsible for regulating foundations and their activities.

letter of inquiry
Also referred to as a letter of intent, this is a brief letter outlining an organization's activities and its request for funding sent to a prospective donor to determine if there is sufficient interest to warrant submitting a full proposal. This saves the time of the prospective donor, as well as the time and resources of the prospective applicant. (See also preliminary proposal.)

leverage
A method of grantmaking practiced by some foundations. Leverage occurs when a small amount of money is given with the express purpose of attracting funding from other sources or of providing the organization with the tools it needs to raise other kinds of funds. Sometimes known as the "multiplier effect."

matching gifts program
A grant or contributions program that will match employees' or directors' gifts made to qualifying educational, arts, cultural, health or other organizations. Specific guidelines are established by each employer or foundation. (Some foundations also use this program for their staff and trustees.)

methodology
A body of methods, rules and postulates employed by a discipline. When discussing the methods that you will use to meet your objectives, you basically have two choices: you can either state that you are following proven methods (methodology), or you can state that you are using new methods (postulate). In the first scenario, you must reference the project(s) that used these proven methods. In the second scenario, you must convince the funding source that you actually know what you are doing and that your new methodology will work.

need
A lack of something requisite, desirable or useful.

objective
A strategic position to be attained or a purpose to be achieved: Intention. Objectives are short-term and specific. Objectives help you get closer to reaching goals. For example, when applying for a grant, the key is to make sure that your goals are the same as the funding source's goals. Your objectives will help you get closer to those goals. (See also goals.)

operating foundation
An endowed private foundation that uses the bulk of its income to provide charitable services or to run charitable programs of their own (such as a school or camp). Operating foundations make few, if any, grants to outside organizations. To qualify as an operating foundation, specific rules, in addition to the applicable rules for private foundations, must be followed. The Carnegie Endowment for International Peace and the Getty Trust are examples of operating foundations. Also called private operating foundations.

operating support grant
A grant to cover the regular personnel, administrative and miscellaneous expenses of an existing program or project. (See also general operating support.)

payout requirement
The minimum amount that a private foundation is required to expend for charitable purposes (includes grants, and necessary and reasonable administrative expenses). In general, a private foundation must pay out annually approximately 5 percent of the average market value of its assets.

philanthropy
Philanthropy can be defined in different ways. The origin of the word is Greek and means "love for mankind." Today, philanthropy includes the concept of voluntary giving by an individual or group to promote the common good. Philanthropy also commonly refers to grants of money given by foundations and corporate giving programs to nonprofit organizations. Philanthropy addresses the contribution of an individual or group to other organizations that in turn work for the causes of poverty or social problems, improving the quality of life for all citizens. Philanthropic giving supports a variety of activities, including research, health, education, arts and culture, as well as alleviating poverty.

pledge
A promise to make future contributions to an organization. For example, some donors make multi-year pledges, promising to grant a specific amount of money each year.

post-grant evaluation
A review of the results of a grant, with the emphasis on whether or not the grant achieved its desired objective.

preliminary proposal
Sometimes referred to as a concept paper, a brief draft of a grant proposal used to learn if there is sufficient interest to warrant submitting a proposal. (See also letter of intent.)

private foundation
A nongovernmental, nonprofit organization with funds (usually from a single source, such as an individual, family or corporation) and programs managed by its own trustees or directors, established to maintain or aid social, educational, religious or other charitable activities serving the common welfare, primarily through grantmaking. U.S. private foundations are tax-exempt under Section 501(c)(3) of the Internal Revenue Code and are classified by the IRS as a private foundation as defined in the code.

program officer
A staff member of a foundation who reviews grant proposals and processes applications for the board of trustees. Only a small percentage of foundations have program officers.

program-related investment
A loan or other investment made by a private foundation to a profit-making or nonprofit organization for a project related to the foundation's stated purpose and interests. Program-related investments are an exception to the general rule barring jeopardy investments. Often, program-related investments are made from a revolving fund; the foundation generally expects to receive its money back with limited or below-market interest, which then will provide additional funds for loans to other organizations. A program-related investment may involve loan guarantees, purchases of stock or other kinds of financial support.

proposal
A written application, often accompanied by supporting documents, submitted to a foundation or corporate giving program to request a grant. Most foundations and corporations do not use printed application forms, but instead require written proposals; others prefer preliminary letters of inquiry prior to a formal proposal. Consult a grantor's published guidelines for specific details.

public charity
A nonprofit organization that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and that receives its financial support from a broad segment of the general public. Religious, educational and medical institutions are deemed to be public charities. Other organizations exempt under Section 501(c)(3) must pass a public support test to be considered public charities, or must be formed to benefit an organization that is a public charity. (See also supporting organization.) Charitable organizations that are not public charities are private foundations and are subject to more stringent regulatory and reporting requirements. (See also private foundation.)

public foundation
A nonprofit organization that receives at least one-third of its annual income from the general public, including government agencies and foundations. Public foundations may make grants or engage in charitable activities. Public foundations, along with community foundations, are recognized as public charities by the IRS. Although they may provide direct charitable services to the public as other nonprofits do, their primary focus is on grantmaking.

qualitative
Of, relating to, or involving quality or kind. For example, a typical objective is to “raise public awareness,” which is qualitative because the objective cannot be measured (i.e., How do you know public awareness was raised?). A better objective would be “to increase the number of public awareness brochures distributed in School District X by 50 percent within one year,” which is quantitative because it will be easy to determine if the objective was met or not. (See also quantitative.)

quantitative
Of, relating to, or involving the measurement of quantity or amount. For example, a typical objective is to “raise public awareness,” which is qualitative because the objective cannot be measured (i.e., How do you know public awareness was raised?). A better objective would be “to increase the number of public awareness brochures distributed in School District X by 50 percent within one year,” which is quantitative because it will be easy to determine if the objective was met or not. (See also qualitative.)

restricted funds
Income or assets that are restricted in their use, in the types of organizations that may receive grants from these funds, or in the procedures used to make grants from such funds.

RFP
An acronym for request for proposal. When grantmakers create new program areas or initiatives, an RFP is occasionally used to solicit applications from nonprofit organizations working within the project specifications.

seed money
A grant or contribution used to start a new project or organization.

site visit
Visiting a donee organization at its office location or area of operation and/or meeting with its staff, directors or recipients of its services.

social enterprise
A nonprofit venture that combines the passion of a social mission with the discipline, innovation and determination commonly associated with for-profit businesses. This includes, but is not limited to, new revenue-generating ventures, for-profit subsidiaries and other alternatives to traditional funding sources.

social venture fund
Charitable funds whose donors invest their expertise as well as their money, providing support and requiring accountability of nonprofit organizations just as venture capitalists do in business enterprises. (See also venture philanthropy.)

special purpose foundation
A private foundation that focuses its grantmaking activities in one or a few areas of interest, as opposed to a general purpose foundation.

tax-exempt organizations
Organizations that do not have to pay state and/or federal income taxes. Organizations other than churches seeking recognition of their tax-exempt status under Section 501(c)(3) of the Internal Revenue Code must apply to the Internal Revenue Service. These organizations may also be exempt from sales and local property taxes.

technical assistance
Operational or management assistance given to a nonprofit organization. It can include fundraising assistance, budgeting and financial planning, program planning, legal advice, marketing, and other aids to management. Assistance may be offered directly by a foundation or corporate staff member or in the form of a grant to pay for the services of an outside consultant.

trust
A legal device used to set aside money or property of one person for the benefit of one or more persons or organizations.

trustee
The person(s) or institutions responsible for the administration of a trust.

unrestricted funds
Normally found at community foundations, an unrestricted fund is one that is not specifically designated to particular uses by the donor, or for which restrictions have expired or been removed.

venture philanthropy
The philanthropic application of venture capital principles and practices. Venture philanthropy assists nonprofit organizations in the planning, launch and management of new programs or social purpose enterprises. In addition to grants, venture philanthropists provide networking, management advice and an array of other supports to organizations within a given portfolio of charitable investments. (See also social venture fund.)