Grassroots Fundraising Journal

VOLUME 36 NUMBER 5 • SEPTEMBER–OCTOBER 2017

A PUBLICATION OF
GIFT
Grassroots Institute for Fundraising Training

Contents

Volume 36 | Number 5 • September–October 2017

FEATURE

ON OUR COVER

Third Wave Fund commemorated their 20th anniversary with a true feminist throwback to the '90s—a zine! Board members, staff and volunteers mined the archives for photos, flyers and feminist memorabilia from back in the day, then cut and paste it into a beautiful and meaningful booklet. Everyone took one home from their anniversary celebration, and supporters from across the country received theirs in their good old-fashioned mailboxes.

Grassroots Fundraising Journal

A PUBLICATION OF

GIFT
Grassroots Institute for Fundraising Training

The *Grassroots Fundraising Journal* is a bimonthly publication of GIFT.

PUBLISHER EMERITA
Kim Klein

EDITOR
Jennifer Emiko Boyden

GRAPHIC DESIGN
Chris Martin

COPY EDITOR
Chela Delgado

COVER COLLAGE
Tim Legg

COVER PHOTOS
Heysha Nameri

For subscription inquiries, to request permission to reprint *Journal* articles, and for advertising information, please contact: jennifer@grassrootsfundraising.org

GIFT STAFF
Jennifer Emiko Boyden
Communications Director
Veronica Garcia
Program Director
Nan Jessup
Finance & Operations Director
Crystal Middlestadt
Resource Development Director

GIFT: 1904 Franklin Street, Suite 808
Oakland, CA 94612

info@grassrootsfundraising.org
grassrootsfundraising.org

PHONE: 510.452.4520

Periodicals postage at Oakland, CA 94615 and additional mailing offices 023-243.

Postmaster: Please send address changes to
1904 Franklin Street, Suite 808
Oakland, CA 94612

Come Together

THE ESCALATION OF VIOLENCE against vulnerable communities fuels the urgency for resource mobilizers like us to be bold in our asks, creative with our strategies, and proactive in our pursuit of collaborative partnerships. Here at GIFT, as we work to embrace and develop these practices, we are also supporting frontline fundraisers to do the same. One recent example: A prison advocacy group in rural Illinois reached out to GIFT, letting us know they had been invited to submit a LOI for capacity building support. When the group's proposal was approved, they worked with GIFT to plan a two-day training for their local network of grassroots criminal justice system reform and advocacy organizations.

As GIFT Program Director Veronica Garcia observed, "People in the room were able to come together to identify overlapping areas of work, share resources, and strategize for local movement-building instead of just planning for organizational capacity-building in isolation." As the competitive climate of local funding intensifies across the country, examples like these—of groups joining together to share resources and collectively build stronger movements for justice—are an inspiration to us all. If you'd like to explore hosting GIFT in your community, please visit grassrootsfundraising.org/training for more information.

GIFT's vision for robust social justice movements is guided by the principles of self-determination, collaboration and inclusion. Our feature article highlights the work of a group that embodies these principles: Third Wave Fund (TWF). Christa Orth shares how TWF came back from the brink of closing its doors by embracing a cross-class approach to fundraising, recently marking its 20-year anniversary with a financially successful and inclusive celebration. Next, Karen Topakian breaks down the do's and don'ts of political activities for 501(c)(3)s and (c)(4)s, especially important in the current political climate. And because you may already be thinking ahead to your 2018 fundraising efforts, Tricia Rubacky partnered up with Jennifer Pelton, Melody Reeves and Jose Dominguez to revisit her 1992 article, "Essentials of Fundraising Planning." Together, these seasoned fundraisers identify what still resonates and what has changed 25 years later.

Speaking of 2018 planning, if you have had fundraising success in your community, are growing your resources through collaborative partnerships, or are exploring new approaches to sustain your work, please get in touch—we'd love to share your story with the GIFT community.

Looking forward,

Jennifer

Jennifer Emiko Boyden
jennifer@grassrootsfundraising.org

Give monthly!

We make monthly grants to support the grassroots in times of need, and so can you! Your monthly donation helps us make rapid response grants to activists in real-time when funds are most needed. Your gift directly propels action led by and for young women of color, queer and trans youth of color and low-income youth.
Sign up to make a monthly recurring gift at bit.ly/thirdwavemonthly.

Join the First 100 Club!

First 100 is a major donor campaign to sustain & strengthen feminist, queer & trans youth activism for the long term. By making a gift of $1,000 or more for three years in a row, donors can help Third Wave build a base of steady backing for hundreds of grassroots groups led by young women of color, trans, and gender nonconforming people. Your gift will be acknowledged in perpetuity on our website, in our annual report and more!
Make your gift at bit.ly/thirdwave100.

Promote Third Wave!

Whether you have money to pitch in or not, you can help us spread the word about Third Wave Fund by emailing friends, posting on social media, or hosting a party at your home. Grassroots groups on the front-lines of movement building rarely get the big bucks. Give your community a way change that! Join our promotion posse by emailing Nicole Myles at nicole@thirdwavefund.org.

A Legacy of Cross-Class Fundraising
How One Group Survived and Thrived

By Christa Orth

AS WE WERE SITTING IN A CAFE, in the middle of one of the richest cities in the world (New York), a friend of mine who runs a nonprofit explained why he didn't want to have a major donor fundraising event—he did not want any non-major donors to feel excluded. His organization was funded by a couple of major donors, and hundreds of donors of $100 or less.

I understood where he was coming from, but as a fundraising consultant, I help nonprofit clients find every opportunity to connect with funders of all levels, and encouraged him to pursue the event, with a tiered ticketing structure.

Like most fundraisers, class differences are at the top of my mind at all times. Many of us do not come from wealth ourselves, so it can seem impossible to ask for money from people who have more resources. In our culture(s), talking about money is stigmatized, so it makes sense that many of our organizations have a class problem.

I have heard time and time again from clients that they want to reach donors of every level, but they do not want to privilege rich donors over not-rich donors, or vice versa. On the other hand, another client told me, "I don't even care about donors who can't write a check for $10,000."

I fundamentally believe that organizations must court both major donors and grassroots givers. This comprehensive strategy is not only fiscally healthy, but it helps organizations stay true to their missions, especially those whose work it is to balance power between the wealthy and working class.

If your organization is only supported by one, or a handful of major donors, you run the risk of losing that funding if their priorities or financial means shift. There is also the danger that your mission will be compromised and you will not be serving the people the best you can. On the flip side, you must reach out to major donors to provide large, steady gifts to shore up your funding. And don't forget, a major gifts strategy is the most cost effective form of fundraising there is. You need community input at all levels of your leadership—on the staff, on your board, and from your donors.

In a world where class divides are growing, it is ever-important that we stay vigilant about including class as a lens through which we strategize to achieve our missions. The only way we are ever going to overcome economic oppression is to acknowledge class, talk about it with one another, and welcome supporters with all resource capabilities into our everyday work.

In order to be truly inclusive organizations, especially those that serve people with low-incomes, people of color, and other marginalized communities, we must give everyone the opportunity to be fully involved. We would be remiss if we did not reach out to every person, at all giving levels, to support our missions.

Third Wave Fund, a feminist, gender-justice nonprofit that has been raising and granting funds to grassroots groups that are led by youth, people of color, and queer and trans people, is the perfect example of an organization that embraces class differences. They make every effort imaginable to ensure that people most in need of funds are involved in every aspect of the organization. They ensure that individuals from working class and wealthy backgrounds serve on their board, are decision-makers on the grants panel, have the opportunity to become donors, and can purchase affordable tickets to their events. Third Wave Fund's overall approach to cultivating cross-class donors and specific commitment to class-conscious fundraising serves as a strong model for others.

Five Tips for Successful Cross-Class Fundraising

1) Do not rely on a small group of major donors.
2) Uplift voices of working class people on your board.
3) Have a robust monthly giving program.
4) Offer affordable ticket options to your events.
5) Value and acknowledge donors of small and large amounts.

As I worked with Third Wave Fund as a consultant for their 20th anniversary campaign and event, I became keenly aware of the group's healthy perspective about cross-class giving. Over the past two decades, leaders of Third Wave Fund have been committed to sustaining the organization in the radical spirit in which it was founded. For this article, I spoke to a number of staff, board and donors for their wisdom on how to be class-inclusive as a strategy.

Former Third Wave Fund board of advisors member Naa Hammond, who is currently a program officer at Groundswell Fund, stated: "We're trying to build a movement for the liberation of all people, and to end all forms of oppression. The way we get there is by making sure that everyone is part of the fight."

Third Wave Fund is unique because it privileges people under 35 among its staff, board and grantees, in order to ensure young people's activism is funded. Third Wave Fund Executive Director Rye Young, who started out as an intern many years ago, offered that the group is leading "the next generation of donors outside of wealth to be organized and to have a political home."

As a part of their deep class analysis, Third Wave Fund works to debunk the ageist myth that millennials are lazy, indecisive and technology obsessed. "There's a gap between young people who have money and youth who do not and are oppressed by our economic system. [The latter] should receive the bulk of the funding," elaborated Nicole Myles, Third Wave Fund's external relations associate. "Millennials are seen as all rich kids with access to tech and money who are entitled. That's just not true."

Quito Ziegler, a Third Wave Fund board of advisors member who has also worked for foundations said, "In philanthropy, so many decisions are made by people who have wealth and are less connected to the work. What is amazing about Third Wave Fund as a model is it puts the [most impacted] people in a position of strength to do what's best for their own communities."

Third Wave Fund builds relationships with donors and grantees across class, educating and coaching them about how to approach one another for partnership. In many instances, donors to

Third Wave Fund also donate directly to grantees that they learn about through the fund. "It's a strategy that sustains us, and it sustains our grantees," stated Rye.

But Third Wave Fund has not always been this successful; in fact it nearly disappeared just a few years ago. The organization took a big financial hit during the recession, and the board began sunsetting the group in 2012. It was the grantees and grassroots leaders that Third Wave had nurtured throughout the years who demanded that the organization come back to life.

In addition to a desire to see important political projects continue to receive funding, grantees also turned out to revive Third Wave because of its important role in the funding world. Rye explained, "When we were trying to decide if we were going to shut down, all of our grantees said they didn't care about how much money they received. They needed Third Wave because they needed someone at the funder table who advocated for young activists, queers and youth of color, who would say those words and mean them. And we thought, if we were going to relaunch, we needed to be accountable to those people."

"WE STARTED THINKING ABOUT THE WAYS OUR GRANTEES ORIENT THEIR ORGANIZING, AND WE REALIZED WE NEEDED TO FUNDRAISE THAT WAY. WE'RE ORGANIZING MONEY."

For Naa, who was on the board that led the restart, it was intimidating. "It was a little scary and exciting because we had no idea when we relaunched whether it would be around for three months, or what would happen if we took a lot of brave new risks. We had no idea. It was a leap of faith for us."

Third Wave Fund developed strategies to ensure participation from donors of all levels. Naa Hammond said, "We started thinking about the ways our grantees orient their organizing, and we realized we needed to fundraise that way. We're organizing money."

Third Wave Fund is an activist fund, built on the idea that those who need the money the most should be the decision-makers in the grantmaking process. Because girls and women, people of color, queer, trans and gender-nonconforming people, and youth get a disproportionately small amount of funding from foundations, Third Wave Fund is dedicated to ensuring folks from these communities are leading grantmaking, fundraising and giving.

On the fundraising and giving side, Third Wave Fund has had several successful crowdfunding initiatives focused on funding transformative activist-led campaigns including #SayHerName and Flush Transphobia. They are also skilled in involving traditional philanthropy, getting large foundations to put up matching funds and allowing the two giving streams to partner in a meaningful way.

As a part of its revitalization, Third Wave Fund also made a concerted effort to reach out to lapsed, current and major donor prospects by launching a First 100 campaign. This gave donors of $1,000+ (or monthly donors of $85 or more) the opportunity to commit to three years of funding, sustaining the organization through its critical first years of rebirth.

Now, just three years after they officially relaunched in 2014, Third Wave Fund is expanding their grantmaking and thriving. When asked about Third Wave's current financial success, Executive Director Rye Young holds that it is at least in part "because we put cross-class fundraising at the forefront of what we do."

The 20th Anniversary as an Opportunity to Reach Donors

Third Wave Fund hatched a plan to celebrate the 20th anniversary of its founding in a big way. They planned a major special event in New York City, gathered a host committee of Third Wave alumni and relatively new supporters, and created a dynamic video and a powerful zine that was a total throwback to the '90s. The zine highlighted Third Wave's leadership, grantees and donors over the years.

The board was committed to reengaging with and bringing in donors of all sizes to ensure the organization's steady growth. Naa said, "It was critical to honor the legacy of what Third Wave had been—a real political home for young people to get involved in philanthropy. We have a long history of donors giving at all levels."

Third Wave Fund's cross-class fundraising strategy started long before the event. Host committee members committed to purchasing a $250 ticket, which could be paid over a number of months, and inviting 10 friends to buy $100 tickets. A discounted "pay what you can" level was offered to activists who signed up as monthly givers. Individual, corporate and foundation sponsors gave $500-$20,000 in honor of Third Wave Fund's 20th anniversary. Before the day of the party, the event had raised 80 percent of the overall goal, with 80 percent of gifts at the $500 level and above.

Quito spoke to the multi-pronged strategy to bring a variety of donors with various histories with the organization to the party. "We worked to reconnect with former donors, picked up conversations with people who hadn't been contacted in a long time, and engaged existing multi-generational donors."

After the 2016 U.S. election, when so many of us found it necessary to get even more involved with radical social change, it was particularly important to give donors and grantees a way to participate. According to Rye, "It felt important to talk about Third Wave Fund as a space of healing and a place of dreaming beyond what is possible in these political constraints. When we were founded in 1996, we were also living under a repressive regime."

Throughout the reboot and the 20th anniversary, Third Wave Fund communicated their strength and resilience. Rye elaborated, "We wanted to tell the story that we're back, and not because we got bailed out, but because so many donors around the country believed in our vision. Much of what people are trying to achieve around intersectionality and trans inclusion, we have been doing all along, and doing it well."

THE ROOM WAS AN INTERGENERATIONAL CROWD OF GRANTEES, DONORS AND SUPPORTERS REPRESENTING A CROSS-SECTION OF CLASS, RACE AND GENDER IDENTITY.

These ideas come from Black feminism, which Rye made an integral part of his remarks on the stage that night. "When we look at Third Wave Fund's mission, values and guiding principles, they are really derived from Black feminist thought. Black women have not received the credit they deserve, particularly in philanthropy. The ideas that we 'don't live single issues lives,' and that we all benefit when we bring 'the margins to the center'—these ideas underpin social justice philanthropy and are ideas that Black women brought to the fore."

Third Wave Fund was strategic in who they asked to speak on stage. They honored a long-time major donor duo, activist philanthropist Nancy Meyer and her advisor, Hildy Karp; a grantee from back in the day, Southerners on New Ground; and a new grantee, Black Youth Project 100. Giving equal airtime to people who reflected the spectrum of participation in Third Wave Fund made the program feel inclusive.

Quito said, "It was meaningful to honor donors and grantees who have been around for a long time working for youth-led gender justice. At Third Wave Fund, people with wealth and people without share an analysis around theory of change and Third Wave Fund acts as a trusted intermediary across class."

A monthly donor from Third Wave Fund's board, Adjoa Sankofia Tetteh, did the fundraising ask in the room. Adjoa, who is a reproductive rights professional, had never even been to a gala before, and she was nervous. She said, "I didn't quite believe that when I made the ask, people would raise their hands, and give thousands of dollars that night."

During Adjoa's pitch, two young children appeared at the foot of the stage with $5 dollar bills in their hands. "One of the most powerful things to me was the little people that came up and gave money. I was not expecting it. But it made me so joyful to get those dollars from children. I wanted them to be there and be a part of this movement."

Thanks to Adjoa's ask, many more people raised their hands at the $250, $500 and $1,000 levels, and gave close to $10,000. She said, "It was surprising how many people participated. They were inspired about how their donations allow the continuation and sustainability of this work. It helped me understand the degree of generosity that people can have."

Nicole commented of the 20th anniversary event, "Our gala looks like other organizations' after parties." The room was an intergenerational crowd of grantees, donors and supporters representing a cross-section of class, race and gender identity. Attendees ate local food while listening to a jazzy local band, posing for photo booth pictures, and connecting with other Third Wave supporters and grantees engaged in dynamic and creative organizing for gender justice. Nicole enthused, "It was a visual representation of our donor base. I have not ever seen a gala so welcoming of people under 35." The cross-class representation at the gala showed that "people who give $10 a month are central and integral to what Third Wave Fund stands for."

The Long-Term Impact of Including Young, Cross-Class Donors

Third Wave has always encouraged the participation of young people at all levels of giving. Back in the '90s, people could become members by giving a gift that was equal to their age. Nowadays, Third Wave Fund's emphasis on monthly giving is a major part of their success. They have hundreds of donors who may not necessarily be able to afford to a large one-time gift, but give between $5-$85 each month to be a part of the movement.

Through this strategy, the organization is both building sustainability, and introducing the next age to philanthropy. Nicole said, “You may not be giving power to your highest donors, but when you focus on cross-class, you can be more accountable to your mission. When I ask people with less money to give, they’re almost beyond flattered. They say, ‘I didn’t know I could be powerful in this way.’”

Naa is an example of a young person who started out as a Third Wave intern, and many years later, has become a major donor.

IT IS POSSIBLE TO HAVE FUNDRAISING CAMPAIGNS AND ORGANIZATIONS THAT ARE BOTH FINANCIALLY SUSTAINABLE AND INCLUSIVE.

“When I was 22, I’d never given to organizations. But I became a sustainer at $5 per month. It changed the way I thought about giving. It also set me up to see myself as a donor, that my contribution was important in the movement. Our resources, money and time are powerful. Now that I’m in a different place financially, I became a First 100 donor by giving $1,000 a year, $85 per month.”

Adjoa had a similar experience. “In the short term, it may be hard to think of giving $300. But I give $25 per month. It allows Third Wave Fund to bring more people to the table. When the only opportunities for donors are at higher price points, it gives the impression of who is able to make decisions and who is able to participate.”

Third Wave Fund is proof that it is possible to have fundraising campaigns and organizations that are both financially sustainable and inclusive. Having constituents drive the agenda and hold decision-making power is critical to social justice movements. As Third Wave’s Executive Director Rye asserted, “I would much rather be accountable to a community of grassroots donors because our grantmaking is directly affecting them. I’m not only thinking about the top tier of funders. We only exist still because of the community we serve.” Many of Third Wave Fund’s donors are former grantees, who understand the need and the influence of their giving.

Third Wave’s deliberate creation of spaces in which wealthy and working-class supporters are interacting in meaningful ways is representative of their broader theory of change. Rye surmised, “There’s something disruptive to bringing people of different classes under one roof committed to changing our systems that keep working class people oppressed. It’s so queer in this deep way. It can be uncomfortable, it can be sticky, but that’s when you know that you’re doing something good.”

We can advance our movements by dismantling power structures that oppress people in the first place. By engaging donors at all dollar levels, and truly making them leaders in our organizations, we can democratize our missions, and our communities. ■

Christa Orth is a senior consultant at Wingo NYC, who has served in the non-profit trenches since the grunge era. She is a whip-smart strategist, teacher and coach, who delights in transforming organizations by creating and sustaining a culture of giving. Follow @WingoNYC on Facebook, Instagram and Twitter.

FIND MORE ARTICLES ON CROSS-CLASS FUNDRAISING & EVENTS IN THE JOURNAL ARCHIVE

Visit grassrootsfundraising.org/archive. All articles and digital back issues are included with your subscription. Email jennifer@grassrootsfundraising.org if you need help logging in.

Navigating Race and Class in Fundraising by Laresha Franks

Seeding Justice: Revenue-Generating Membership and Fundraising Canvasses for Community Organizing by Center for Popular Democracy

Sliding Scale: Why, How, and Sorting Out Who by Hadassah Damien

Let’s Do a Fundraising Event! (Or Not): Crafting Fundraising Event Criteria for Your Organization by Rona Fernandez

Unintended Consequences: How Income Inequality Affects Fundraising by Kim Klein

Throwing a Fun, Profitable and Mission-Aligned Event: The InterNASHional Food Crawl by Lindsey Harris & Karla Vazquez

POOR Magazine’s Solidarity Family Model for Revolutionary Giving by Lisa Gray-Garcia (AKA Tiny)

Women's Policy Institute fellows prepare for lobbying state officials in Sacramento, CA. The Women's Policy Institute is a program of the Women's Foundation of California.

Lobbying Legally in the Age of Trump

By Karen Topakian

DURING THE RECENT STREET FIGHT to save the Affordable Care Act (ACA), thousands of individuals and organizations took to the halls of Congress, town meetings and the streets to protect their access to health care. They showed up in the thousands across the country to speak out against its repeal.

Individual ACA advocates who lobbied their elected officials did not worry about legally engaging in such activities because since 1789, people have enjoyed the First Amendment right to petition the government for a redress of grievances.

Charitable organizations, however, do not automatically enjoy that same protection. In fact, many organizations have steered clear of any activity that even faintly resembles lobbying for fear of violating their tax-exempt status. Given the emboldened actions of right-wing forces, however, whether they be white supremacist marches or the repeal of DACA, many charitable organizations may feel they can no longer stay away from these activities when their clients, supporters and donors stand to lose access to services, programs or their basic human rights. They may find more reasons to lobby in order to maintain, protect or promote government programs that impact their base, or to prevent other programs from being initiated. Unfortunately, organizations may not know how to engage in direct or grassroots lobbying without jeopardizing their tax status.

But nonprofit organizations certainly can.

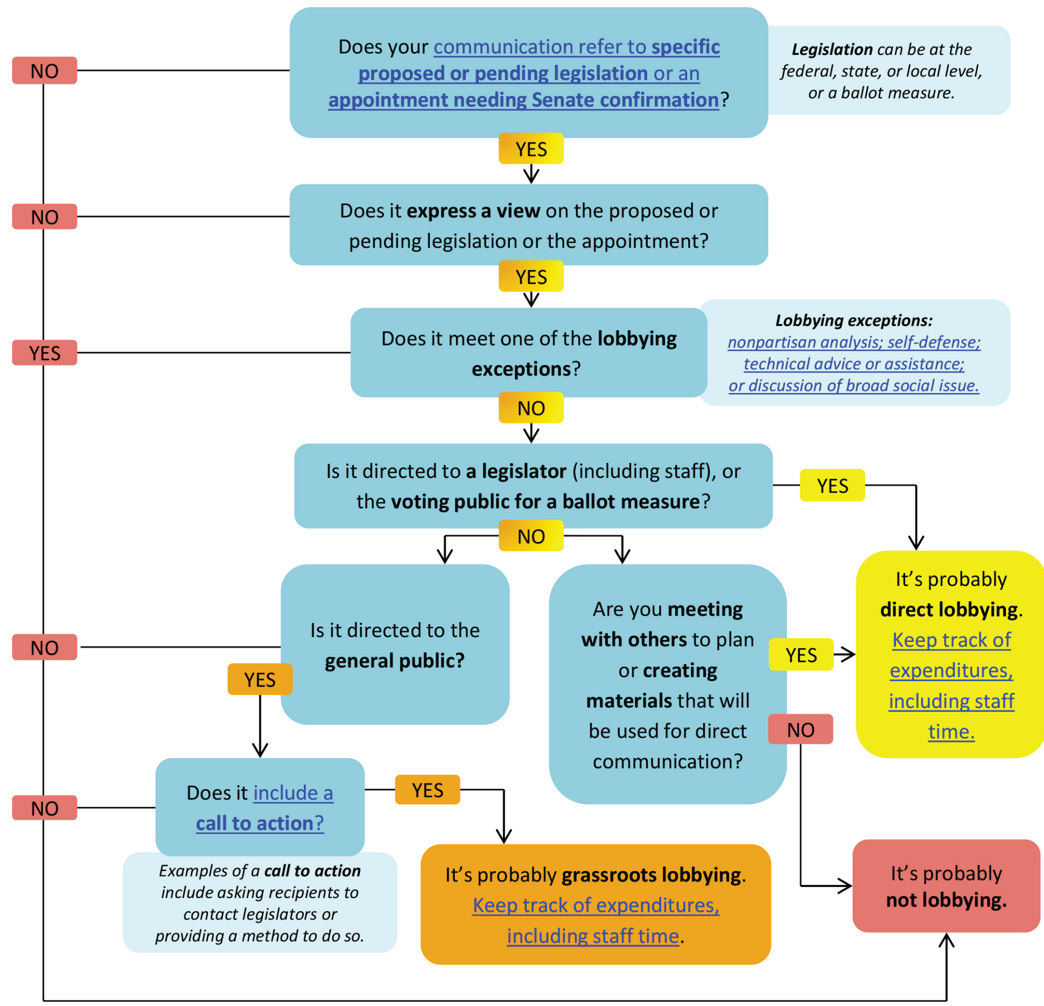
Before I describe the process, first, let's define the terms.

According to the Internal Revenue Service, direct lobbying refers to attempts to influence a legislative body through communication with a member or employee of a legislative body or with a government official who participates in formulating legislation. Grassroots lobbying refers to attempts to influence legislation by attempting to affect the opinion of the public with respect to the legislation and encouraging the audience to take action with re-

BOLDERADVOCACY
An initiative of Alliance for Justice

IRS Lobbying Flowchart

This graphic can help you determine if your communication is considered lobbying under federal tax law rules for electing 501(c)(3) organizations. It does not cover situations or communications that take place in a candidate election context.



The information contained in this fact sheet and any attachments is being provided for informational purposes only and not as part of an attorney-client relationship. The information is not a substitute for expert legal, tax, or other professional advice tailored to your specific circumstances, and may not be relied upon for the purposes of avoiding any penalties that may be imposed under the Internal Revenue Code. Alliance for Justice publishes plain-language guides on nonprofit advocacy topics, offers educational workshops on the laws governing the advocacy of nonprofits, and provides technical assistance for nonprofits engaging in advocacy. For additional information, please feel free to contact Alliance for Justice at 866-NPLOBBY.

www.bolderadvocacy.org | www.allianceforjustice.org

ALLIANCE FOR JUSTICE

spect to the legislation. In either case, the communications must refer to and reflect a view on the legislation.

If a nonprofit organization does not know if the IRS would consider its communication lobbying, then it can follow the nonprofit Alliance for Justice's easy-to-use flowchart.

Once an organization has determined the IRS would consider its communication lobbying, what should it do next?

Let's start with the laws guiding 501(c)(3)s. Again, according to Alliance for Justice, these organizations can engage in nonpartisan electoral activities only—either by direct lobbying or by grassroots lobbying—but cannot support or oppose candidates for public office. 501(c)(4) organizations and labor unions, known as social welfare organizations, may be openly partisan as long as doing so is not their primary activity.

501(c)(3) organizations however, can influence actions by executive, judicial or administrative bodies. According to the IRS, organizations can "involve themselves in issues of public policy without the activity being considered as lobbying. For example, organizations may conduct educational meetings, prepare and distribute educational materials, or otherwise consider public policy issues in an educational manner without jeopardizing their tax-exempt status."

These options provide many legal ways to advocate for clients, supporters and donors that don't fall under the category of lobbying and are legally permissible activities for a (c)(3) organization.

The IRS also says a (c)(3) organization can engage in some lobbying described but not too much without risking loss of tax-exempt status. So how much is too much? Who gets to decide the appropriate level of lobbying?

MANY CHARITABLE ORGANIZATIONS MAY FEEL THEY CAN NO LONGER STAY AWAY FROM THESE ACTIVITIES WHEN THEIR CLIENTS, SUPPORTERS AND DONORS STAND TO LOSE ACCESS TO SERVICES, PROGRAMS OR THEIR BASIC HUMAN RIGHTS.

The IRS provides answers to both. "Whether an organization's attempts to influence legislation, i.e., lobbying, constitutes a substantial part of its overall activities is determined on the basis of all the pertinent facts and circumstances in each case. The IRS considers a variety of factors, including the time devoted (by both compensated and volunteer workers) and the expenditures devoted by the organization to the activity, when determining whether the lobbying activity is substantial."

If the IRS determines an organization conducts excessive lobbying in any taxable year, the organization may lose its tax-exempt status, which will result in all of its income subject to tax—a prospect any nonprofit would want to avoid. Plus, the IRS could assess a tax equal to five percent of the lobbying expenditures for the year against the organization managers for "knowing that the expenditures would likely result in the loss of tax-exempt status." Obviously, organizations will want to avoid that determination of excessive lobbying.

Organizations can avoid these pitfalls in two different ways—by taking the 501(h) election known as the expenditure test, which provides "an alternative method for measuring lobbying activity" or by forming a separate 501(c)(4) organization defined by the IRS as "civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare."

"The U.S. congress voted to allow nonprofits to lobby twice. The second time they passed a law allowing organizations to take a 501(h) election, which gives them very, very clear guidelines on what is and isn't lobbying and what to do," said Marj Plumb, chief strategist, policy advocacy and training at the Women's Foundation of California. "It's that clear."

The IRS reports that by choosing to take the (h) election, "the extent of an organization's lobbying activity will not jeopardize its tax-exempt status, provided its expenditures, related to such activity, do not normally exceed an amount specified in section 4911. This limit is generally based upon the size of the organization and may not exceed $1,000,000, as indicated in the table below."

If the amount of exempt purpose expenditures is:	Lobbying nontaxable amount is:
≤ $500,000	20% of the exempt purpose expenditures
>$500,00 but ≤ $1,000,000	$100,000 plus 15% of the excess of exempt purpose expenditures over $500,000
> $1,000,000 but ≤ $1,500,000	$175,000 plus 10% of the excess of exempt purpose expenditures over $1,000,000
>$1,500,000 but ≤ $17,000,000	$225,000 plus 5% of the exempt purpose expenditures over $1,500,000
>$17,000,000	$1,000,000

For organizations that want more information before deciding whether to take the (h) election, Alliance for Justice provides help in two ways: 1) through its workshops and trainings scheduled around the country,[1] and 2) through its one-on-one technical assistance over the phone or on email[2].

If an organization chooses to hold an (h) election, it will need a bookkeeper and an accountant to keep track of the time spent and expenses in order to report them accurately, completely and annually on the 990 by using IRS form 5768.

"If you don't tell your bookkeeper, they will say (on the 990) they're not lobbying. The risk is not reporting when you're doing it," answered Plumb about the biggest pitfall for nonprofits.

[1] bolderadvocacy.org/how-afj-can-help/workshops

[2] Submit your question at http://bit.ly/1GJ7L23

"You're very visible with your lobbying and if don't report it, your adversary can use that against you."

When recording time spent and expenses, no need to reinvent the wheel, because again the folks at Alliance for Justice provide you with all of the tools.[3]

Additionally, organizations that take the (h) election do not need to count unpaid volunteer time because the expenditure test does not include a limit on the amount of unpaid lobbying time performed by volunteers.

The NEO Law Group noted, "An electing charity can mobilize a force of 1,000 volunteers to advocate on a specific piece of legislation and all of the volunteer activity may not count against the charity's lobbying limits."[4]

"It's really important to have all the options on the table and wield this political muscle to leverage elected officials and decision makers," added Janice Li, advocacy director for the San Francisco Bicycle Coalition. "Whether you use it or not, it's really important to have those options available."

If an (h) election won't provide enough organizational room for lobbying, an organization could decide to form a 501(c)(4).[5] Forming a separate (c)(4) organization may take more time, money and resources than an organization want to spend. Nevertheless, the option remains as one more way to legally participate in direct or grassroots lobbying.

If lobbying seems like the right advocacy approach, take a quick look at Bolder Advocacy's two and a half page document titled "Amplify Your Voice" to chart your course, especially at this time when so many programs and policies directly affecting clients, supporters and donors need protecting. ■

Karen Topakian is a writer, speaker, social change activist and communications consultant who draws on more than 35 years of experience in the nonprofit world.

[3] Keeping Track: A Guide to Record Keeping for Advocacy Charities by John Pomeranz, available at bolderadvocacy.org/wp-content/uploads/2012/03/Keeping_Track.pdf

4 Starting a Nonprofit: The Value of Making the 501(h) Lobbying Election at nonprofitlawblog.com/starting-a-nonprofit-the-value-of-making-the-501h-lobbying-election/

5 For a how-to guide, check out Alliance for Justice's free downloadable report, Considering Starting a 501(c)4? Case Studies, which may help answer questions about purpose, scope, funding, perception, timing, and legal compliance.

Essential Ingredients of Fundraising Planning 25 Years Later

By Tricia Rubacky with Jennifer Pelton, Melody Reeves and Jose Dominguez

Authors' note: 25 years have elapsed since the Journal last published Tricia's article, "Essential Ingredients of Fundraising Planning." The Journal editor asked Tricia what she would say is different now from what she wrote then. Tricia has held several development director jobs since that time in citywide, statewide and national organizations. She asked her colleagues who have more recent experiences with grassroots fundraising to weigh in. This article incorporates all of their observations. It also draws on a recent article by Jennifer Pelton and Linda K. Beeman, with citations below. Tricia's original article appears on page 17.

THE OPENING SENTENCE OF THE 1992 ARTICLE WAS, "Successful fundraising begins with a clear organizational mission and people committed to achieving it."

That is as true now as it was in 1992. Fundraising is most successful when tied to an organization's specific strategic and programmatic goals, when it is part of an effort undertaken by a group of committed people (staff, volunteers, donors), and the methods used are tailored to fit available skill sets and resources in alignment with the organization's overall mission.

Our review of the 1992 article has led us to conclude that the entire article is still relevant and applicable, despite some of its dated references. For example, we no longer use paper forms to record information about prospective donors—we now use databases. And "community chests" referred to in the article are a thing of the past, likely replaced by United Ways, donor circles and federated campaigns. Current databases have the capacity to run cash flow projections so they do not have to be done manually. But despite the outdated context in some areas of the article, the key elements of the fundraising plan and the steps laid out at the time are steps we all continue to practice and recommend. One practical tip we would suggest is to create 18-24 month plans rather than 12-15 month plans referred to in the 1992 article.

A GOOD PLAN HAS THE STRUCTURE AND FLEXIBILITY TO ABSORB OPPORTUNITIES THAT PRESENT THEMSELVES.

Plans Are Dynamic Documents

This updated article provides suggestions that are based on our many years running development offices for a variety of organizations. We all agree that planning is critical, but it is important that the plan remain a living, dynamic element of your organization on a day-to-day basis. Development staff, with other organizational leaders and the board, should revisit, reflect on, and evaluate the plan at frequent intervals and pivot when circumstances affect your ability to follow and achieve the plan. Adjustments at critical moments in an organization's fiscal year can inspire a renewed sense of confidence in the plan.

Over the years, we have all benefitted from serendipity, luck, a timely issue, an unexpected offer of a challenge match—or a crisis—that has led us to be less rigid about our development plans. Strong plans are key for organizational fiscal health, but it can be challenging to create a fundraising plan that is both ambitious and flexible enough to adapt to unforeseen obstacles or to capitalize on unexpected windfalls. Like budgets, plans can and should be changed to reflect your organization's current or projected demands.

A dynamic plan tracks progress toward goals and is evaluated and adjusted throughout the fundraising cycle. If something falls short, options for recovery are possible. Options are a fundraiser's friend. A good plan has the structure and flexibility to absorb opportunities that present themselves. A plan that is budgeted to the "fundraising penny" and does not allow for flexibility can be troublesome. Development is dynamic and requires regular check-in points. When you measure cumulative progress, you will have a better sense of what is working and what is not. This allows you to employ contingency plans if you need a mid-cycle correction or an extra boost.

Your plans and projections should be rooted in your experience, knowledge and the probability of likely revenue. Add in an estimate of what is possible if you stretch a little more. One approach many of us use is to budget on what is probable, but aim for the audacious. Acknowledging this in our plans and budgets has been helpful because we can see what the minimum aim should be and where we could stretch if we just reached a little harder. Something about having that audacious goal on the fundraising plan makes it more likely you will reach it.

We also want to stress that development goals should be widely shared across the organization, and the sun doesn't rise and set on the success or failure of a development plan. Development plans, which include income projections, are just that—projections. Testing your assumptions behind those projections at several intervals throughout the year is very important so everyone involved in budgeting and fiscal management has their eyes wide open. It is important here to also look at a three to five-year history of past performance. What has been your organization's track record? What has been successful? What has not been successful? Projections, whether probable or audacious, must have data to back them up.

You might want to consider the fundraising plan as the "who, what, why, where, when, and how" frame for your organization. Raising funds via the internet, social media, and more electronic solicitations have expanded the responsibilities of development staff. If the development function includes communications, all those production deadlines, printing, electronic appeals, etc. also need to be in your timeline. And realistically, opportunities will arise for solicitations that are not on our plans.

Why Diversify?

The 1992 article stressed diversity in revenue sources as a way of achieving a strong plan. A diversified fundraising plan is important; however, fundraising has become a lot more specialized along skill areas (such as major gifts officers, event planners, foundation grant writers), and all this staff costs money that some organizations do not have to invest. The most successful fundraising plans avoid the pitfalls of being too diverse, too labor intensive, or too expensive.

"It takes money to raise money." How often have we heard this? That's because it is true. The planning team can build the perfect work plan ripe with good ideas; but if the organization fails to allocate enough resources to underwrite the prescribed efforts, the plan might fail before it launches. Some groups solve their staffing challenges by hiring temporary help to organize an event or write a proposal; however, we advise groups that want to diversify revenues that temporary staff leave and take the skills and experience you need with them. This can become a vicious cycle.

SET GOALS THAT REFLECT AN APPRECIATION OF THE MONEY AND TIME NEEDED TO MEET THEM.

It also takes time to raise money. We know executive directors and boards hate to hear this, but the data is clear. People fund organizations they trust. Trust is what makes an "impulse giver" a "habitual giver" and a "habitual giver" a "planned giver." Building trust takes time, and time cannot be easily budgeted. Fundraising sometimes calls for patience and for slowing down. It may call for delaying initiatives. On the other hand, it sometimes calls for an urgent "jumping in with both feet" approach that allows for little time to plan or wait.

We recommend setting goals that reflect an appreciation of the money and time needed to meet them.

Building Your Team: Involving Board and Staff

In addition to board members filling out contribution and participation pledges, we highly recommend involving board members in development planning so they see how it all fits into the bigger picture. We also recommend board members play an active role in the evaluation of the development plan, which will contribute to their on-going ownership of the plan.

How well non-development staff understand and implement their fundraising roles is vital to the well-being of the organization: What is written on everyone's work plan is what makes accountability easier and gridlock less likely. Coordinating work plans among all staff departments goes beyond everyone agreeing to the plan, or even beyond helping create the plan. Each person on staff has a role in development, and the tasks related to that role need to be in their work plans. Development staff can show mutual respect for the workloads and deadlines of other staff teams by integrating key program demands such as conferences into the fundraising calendar to maximize organizational resources and assets and prevent deadline collisions.

Another valuable aspect of the development plan is collaboration at regular intervals with program and communications staff to ensure development staff are well informed about other organizational activities. This is necessary if development staff are to maximize fundraising opportunities, convey financial needs to donors, and report regularly to supporters.

Development Data and Databases

The fundraising plan should specify how the organization gathers, compiles and records information on everyone with whom the organization interacts (donors, participants, volunteers, constituents, partners, vendors, etc.). The database should make it as easy as possible to record and use that information. The basic information recorded should include:

- Contact info, including donor preferences for names, salutation, whether they wish to receive newsletters, appeals, digital communications, mailings, emails or phone calls;
- History of appeals sent and history of gifts, pledges and in-kind contributions;
- A "notes" section for recording every contact and conversation as well as biographical information and notes on the donor's interest areas, work, business interests, associations, philanthropic efforts, volunteer activities;
- A way to note (or code) specific types of engagement with your organization: board, committee, volunteer, staff (with relevant dates);
- If you are using codes, you should keep a comprehensive list of every code used along with an explanatory description.

For organizations that are just starting out or don't feel ready to choose a database, the most important thing is to commit to recording the necessary information in a form that can later be transferred into a database. For example, for organizations that have received funding for programs but are struggling to raise funds for development, it's important to make it someone's job to record—on an ongoing basis—the type of contact information listed above on a spreadsheet (and keep it backed up). Eventually (hopefully sooner rather than later), the whole spreadsheet can be uploaded into a database.

Rather than focusing on one particular database or system, we would like to drill down into the data collection plan and process.

Data and databases can feel like a slippery slope. Sometimes we ask for too much data at one time and it becomes overwhelming. Sometimes we do not ask for enough and become frustrated when it is time to extract the data for that all-important meeting or mailing and we don't have it. Sometimes we go to all of the trouble to ask for it and do not use it all. As Mark Twain said, "Data is like garbage. You better know what you are going to do with it before you collect it."

Once you decide what data you need to collect and save, be sure you know how to generate the reports you need to analyze the data and report to others who need to see it. After the data have been collected and evaluated, these findings can impact the way your organization fundraises. Applicable findings can

FIND MORE ARTICLES ON FUNDRAISING PLANNING, DATABASES AND MORE IN THE JOURNAL ARCHIVE

Visit grassrootsfundraising.org/archive

Five Steps to Developing a Better Fundraising Budget by Dipty Jain and Kate Garroway

The Fundraising Summit: Creating a Shared Vision by Ari Wohlfeiler

Preparing & Sticking to Your Fundraising Plan by Rona Fernandez

Finding the Perfect Fundraising Database in an Imperfect World by Robert Weiner

Quick Tips on Using Your Database by Priscilla Hung

A Grassroots Fundraiser's Guide to Choosing a Database by Jon Goldberg

THINK ABOUT HOW WE ARE TRANSFORMING THE PRACTICE OF FUNDRAISING.

build confidence in your data collection process and inform your future data needs.

Here are some additional questions to consider, courtesy of audiencebuildingroundtable.org[1]:

- What are the real, day-to-day business challenges and goals for our nonprofit? These aren't vague concerns like, "We want to have all of our data in one system"; these should be concrete statements that describe what you hope to achieve or avoid when using a system.
- Know the Difference between "Necessary" and "Nice to Have" in Your Database
- What are the skills of your "end users"? Whatever system you choose will only be as good as the data you put into it, so if your colleagues refuse to use your new database because it is too complicated or hard for them to use, it isn't going to do you any good.

Once you have answered these questions, you will be ready to meet with any database vendor as an informed consumer for your organization.

Evaluating the Plan

We like to measure more than just dollars and donors, and encourage organizations to think about how we are transforming the practice of fundraising. So, we suggest measuring intangibles—like board participation or growth of your presence on social media—that reflect investment in the plan. Quantifiable data are helpful, but so are regular narrative notes that help qualify the effectiveness of your work.

Do you have a method for measuring progress and benchmarks on a regular basis so you can adjust your plan as needed? If you don't achieve a particular result but some other good comes from the effort, you might decide to try it again in the future if you truly understand the "why." You also need to understand why one strategy falls short and another soars beyond expectations.

When plans are designed around benchmarks or guideposts, strategies can be tweaked as needed. Measurements also help you understand whether experiments with new ideas are worthwhile or not. Last, don't forget to measure as you go.

Did you meet your goals? At the end of the day, the purpose is to attract the resources necessary to fulfill the organization's mission. Did you meet your minimum "must raise" goals? If an effort fell short, why? Be honest and look at all sides of the equation.

How did the development plan help your organization advance toward its strategic goals? Beyond the basics of raising necessary funds to implement your mission, consider how the development plan advanced other strategic goals of the organization. If fundraising efforts exceeded expectations, did your programs or infrastructure needs grow? It's important for organizations to assess how the development plan contributed to a more stable future. ■

Tricia Rubacky has been a social justice fundraiser for 40 years. Currently she is vice president for development at the Center on Budget and Policy Priorities in Washington, DC, and previously was director of development for Open Society Institute-Baltimore. Email her at tricia.rubacky@gmail.com.

Jennifer K. Pelton, CFRE, has been director of development for the Public Justice Center in Baltimore, MD since 2003. Through an active fundraising consulting practice, Jennifer also works with small to mid-sized organizations, teaching fundraising and facilitating retreats. Jennifer may be reached at peltonj@publicjustice.org.

Melody Reeves is a consultant to community-based, social and economic justice organizations across Appalachia and the Southeast to deepen strategies for development, expand outreach to donors, and create compelling visual tools for conveying programmatic scope and evaluating organizational impact. Melody can be reached through her website at melodyreeves.com.

Jose Dominguez is the chair of the Board of Directors at GIFT.

The authors would like to thank Linda K. Beeman, MBA, GPC, of Aurora Grants & Consulting (Houston, TX) and Jennifer Pelton for sharing portions of their article, "It's More Than Just the Numbers: Creating a Robust Resource Development Plan" published in the Management Information Exchange (MIE) Journal (Winter 2016).

[1] What is the best database for my organization? How do I choose? By Jordan Simmons, Patron Technology. audiencebuildingroundtable.org/blog/2017/2/8/whats-the-best-database-for-my-organization-how-do-i-choose

Essential Ingredients of Fundraising Planning

By Tricia Rubacky

Editor's Note: This article was published in 1992 and is included here along with Tricia's updated article from 2017. Readers can view the helpful charts and examples included in this version, and compare what has changed in the last 25 years in the world of fundraising planning.

Successful fundraising begins with a clear organizational mission and people committed to achieving it. These ingredients are critical; without them, your exposure in other arenas, exposure that is necessary to attempts to raise money will surely suffer. Assuming your organization satisfies these basic conditions, my advice is to follow these three commandments of fundraising:

I. Thou shalt always plan, plan, and plan some more
II. Thou shalt always strive for a diversified fundraising plan
III. Thou shall tie your program and budget planning to your fundraising planning.

A frequent complaint from fundraisers is, "I sent in all these proposals and I haven't heard anything from the foundations. We're headed for a financial crisis if we don't hear something soon!" This is the classic "blame the funder" approach, which you should decide right now to abandon. It assumes it is up to foundations to prevent your funding problems.

A plan alone cannot solve a financial crisis. However, it can help prevent one, because it incorporates the steps you must take over a prescribed period of time, the strategies you can employ to make your program attractive to a variety of funding sources, and the internal back-up systems for times when your strategies and plans fall short.

A fundraising plan is much more than a list of funders and amounts requested. A real plan reflects an income goal that is tied to your organization's program goals and incorporates the following components:

1. A *list of all sources* from which you are seeking funds (both grant and non-grant fundraising) organized by likelihood of support and priority of effort.
2. A *calendar* including all deadlines and a follow-up schedule.
3. An *income projection* based on likely funding.
4. A *cash flow projection.*

The most successful fundraising plans also demonstrate a commitment to diversified fundraising. Diversity in fundraising prevents organizational over-dependence on one source of funding (such as foundation grants or direct mail), and provides a greater margin of safety for those inevitable times when circumstances prevent one source from continuing its support.

In addition, dependence on a single type of fundraising limits your group's exposure in other arenas, exposure that is necessary to achieve the familiarity needed to attract new support. It is true that considerable organizational resources must be used to achieve funding diversity; however, it is also true that your organization's future could be in serious jeopardy without the stability provided by diverse in come streams.

A good fundraising plan also produces important management benefits. It can forestall the need for crisis mode fundraising and keep you informed of where you stand at all times. A plan helps you identify progress and anticipate problems, and it forms the basis for informed decisions and budget adjustments as new developments occur or new information is received. A plan also helps you set and balance priorities and avoid the pitfalls of competing goals and timetables. Finally, a plan helps build the organization's confidence in its fundraising capacity.

Step 1. Set Goals and Timelines

Before making a plan, considerable preparation work is needed. First, you must have a ballpark idea of how much money you need to raise and when it is needed. This ballpark figure will help you build the plan, but it is important that the program and budget goals are informed by the fundraising plan and vice versa.

The most logical place to start is with the amount you raised during the previous year. Later, armed with a realistic estimate of what can be raised and from what sources, you may decide that no increases for new pro grams are feasible. Or you may determine that adding to your program and budget is feasible in light of your fund raising potential and the time and resources you have available for raising the funds.

Before committing to a budget and a fundraising plan, all the people involved in your program, finance and fundraising operations, including members of your governing board, should review the plan and agree on goals that are both realistic and achievable.

If you are starting for the first time, you should do incremental budgeting. Incremental budgeting essentially means that budget line items are added only as income allows. For example, if an organization just starting out wants to raise enough money for an office, a phone, two staff people and travel expenses for a total of over $50,000 a year, it would be better to decide what the priorities are and add the lower priority items only when sufficient funds are raised. Perhaps you are very sure of $25,000, which could permit you to rent an office, buy supplies, install a phone, and hire one staff person. You would put the second staff person and travel funds as a goal, but would not hire until funds were raised. When groups decide to hire someone with only a few months' salary raised, they often have to lay off that person very soon.

<table>
<tr><th colspan="3">Potential Sources of Income</th></tr>
<tr><th colspan="2">Non-Grant Sources</th><th>Grant Sources</th></tr>
<tr>
<td rowspan="2">Individual Solicitation
Personal Requests
Phone-a-thons
Telemarketing
Mail Appeals
Mailgrams/Electronic Mail
Radio or TV appeals
Workplace (via payroll deduction)
Special Events
Canvassing
Membership (via percent of credit card sales)</td>
<td>Planned Gifts
Wills/bequests
Donations of real estate, art, etc.
Designated beneficiary of life insurance</td>
<td rowspan="2">Foundation
Corporate
Government
Religious
Labor
Professional Associations
United Way
Civic Organizations/Kiwanis, Junior League
Anonymous Individuals via philanthropic entities</td>
</tr>
<tr><td>Earned Income
Sales of products
Fees for services
Interest income</td></tr>
</table>

Step 2. Identify Potential Funding Sources

The next step is to create a list of all the potential sources of income for your organization. Here are some possibilities to consider:

Grant fundraising: Sources of grants include corporations, foundations, government programs, religious organizations, and individuals who make grants through philanthropic institutions, labor unions, or professional associations, United Ways, and civic organizations.

Non-grant fundraising: This fundraising can be grouped in two categories: 1) individual solicitation, including planned gifts (wills, bequests, donations of art and property, etc.), phone-a-thons, telemarketing, mail appeals, fundraising via the media (radio or telethons), workplace and payroll deduction, special events, canvassing, and membership drives; and 2) earned income, including sales of products, fees for services, and interest income.

While you may already be raising funds through a variety of means, as part of the planning process you must determine whether to try to raise more from cur rent sources or to explore new avenues. Some combination of tested and untested sources is a positive goal for any organization, if the resources are available to under take new ventures. Before deciding, you need to do some research and learn as much as you can about both grant and non-grant fundraising. Armed with this information you can determine the potential for your group.

Step 3. Create Record-Keeping Systems

Once you have decided which avenues of support you will pursue, you need a system for managing the in formation you compile about these sources. Essential facts (such as contact person, address, phone number, deadlines, and board meeting dates) and strategy should be compiled for every source you are planning to approach. This information should be kept within easy reach at all times, either in a notebook or on computer (see Example 1: Funder Strategy Sheet).

Basic information on individual contributors, whether major donors or members, should also be well organized in a profile book, a card file or a computer data base (see Example 2: Individual Donor Profile Sheet).

The information system you devise should be easy to update regularly, since fundraising requires you to handle many important at once and you cannot afford to allow any to fall through the cracks. Indeed, the system itself is critical to developing and refining your strategy in approaching funders and should be considered among the most priceless tools of your plan.

In addition, you need to establish a filing system on funders to provide new staff and board members with a sense of the organization's history with its funders, and with those from whom it has tried unsuccessfully to raise funds. This information is critical to the future relationship of your organization to its funding and holds many clues to understanding problems the group may be having raising funds from particular sources.

Step 4: Develop Your Fundraising Calendar

The next component in organizing your fundraising is a calendar. Since much of fundraising requires advance planning that you normally need to begin at least three months before your fiscal year even starts, develop a calendar that spans a 15-month time period.

As you lay out your plan, keep the calendar nearby and fill in as many deadlines or dates for your fundraising activities as possible. You will add to the calendar and change it frequently throughout the year. The calendar will also help you decide whether new program activities can be added or must be deferred because they compete with each other or with other organizational activities. You may want to set aside a copy of your original calendar and go back to it at the end of the year to see how realistic it was as a planning tool.

Deadlines mean nothing unless they are accompanied by a work plan. Your next step, therefore, is to take the deadlines calendar and create another calendar for all the activities listed. Every aspect of your fundraising, including preparation of proposals, letters, printing news letters, travel, board and committee meetings, individual meetings, events, and all follow-up should be mapped out on the work plan calendar. If the work plan is mapped out using the same 15-month format, then, when you are ready, the fundraising and work plan calendars can be integrated and converted to whatever calendar system works best for you-six-month, three-month, one month, or weekly calendars.

Keep in mind that in order to be effective planning tools, the calendars must be developed in conjunction with your overall program and fundraising plans, incorporating

EXAMPLE 1

Funder Strategy Sheet

Name of Funding Source: ___________________

Address: ___________________

Telephone: ___________________

Known Interest Areas: ___________________

Summary of past support: ___________________

____

Contact person: ___________________

Who else knows/has connections: ___________________

____

Who can help with this source? ___________________

____

Deadlines (if any): ___________________

Amount to request: ___________________

Strategy:

Step 1: ___________________

Step 2: ___________________

Step 3: ___________________

Other follow-up: ___________________

____

Notes from meetings, phone conversations, the grapevine, etc. ___________________

____

____

EXAMPLE 2

Individual Donor Profile Sheet

Name: ___________________

Home Address: ___________________

Phone: ___________________

Business Address: ___________________

____

Phone: ___________________

Title/occupation: ___________________

Preferred place for correspondence and calls:

____

Personal financial information: ___________________

____

General philanthropic/political interests: ___________________

____

Any foundation connections? ___________________

Who knows? ___________________

Who has connections? ___________________

History of contributions:

Date: ___________________

Amount: ___________________

In response to: ___________________

Other notes/comments: ___________________

____

enough of your organization's activity to know what will affect or drive your fundraising.

Step 5. Estimate Income Projections

A significant part of the fundraising plan is an income projection. Because budget and program decisions will be based on the fundraising plan, extra caution must be taken not to overestimate the potential for funding from any source, whether a traditional one or an entirely new one. All funding sources should be organized in order of probability, according to a likelihood rating based on your most informed judgment. For example, all things being equal, you will probably be able to raise $5,000 from an annual mail appeal in the second or third fear. However, before counting on that income, EXAMPLE 3

1991 Income Projection

Plan Adopted: 12/1/90	Goal: $100,000	
Current as of 8/31/91	Conservative Projection: $92,100	
Source	Projection	Committed to Date
Secure (at the beginning of year)		
World Foundation	$5,000	$5,000
Community Chest	15,000	15,000
Ms. Smith	2,500	2,500
Carryover from 1990	1,500	1,500
Subtotal	$24,000	$24,000
Very likely renewals		
Ms. Heir	10,000	10,000
March Mail Appeal	8,000	8,525
Jones Foundation	10,000	0
Payroll Deduction	6,500	*In October*
Subtotal	34,500	18,525
Running Total	*$58,500*	*$42,525*
Possible renewals		
Penny Foundation	10,000	5,000
Nickel Foundation	10,000	10,000
Topsfield Foundation	5,000	*In September*
Mr. Anonymous	5,000	10,000
General Company	5,000	*In September*
October Phone-a-thon	5,000	*In Oct./Nov.*
Subtotal	40,000	25,000
Running total	*$98,500*	*$67,525*
Internally generated		
Book Sales	2,500	1,125
T-shirt Sales	3,500	1,500
Holiday Card Sales	1,500	*In Nov./Dec.*
Subtotal	$7,500	$2,625
Running Total	*$106,000*	*$70,150*
Prospects		
Mr. Stockholder	2,500	*In December*
Ms. Stockholder	1,500	*In December*
Spring Benefit	3,000	4,750
Subtotal	7,000	4,750
Running Total	*$113,000*	*$74,900*

you must ask yourself if all the factors that produced that level of response last year are unchanged. Maybe you have more names to approach than last year, which could enable you to raise more money. Perhaps staff turnover during the year kept the organization from communicating with donors since their last contribution, which could cause you to lose support. Use this kind of information to estimate your proceeds, and when in doubt, err on the conservative side.

Similarly, if last year the XYZ Foundation made a $10,000 grant, and the year before a $7,500 grant, would it be safe to assume the foundation would renew again? What about planning for a similar increase? The answers must be based on your most recent information about the funder. Have you stayed in touch with them to know their impressions of your work? Does the foundation still fund groups working on the same issues? Has there been staff turnover at the foundation? Has anything happened that would affect their level of grants or the timing of their grant cycles?

The point is that in order to anticipate income realistically you must have current information upon which to base your probability estimates.

The sample annual plan in Example 3 should give you an idea of what is meant by probability-based planning. This hypothetical organization had a fundraising goal of $100,000, but the conservative projection was $92,100, so the budget was based on the latter figure. By the end of August, this group had raised $74,900.

Perhaps when they did not receive the $20,000 grant from the)ones Foundation they put more effort into the Spring fundraiser to make up the difference. The important thing to see is that this kind of plan enables an organization to evaluate its progress continuously, to monitor its fundraising successes and evaluate its program accordingly, and to correct for disappointments in a timely manner.

Observing the following rules in the preparation of income projections should increase their reliability.

1. Base percentages on *an informed sense* of what is likely, even if sources in a category are only 25 to 50 per cent likely. This sample plan was based primarily on renewals, and this organization had a considerable amount of committed .income when it started the year.

Fundraising Plan—Summary/Conservative Plan

Source	**Projection**	**Percent Likely**	**Total**
Secure	$24,000	@ 100% =	$24,000
Very likely renewals	34,500	@ 90% =	30,600
Possible renewals	40,000	@ 75% =	30,000
Internally generated	7,500	@ 100% =	7,500
Subtotal	$106,000	Total	$92,100
Prospects	7,000		
Total	$113,000		

EXAMPLE 4

1991 Income Cash Flow Projection

	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC
New World Foundation				5,000								
Community Chest	7,500			7,500								
Ms. Smith		2,500										
Ms. Heir					7,500	2,500						
March Mail Appeal			3,000	4,000	1,000							
Jones Foundation					10,000							
Payroll Deduction											3,500	3,000
Penny Foundation					5,000							
Nickel Foundation						5,000						
Topsfield Foundation										2,500		
Mr. Anonymous						5,000						
General Company										5,000		
Oct. Phone-a-thon										2,500	1,500	1,000
Book Sales				500		500				500	1,000	
T-shirt Sales				300	1,000	1,000	200	500	300	300		
Holiday Card Sales										400	500	600
TOTAL	**7,500**	**2,500**	**3,000**	**17,300**	**24,500**	**14,000**	**200**	**500**	**300**	**11,200**	**6,500**	**4,600**
TOTAL CASH PROJECTION $92,100												

Many plans will not allow for such high probability of success.

2. *Do not include prospects in the income projection.* (A prospect is a source that is untried, as well as one for which you have no reliable experience or information upon which to evaluate the probability of support.) Groups often become so caught up with efforts to raise funds from other categories of support that they never get around to the prospects list. Therefore, it is better to treat income from these sources as the funds to expand your program if they are raised. If prospects do not yield success, your existing program will not suffer if they were not included in your original income projection.

3. Remember that you are *developing a plan*, and like any plan, it needs constant monitoring to determine progress. It is not a fool-proof calculation and should not be considered immune to failure. Your projections may be wrong, but if they are, you will know what the impact will be relative to your other fundraising activity.

Step 6. Prepare the Income Cash Flow Projection

The last piece of the fundraising plan is the Income Cash Flow Projection. This is a necessary complement to the Expense Cash Flow projection that your organization needs in order to meet monthly bills. To prepare your income cash flow projection, begin with an accounting sheet with 12 columns. List all the sources of income on your fundraising plan down the left side, and label the top of each column with the names of the months (see Example 4).

Then go over your potential sources and make a realistic, conservative projection of when grants might be expected, when income from individual contributions is likely to be received, when the proceeds from sales and events are possible, etc. Put the conservative projected amount in the column under the month the income is anticipated.

It will soon be obvious which months will be your high-income months and which will be low-income ones. This will help you plan your expenses, especially those that can be deferred or spread over time.

As you can see from the example, none of the prospect income is included in the cash flow plan. Because you have not made an income projection for the sources in that category, you should not include those sources in the cash flow plan. You should also exercise caution with some sources you have categorized as "possible." It may be advisable to project less income or to put the projection later in the year when it is not as vital. While this conservative approach means that your cash flow projection will not equal your income projection, this is a precautionary measure to prevent over-extending your organization's cash flow.

You should regularly adjust the cash flow plan based on new information about your funding sources and the projected outcomes of fundraising events. Constant oversight of income and expenses is one way of preventing cash flow crisis, provided that the other facets of the fundraising plan are being followed carefully throughout the year.

Planning an organization's fundraising does not require sophisticated systems. All the suggestions offered here are straightforward means to help keep fundraising efforts organized. They are simple to use and can be modified to meet an organization's particular needs. While planning alone cannot guarantee fundraising success, it can do the next best thing: it can enhance the organization's capacity and bring order to what is too often an overwhelming process. ■

Grassroots Fundraising Journal

A Publication of GIFT

1904 Franklin Street
Suite 808
Oakland, CA 94612

ADDRESS SERVICE REQUESTED