

Fundraising in the Neighborhood



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A. Why Is Fundraising Important?

Fundraising is about developing capital for your organization's work. Most often we think about this in terms of **financial capital**—getting the money we need to pay for projects the organization is working on. Effective fundraising also develops other kinds of capital. **Human capital** can be measured in terms of volunteers, expertise, and energy. **Social capital** can be measured in terms of the number and depth of relationships and exchanges within a community. Finally, **political capital**, which is measured in terms of the clout and the staying power of your organization. Effective fundraising can help:

1. Provide the resources you need to carry out your work;

One of the basic responsibilities of any Board member is to ensure that the organization has the resources it needs to carry out the work of the organizations. Every Board member should be aware of this responsibility, and should know what role they play.

2. Build up a reserve for times of need or emergency;

Few neighborhood organizations have a "reserve fund." The absence of a reserve fund can hamper the ability of the organization to carry out its work should there be a financial crisis, or if the checks from outside funders (such as NRP or foundations) don't arrive in time. Good practice is to have a reserve fund equal to three to six months of your organization's operating expenses.

3. Fill gaps in funding cycles;

It is not unusual in the nonprofit world to find yourself in a "gap" between funding cycles of different funders. One foundation's grants might run from May to June, and the next one doesn't start funding programs until August. Shutting down your organization for even brief periods during such gaps can have enormous consequences!

4. Prove to outside funders that that you are serious about your work;

Foundations and large donors often want to know that they are not the sole means of support for your organization. Frequently, they also want to know that your members believe in the organization and are involved. This starts with the Board. Professional fundraisers will often start a fundraising drive by asking individual Board members to make the first commitments. Why? Because it is easier to ask people to give by saying "join me in giving to the organization!"

5. Provide more stable source of funding;

One of the basic responsibilities of a member of the Board of Directors is to ensure that the organization has the resources it needs to carry out the work of the organizations. Every Board member should be aware of this responsibility, and should know what role they play.

6. Diversify your funding;

Another role of the Board of Directors is to ensure the long term stability of the organization, and to protect it from undue risk. When the Organization relies on a single source of funding, it puts itself at the whims of a potentially uncontrollable variable. But by relying on several sources and

activities, you can reduce the impact that may result from the decrease or loss of any one funding source in your funding stream.

7. Promote the work of your organization;

Effective fundraising can help draw public attention to the work of your organization. An original, fun and exciting event can generate media coverage. It can also create a "buzz" about your work where your constituents pass the word themselves.

8. Give you an opportunity to "boast and brag" about your organization's great work;

You work hard to build and sustain your organization. But neighborhood associations don't often toot their own horn. Asking for money can also give you a chance to tell others about the excellent benefits you provide for the neighborhood. You can (and should!) boast and brag in fundraising letters, at your public events, when talking to individual prospective donors. If you are on the Board or work for a neighborhood association, you are the person most responsible for going out to the neighborhood, and making the case that the work of the organization is important.

9. Recruit volunteers;

The basic principles of fundraising, and of recruiting volunteers, are essentially the same. It is all about relationships. The most effective fundraising and volunteer recruitment is often through personal relationships, and through deliberate, planned and methodical outreach to the constituents of your organization. When you do a good job of fundraising, you will often find that you are doing "volunteer-raising" as well!

10. Build stronger relationships within your community;

Effective fundraising can help build relationships in the community in a number of ways. Fun events can bring diverse people together at kick-off campaigns or community celebrations. Good promotion for your campaign can draw the attention of unexpected allies—individuals or organizations that share your goals and interests. An effective campaign will also articulate and promote your goals to the neighborhood, helping to focus community energy and resources on important community interests. Think of it as helping to keep the community's "eye on the ball."

11. Give residents and other stakeholders ownership in their neighborhood association;

When community members donate to your organization, it creates another link between them and the organization. Further, it fundamentally changes the relationship between the member and the neighborhood association. It is, in a way, a symbolic raising of the level of commitment to the organization. When someone takes that additional step and actually writes out a check and sends it in to your office, they have, in a sense, "bought a piece of the action." It is, after all, the community's organization. Shouldn't they have an opportunity to buy into it?

12. Provide opportunities for celebration and fun!

Neighborhood work should be fun. It should be rewarding. And it should be energizing. Good fundraising events can help recognize the great work that people in the neighborhood are doing,

and can help re-energize volunteers and board members as well as energize new volunteers. And fun should not just be something done by the neighborhood as an afterthought... you should make it one of the fundamental goals of your organization, one of your regular outcomes.

B. What Are The Barriers That Keep You from Fundraising?

If your organization is not currently doing any fundraising, or is doing very little, it is important to stop and ask why. There may be one or more barriers that stop you from fundraising. Sometimes the barriers are external... things that happen outside of the organization that you have little control over. Sometimes the barriers are internal... obstacles within the organization, or even within ourselves, that prevent us from moving forward.

1. Lack of money

One of the first hurdles that most organizations face is also, in some respects, one of the easiest to overcome. Since organizing a fundraising campaign such as an event or direct mail campaign requires some money to start with. Where does that money come from? Ask. Start with the Board of Directors. Have Board members ask their friends and relatives. Ask members and volunteers. Put out coffee cans and pass the hat at events. Be patient, start small, and build your way up.

2. Lack of time

Successful fundraising campaigns require dedicated effort. Usually that means one or more Board members or volunteers who are dedicated to that one effort. If the Board is over committed, It needs to stop and think about its priorities, and figure out how to free up time for Board members and key volunteers to engage in fundraising.

3. Lack of commitment

This is "gut check" time. If the Board (and key volunteers) complain about a lack of commitment on the part of the Board or members of the community, then it is time to ask whether the priorities of the organization are in the right place.

4. Lack of experience

Most people serving on neighborhood Boards are newcomers to that position, and don't bring much experience in fundraising with them. However, what first-time Board members and volunteers may lack in experience, they often make up for in enthusiasm and ideas. Even starting with a small effort is a success, and you can learn as you go. Further, the Board or committees should spend time on research and brainstorming. Find out what other neighborhoods or other nonprofits have done, or invent new ideas. And then, try ideas that get your organization excited and that seem to fit. Experience is, after all, the best teacher.

5. Fear of failure

One of the greatest barriers to fundraising is the fear of not being able to follow through on the commitments you might make. Or you are afraid of asking for too much. Or what if you ask for too little?

6. Fear of success

While it is sometimes hard to hear the word "no" when making a request for money, it can be even harder to hear the word "yes." How much should you ask for?

7. Fear of making mistakes

What if things don't go exactly as planned? What if you don't raise as much as you expected? No fundraising campaign is ever perfect. First, anticipate that *mistakes will happen*. And when you first start out, you may not achieve your goals (in fact, many direct mail campaigns lose money on the first attempt). But when planning an event or campaign, take some time to brainstorm where things may go wrong, so you have a plan in advance of how to deal with problems. Second, follow the event or campaign with an evaluation process to provide feedback on what went well, and what didn't. That way, you can learn from your current campaign to make the next campaign even better!

C. Before You Start, Make A Plan

Whenever starting a campaign or planning an event, you should begin by asking some basic questions, and then develop a plan based on the answers. Use brainstorming sessions to generate answers to some of these questions:

1. Are you really ready?

Is your organization really ready to start a fundraising campaign? Is everybody in your organization clear on its mission, what it is working on, what it has been achieving? This is the "gut-check" time, when you want to ask "are we really doing the work that the community wants us to do? Have we earned the community's trust and involvement? Are we being good stewards of the resources the community is entrusting us with?"

2. What are your organization's assets?

Make a list of the assets of your organization. Who is involved? Who do they know? Who are your potential partners or allies? Who are past donors? Who are potential donors? What are your successes? What are current events or activities you are involved in?

3. What are some opportunities for, and barriers standing in the way of, fundraising?

Know what is happening in the community, and use it to your advantage. Do you have a community event coming up? A highly visible project you are working on? Recent media coverage about your organization or the community? Conversely, are there problems or obstacles that might hinder your fundraising efforts? Recent negative media coverage or negative

community feelings about your work? Some controversy brewing in the neighborhood? Pay attention to the calendar. Are there any major events coming up that may overlap with your events or efforts, such as major holidays, start of school or summer vacations?

4. What makes your organization unique?

Identify the unique role your neighborhood association plays in your community. What does it do that other organizations don't? What would be different if your neighborhood association didn't exist?

5. What will you use the money for?

Develop a budget, and have a good sense of what you will be spending money on. Not just programs, but actual expenses, such as staff, phones, rent, printing, mailing, bookkeeping, office supplies, etc. Also, make sure you know what programs generally will cost, and what expected outcomes are. The more clearly and confidently you can answer such questions, the more confidence donors will have in giving.

6. What are your fundraising goals?

Set some goals for your fundraising campaign, and make sure they are SMART: Specific, Measurable, Achievable, Realistic, and Timely. If you are just setting out, don't be overly ambitious. Set goals for: total dollar amount; how many people are contacted; how many become donors; how much per donor; and through how many events. Make a timeline to identify tasks that need to be accomplished and when. Make sure you are giving yourself a reasonable amount of time to plan and carry out an event. Simple activities like the donation can at events can be done immediately. More complex events like silent auctions, wine tastings and balls can take six to nine months to plan.

7. Why are you asking for money at this time?

Why are you starting your fundraising campaign now, instead of, say, six months from now? Is it precipitated by a crisis? By new volunteers willing to take on the task? Driven by a partnership, or a major new goal for the neighborhood? Spurred by a recent success? Knowing some of these answers can help identify the most appropriate actions to take. Do you send a direct mail piece? Organize a capital campaign? Host a benefit dance or a silent auction? For example, one nonprofit "made hay" after someone broke into their offices and stole all of their computers—an emergency appeal went out to the membership, raising thousands of dollars. Downtown neighborhoods raised over \$10,000 in response to a threatened office development in the late 1990s. Others have initiated fundraising events focused on a particular goal, for example opening a Police substation.

8. Are you ready to take in contributions?

Do you have a policy and mechanism in place to properly record and deposit your receipts? Any funds you raise should be recorded as soon as possible in a receipts journal, making sure you are recording the source of the check, and the intent of the donor (i.e., do they have some particular purpose they are donating for, or is it for a general fund?) Help protect your income by

restrictively endorsing checks as soon as you receive them (use a stamp that says "for deposit only to" with your organization's bank account number). Checks and cash should be deposited as soon as possible to guard against theft or loss. (See the NRP document on "Financial Record Keeping").

9. What is the message you want to get across?

Think about your fundraising campaign as one more way of telling people about your organization. What is your organization's "story?" How does your neighborhood association tell that story, if at all? Identify a single message you want to convey, and think about how to convey that message in every fundraising appeal or event. Your fundraising appeal or event should "tell a story" that conveys something of a need in the neighborhood, and how your organization meets that need.

10. What successful fundraising events have you attended, and what made them work?

Think about fundraising events you have attended. What appealed to you? What didn't? Was the event a success, or not? Did it accomplish more than raising money? Was it fun, and did it leave you wanting to do it again? In the same way, examine fundraising appeals that come in your mail or over the phone. How is the letter written? Does it make sense to you? Does it tell some kind of story? Is it long, short, or in between? Why do you want to write a check,

11. What would be a fun and exciting event for your particular community?

Ultimately, what it boils down to is that the event should be as fun and meaningful for those who organize it as for those who attend or respond. If the volunteers and staff have a lot of fun, are engaged, and achieve some personal growth, that is an important goal as any other, and they are likely to want to organize the event again and again. And if people who attend the event see the organizers are having fun, they will want to return, or, better, get more involved.

D. Some General Principles of Fundraising

All fundraising starts with the Board of Directors, and works outward from there.

Every Board member has a responsibility to be involved in the fundraising effort in some manner. This should be discussed in a Board meeting, or the Board President should have individual discussions with each member of the Board to talk about their role and involvement. The first commitment of each Board member is to make a pledge to support the organization, and that pledge should be as much as that member feels they can afford. That amount may be \$1, it may be \$1,000. But the important thing is that every Board member give to the best of their ability.

Following that, it should be recognized that not everybody is good at asking for money. Those who do ask for money for the organization should be knowledgeable about the organization, enthusiastic, and willing to be up front about the needs of the organization. Here are some roles that other Board members can play:

1. Start with the Board of Directors

The first people to make a commitment to any fundraising effort should be the Board of Directors. After all, how can you ask others to give to your organization when you aren't willing to give yourself? Every Board member should be asked to give an amount to the organization that is *significant to them*. That amount is different for every person, and only they can really determine what that amount is. It might be \$1, it might be \$1,000, or even more. But the key is to get 100% participation from the Board.

2. Work out from the Board of Directors

One of the most common strategies in fundraising is to start with who you know, and work out from there. After the Board has made its commitments, then you go one step out. Who does the Board know? Start with friends and relatives, and ask them to give. Or, more commonly in neighborhood work, start with neighbors, and ask them to give. That is the first tier. Have the Board brainstorm a list of potential donors, and put them on a list. That is the third tier. Whenever somebody shows support by giving or getting involved, ask them who they know that you should talk to. That is the fourth tier. And so on.

3. Create an expectation of giving

A common myth of fundraising is that there is a pool of donors waiting to give to your organization. But donors aren't made, they are developed, in the same way volunteers are developed. This starts by creating the expectation of the community sustaining the neighborhood association. This can be done in little ways, such as the donation can at the sign-in table at a meeting or event, putting fundraising appeals in your newsletter, passing the hat at appropriate times, charging small fees for activities such as renting space at the community garage sale. All of these different activities foster a culture of giving, and encourage people to get used to the idea of pulling out the check book to sustain the organization. It also develops their relationship with their neighborhood association, and deepens their commitment.

4. Draw a direct link between your work and improvements in the community

Nothing sells like success, and that is true for fundraising as well. But are you getting the credit you are due? Are you *asking* for that credit? Almost every neighborhood organization can point to its NRP activities as a visible sign of improvement in the neighborhood. Even before you start your fundraising campaign, you need to take every opportunity to promote your successes, and link your organization's name to improvements in the community. If you have a home loan program, or have funded a major construction project, make sure you get public credit through signage or some other recognition. Post banners with your organization's name and your events and activities. Have a clearly recognizable logo and slogan that people can identify with, and promote them whenever possible. Make sure your organization is recognized for its contributions at kick off events or grand openings.

5. Know what your "story" is and be prepared to tell it

What is the basic "story" of your organization? The best fundraising is usually built around a story that exemplifies your organization's work and successes, and brings it down to a personal

level. Is there an individual who has been helped by your organization? How about a volunteer who has done extraordinary work on behalf of the community? There are many ways to tell that story. A direct mail letter can tell the story of the senior who received a home improvement loan or grant. A volunteer recognition party or recognition at the annual meeting can help tell the story of the volunteer. An article in your newsletter can convey how a new resident chose to move into the neighborhood because of all the recent improvements.

6. Fundraising helps to tell your story

An effective fundraising campaign should have more goals than just raising money for the neighborhood association. Done right, it can help make the community more aware of the work of the organization, either by highlighting volunteers involved in that work, highlighting a success story, or drawing attention to an important issue in the neighborhood. That in turn can help recruit volunteers, draw new partners, unify stakeholders around a common vision, and foster respect for the organization.

7. Fundraising is personal

Some of the most successful fundraising campaigns are based on personal fundraising. Think about the MS fundraisers such as bike rides and walkathons. Or the March of Dimes campaigns, or Girl Scout Cookies. They are based on the idea of enthusiastic volunteers going in person to their friends, family, and neighbors and asking them to be involved. Good fundraising is about relationships, and people are the core capital of your organization. The more personal your fundraising is, the more successful your fundraising will be. Take time as an organization to get to know people and what their interests are.

8. Be creative

Don't be afraid to bring your own unique approach when you start a fundraising campaign or are planning an event. And while some fundraising efforts deal with serious issues and require a serious approach, others should be approached with a sense of fun and a dose of humor. If you are having fun, others will want to join in!

9. Don't make decisions for people

What are the assumptions you make about people in your community, or about individuals you may be asking to contribute? It is very easy to assume that someone cannot give either time or money to your organization. But how do you really know, unless you ask? Often times, when someone turns down an opportunity to give, we automatically assume it is because they cannot afford it. But there may be other factors at work. It may be just a bad time right now for donating. They may have something else on their mind. You simply may not have made a very good case. But the truth is, decision making is a complex process. People weigh decisions to give against other priorities they may have. If they are deciding against giving, evaluate how you are telling the basic story of your organization. The only assumption you should make is to assume support.

10. People feel good about giving

Too often, we assume that people feel resentful about giving money. More often, that is a projection of how we feel about asking. Think about how you feel when you give to an organization that you believe in. Do you feel good about it? How do you feel about your own volunteer work for the community? If you feel that your time is worth it, and if you feel that the organization is really making a positive difference in the community, then you should feel good about sharing that opportunity to be involved with others. And they in turn will feel good about giving.

11. Check your insurance policy

Call your insurance agent early, and talk over the event to make sure your neighborhood association is appropriately covered. Ask if there are any limitations on the policy, or if you can add coverage to cover the event.

12. Take time for evaluation of your activities

Set aside time after an event or campaign to evaluate the results. Compare your results to your SMART goals, and ask how well you did. The purpose is not to punish or blame if you didn't achieve your goals, but to understand what worked and what didn't. Be honest about what went well and what didn't. That way you can apply the lessons learned to your next effort.

13. Thank your donors, and thank them again

Be sure to provide recognition for your donors. The recognition may be simple, in the form of a thank you letter, or it may be in the form of a plaque, notice in the newsletter, or recognition at a community event such as a dinner or the annual meeting. If you are planning some sort of public recognition, check with them in advance to make sure they are comfortable with the recognition you would like to provide. Not every donor likes to be recognized in the same way.

14. Be prepared to handle contributions

Make sure you have an appropriate process in place to handle donations as they come in. Keep a receipts journal to record all cash and check donations or purchases. Restrictively endorse all checks immediately (use a "for deposit only" stamp) to help avoid losses due to theft. Track all cash, and deposit it intact (rather than using it to defray expenses) to help keep track of how much you have really earned.

E. Examples of Neighborhood Fundraising

Neighborhood volunteers have used many creative and fun ideas to help raise funds for their work. Here is just a small sampling. Some neighborhoods have relied on just one or two of these activities, but some have successfully combined several into one event, and have organized several events during the year. However, when doing any of these for the first time, start small and simple, with modest goals, and build on your successes in future years:

1. Contribution cans

Find an old coffee can, cut a slot in the lid, and put "Donations Suggested" on the side of the can. Pretty simple, really, and something you can do right away for little or no cost.

2. Newsletters

Put a simple request in your newsletter for funds.

3. Raffles

Raffle off gifts donated by local stores, or handmade goods donated by neighborhood residents. What you need are raffle tickets and board members and volunteers who are willing to sell tickets. There are two ways of holding raffles. One is to sell tickets before an event, and hold the drawing during the event. If you have a lot of donated items, place the items on display, like with a silent auction, but with cans in front of each item. People can buy tickets at the event, put their name and phone numbers on the tickets, and drop as many into one or more cans. Towards the end of the event, draw a ticket from each can to select the winner for that item.

***Important:** A gambling activity is identified by three elements: participants must pay to participate, there is an element of chance, and that there is a prize. Before conducting a raffle or any other gambling activity, contact the Minnesota Gambling Control Board at (651) 639-4000 or check their web site at www.gcb.state.mn.us for additional information on registration, licensing, reporting, and other requirements. There are also restrictions on how you may spend legal gambling receipts, including prohibitions on contributions to law enforcement or prosecutorial agencies. You may also want to contact the Minnesota Department of Public Safety Gambling Enforcement Section at (651) 296-6159 or visit www.dps.state.mn.us.*

4. Walkathons

Some nonprofits have organized these on their own, but some neighborhoods (including Powderhorn and Victory) and other small nonprofits have joined with the Headwaters Fund for their annual "Walk for Justice" each September. Headwaters Fund manages all the logistics, you go out and raise the money by getting pledges from your neighbors for a 5k walk. Headwaters Fund keeps a small portion of the funds raised to help pay for the event, the rest goes to your neighborhood!

5. Festivals

Festivals can be fun community builders, but they can also be an opportunity to raise funds with fun and engaging activities. Kids events could include ball crawls, "fish ponds," balloon animals, a petting zoo, face painting, and other activities (charge a quarter or two for each activity). Adult events could include dunk tanks (featuring your local council member and other personalities), ball tosses and similar games. Think about building in a rummage sale or garage sale, a silent auction, or a raffle. Have a cake walk, or other give aways. Soft drink sales can be particularly profitable. One nice thing about such an event is that everybody can contribute something, such as a cake or other home-made item, or donated items from the local store. Start planning for a festival about six months in advance.

6. Community Garage Sales/Rummage Sales

Find a convenient lot or green space (such as a school or church parking lot or park) in your neighborhood and hold a community sale. You can charge a minor fee for people to set up a table at the sale, or people can donate goods (clean clothing, used or new items in good condition) for a community rummage sale. The proceeds for the rummage sale are kept by the neighborhood association. Promote the event through your newsletter, through press releases, and by taking out ads in community papers and other newspapers.

7. Plant Sales

Do people in your neighborhood like to garden? Organize a plant sale in the spring. Some nurseries will sell plants to nonprofits at a lower cost. Find a lot in the neighborhood and a day when plants can be dropped off by the nursery and picked up by residents. Take orders in advance from gardeners in the neighborhood (with an appropriate mark up), order the plants, and plan for a fun spring! Promote door-to-door, with flyers and posters, block clubs, in your newsletter, and at local stores.

8. Neighborhood Night Out

Find a local restaurant that is willing to donate their profits for one night to the neighborhood, in exchange for recognition and exposure. The restaurant may donate all profits for that night, or more often profits from the people you recruit for that evening. Promote by word of mouth, to friends and family of the Board, through newsletters, flyers and posters.

9. Spaghetti Dinners/Pancake Breakfasts

Do you have a church or school kitchen in your neighborhood that goes unused on the weekends? Put it to work as part of a fundraiser for your neighborhood. You will need plenty of volunteers on the day of the event to help with set up, preparing food, serving, and, especially, cleaning up. Seek donations of food items from local grocery stores. Local restaurants may donate food items for appetizers or deserts (make sure to give them plenty of credit and recognition). Think about partnering with other neighborhoods, and the church or school to reach a broader audience and to involve more volunteers. Consider holding a silent auction or rummage sale along with the event.

10. Wine tasting events

Several neighborhoods are hosting wine tasting events. Find a local restaurant that will donate all or part of their store for the evening, and a local liquor store that would be willing to donate bottles of wine, bread, cheese and crackers. Promotion can be done word of mouth in addition to through newsletters, and press releases. Charge \$20 or so in advance, a little more at the door. Tickets can be sold through the neighborhood association, but also at the sponsoring restaurant or liquor store. Also, think about partnering with other neighborhoods or other organizations within your neighborhood. Start planning at least six months in advance, longer if you are organizing one for the first time.

11. Silent Auctions

Several neighborhoods have been using silent auctions along with other activities, such as wine tastings, neighborhood garage sales, and festivals. Ask local stores to donate goods, or stakeholders to donate handmade goods to your silent auction. Make sure you give each donor appropriate recognition at the event, and afterwards.

12. Balls and Dances

Balls and dances are becoming more common as neighborhood fundraisers. Like some other events, you need to plan them well in advance to work properly. Identify an appropriate location and date for the event, and begin planning. Promote through newsletters, and press releases, but remember word of mouth and personal connections is the best recruitment tool. Combine the ball with other activities such as a silent auction.

13. Door to door canvassing

Door to door fundraising can be more than just an effective fundraiser. Canvassing can provide other benefits, such as giving you a chance to talk directly with people you don't usually get to hear from. You can also find new members, identify potential new leadership, uncover opportunities and issues, and, especially, get a chance to tell new people about all the great things your organization is doing. Make sure you are up to date on your registration with the Secretary of State and the Attorney General's office, and carry with you a copy of your non-profit certificate. Keep a sign-up sheet and material that you can hand out on a clipboard. Use good eye contact, smile, ask questions, listen carefully, and be upfront about the fact that you are fundraising. And have fun talking with your neighbors!

14. Direct Mail campaigns

Direct mail requires both up front capital and prep work. It has the tremendous advantage of being a flexible tool for fundraising, can have the best return on your investment, and can be a very effective way to tell your organization's story. However, direct mail campaigns can be costly if not done right. Before beginning a direct mail campaign, make sure you have laid the ground work by promoting your work in the community and have raised your visibility. Anticipate that you will lose money on your first direct mail campaign, and be prepared to accept the loss. Successful direct mail campaigns are ongoing efforts designed to sustain support rather than to create it, so use it as a way to keep people involved, not to get them involved.