Charity Law Information Program

FUNDRAISING FUNDAMENTALS SERIES

Sample Fundraising Plan

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SAMPLE FUNDRAISING PLAN

Developing an Effective Fundraising Plan for Your Charity

Your organization's Fundraising Plan – like any plan – is a process. The time you invest to explore your options from an informed and objective perspective will pay off.

Many charities, particularly those that are new to fund development, don't recognize the true costs fundraising, such as running a special event or the returns gained by strengthening your relationship and commitment with existing donors. Canada Revenue Agency's Fundraising Guidance (http://www.cra-arc.gc.ca/chrts-gvng/chrts/plcy/cps/cps-028-eng.html) directs charities to fully disclose expenditures to revenue so you need to be very strategic to capitalize on your efforts and ensure the best returns on your investment.

In order to adequately allocate the time and money to fundraise efficiently, you should think 12-15 months ahead. The sample fundraising plan that follows will serve as a guideline. Review the information and determine what best suits your organization.

Sample Fundraising Plan

There is no single fundraising plan template that is common throughout the sector. The following narrative and sample fundraising plan have been developed to help boards of directors and executive directors of small to medium-sized charities become more strategic in their fundraising efforts. We have assumed you do not have a full-time fundraising staff person; however, even if your charity does have development staff, we hope the attached will be a useful tool. For the sake of convenience, any items that affect the fundraising budget will be marked with an asterisk* and examples of what might appear in each section of your fundraising plan are in text boxes.

Following are 15 points that should be considered as you develop your charity's fundraising plan. You may choose an alternative heading or directly follow this outline. Briefly document your organization's current situation and what the upcoming year's strategy is to strive toward best practices. Keep in mind that this plan goes hand in hand with your overall Strategic Plan. Budgetary spending and fundraising revenues are both indicators of the board's organizational priorities.

<u>Mission Statement</u>
Your mission "roots" your organization. Programs (and subsequent fundraising) grow from there. Make sure it's concise, pervasive through your charity and in your public documents, then ask people to invest in your good work.

Your mission should be a maximum of five sentences and as brief as one. Ideally, it's "ends-oriented" that is, if it starts to answer *how* your organization accomplishes the mission consider revision. Briefly answer:

- The charity's purpose or reason for being
- What results are you seeking?
- Whom do you serve?
- What makes your charity unique?

Address these points succinctly. The mission and "objects" of your charity's incorporation go hand in hand. A charity's mission must be within its objects. Your organization's objects may change over time, but they must still fall within the definition of charity and should be approved by Canada Revenue Agency.

Example:

> Seniors' Services is a registered charity that exists to ensure our community's elderly citizens live with dignity and independence.

Notice the example above does not proceed to describe how to charity will achieve its purpose. Avoid "through" or "by the following services" as the mission statement should stop prior to that level of description.

Strategic Plan
Your strategic plan identifies the organization's top 3-5 strategic directions over the long term. It gives donors the vision of your charity's future. Demonstrate that there is a direct correlation between the organizational priorities and those of your fundraising strategy, and then ensure you are choosing the most cost effective methods to raise the necessary funds for your work. CRA includes "prudent planning processes" as the first of the Guidance's "Best Practices".
(http://www.cra-arc.gc.ca/chrts-gvng/chrts/plcy/cps/cps-028-ddn-eng.html#d19).

Example:

> According to the board of director's strategic plan, our organizational priorities for the next 2-3 years are:
>
> - Maximizing human resources
> - Strengthening sustainability
> - Providing responsive, professional services
>
> This year's three measurable objectives for each Strategic Direction are:
>
> - Maximizing human resources
>   - Identify the chief executive's leadership goals for next year's performance appraisal – January 31
>   - Clarify board roles and responsibilities including job descriptions by April 30
>   - Form a fundraising committee by July 1 with at least four volunteers from the community and chaired by one board member.
>
> - Strengthening sustainability

> - o Develop fundraising committee Terms of Reference and job descriptions by March 1
> - o Draft fundraising case for support by April 30
> - o Identify and solicit community partners and sponsors by Sept. 30 for next year's special event
>
> - • Providing responsive, professional services
>   - o Write customer service/satisfaction survey for clients and their families by February 28
>   - o Distribute survey by May 1 with follow up for responses by May 15
>   - o Integrate and compare survey results with other program evaluation – August 15

Readiness

This section should outline your organization's fundraising readiness and accounts for the resources available to you. There are factors that will influence your success and therefore, your fundraising costs. These include the charity's age, reputation, location, leadership consensus by the board and chief executive, the cause, type of campaign, track record, competition for funds and what other human and financial resources are available. Under "Evaluation of Fundraising Activities" ([http://www.cra-arc.gc.ca/chrts-gvng/chrts/plcy/cps/cps-028-eng.html - h9](http://www.cra-arc.gc.ca/chrts-gvng/chrts/plcy/cps/cps-028-eng.html)), CRA acknowledges some of these variables when examining fundraising costs. In order to assist you with this step, we have developed an accompanying Fundraising Readiness Checklist.

Example:

> According to the Fundraising Readiness checklist, we answered "yes" 10 out of 21 times. In order to improve our score and strengthen our fundraising readiness, our top priority is to have 100% support from the board of directors. We have never actively solicited an annual gift before and we intend to begin the campaign by encouraging them to champion the cause.
>
> We also need to ensure there is an efficient system in place so that all donations are processed promptly. Our objective is to have a thank you letter and receipt sent out within three days of receiving the gift. In donations over $50 we would like selected board members call and thank the donor within 24 hours.
>
> Until we can afford proper fundraising software we'll track more details on an excel spreadsheet to help us identify average gift size, largest gifts and cost to raise a dollar. By analyzing this information we can report back to our donors, funders and CRA more effectively.

The Case

Your charity's Case for Support articulates the priorities identified in the strategic plan. Sometimes there is more than one case depending on the level of sophistication and organizational priorities. For instance, a large institution will have a wider variety of needs (programs or services) than a small grassroots charity. The cost of delivering on

your mission is determined, the existing resources outlined, the financial goal is stated and the request for support is made. The needs statement is defined in a compelling way that helps prospective donors understand how they can make a difference.

Example:

Who We Are
Our mission states *Seniors' Services is a registered charity that exists to ensure our community's elderly citizens live with dignity and independence.* We serve all individuals over 65 years who need our assistance. Currently we have more than 750 clients registered in our programs.

What We Do
In order to help people remain living independently, we provide support in the following areas:

- Meals on Wheels
- Friendly visiting
- Transportation
- Telephone support

We strive to provide our services at an affordable rate. Thanks to our many volunteers, we are able to keep our costs down and our telephone support is free.

The Need
Seniors' Services is committed to supporting our client's independence. To coordinate our programs effectively and keep our fee for services affordable, we also rely on fellow community members to help offset our costs.

Thanks to a grant from the Ontario Trillium Foundation, we are poised to introduce a new service. Connecting Communities will partner seniors with youth in a virtual environment through videoconferencing. This program will help combat isolation for those who cannot leave their homes. In addition, a valuable exchange can occur through the mentoring program being offered between knowledgeable elders and high school students.

Our fundraising goal in the inaugural year of this new program is $10,000 from individuals. These funds will offset the costs of training seniors on their computers to capitalize on the intergenerational relationships they can build.

How You Can Help
Independence is a precious commodity in our lives and something we often take for granted. A brief or temporary setback can remind us of its value and yet these challenges are rare. Thanks to internet access, we can stay in touch even if we can't get out and about. Now it's your chance to help bring that connection to an isolated senior citizen.

> We would like to invite you to invest in the new Connecting Communities program. Your gift has the potential to change more than one person's life. The enclosed donor reply form provides a variety of levels and recognition opportunities for you to consider. Please review the attached and make your gift today.

Human Resources

The cost of fundraising varies broadly depending on whether there is a development department or it's a one-person show. Identify who is responsible for the ongoing management and supervision of the charity's fundraising practices.

It's only in the last quarter century that this profession has really evolved and the value of deeply committed and well-trained volunteers has been recognized as the key to success. These individuals open doors and make introductions to others who are moved by your cause. According to CRA "recruitment of volunteers is not considered a solicitation of support" and their engagement is encouraged for cost-effective fundraising.

Example:

> Canada Revenue Agency's Fundraising Guidance has made it clear that controlling costs are an important factor when raising funds. Senior's Services is committed to establishing a volunteer fundraising committee in order to assist our chief executive.
>
> Our priorities this year are to clarify board roles and responsibilities to strengthen their governance and also champion our fundraising. By recruiting a volunteer committee we are committed to increase funds without adding staff costs.
>
> *We should consider budgeting some funds to provide training to staff, board and committee members in fundraising so everyone is on the same page and feels comfortable with their roles. By taking a "shared responsibility approach" to fundraising we promote a team effort and increase our chances of success.

Donor History

You need to know your organization's key donors. How much have they given and how long have they supported your charity? If you don't have fundraising software to run these reports, review your records/receipts for at least 3 years, particularly for those who've donated $100 plus in a single gift. Donations at that level or more are a reasonable indication of their ability to give and interest in your mission. This is important information when determining your organization's potential and understanding where your effort is best directed.

Renewing and upgrading your existing donors – perhaps encouraging their monthly support – is the most cost-effective way to strengthen your revenues, so don't overlook this strategy. Multi-year support offsets the initial investment made in acquiring that donor

Example:

> Senior's Services has 10 donors over $100 and 45 donors over $50. We are currently tracking contributions on an Excel spreadsheet however, we have been informed that dedicated *fundraising software would simplify generating reports.
>
> We will need to gather more data on our donors in order to accurately determine how long they have supported our charity. We will focus primarily on receipt copies from donations over $100 for the past 3-5 years. We are currently looking for a volunteer who will help us pull this information together.
>
> Our understanding is that we need to strengthen our ability to steward current relationships with existing donors in order to capitalize on our investment of acquiring them in the first place.

Prospecting

This is the most expensive part of fundraising so try to qualify individuals (as opposed to small businesses, corporation or foundations) first because they represent the largest portion of private sector donations. Start with those closest to your organization (the people who know the most about your charity's good work) — board members, volunteers, staff, donors and clients. Some charities do not canvass their clients so doublecheck for policies. Next, consider people who may not have direct contact but know about your organization, for instance client's family members, former board members, volunteers or staff and even vendors with whom you do business. Whatever you do, build relationships with those closest to you before you try the "shotgun" approach. Having said that and provided it's within your budget, you may choose to use direct mail for donor acquisition. Just remember that "donor acquisition" can cost $1.35 - $1.50 to get $1 donated so be sure your board understands the initial investment and has a good strategy for follow-up and relationship-building.

The difference between a "prospect" and a "suspect" is Linkage – Ability – Interest. A true prospect will have some kind of connection to your charity (Linkage). They will have a demonstrated track record of giving in your community (Ability) and their values will coincide with your organization's mission (Interest).

Proposals to other registered charities including charitable foundations do not count as "fundraising", according to CRA's Guidance (http://www.cra-arc.gc.ca/chrts-gvng/chrts/plcy/cps/cps-028-ddn-eng.html#d1). This means that neither the expense nor the revenue would be included in lines 4500 (receipted), 4630 (fundraising) or 5020 (expenditures) on your T3010.

Example:

> We also know that it's important to set aside some *funds for donor acquisition. The board must understand that bringing in new donors is the most expensive part of our fundraising efforts. It can cost $1.35 - $1.50 to get $1.00 donated. However, we also need to strengthen our Stewardship program to help ensure we don't lose their support.

Before we commit valuable resources bringing in new donors we have to be really good at fostering our current relationships. The better we can be at nurturing our best donors and keeping everyone informed of *how* their support makes a difference, the stronger our revenues will be.

The difference between a "prospect" and a "suspect" is (1) a linkage to the charity through our board, staff, clients or volunteers (2) their ability to make a financial contribution and (3) a shared interest between the donor's values and the organization's mission.

The lowest hanging fruit on the prospect tree is to review our lapsed donors list. The trouble is, we have no easy way of knowing who hasn't renewed their support. If we had the proper fundraising software we could run what's called LYBUNT (Last Year But Unfortunately Not This) and SYBUNT (Some Year …) reports to identify our top priorities.

We don't have enough money for fundraising to attempt a direct mail donor acquisition strategy this year. If we plan to try it next year the board will have to approve the * cost well in advance.

We are going to try handwriting short notes at the bottom of the Thanksgiving letter campaign and invite our existing donors to help us "broaden our base" by introducing us to a "new friend". There will be an opportunity to meet new prospects at the Thanksgiving dinner event * (which will be discussed further in the Stewardship section).

Fundraising Goal
How much do you need to fill the gap between income and expenditures? Where will the difference come from? Whom will you approach and how? Identify your income projections and from what methods (e.g. special event; letter writing; face to face solicitations) and sources (e.g. individuals, foundations, businesses - local or corporate). Now that you have defined your target audiences you must project goals from each source and what method or technique will have the greatest probability of success.

Example:

Considering this year is our first attempt at active solicitation, we are being cautiously optimistic. In previous years we received $5000 from individuals without even sending out any request letters, just from people who appreciate our work. In light of our proposal to the Ontario Trillium Foundation for the Connecting Communities program we said we would raise $10,000 from individuals.

The following information outlines our goals in each division for this year:

Individuals –   10,000.
Foundations - 5,000.
Business -   2,500. (may be partially Gifts in Kind for our event)

Events -   5,000.

Stewardship

Outline your charity's strategy to use funds in the way the donor intended, thank them and get tax receipts sent promptly; there is a direct correlation between the agency's ability to respond quickly to gifts and a donor's tendency to renew their support. Considering the most expensive part of fundraising is donor acquisition, be sure to devote adequate resources to keeping your existing donors informed and happy. Stewardship includes ongoing communication as you cultivate the relationship. According to CRA these activities fall within your fundraising costs (http://www.cra-arc.gc.ca/chrts-gvng/chrts/plcy/cps/cps-028-eng.html#h5).

Example:

In the past Senior's Services hasn't dedicated any energy toward fostering relationships with our current donors. This neglect has been our mistake according to Best Practices. We're learning more about lost opportunities with one-time donors or those who just stopped sending their annual gift. Chances are, we won't be able to get them back but we can try to correct this oversight in the future. One of our goals this year is to systemize a strategy whereby designated board members call our donors to thank them, even before we have sent out the tax receipt. We have agreed to begin with donors $50 and more. Our Thanksgiving dinner event will honour our donors and volunteers. Tickets will be $15 each or two for $25. Any ticket buyer who officially introduces us to a "new friend" will have both names entered into a special draw. Rolly's Restaurant has donated a dinner for two as the prize. We need to improve our recognition for local businesses who donate in-kind gifts. They reduce our expenses and therefore are donors too but somehow, we have historically overlooked them in our annual report. We plan to change that this year. We are creating a special "Kindness" category and will encourage our clients, members and readers to consider shopping at these local shops as a thank you for their ongoing support.

Budget

Fundraising costs money and whatever the board approves as an expenditure is an indication of their priorities. The objective is to understand how much different methods of fundraising costs and declare those expenses transparently on Canada Revenue Agency's T3010 (your charity's Annual Information Return.   CRA's Fundraising Guidance has clarified what should be counted under expenses. For the most part, if you spent the money with a goal to cultivate, request or steward funds, it is probably a fundraising   expense.   To   verify,   go   to   http://www.cra-arc.gc.ca/chrts-gvng/chrts/plcy/cps/cps-028-eng.html#h8.

This particular budget refers only to your expected fundraising income and expenses.

You may choose from the following headings to identify where the income will come from or list revenue in the same way it's outlined above under Fundraising Goals:

Example:

Anticipated Revenues:

1) The Annual Fund
    • Gifts Solicited by Mail
    • Gifts Solicited by Telephone
    • Major Gifts
    • Board of Directors Gifts
    • Unsolicited Gifts
    • Memorial Gifts
    • Commemorative Gifts
 	
2) Corporate Gifts
    • Restricted
    • Unrestricted
 	
3) Foundation Grants
 	
4) Government Grants
 	
5) Special Events
 	
6) In-Kind Gifts

Example:

Fundraising Expenses to include:
1)   Personnel (full-time fundraising staff and portion of support staff including benefits) 2)   Stationary and supplies 3)   Printing (of any fundraising materials including design) 4)   Postage and shipping 5)   Telephone, fax and internet 6)   Photocopying

7)   Travel

8)   Food/Entertainment

9)   Professional services/consultants (e.g. direct mailing houses, fundraising consultants, etc.)

10)   Professional organization dues (e.g. Association of Fundraising Professionals)

11)   Equipment (computer hardware and software, fax machines, printers, copiers or portion that is fundraising related)

12)   Subscriptions (for fundraising journals OR prospect research site, etc.)

13)   Training and support (related to fundraising and including costs of maintaining fundraising software)

External Forces & Trends

Understand your organization's potential for success by acknowledging the current economic climate, sectoral issues and individual perceptions about your charity. If there is a chance that the impact of any of these factors will be negative, it's best to anticipate the consequences and include them in your plan (e.g. a major capital campaign by another charity has been kicked off in your small community or a downturn in the economy will undoubtedly have an influence on your fundraising efforts).

Example:

> The toughest competition for Senior's Services in our community is the local hospital's capital campaign. This is all the more reason why we need to improve our Stewardship program. Our advantage is that we're less bureaucratic and have the ability to make a personal touch. The addition of a fundraising committee and training for everyone should help.
>
> We also need to prove how cost-effective our services are; this will require some added work with our *bookkeeper and the board treasurer to analyze the numbers more thoroughly.
>
> Charitable Foundations are still recovering from the economic downturn and its affects on investments. We have kept our grant-writing goal the same from foundations as a result.

Suggested Timetable

Be sure to outline a 12 to 15 month schedule so there is a visual overview of <u>all</u> fundraising activities within the agency. (Try months across the top and methods down

the side – see the sample that appears at the end of this document). Include start dates, activity deadlines and end dates to help everyone understand the necessary coordination of their efforts. If you are a United Way member agency you need to respect their campaign schedule and not solicit funds during that window.

Example:

> We have outlined the next 15 months of fundraising activities in table format as an appendix to this document. This visual helps us spot the overlaps and where we anticipate busy times and will need additional volunteers.

Fundraising Policies
The executive director or fundraising committee may recommend certain policy areas to the board for consideration. Include reference to these in your plan each year so they are not overlooked. An example of this is a Gift Acceptance policy that outlines what your charity will and will not allow. For instance, it's quite typical that those serving children don't take funds from tobacco or alcohol producers. Here are some samples that the Association of Fundraising Professionals has collected (http://afprc23.blogspot.com/2006/08/sampling-of-nonprofit-fundraising.html). Also, Imagine Canada's Ethical Fundraising and Financial Accountability Code will help you and your board decide about policies as well as help ensure transparency (http://www.imaginecanada.ca/files/www/en/ethicalcode/ethical_code.pdf).

Example:

> As our fundraising practices increase we should anticipate areas that require policies to guide board decisions. Imagine Canada has developed an Ethical Fundraising and Financial Accountability Code that the board should review and consider adopting. We can use the Code to help us improve and monitor our fundraising and financial reporting. If the board decides to join the Ethical Code Program* there is a biannual fee of $350 based on our revenues and there are reporting expectations that we would have to follow.
>
> Considering our client base, we do get included in bequests. Windfalls are not anticipated in our budget and we should safeguard these funds. One recommendation that the board needs to discuss and vote on is adopting a policy that ensures any bequest over $5000 is endowed and only the interest is used.

Disclosure & Accountability
CRA defines disclosure as the "sharing of information about a charity's fundraising and/or finances". These expectations need to be acknowledged and respected by your board and staff. Specifically, they identify "disclosure of fundraising costs, revenues, and practice (including cause-related or social marketing arrangements) as a priority (http://www.cra-arc.gc.ca/chrts-gvng/chrts/plcy/cps/cps-028-ddn-eng.html#d25). Under Concerns, outline possible misrepresentation (http://www.cra-arc.gc.ca/chrts-gvng/chrts/plcy/cps/cps-028-ddn-eng.html - d33).

Example:

> CRA's Fundraising Guidance includes "Disclosure of fundraising costs, revenues, and practice (including cause-related or social marketing arrangements)" that requires information be shared in an accurate and accessible way with those who invest in the charity's work. The board treasurer and bookkeeper are reviewing our T3010 to ensure we are following their disclosure guidelines.
>
> We will follow Imagine Canada's Ethical Fundraising and Financial Accountability Code toward conscientious reporting. The Code covers three areas: (A) Donor Policies and Public Representations; (B) Fundraising Practices; (C) Financial Practice and Transparency.

Evaluation

The only way to measure effectiveness is to set benchmarks at the beginning and track your charity's progress (e.g. was the goal of your special event to raise awareness or money or both? What are the measurable indicators that help you know if your efforts paid off?). Reflecting on successes and failures informs our decisions. All Canadian registered charities now need to refer to CRA's Fundraising Guidance when assessing their activities.

Example:

> It's important that we evaluate the cost effectiveness of our fundraising activities. We have concentrated a lot of effort on special events in the past and when we count the high level of hours that staff invest compared to our revenues, this is a costly method.
>
> The most affordable fundraising is ensuring our regular donors renew their support so retention has become a priority.
>
> Factors that CRA considers in evaluating fundraising are:
>
> - Fundraising revenues and expenditures and their ratios
> - Substantially All Test and Four Part Test
> - Valid reasons for higher fundraising costs with a specific event or year (e.g. limited donor database, immature charity with limited fundraising experience, etc.
> - The size of the charity
> - Causes with limited appeal
> - Donor acquisition and planned giving campaigns
> - Best Practices and Indicators of Concern will also factor into the equation
> - Accurate, Accessible and Inaccessible Disclosure

Conclusion

One of the most beneficial aspects of any planning exercise is the dialogue that is necessary in order to tailor the information to your own situation. The more people talk about fundraising, the stronger the team effort will be and conversely, if it's not discussed

then don't expect miracles. This sample will provide examples and tips on how to create your own plan. After you develop your draft fundraising plan, share it with your leadership team (board and executive director) and continue to hone it according to their feedback until everyone knows what they need to do to contribute to the organization's success. Effective fundraising is not about luck – your strategic and engaging approach will pay dividends.

For more information on CRA's Fundraising Guidance, and links to CRA information, visit http://www.capacitybuilders.ca/clip.

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