

CHECK THESE OUT...



Nonprofit Experts: Understanding Donations is a web repository of information, tools, and resources

<http://www.nonprofitexpert.com/donations>

Ideaware: Software and resources to assist in developing donation management and outreach

<http://idealware.org/>

eHow: About Donations for Nonprofits- This informative article details strategies and ideas to build and enhance a donation pro-

http://www.ehow.com/about_4693532_donations-for-nonprofits.html

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TOPIC WATCH

Each month we will feature a different topic; expanding the knowledge, resources, and peer networking in targeted areas. These target areas will include workforce development, transition, supported education, leadership, organizational development, sustainability, and others as they are

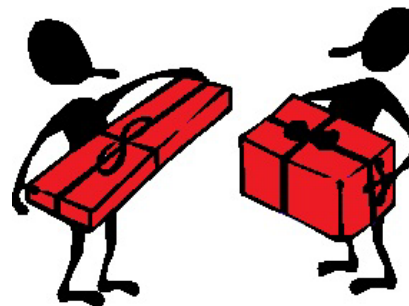
Charitable Giving

With this new Focus newsletter, The CAFÉ TA Center continues its ongoing exploration of fundraising strategies for consumer-run nonprofits. This Focus will discuss Charitable Giving.

Charitable Giving is the longest standing, most well-known method for nonprofits to acquire funds. It is a simple system: the nonprofit asks for funding from people and companies with money. They donate the money to the nonprofit, and in turn receive a tax credit to lower their annual taxes due to the government. This tax free mechanism was one of the reasons the IRS developed the 501c3 designation: to determine what organizations met the criteria of a charity that would not be taxed. It also created rules regarding the types of

organizations that would be considered eligible to receive charitable giving, and laid out what tax breaks individuals and companies that donated their dollars to these nonprofits would receive.

People donate to support what they value and believe in. Nationally, giving percentages are relatively constant from year to year, with some minor shifts and fluctuations due to economic circumstances. Giving USA reported that 60 percent of public charities saw decreases in 2010. The exceptions were religious giving, human services (this includes mental health), environmental and animal organizations, and giving to individuals, where giving remained stable.



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Strategies

Fundraising strategies need to account for all sources, and consider how best to connect organizational and community needs with potential donors' motivations for giving. Most consumer leaders are surprised at the vast amount of money that is donated to nonprofits across the country. In 2010, despite the economic conditions:

- Americans gave more than \$290.89 billion to their favorite causes.
- The greatest portion of charitable giving, \$211.77 billion, was given by individuals or household donors.
- Charitable bequests rose an estimated 18.8 percent.
- Foundations gave \$41 billion, accounting for 13 percent of all philanthropy in the USA.
- Individual, bequest and estimated family foundation giving combined were approximately 87 percent of total giving.
- Corporate giving, which is tied to corporate profits, rose an estimated 10.6 percent to \$15.29 billion. This reflects an increase in corporate in-kind donations.

Efforts to attract major individual donors include development of databases listing potential donors, individual meetings through networking, and efforts to secure planned giving.



Solicitation vs. Direct Marketing

Let's look more closely at two methods of garnering charitable donations: solicitation and direct marketing. "Solicitation" is reaching out to individuals who are known to the organization, are connected in some way, or who live within a catchment area that is served by the organization with a personal request for a donation. For example, a solicitation might include a request letter and follow up to an individual who is related, involved, or passionate about mental health services, whose name was given to the organization by the Board of Directors.

"Direct marketing," as the name implies, is a mass request that directly reaches hundreds or thousands of people that are generally unknown to the requesting organization. This approach can be taken by mail, email or by phone through "cold calls," which is a term used to describe the process of calling members of the local community that are listed in the phone book and requesting donations. Another example of direct marketing would be postcard or letter sent to thousands of people on a mailing list that was bought by the organization, or through general "occupant" delivery options. Similar efforts can be made through email, with donations collected electronically.

Solicitation of major individual donors is probably the least costly and most efficient and effective approach for charitable giving. It requires training and planning, but, in comparison to other fundraising methods, does not require a lot of up front time and costs. It can also be very effective, particularly over time, especially when organizations take the time to cultivate relationships with potential major gift donors. Solicitation is often the preferred method of charitable giving because the effort can be individually targeted to specific people, foundations, or corporations. One of the biggest drawbacks to solicitation is that you must call, write, or contact people and ASK for money. Some leaders and Board members find this particularly difficult, comparing it to begging. One organization stated that they offset this feeling by convincing themselves (and their potential donors) that they are doing them a favor: helping them invest taxable dollars in a way that helps their community while protecting them from higher tax brackets.

Direct marketing, which can include direct mail, telemarketing or electronic mail, requires a substantial time commitment. These activities involve more lead time and funds to initiate, and telephone approaches generally have better response rates. This method would require an investment of time from a dedicated individual who spent most of their time making calls or mailing flyers. Also, there are very strong laws on telemarketing and intruding on the personal lives of individuals.



Tips for Maximizing Charitable Giving



Charitable giving remains an effective and productive way to garner operational funds for organizations. There are many things the organization can do to maximize their efforts.

1. People like to give to people. Make sure that the targeted donors understand their connection to the people you serve, not just the corporate organization.
2. Demonstrate and introduce them to organizational leadership. Do not leave fundraising to an intern or high school volunteer. Donors want to know who will be spending their money.
3. Tap into the passions and beliefs of potential donors. With mental health challenges impacting 1 out of every 4 individuals in their life time, it is likely that your potential donors have been touched.
4. Make your pitch simple, easy to understand, and straightforward. Create a consistent message that states what you need and why. Also include a statement about what the donation will do for the individuals you serve.
5. Don't insult or compare the donor to others. You risk alienation of potential donors when you do not respect their choices.
6. Do not make them feel you are desperate. Even though there is less money out there and organizations are struggling, potential donors may interpret desperation as poor management.
7. Do not take "no" as the final answer. Dig for a variety of donations from those who say no. Ask for in-kind resources, volunteers for organization events, expertise for the Board, or equipment for the office. There is more than one way to give, tap into them all.



NOTE: Unfortunately, the charitable community is no different than any other sector of the economy in that it also has its share of individuals who seek to profit by defrauding innocent donors out of their hard-earned income and, in some cases, their lifetime savings. These fraudulent schemes harm not only contributors who respond, but also the charitable community, as each new scandal hurts every legitimate charitable organization by increasing skepticism in the giving public. With each new scandal in the media, the task of getting donations become harder. It requires a targeted and genuine charitable giving campaign to assure the American public that their donation will go to a good cause and be used as described.