RTC/IL MONOGRAPHS IN INDEPENDENT LIVING

Fundraising for Independent Living Centers

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FOREWARD

Fundraising: A Conflict for Independent Living Centers (ILCs)

In the past, ILCs, like many other human service organizations, depended primarily on federal, state, and county grants to fund their programs. Cutbacks in government funding, however, have forced many organizations to look to the private sector for funding. Consequently, many ILC boards have begun to think about strategies for raising private funds from their local community.

As competitors for the private dollar, ILCs face unique problems. First, they must reconcile modern fundraising demands with IL goals. Historically, successful fundraisers have been those who have evoked sympathy and compassion from donors so they will want to help those less fortunate than themselves. This strategy, however, runs counter to the basic philosophy of the IL movement which involves viewing persons with disabilities as whole, credible, and dignified human beings who are capable of functioning actively at any level of society.

Secondly, the ILC philosophy includes relatively new ideas, such as the importance of consumers as change agents and services designed to make consumers independent of rather than dependent on the agency. Most experienced fundraisers agree, however, that individuals, corporations, and foundations are most likely to donate to organizations with familiar priorities. Given these obstacles, it could appear that ILCs are poor candidates for successful fundraising, but nothing could be further from the truth. Not only can ILCs be strong fundraisers, they can also educate the world of fundraising.

The key to overcoming donor bias and promoting the IL movement through successful fundraising is for ILC directors and staff to promote the very concepts that are identified as weak by traditional fundraising standards. First is the fact that the IL movement uses donor dollars to fund consumer-run organizations for consumers who do not view themselves as "less fortunate."

They see themselves as individuals who can use those dollars to attain and maintain independence in the community. This promotional direction also fits into the current era of fiscal conservatism — dollars spent on moving persons with disabilities into communities to become productive, taxpaying individuals are actually returned to the economy and are a wise investment for society. The IL movement has stressed dignity and self determination as primary concepts. These principles should be emphasized as basic to American self-reliance.

All of us have seen tear-eliciting performances given by promoters of popular telethons. Because of the popularity and success of this method of fundraising, and its obvious inappropriateness for ILC fundraising, many ILCs have avoided telethons and similar types of fundraising. This may be a mistake. A telethon can be done with sensitive portrayals of the way the IL movement has benefited society. The telethon could focus on the consumer involvement concept that is central to IL philosophy. The message to ILC fundraisers is this: Don't reject potentially successful fundraising methods because they have been used in the past to portray consumers as weak. Simply invent new ways to use the same technology to promote the independent living philosophy.

In summary, ILC fundraisers face a real challenge in trying to wean their organizations from the federal dollar. The world of fundraising can be unfriendly toward organizations that push radical ideas about consumer involvement in service provision. However, ILC fundraisers can sell these ideas as the very reasons why donors should give to ILCs.

Introduction

Statement of Problem

The RTC/IL nongovernmental funding project recently conducted a survey of Region VII ILCs to determine the range of current fundraising activity. Although many ILCs were involved in some fundraising, most raised only a small percent of their total revenue from the private sector. Several had no active fundraising programs at all. In all cases, the need for services to persons with disabilities was growing rapidly, and government funding was becoming less and less stable. The dilemma is obvious. Increasing need for services means increasing need for revenues, and current governmental funding prospects are uncertain at best. The answer to the dilemma is similarly obvious. ILCs must begin to plan for comprehensive local fundraising programs in order to diversify their funding base. In many instances, this will require executives and managers to develop new skills, procedures, and systems for addressing the financial needs of their organizations.

Purpose of the Manual

Most ILC directors we have spoken to expressed a desire to begin local fundraising, but they didn't know where to start. Therefore, our objective in this text is to show the executive director not only where to start but where she or he is leading the organization. Even though some sections may seem complex or even unattainable now, it is important to review all the material to get a sense of long-term strategy. To be an effective leader you must have a vision of where the organization is going. Since many ILCs are relatively young organizations, there is a particular emphasis in this text on the groundwork that must be carefully laid before a major project is undertaken. We also hope to draw a clear distinction between sporadic efforts to get token donations and development of a comprehensive fundraising program. We will describe fundraising as a complex process involving organizational assessment, research, planning, management skills, public relations, and solicitation of funds. We have tried not only to discuss each step in the process, but to provide step-by-step procedures where possible.

The ultimate success of such a comprehensive fundraising program will depend on a number of variables. The most important of these are:

1. Effective management systems within the organization
2. Careful planning based on specified organizational goals
3. Involvement of board members as well as staff in the planning process
4. Enough money in your budget to make some initial investment (start-up funds can be obtained from a private foundation or corporation)
5. An attorney and an accountant to provide you with tax law information and bookkeeping
6. Volunteers or staff with prior experience in fundraising
7. Several influential philanthropists from your community who are willing to donate money and to ask others to give to your organization.

These variables will not come together in the same way for every organization. Since there is great diversity among ILCs and their respective communities, one cannot recommend a specific fundraising program that meets every ILC's needs. Similarly, one cannot recommend a particular fundraising structure for everyone. Instead, our objective is to present an overview of the entire spectrum of fundraising activities that will represent an array of alternatives from which to build a personalized fundraising program.

Manual Focus

As you go through the manual, you will see that it focuses on securing local sources of support such as individuals, businesses, institutions, associations, local foundations, and the general public, rather than obtaining government funding or grants from national foundations. The activities described in this manual are designed to decrease dependence on outside funding and increase reliance on local sources, because we feel it is in this area that ILCs have the least experience. Furthermore, local sources can provide support for fundraising events or consultants that your granting agency may not allow you to pay for with its funds. If you receive federal or other public funding, check with that agency before launching a significant fundraising project.

Although outside funding can remain an important part of the ILC budget, we think increasing local funding is a good idea, even if your organization is not in financial trouble. This is because there are many nonmonetary benefits to raising money in your own community. Some of the more important advantages are listed below. They have been culled from Connors' *The Nonprofit Organization Handbook* (Connors, 1980), Johnson's, *Organizing for Local Fund-Raising* (Johnson, Tobin, & Bond, 1982), and others.

1. Local fundraising forces an organization to "put its house in order." You can't create a local fundraising program without strengthening the organization's internal operations as well.
2. Local fundraising increases the organization's public relations activities thereby building a better support constituency for the organization. The result is usually a better image and more clout within the community.
3. A locally supported organization usually has more control over the money it receives. There are not as many strings attached nor as many layers of bureaucratic red tape. Increased control allows the ILC to design programs that meet specific community needs, to respond more quickly as new issues arise, and to be more flexible or change priorities when necessary.
4. Increased reliance on local support increases the accountability of the organization. One way of putting this is that your neighbors provide stronger and more real contingencies than external funders.
5. As long as the organization continues to address real needs, local contributors usually continue and often increase their support from year to year, but you must continue to cultivate your donors and demonstrate your viability.

Organization of the Manual

In this text, the fundraising process is described as a series of sequential decisions that will bring the organization's managers to the point where they are ready to implement a comprehensive fundraising program. The first three chapters discuss organizational issues that must be resolved before any major project, such as fundraising, could be undertaken. Chapter 4 describes all the information a board needs to assess the feasibility of a fundraising project. Since it will probably be the executive director's task to present the feasibility study, we have tried to show him or her:

1. What information the board must have

2. How to get it
3. How to present it in an easily understood format

Chapter 5 summarizes the basic methods for soliciting money and the pros, cons, and requirements of each method. This will help familiarize inexperienced fundraisers with the basic language of the field. Chapter 6 describes different kinds of organizational structures for fundraising — that is, designating which persons will do most of the work and the legal structure within which they will operate. Chapter 7 describes important issues that must be addressed by a written plan before the program launches a public fundraising program. It also gives suggestions for developing an effective case statement. Chapter 8 describes how to hire and work with consultants. You will also find a brief summary at the beginning of each chapter.

Even though some chapters or sections may not be relevant to your current needs, the more familiar you are with them now, the better long-range fundraising planning you can do for the future. You might even consider assigning sections to various board members, so that each person can feel knowledgeable (or know what questions to ask) about a particular task, strategy, or activity.

Intended Readers and Their Respective Roles

This manual is written for the chairperson of the ILC board and/or the executive director of the ILC. We assume that either or both of these people can be the prime mover in a successful fundraising program. The compatibility of these two individuals and their commitment to a project are critical factors in implementation of any major project. Success in this relationship depends on knowledge of and respect for each other's roles within the organization. Simply put, the role of the executive director is to gather information and to make recommendations to the board. The ultimate responsibility for policy decisions, however, lies with the board of directors represented by the chairperson.

The director and board chairperson should not think it is their job to do the actual fundraising. Rather, they should expect to invest their time initially in setting up an effective fundraising mechanism within the ILC and to monitor fundraising activities once such a structure is in place. An organization is more likely to experience success with local fundraising when these two individuals act within the limits of their roles and with due respect for organizational process. We have tried to be explicit in making this point throughout the manual.

This manual was designed to help ILCs establish a funding base of local support. Keep in mind that the text does not cover every possible exception or special case. It is designed for instructional purposes rather than legal precision. Please recognize these limitations, and consult your own legal and financial advisors when you need counsel on your organization's specific program.

Chapter 1

IDENTIFYING BARRIERS TO SUCCESSFUL FUNDRAISING AND SETTING UP BASIC MANAGEMENT SYSTEMS

This chapter presents a rationale and strategy for identifying weak areas in organizational structure. An organization must be internally strong before any major project can be initiated. Chapter 1 also suggests appropriate management tools for addressing problem areas.

Fundraising is most successful when a program has strong goals and well-established strategies for implementing those goals. In fact, these are such critical indicators for success, that we recommend program trustees spend some time evaluating their organization along these lines to determine their readiness for fundraising. We see self-assessment of an organization's strengths and weaknesses as the first step in leading the group to an intelligent decision about fundraising. This can be likened to building a house on rock as opposed to sand. It is impossible to develop a long-range plan for fundraising (or anything else), if "every board meeting is a crisis, and the ship is about to go down" (Davis, 1983, p. 33). A miracle would be more appropriate in such situations than a long-range plan.

But, how does one assess such a complex structure? Susan Gross, management consultant for nonprofit organizations, suggests 12 areas that are typically problematic for nonprofit groups. Evaluating the organization in relation to these areas might help a board decide if there are significant problems within their organization that need to be addressed before planning a new program. The 12 barriers that often stand in the way of successful fundraising include:

1. The board's failure to develop strong programmatic goals. This results in organizations that lack clear direction.

2. The board's failure to consider current political, social, and economic realities in terms of whether the organization is still relevant.

3. Managers' failure to develop a coherent strategy for accomplishing program goals.

4. Unrealistic plans in terms of organization's available resources and capabilities.

5. Staff who are so involved in program operation that they cannot find time for fundraising.

6. Confusion about lines of authority and responsibility.

7. The director's inability to delegate authority.

8. Focusing on funding opportunities instead of real needs and issues.

9. Trustees and administrators who do not provide regular opportunities for staff to contribute to the decision-making process.

10. A staff who is unwilling to take responsibility for maintaining the organization but still wants to influence major decision making.

11. Inactive boards due to staff's unwillingness to involve them in important policy and program issues.

12. Boards who interfere in the daily operation of an organization, because their energies have not been properly channeled.

If you think your organization does have significant problems in some of the above-mentioned areas, it might be worth your time to engage the board in a problem-solving discussion. One way to do this would be to send a copy of Gross' 12 barriers to all board members and administrators. Ask them to comment with regard to your organization on each item. Then, present a summary of the comments to the board at the beginning of the problem-solving session.

After the group pinpoints the areas of weakness they wish to improve, they will need to decide what management tools or systems might best address those problems. We have listed below what we consider to be important tools for any nonprofit wanting to launch a fundraising program. In fact, as you get into fundraising, many of these products will be needed anyway as part of a case statement or presentation to a major donor. It will be easier to develop them now rather than later. The following products or systems may be presented to the board as possible solutions to the organizational problems they have targeted:

1. A clear statement about the organization's mission or direction. You need to consider who your clients are, what their needs are, and how do you best address them? As Gross pointed out, the statement should be based on an assessment of program goals and reflect changing political, social, and economic realities. An organization trying to move towards local sources of support often needs to redefine its goals to address the problems of the community it serves more specifically (Johnson, Tobin, & Bond, 1982). Broce (1979) suggests this type of statement might incorporate answers to the following questions:

- Where is the organization today?
- Where should it be in the future'?
- What activities will enhance the organization's future performance?
- Is the organization relevant today?
- Will it be relevant in the future?
- What programs or activities will help the organization achieve its current goals?

2. An organizational chart
3. A policy and procedures manual
4. Client/consumer handbook
5. Established methods and procedures for orientation and training of new staff and new board members
6. Employee work performance standards including expectations for executive director in relation to board
7. Explicit definitions of responsibilities of board members including expectations for their interaction with executive director
8. Established method by which management regularly solicits feedback from staff and presents summary to board
9. Established method by which consumer satisfaction is regularly evaluated and reported to board
10. Established method for regular performance evaluation of all staff
11. Established procedure (such as a biannual report) that regularly prompts manager to give information about the program to the board
12. Established procedure by which the board responds in writing to the director's biannual report

All of these management areas will experience stress when you begin a major fundraising effort. If the above-mentioned products have been implemented and are working well for the organization, it is much more likely that program managers will be successful in initiating a substantive new project. This is because problem-solving mechanisms will already have been built into the organizational framework. In addition, the products described above will be useful in communicating with potential donors and presenting the organization in a professional manner.

In short, to do local fundraising means to go public with your program, and to do that, you had better have your act together.

Chapter 2

INCORPORATION

Most ILCs are already incorporated by the time they are considering serious fundraising activities. If you are not incorporated, this chapter provides step-by-step procedures for incorporation.

An organization must become incorporated before it can apply for tax-exempt status, and tax-exempt status is required for any successful attempt at local fundraising. Incorporation means becoming a legal entity in your state.

Legally, a corporation has a life and identity of its own separate from the humans who make it up. The corporation becomes legally responsible for the business your organization conducts. In addition, future leaders of the corporation are required to obey the bylaws of the corporation (Flanagan, 1981, p. 51).

Usually, a planning committee is created to set up a new corporation. This committee should include the executive director and a small working group of interested persons. Members could include people wanting to serve on the new corporation's board, those with prior experience in setting up organizations, and professionals whose expertise will be needed, such as an accountant or attorney. The most economical way to acquire the services of an accountant or attorney is to have them on the board. This does not present a conflict of interest except in cases such as an independent audit or legal representation in court. Be sure that board candidates know beforehand if you expect them to donate professional services.

If it is not possible to acquire professionals as board members, you may be able to benefit from their services by putting them on an advisory board or hiring them as paid consultants for specific periods of time. Typically, advisory board members assist the governing board or staff when needed, but they do not do much of the actual work, nor do they meet regularly, become voting members, or become liable for the actions of board members or staff. Technically speaking, the planning committee members are "original incorporators" rather than board members. They are still " . . . legally responsible to state and federal governments, however, and morally responsible to each other" (Flanagan, 1981, p. 15). They should choose a chairperson, someone to handle money, and someone to take notes and write letters. Planning committee members serve only until the first board of directors is officially elected at the first annual meeting. The essential tasks of this planning committee are to:

1. Conceptualize the corporation and write the bylaws.
2. Complete the paperwork necessary to set the corporation up as nonprofit.
3. Complete application for tax-exemption.
4. Nominate trustees to the first board.
5. Plan the first annual meeting.

A more detailed task analysis of the incorporation process is described below. We have tried to order the tasks so that work can be completed as efficiently as possible.

STEP 1: ORDER FORMS. It is a good idea to order whatever forms you will need at one time, because many are interrelated. Also, seeing all of them will give you a better idea of the total amount of work required. The forms that most ILCs will want are:

1. IRS Employer Identification Number
This is a very simple form containing basic questions about your organization. The most difficult question asks for "the ending month of your accounting year." You will probably need the help of your accountant or attorney here, since the decision is based on tax report deadlines, funding requirements, and annual cash flow.

2. The secretary of state's office produces information explaining what must be included in the bylaws of a nonprofit corporation in your state. Also, collect some sample bylaws from other ILCs that have already received nonprofit status.

3. Articles of Incorporation or Application for Incorporation. This is usually a relatively simple one or two-page form that can be obtained from the secretary of state's office.

4. IRS information on how to apply for and retain tax-exempt status for your organization.

5. IRS application for recognition of exemption. This is the form by which IRS decides whether the organization will be exempt from taxes. This is probably the most difficult form to complete, because it requires financial information and may require a fairly complicated analysis of the organization's income sources. For this reason, it is essential to have an attorney or accountant help you with this work.

6. IRS information on election/revocation of election by an eligible section 501 (c) (3) organization to make expenditures to influence legislation. Any ILC that expects to be involved in lobbying will probably elect to file this form along with Form 1023. The Election Form requires you to make a "reasonable estimate of the time spent by each paid staff member who devotes part of his or her time to lobbying." Further, it asks that you make a distinction between direct and grassroots lobbying. If you have staff who do nothing but lobbying on particular days or weeks of the year, this form is easier to complete. The advantage in choosing to complete this form is that it requires the IRS to evaluate your lobbying expenses by a predetermined percentage rather than by their subjective judgment.

7. IRS form you'll be filing every year to show IRS you have been following the rules. It is good to see it ahead of time so you will be prepared with the necessary facts and figures at reporting time. It asks for financial information such as where you get your money, how much you raise, how much you spend, and how much you owe. You will also report on this form how much money you spend on lobbying.

STEP 2: COMPLETE APPLICATION FOR FEDERAL ID NUMBER. Every nonprofit corporation must have a federal ID number, even if it has no employees. This is the number that must be listed on the IRS application for tax exemption; on federal, state, and local tax reports; and on applications for checking and savings accounts. (A copy of your application is acceptable for the latter). After receiving your application, the IRS will send you a letter stating your federal ID number. In some states, a copy of this letter will have to be shown to any merchant from wham you buy supplies, if your organization also qualifies for exemption from state and/or local sales tax. In other states, only a state sales tax exemption letter is required.

STEP 3: WRITE THE BYLAWS. The bylaws or constitution govern how an organization is run internally. They are written to preserve the overall structure of the organization. No matter who holds office or what activities change, the bylaws stay the same. Standing rules can also be included with the bylaws. These rules usually specify details that are more likely to change over time, such as who is authorized to sign checks or the time and place where board meetings will be held (Flanagan, 1981). Well-written bylaws will greatly minimize instances of friction within the organization. This is why it is advisable to have an attorney experienced in such matters review your draft. (For further details, see #2 under Step 1: Order Forms). When completed, send copies of the bylaws to all persons who will attend the first annual meeting. It is at this meeting that the bylaws will be ratified.

STEP 4: COMPLETE THE ARTICLES OF INCORPORATION. The Articles of Incorporation are the legal papers required by the state from any corporation. Articles usually include:

1. Name and duration of the organization.
2. Purpose(s) of the organization or explanation of the charitable work the organization does.
3. Name and address of the registered agent for the corporation.
4. Names and addresses of incorporators.
5. Types of individuals who should serve on the board (usually refers to minimum age).
6. When meetings will be held and how often.
7. How many board members must be present for business to be done and how this role can be changed.
8. How directors are chosen.
9. What officers are necessary, how they shall be chosen, how long they will serve, and what their duties will be.
10. How the organization can use profits.
11. How the organization will limit lobbying.
12. What will happen to assets upon dissolution.
13. When elections will be held and how the bylaws can be changed.
14. Notarized signatures of the incorporators.

STEP 5: NOMINATE CANDIDATES FOR THE FIRST BOARD OF DIRECTORS. This task can be done by the whole planning committee or by a smaller nominating committee appointed by them. First, the nominating committee should develop criteria for candidates, such as wanting cross-disability groups and skills and expertise the organization lacks. Next, they should ask each candidate, in person, to serve. For instance, a person would be asked if he or she would serve as president or secretary, etc. If an individual declines to serve as one of the top officers, ask if he or she will agree to become a member of the board. Next, ask people who have agreed to be your officers to recommend other individuals for the board. This process should ensure a cohesive working group and an uncontested slate for the first annual meeting. These stabilizing factors are especially important for newly formed organizations.

STEP 6: HOLD THE FIRST ANNUAL MEETING. When the planning committee has completed the Articles of Incorporation (as nearly as possible), it is time to hold the first annual meeting. The chairperson of the planning committee can chair the meeting. It will be the first official business meeting of what will be the corporation. A suggested agenda for the meeting comes from Connors (1980) and Flanagan (1981):

1. Approve the bylaws. This ratifies the rules by which you can elect a board of directors.
2. Nominate and elect first board members who then assume all responsibilities for the organization.
3. Nominate and elect first board officers.
4. Choose to become a tax-exempt nonprofit corporation.
5. Complete and approve the Articles of Incorporation. Put directors' names on, sign, and notarize.
6. Establish a committee to work on the application for tax exemption IRS Form.
7. Adopt a proposed budget.
8. Choose a bank.

After the meeting, the ILC executive director or other designated party should file the completed Articles of Incorporation with the secretary of state's office. Make a copy to keep for reference by the committee working on tax exemption. In about a week, the secretary of state will send back a certificate of incorporation and a copy of your application form. Send the certificate and application copy to the county recorder of deeds. This office will copy them and send the originals back. In most states, a nonprofit is also required to register with the attorney general or other state agency.

Chapter 3

ACQUIRING TAX-EXEMPT STATUS

This chapter explains why an organization should acquire federal tax exemption status for fundraising purposes. It describes a seven-step plan for becoming tax-exempt and gives examples of how a 501(c) (3) classification limits an ILC's political and legislative activities.

After the organization becomes a nonprofit corporation, the trustees can ask the federal government to make it exempt from paying corporate income taxes. Most groups who want to do fundraising apply for tax-exempt status, because they can accomplish more with the money they get, if they don't have to pay taxes on it.

There are five steps involved in becoming exempt from federal income tax:

STEP 1: READ IRS PUBLICATIONS on TAX-EXEMPT STATUS. Most ILCs that want to do fundraising will claim exemption under the category 501(c)(3) as a charitable organization. (Some who wish to raise money for extensive lobbying or campaigning may wish to claim 501(c)(4)). There are four main reasons why the 501(c)(3) status is helpful to nonprofit corporations and their donors.

1. Many donations to 501(c)(3) organizations are tax deductible.
2. 501 (c) (3) organizations are exempt from paying federal unemployment taxes.
3. Section 501 groups can often get lower bulk mailing rates.
4. In most states, some 501 (c) (3) organizations are also exempt from income, property, and/or sales tax (Olenick & Olenick, 1983).

STEP 2: COMPLETE APPLICATION FORM TO QUALIFY FOR TAX STATUS. You need to prove five things:

1. You are not a private foundation (which does not have tax benefits described above). The Code does not define what a private foundation is, but it does list organizations that are not private foundations.

2. The group is organized exclusively for exempt purposes. For the organizational test, they will look at your articles and bylaws.

3. The organization is operated exclusively for exempt purposes. This test concerns how you raise and use your funds. "Exclusively" has come to mean "primarily." This means that lobbying, for example, is ok, as long as it does not become the major activity of the group. If an ILC spends all of its time and resources lobbying for a transportation bill, it could lose its exempt status.

4. Neither private shareholders nor any individuals can profit from the organization's net earnings.

5. An exempt organization is forbidden to influence legislation or participate in a political campaign. This is a somewhat tricky area, since exempt organizations can lobby if they have specifically budgeted for lobbying expenditures. It is the percentage of resources at issue here.

An experienced attorney should review both the organization's bylaws and application for tax exemption. In their book on nonprofit organizations, Olenick and Olenick offer the following advice about finding a lawyer: If you can't find a specialist in tax exemption, you're probably better off with a small business lawyer who is willing to learn about tax exemption than with a pure tax attorney. An accountant or CPA should review any financial parts of the form.
If your organization expects to be represented by agents or attorneys, it must file a power of attorney authorizing them to represent it.

STEP 3: COMPLETE FORM 5768: ELECTION/REVOCATION OF ELECTION BY AN ELIGIBLE SECTION 501(c)(3) ORGANIZATION TO MAKE EXPENDITURES TO INFLUENCE LEGISLATION. A 501(c)(3) that plans to be involved in any lobbying activities does not have to but should file this form when it files the 1023, because it allows IRS to measure lobbying activities objectively by predetermined percentages rather than subjectively.

It is more important for ILCs than for some other nonprofit organizations to understand that qualifying for tax exemption under section 501(3)(c) limits the degree to which they can become involved in political and legislative activity.

Tax deductible charitable organizations are entirely prohibited from attempting to influence

> elections for public office. This prohibition is not limited to attempts to influence election campaigns. The Code's definition of 'political activity' includes any attempts to influence 'the selection, nomination, election, or appointment of any individual to any Federal, State, or local public office or office in a political organization, or the election of Presidential or Vice-Presidential electors. Even nonpartisan distribution of the various candidates' answers to questions, or of analysis of their voting records, may be closely scrutinized by the IRS for bias in the framing of questions or in the selection of topics. (Olenick & Olenick, 1983, p. 17)

Although 501 (c) (3) organizations must entirely prohibit "political campaigning," they are only required to limit "legislative activity" or "influencing legislation" (lobbying).

> . . . 'Influencing legislation' means 'any attempt to influence any legislation through an attempt to affect the opinions of the general public or any segment thereof,' (known as 'grass roots' lobbying) or 'any attempt to influence any legislation through communication with any member or employee of a legislative body, or any government official or employee who may participate in the formulation of the legislation.' (Olenick & Olenick, 1983, p. 18)
>
> If your efforts serve to support or oppose legislation or a referendum, you're lobbying—even if you never contact a legislator and merely urge your. . . constituents (through a newsletter) to get involved, or to tell their friends. Even a telephone interview to a radio reporter who asks you to discuss a legislative controversy could constitute lobbying. If your interviews might affect how listeners regard a particular candidate for public office, you may even be electioneering. (Olenick & Olenick, 1983, pp. 16, 17)

However, there are a number of exceptions to the lobbying rule for certain activities considered innocuous or vital to preserve the right of petition.

If the IRS decides that a 501(c)(3) is doing too much lobbying, the organization may have to pay a tax on expenditures over the allowable amount. In addition, it may lose its 501(c)(3) status

The board may decide that a higher level of lobbying is needed to advance the goals of the group, but it may also wish to raise funds. In that case, board members might want to seek an attorney's advice about setting up a separately funded companion organization called a 501(c)(4) social welfare organization. With this arrangement, the ILC can channel a specified amount of its contributions through the second organization. Although additional donations made directly to the 501(c)(4) are <u>not</u> deductible, the arrangement has several advantages:

> It greatly simplifies the recordkeeping needed to show that the 501(c)(3) has complied with its lobbying limits. (Olenick & Olenick, 1983, p. 20)
>
> Beyond whatever can be contributed by the 501(c)(3), the 501(c)(4) is free to solicit additional funds on its own. (Olenick & Olenick, 1983, p. 20)
>
> . . . The 501(c)(4) may only intervene in elections a little but may lobby extensively. (Olenick & Olenick, 1983, p. 19)

If, however, a 501(c)(4) organization with significant investment income spends too much money on a campaign, it can be taxed on the excess. To avoid this, the trustees can set up a separate tax-exempt political organization. This organization is often little more than a separate bank account for segregating campaign contributions. The 527 is neither taxed on nor limited in the amount of campaigning it can do, but donations to it must be clearly marked for that purpose by contributors.

STEP 4: ATTACH NECESSARY FORMS AND DOCUMENTS.

STEP 5: SEND COPIES OF THE COMPLETED FORM TO ALL PERSONS WHO WILL BE VOTING TO APPROVE ITS CONTENT.

STEP 6: APPROVE APPLICATION.

STEP 7: SET UP RECORD-KEEPING SYSTEMS. If ILCs set up sound bookkeeping procedures that accommodate all kinds of funding sources and future growth, they will have an advantage in the fundraising game.

Chapter 4

DEVELOPING THE FEASIBILITY STUDY

Developing a fundraising program is a complex process. A feasibility study can provide a logical framework from which a board can see the larger picture. Some ILCs may find that they do not have time to conduct a study of this complexity. In that case, modify the components presented here to fit your specific situation. This chapter discusses the feasibility study, in general, and provides a specific example of a data-based feasibility study.

Once the organization is on sound footing, it is time to prepare the board to set fundraising policy. This involves developing a feasibility study that summarizes the information the board needs to make a good decision about fundraising. To be comprehensive, the study should include:

1. Revenue projections,
2. Cost center analysis,
3. Profile of gift support,
4. Constituency survey report.
5. Market analysis.

1. **REVENUE PROJECTIONS.** If the board is interested in developing a local fundraising program, it should first direct the finance committee or bookkeeping personnel to prepare a report projecting expected revenue over a 5-year period. This can be presented in an easily understood chart with "Sources of Money" down the left-hand side and "Years" across the top. The amount of money expected from each source year by year is indicated in each box. Decision makers can easily see which sources will be decreasing and if sources will be replaced or not. Totals should be indicated at the bottom of each column so that overall revenue can be compared, too.

2. **COST CENTER ANALYSIS**. In order to make intelligent decisions about the level and type of fundraising that is appropriate for a particular organization, the governing body must know what it wants and how much that will cost. A cost center analysis is a financial summary that

identifies which expenses go with which services. A well-conceived cost center analysis not only results in more accurate budget projections, but also allows the board to better judge consumer needs. Given a limited amount of revenue, the organization must be in a position to evaluate in a meaningful way what services must be funded. For organizations that want to begin fundraising, this type of analysis will better identify which deficits should be filled by existing benefits, which by state or county revenue, which by individual or corporate contributions, and which by foundation or federal grants. The completed report will also be an impressive document to present to potential contributors, because it ties monetary needs to specific, measurable services rather than to the program as a whole. As Broce advises, "Donors give gifts to meet objectives, not simply to give money away" (1979, p. 19).

Following are the specific steps for putting together a cost center analysis adapted from Christian and Hannah's *Effective Management in Human Services,* 1981.

STEP 1: BOARD ASKS EXECUTIVE DIRECTOR TO DIVIDE ILC INTO GROUPS OF RELATED SERVICES OR COST CENTERS. Each cost center:
1. Includes a group of related activities
2. Is directed at a specific purpose
3. Has effects that can be measured

For example, an ILC's attendant care program may include administrative time, staff, supplies, and transportation. All of these produce a service: attendant care. The cost of each individual service (i.e., supplies - $50, staff - $250) is listed next to it. These costs are added up to give a monthly total for the attendant care cost center. Overhead items such as utilities can be apportioned among cost centers or listed separately. Once this step is completed, you will have a list of all services that require revenue to function.

STEP 2: EXECUTIVE DIRECTOR ASKS APPROPRIATE SUPERVISORY STAFF TO PREPARE A POLICY/BUDGET FOR EACH COST CENTER. This plan consists of the following components:
1. Cost center title.
2. Cost center objectives. These include:
    a. intended effect of center activity
    b. client group upon which effect will be registered
    c. a quantitative measure of the intended impact
    d. the time frame within which the impact is to appear

3. Cost center explanation. This should be a clear and uncomplicated description of how cost center activities are conducted.
4. Cost center history. This is a brief narrative summary referring to the creation of the service and to changes that have increased or decreased demand for it.
5. Proposed budget year 19 operations. This section should be used to present and justify major actions that will be taken during the new budget year to accomplish cost center objectives.
6. Long-term trends. An organization should describe any major trends that affect services as projected through 5 budget years. Also, a brief description of cost center responses necessary to deal with long-term trends should be given.

7. Expenditure items. This section comprises a summary of expenditures of the previous budget year, current year, and amounts projected for 5 years ahead.
8. Performance measures. Performance measures are used to determine the cost-effectiveness of services provided. Impact measures are the best performance measure, because they describe the degree to which objectives are being accomplished. Impact measures should be developed according to the following guidelines:
a. The measures should be output-oriented. They should reflect the resources used by the activity.
b. The measures should clearly indicate the degree to which cost center objectives have been accomplished.
c. The measures should be concretely defined so as to avoid misinterpretation.

3. PROFILE OF GIFT SUPPORT. When evaluating how much money an organization might expect to solicit, the best place to start is with previous donors. An organization expecting to do fundraising should establish a separate file on every individual who has ever made a contribution to the program. These files should be kept in a centrally located place, and a staff person should be assigned to keep them updated. Each time an individual, group, or corporation makes a gift, the contribution should be recorded on a Gift Record Form inside the folder.
This sheet should contain the following information:
1. How the appeal was made
2. The amount given
3. The purpose for which the gift was made
4. The date the gift was made
5. The type of gift (cash, securities, etc.)
6. Whether or not a pledge was made and, if so, what payment terms were agreed upon
7. When a thank you note was sent
8. Whether or not the donor has received special recognition by the organization or invitations to attend special events
9. Who in the organization is responsible for cultivation of the donor

For easier identification, Grasty and Sheinkopf (1982) suggest that files be color-coded to indicate types of donors. For example, ". . . blue-major, white-corporations and business, and green-gifts under' $100" (p. 26). Remember, the gift amount that constitutes a "major' gift" varies from program to program.

One way to present information about previous donors in an easily understood format is to summarize the contents of these records on a Profile of Gift Support chart. This chart shows "Year's" across the top and "Sources of Gifts" down the left-hand column. The left column also indicates percentage of increase or decrease in donations and the budget and staff size for each year.

When completed, this type of summary provides a year-by-year review of the organization’s gift support. It is a good baseline against which to measure future fundraising results and a good indicator of where the ILC needs to build its constituency. You will need to expand and adjust the chart to fit your own needs.

Figure 2

PROFILE OF GIFT SUPPORT CHART

	5 years ago	4 years ago	3 years ago	2 years ago	Last year
<u>Type of donors</u>					
1. Small, individual					
2. Local corporations and businesses					
3. National corporations and foundation grants					
4. Federal government					
5. Major, individual					
6. Board of directors					
<u>Average size of gift</u>					
1. Individuals					
2. Local corporations and businesses					
3. National corporations and foundation grants					
4. Federal government					
5. Major, individual					
6. Board of directors					
<u>Types of fundraising programs</u>					
1. Annual mail out					
2. Gift clubs					
3. Special events					
4. Deferred giving					
5. Capital campaign (starting when)					
Total dollars raised					
Percentage increase/decrease					
Staff size					
Program budget					

4. CONSTITUENCY SURVEY REPORT. There are two objectives in surveying your constituency. First is to assess all types of local public and private money that might be available to your organization. Second is to evaluate the organization's general readiness for fundraising. This involves developing your own survey to ask community leaders and major donor prospects. You can ask them to evaluate your organization's potential for fundraising and to indicate how willing they might be to help you. This type of survey is most effective when done informally among peers. Use board members who know the community leaders and donors your organization wishes to approach. Information provided by these individuals can also help the organization pinpoint problem areas it needs to address before fundraising can be successful. The survey should target community leaders, professional or community organizations with similar interests, local corporations and businesses, landowners, local foundations, trust banks, and wealthy individuals who have some connection with or other logical reason to give to the ILC. In his book on fundraising, Broce (1979) offers some good advice on what to expect from such a survey.

> The organization must not deceive itself into thinking that a constituency survey will tell how much money it can raise. It will only tell what the attitudes of the potential donors are toward the organization and toward the objectives of the proposed fund-raising goals. A good constituency survey will, however, produce some financial information, and much more, especially in making key prospects aware that a fund-raising effort is in the offing and that they are being taken into an important inner circle by being involved in the early planning process. (p. 33)

Broce goes on to recommend that such a survey be done in face-to-face meetings conducted by a person outside the organization and someone who has had prior experience. If the organization can afford it, this might be a good way to use a consultant (see Chapter 8). If you do not have money for a consultant, we suggest that a respected community member who has already expressed an interest in helping you be recruited for the job. Essentially, the constituency survey evaluates the community's image of the organization and identifies influential and skilled community leaders who might be willing to help with fundraising projects.

5. MARKET ANALYSIS. This analysis includes an assessment of competing or ancillary programs. In other words, who is your competition for disability-related funds? You can check with agencies such as United Fund, directories of charitable agencies, etc. You may want to use a consultant to analyze this information.

The five components of the feasibility study should provide the board with enough information to decide whether local fundraising is a viable option for the ILC at this time. If, after discussion, the board feels the organization is not ready, it should know what its vulnerable areas are and how to address them. If the board decides it is ready for a fundraising program, data from the study should indicate:

1. How much money is needed
2. What the money is needed for
3. How much money and talent can be invested in the program
4. What natural constituencies exist in the community

This information will provide the basis for the organization's long range fundraising plan. Further information about the plan is discussed in Chapter 7.

PRESENTATION TO THE BOARD

After you have completed the feasibility study, you must decide how to present such a large body of information to the board. This requires a certain amount of skill on the part of the board chairperson and the executive director. We have already discussed the most important job of the executive director in this endeavor: providing the board with adequate information on which to base decisions. Beyond that, there are certain techniques that, if used effectively, can serve to facilitate the group process.

1. See that all board members receive the feasibility study well in advance of the meeting. The meeting will run more efficiently if all participants have had time to thoroughly review the material to be presented. We recommend that board members also read Chapters 5 and 6 of this manual before the meeting.

2. It is a good idea for the person who is presenting the report to call key board members after they have read the material to assess their initial reaction and to find out if there were important details left out or parts of the report that were vague.

3. If the proposal is thought to be controversial, the director (or board chairperson) may want to lobby for his or her position with individual trustees before the meeting. The director's specific goal is to try to persuade key board members to agree ahead of time to make the desired motion and to second it at the appropriate time during the meeting.

4. If the board has reviewed the contents of the feasibility study and still cannot reach a decision on fundraising, the executive director should propose one of several compromise decisions. The objective here is not to let the whole idea drop, but to come out of the meeting with a decision to begin doing something. This will at least set the stage for later development of a fundraising program. This, in fact, may be a more prudent strategy for many ILCs. It is important that the executive director and board chairperson agree beforehand that they will end the discussion this way in the event of a deadlock. Below are some possible compromises the group may want to consider:

a. They may agree to collect more data on a particular part of the study in question.

b. They may want to appoint a committee to write a proposal for a grant that would provide start-up funds for the project.

c. They may want to appoint a committee to design management systems or organizational products that the organization does not have in place.

d. The board may want to appoint a nominating committee to find potential new board members with fundraising expertise.

e. The board may ask the executive director to hire a public relations specialist to work with the organization on improving its public image or a planner to help the ILC develop a long-range plan.

5. Because of the complexity of the material presented in the feasibility study and the summary of fundraising methods and organizational structures, the director will probably present the information in parts during several different meetings so that trustees can focus on one set of issues at a time. One technique for keeping participants goal-directed is to prompt them ahead of time as to what major decisions must result from each meeting. A list of such decisions can be sent to trustees right along with the report. Following are the decisions that must be made in regard to each part of the fundraising presentation.

In relation to revenue projections:

1. Does the board anticipate funding problems over the next 5 years, and, if so, how much money is needed?
2. Would any form of local fundraising help to alleviate monetary problems?

In relation to the cost center analysis:

1. What services that we now offer do we want to preserve and at what level?
2. What increases in existing services or additional services would we like to have?
3. Would any type of local funding be particularly appropriate for certain desired services?

In relation to the profile of gift support:

1. What level of giving potential exists among our identified constituents, and what does this imply about the fundraising methods that would be most successful in the beginning?
2. Are there persons among our current supporters who could help us implement a fundraising program or provide a major contribution. If so, how might we best involve them further in our program?

In relation to the constituency survey:

1. From what parts of the community would the ILC be most likely to attract long-term support?
2. Does our organization have a strong enough image to attract long-term local support from the community?
3. If not, what aspects about the program should be improved, changed, or better communicated?
4. Would it be a good idea to hire a public relations person to help us improve our image before launching a major fundraising drive?
5. Did the constituency survey identify any community leaders or organizations who are potential supporters of our program and, if so, how would it be best to cultivate them?

In relation to the overview of fundraising methods:

1. Do we have a strong preference for the type(s) or level of fundraising programs we want? In what sequence should they be implemented?

In relation to the overview of possible fundraising structures:

1. Who will be appointed to the fundraising committee or organization?
2. How will the fundraisers operate, and how will they be organized legally?
3. What are the general responsibilities of the committee or organization?

4. When and how will the fundraisers report back to the board?
5. Will additional staff or a consultant be hired?

Chapter 5

SUMMARY OF FUNDRAISING METHODS

The purpose of this chapter is to provide a fundamental understanding of the most commonly used solicitation methods that apply to local fundraising. We will discuss: the annual giving program, the deferred gifts program, direct mail, special events, the major donor program, the corporate gifts program, and the capital program. For each fundraising program or method, we will describe its unique characteristics and requirements, explain the pros and cons, provide guidelines for success, and present step-by-step procedures where possible. Sane of these methods may involve more work than your ILC can handle presently, but you should still know about them now. As your organization grows, you will need more complex solicitation strategies. The more familiar you are with them now the better planning you can do for the future.

The seven fundraising methods discussed below are not necessarily distinct entities. For instance, direct mail solicitation can be used in different ways in any type of fundraising appeal. Likewise, a special event could be part of the organization's annual appeal as well as part of a capital campaign. The secret of success, as discussed in Chapter 7, is to put into your plan the methods that will be most effective for your particular situation.

ANNUAL GIVING PROGRAM

The annual giving program is the basic fundraising program for most organizations. In fact, "most other fund-raising programs cannot succeed in the absence of a well-established annual giving program" (Connors, 1980, p. 4-20). Such a program seeks repeated, unrestricted gifts for operating expenses, thereby providing the organization with a steady influx of money for its basic programs and services. The annual campaign can be intensive and last only a few weeks, or it can consist of many phases and extend throughout the fiscal year. The annual giving program often uses a variety of techniques to solicit gifts from all parts of the constituency. The techniques most commonly used are direct mail, gift clubs, and individual solicitation of community persons and local corporations. The complexity of the annual giving program varies a great deal. For some organizations, it simply involves mail solicitation, while for others, the annual giving campaign is much more complex and includes gift clubs, telethons, and special events in addition to mail solicitation. The distinctive aspect of an annual giving program is not so much the methods used (since many are applicable), but the fact that you are asking for regular, ongoing support.

The annual giving program is not necessarily cost effective in the beginning. In fact, it may operate at a loss the first few years. This program, however, has two nonmonetary benefits, in that it: Keeps your constituency informed about your program and identifies donors who can be cultivated for larger gifts later.

Once you have established an annual giving program, one of the best ways to increase total gifts as well as donors' giving levels is to establish one or a system of gift clubs in connection with the annual appeal. The basic idea behind this technique is that contributors receive a tangible gift in return for a specified amount to be given yearly. Gifts might include a recognition plaque, free tickets to an event, discount coupons, T-shirts, jewelry, publications, or raffle tickets. An excellent discussion with case studies of how to set up gift clubs can be found in Grasty and Sheinkopf's *Successful Fundraising* (1982), Chapter 3.

Another technique for increasing annual giving is the challenge gift. This is accomplished when one major donor (individual, board of directors, foundation, government agency) offers to match general donations for a specified period of time. For instance, the donor may pledge $5,000 to match new or increased gifts received for a particular year. Or, each member of the board might pledge $10 for every percentage point of increase over last year's total gifts. Receipt of such a gift is usually promoted through a brochure which explains the conditions of the challenge and deadline.

DIRECT MAIL

"Charities annually raise more than $10 billion through direct mail efforts" (Grasty & Sheinkopf, 1982, p. 127). The technique of writing letters to ask people for money is particularly effective when the organization has an appeal that is attractive to a large number of people (Connors, 1980). Remember that it takes several years to for a direct mail program to payoff. Donors must be identified and cultivated, and it takes time to increase individual gifts.

Although direct mail can be used to solicit contributions for many different purposes, it is most commonly used to generate funds for general operating expenses as part of or the total focus of an annual fundraising drive. Connors (1980) claims direct mail may be the best way to begin a fundraising program. Fundraising experts seem to agree that there are certain basic steps and rules to follow when conducting a direct mail appeal. The following guidelines have been culled from Christian and Hannah (1983); Grasty and Sheinkopf (1982); Connors (1980); and Broce (1979).

STEP 1: DEVELOP THE SOLICITATION PACKAGE.

1. The solicitation package usually consists of a mailing envelope, letter presenting the appeal for contributions or case statement, brochure, newsletter, or other informational piece about the organization and/or special project they are hoping to fund, donor card that usually offers the prospect several gift amounts from which to choose, and return envelope.

2. Tailor your appeal to the type of people who are your best prospects, or send different appeals to different audiences.

3. Encourage people to give large amounts. It is more expensive to have many people giving smaller amounts than fewer people giving at higher levels.

4. Present the case in terms of benefits to the reader, his or her family, community, or society. Ask, what is this particular letter offering this prospect?

5. Direct the letter to just one person using the pronoun "you," for instance. Make the letter as personal as possible. Try to use personally addressed letters and salutations. It makes a difference.

6. Make the mailing piece as brief (one page) as possible; additional facts and details can go into an accompanying brochure. Letters written by prominent individuals on their letterhead with their signature are very effective.

7. Try to capture the reader's attention in the first sentence, and convey a sense of urgency. Then make it easy for the reader to take action. If a reader does not respond on the first reading, it is unlikely he or she will respond at all.

8. Use appropriate copy and layout. Develop a total concept in which all parts of the mailout are coordinated. Make the language, paper, color, wording, or artwork reflect the message you are conveying and the audience you are trying to reach. "In a 1980 test by several direct mail companies, the use of colored paper and textured stock resulted in response rates increasing by as much as 142 percent" (Grasty & Sheinkopf, 1982, p. 140).

9. Inexperienced fundraisers are advised to seek the help of professional copywriters and package designers. In addition, it is wise to hire a professional printer to advise you on mailing and to print your material for you.

STEP 2: DEVELOP THE MAILING LIST.

Because of the high cost of mailing, fundraisers must try to send the solicitation package only to prospects who are most likely to respond. Connors (1980) suggests the following people as good list sources: . . . known friends of the organization, beneficiaries of the organization's services, published lists of donors to other causes in the community, membership lists of organizations in the community, friends of board members, and key administrators of the organization. (p. 4-24)

Mailing lists can also be purchased from list brokers.

STEP 3: DESIGNATE STAFF RESPONSIBILITIES.

1. Designate a staff member who will spend approximately 8-12 hours a month implementing the direct mail system.
2. Provide an area of approximately 15x12 feet for assembly of mail-out envelopes. Keep this space as a permanent area where graphs and campaign results can be posted.
3. It is important that staff not be interrupted by other duties while assembling the mail-out envelopes, since this will increase the likelihood of incomplete envelopes.
4. A gift acknowledgement and tax receipt should be sent as soon as possible.
5. Assign one staff person to evaluate your direct mail efforts. Keep track of the cost and response of the campaign, analyze the results, and decide what changes should be made.

STEP 4: BEGIN DONOR ACQUISITION.

During this phase, the solicitation package is sent to prospective donors. It is important to be informed about other fund drives or conflicting events in your community in order to pinpoint a good date for the mail-out campaign. "Most donor-acquisition programs operate at a financial loss (Connors, 1980, p., 2-24). This is because your return rate may be as low as 1% (Flanagan, 1982), and the size of the average gift may be small. The program will become more cost-effective as you weed out those who don't respond and upgrade small donors to higher levels of giving (Connors, 1980).

STEP 5: RENEW DONORS.

The goal in the second-year mail-out is to find out which donors will continue to give to your program. Grasty and Sheinkopf (1982) predict that about 55% of persons who gave the first time will give again on a second appeal.

STEP 6: UPGRADE DONORS.

With the third-year mail-out, you are trying to identify which of the reliable donors could make larger gifts. Thorough prospect research is a key factor in knowing who, how, and when to solicit a donor for more money. This subject is discussed in more detail later in this chapter under the major donor program.

Donors targeted for upgrading are sent a different letter than other donors. At this higher level of giving, the appeal must be more personal and individualized to reflect the characteristics of the potential donor. A letter sent to these individuals usually thanks them for their past support of the organization and discusses the importance of giving at a higher level. Often, the donor is invited to join a gift club. ". . . Whereas a donor might not give $10 or $25 or $50 annually to an organization, that same donor may give the same organization $500 or $1,000 annually for the privilege of joining a club from which he or she derives satisfaction (and benefits) from membership" (Grasty & Sheinkopf, 1982, p. 22).

Those who respond to the upgrading appeal become your "large annual donors II and can be expected to make repeated gifts of substantial amounts if cultivated correctly (see STEPS 7 and 8 of this chapter for suggested cultivation activities). In addition, donors who have advanced to this level of giving become good prospects for deferred or capital gifts.

When used in this way, the direct mail program functions to educate donors so that they contribute at higher levels of support. It is also at this stage that the mail-out appeal that began in the red becomes cost-effective.

See reference list at end of this chapter for excellent samples of actual direct mail pieces.

SPECIAL EVENTS

Raising money by holding special events is not considered the most efficient way to acquire donations. "For example, if the need is $10,000, it may be a better investment of time to ask ten prospects for $1,000 each than to try to sell 400 dinner tickets at $25 each" (Grasty & Sheinkopf, 1982, p. 160). The well-executed special event is going to require 6 months to a year of planning, experienced leaders, a lot of energetic volunteers, and an initial investment of capital

And, after all this time and effort, the event may only bring a 50% return on the investment the first time you try it. There are two reasons, however, why this method of fundraising has become widely used and why your organization may want to consider this technique as a part of your annual giving program or to support a capital project. The advantages of special event fundraising are:

1. A special event can focus the community's attention on your organization and its programs. This may be an excellent idea for the organization that wishes to institute a local fundraising program but is not well known or understood by the general public. If a special event is to be a part of the fundraising program, the following guidelines will help make it successful:

2. Often, volunteers or staff who are not comfortable asking for money face-to-face are glad to

participate in this type of fundraiser. In this situation, the special event fundraiser generates income to which the organization would not normally have access.

If a special event is to be a part of the fundraising program, the following guidelines will help make it successful:

1. Choose one or two special events that can be repeated year after year. This way you have trained leaders, experienced volunteers, and consumers who are in the habit of attending the event. "Sometimes an organization's special event can become one of the community's most socially significant occasions. When that happens, the event is guaranteed success" (Connors, 1980, pp. 4-28).

2. Get overhead items donated by local merchants in exchange for publicity at the event.

3. Keeping good records from year to year can increase profits.

4. For a repeated annual event, be sure to change some details each year so that participants do not become bored with the idea.

5. To capture the attention of your audience:

    a. "Use unconventional facilities — receptions in museums, luncheons on a theatre stage, or suppers in a library. . ." (Grasty & Sheinkopf, 1982, p. 162)

    b. Use themes or a special focus to events, i.e., transportation, shoot for the stars, or the accessibility ball.

    c. Make the event seem significant by honoring or featuring a well-respected or famous person.

Special events can be quite complex or relatively simple, depending on the type of event and the resources available to the organization. What would be too difficult or too costly for one group might be just the right fundraiser for another. Below, some of the most common fundraising events are categorized as simple, intermediate, and complex. These suggestions have been taken from Flanagan's, *The Grassroots Fundraising Book* (1982), and Grasty and Sheinkopf's, *Successful Fundraising* (1982).

Simple: Consider events that do not need many workers or require large amounts of seed money.
1. Rummage sale
2. Raffle
3. Bake sale
4. Parties involving a small number of guests, such as a potluck supper, tasting parties, card parties, international or holiday parties.

Intermediate: Consider events that require experienced fundraisers and from $50-500 in seed money.
1. Auction. "Extra excitement comes from celebrity auctioneers, unusual donations, and friendly competition" (Flanagan, 1982, p . 208).

2. Bazaar. A collection of several, small fundraising events in one location such as games, food, and merchandise. The goal is to seduce attendants into making a lot of little purchases, so the more variety the better.
3. Dance. The committee can do the same work but should change the theme each year.
4. House tour. Especially good for organizations in historic districts.
5. Theatre party. This is simple, because the theatre does all the production work, and all you have to do is sell tickets. Usually the theatre will agree to give you the house on a weekday evening and will let you have the tickets at a 50% discount.

Advanced: The more advanced events often require experienced fundraising organizers, from $200-2,000 in start-up funds, 3 months to a year of planning time, and an effective publicity committee (Flanagan, 1982).

1. The ad book. This is an excellent fundraiser for an organization that covers a specific geographic area. Basically, volunteers from your organization get local businesses to buy ads in your ad book. Your organization can sell the ad book for a profit at meetings, parties, fundraising events, or individually. Advertisers know a $50 ad in your book will not get the same return as a newspaper ad, but they are usually willing to sell their ad as a donation to your organization.

2. The cocktail party. For this event, you really only need one wealthy person who is sympathetic to your cause. This person holds a party once a year at which one of the program leaders explains the work the organization is doing and asks for donations. Most people attend the parties for social reasons, but the strategy is effective because the pitch is personal. The guests are giving to Brian Underwood, chairperson of the ILC board, rather than to a program with which they are not familiar. Parties such as this are a good way to introduce your leaders and their organization to local philanthropists who can be cultivated for larger donations later.

3. The breakfast lunch or dinner. For this event, fundraisers purchase meals from a restaurant or hotel, usually at a discount rate, and resell them at a higher price to guests. Other fundraisers such as raffles or ad books can be included in this event to make it more profitable. A cash bar for early arrivers can help make the endeavor more attractive to the proprietor. People usually come to one of these events because of the individual who sends the invitation, because of an honored guest, or because of a well-known speaker or special program, rather than for the meal itself. These occasions, therefore, often include some kind of presentation or program.

If your organization is considering a major special event as one component of the fundraising program, there are many excellent references that include planning checklists, ideas for themes and attractive gimmicks, and case studies of exemplary events. See end of chapter for list of references.

MAJOR DONOR PROGRAM

A major donor is one who gives to your program in the highest gift range. The amount that constitutes a large gift will vary from program to program, but major gifts produce the highest percentage of money in most campaigns. The major donor program can be a part of the annual giving drive, essential to the success of a capital campaign, or constitute the major portion of any deferred gifts program. Receiving large sums of money from individuals is one of the most efficient ways to acquire funds. Yet, this technique is often avoided, because:

1. Program managers and board trustees have not taken the time to get prospective philanthropists meaningfully involved in the program, and/or

2. Solicitors are not comfortable asking for money face-to-face.

Programs do not usually receive large gifts, until they are well known in the community and have been successful at other types of fundraising. This may be because major donors are more likely to give to a well-established program. They are impressed with competency as much as they are with the cause. Even then, solicitation of major donors requires months of research, planning, and cultivation. Major donors are made, not born. People usually don't make large donations unless they are asked — by the right person, in the right way, at the right time, for the right amount, and for the right cause. In other words, the secret to getting the money you want lies not in the asking (although you can't do without that!) but in the research that is done prior to solicitation.

Implementing a major donor program involves the following:

STEP 1: FIND THE PERSON WHO WILL DIRECT THE PROORAM.

Grasty and Sheinkopf (1982) recommend that this individual be:

1. Well-respected among local philanthropists.
2. Committed to your organization's goals and have the ability to inspire and organize others.
3. Experienced in fundraising.
4. Willing to make a major contribution to the program.
5. Willing to ask others to give in the major gift range.

If your board has been properly structured, this type of person or persons will already be on it. If such an individual is not currently involved with your organization, your first objective is to find him or her. A good place to start is by asking current board members, staff, clients, former board members, or former donors whom they could recommend who would meet the requirements. Usually, the people most likely to help are those with close ties to the program. Also, you might look through donor record files to see if anyone has ever made a large gift to the program; people don't usually make large gifts unless they feel that others would, too. Also, check out your chamber of commerce, Junior League, voluntary action centers, and so on.

When the right person is found, she or he should be asked to serve on the governing board as chairperson of the major gifts committee (or subcommittee). It is important that the individual be affiliated with the organization as a member of the governing board and not as an advisor. It is insulting to ask someone to do the work and give the money without having any real power. The new committee chairperson should be allowed to choose his or her own committee members from among friends and business associates. If possible, you want peers of potential major donors on this committee. Sometimes, these volunteers prefer to set up a separate fundraising organization rather than work through a board committee. Rationale and procedures for establishing this type of organization can be found in Chapter 6.

STEP 2: DEVELOP A LIST OF POTENTIAL MAJOR DONORS.

The committee will make a list of all prospective and major donors. Broce recommends that "prospect identification must start with the institution's natural constituents. Not only are they the most likely prospects but also few others will contribute to the cause until they do" (Broce, 1979, p. 156, emphasis added). He goes on to suggest that the natural constituency includes

1. The governing board.
2. Previous contributors.
3. Consumers and their families, and
4. Individuals with records of gifts to similar organizations.

Each prospect added to the list must not only have the financial capability to donate but also have a personal or professional connection with the organization or its mission.

STEP 3: HOLD PROSPECT-SCREENING SESSIONS.

The main objective in prospect screening sessions is to find out as much as possible about each prospect in an attempt to uncover a connection between the prospect and the organization. To accomplish this, the committee meets together to discuss prospects' past giving record and personal interests as well as their giving potential.

During these sessions, a file is established for every individual being considered. The most important form in the file is called the Prospect Information Sheet. The following are examples from Broce (1979) and Grasty and Sheinkopf (1982) of the kinds of data often recorded on information sheets:

1. Name, address, home and business phones.
2. Date and place of birth.
3. Education — name of college, graduate school (for both husband and wife).
4. Positions held and dates of employment.
5. Names and ages of children.
6. Name of spouse (including wife's maiden name).
7. Honors and achievements.
8. Civic and political activities.
9. Religious preference.
10. Clubs and special interests of both husband and wife.
11. History of past donations to other charities.
12. Connection with ILC.
13. Name of persons who could solicit from prospect.
14. Financial information —estimates of individual or family annual income. For capital purposes, information about stocks, securities, partnerships, foundations, real and personal property. And for estate purposes, the value of all assets.
15. Names of attorney and accountant.

It is probably more efficient to assign a number of prospects to each committee member, let them complete the Information Sheet as nearly as possible, and then try to fill in information gaps in the committee meeting. Committee members will find the references at the end of the chapter good sources of information on individual prospects.

STEP 4: EVALUATE THE PROSPECTS.

The main objective in prospect evaluation is to find out how much each prospect is likely to give. This is achieved by going through a name by name review in committee meetings and assigning each prospect to a category of giving. Examples of such categories are from Grasty and Sheinkopf (1982) and Broce (1979). They are:

1. Persons who should be asked for an annual gift of $100-$500.
2. Persons who should only be asked for a major gift of $1,000-$5,000.
3. Persons who are not likely to be major donors but might contribute $50-$100 annually (for most programs these persons will be taken out of the "major donor" file).
4. Persons who might provide a challenge gift or kick off a campaign with a major investment.
5. Persons who might be interested in making a deferred or planned gift.
6. Those who have the capability to give but will require cultivation to get them more involved with the organization (these names should be recorded in the "cultivation file" so they can be included in such activities when they occur).

It is important to have peers rating peers in these meetings. That is, use people on approximately the same giving level and who belong to the same societal group or profession as the prospects (Grasty & Sheinkopf, 1982). For this reason, volunteers who are business associates and friends of the prospects are sometimes invited to the committee meetings to discuss prospects' giving potentials. Bankers, attorneys, insurance executives, and trust officers can often provide relevant information, if the confidentiality issue is treated in a sensitive manner. Broce (1979) discusses some procedures designed to make volunteers feel more comfortable. For example, he suggests that the committee chairperson should begin the meeting by explaining that information will be discussed in strict confidence and kept in files open only to the committee, board, and executive director. At the opening of the meeting, the chairperson should also explain the fundraising project in detail and tell how committee members have obtained the information that has been summarized on the information sheets. In addition, volunteers must be able to trust that their participation will not be made public. To protect volunteers from feeling pressured to divulge specific confidential information, they should only be asked to indicate their opinion of the prospects' ability to give in a certain range rather than to specify a precise amount. Unles3 outside participants volunteer other information about prospects, the group leader should try to keep them in the role of validating committee members' assessments of the prospects.

Another more private, and possibly more accurate, method for evaluating giving potential is to have a committee member meet one-on-one with volunteer evaluators in their own offices. Broce emphasizes that with this method, it is important ". . . not to share information earlier evaluators have provided; this can breach confidences and limit the efforts of subsequent evaluators" (Broce, 1979, p. 167).

The results of such research can provide critical information the committee needs to put together a valid fundraising plan. In addition, the work done in prospect research provides an invaluable campaign tool. As such, it will:

1. Help solicitors make presentations tailored to the needs and interests of the prospect
2. Help campaign organizers pinpoint the most appropriate level of giving for potential donors

STEP 5: DEVELOP AND REVIEW ALL WRITTEN MATERIAL SENT TO MAJOR DONOR PROSPECTS.

Often, major donors are sent different mailing pieces than other donors. Usually, more time and effort is put into this package, and the appeal is tailored to the donor's specific interests. Often, the letter includes personal notes from program trustees or executives. The major gifts committee should review (and may help design) all mail out pieces or informational literature sent to major donor prospects.

STEP 6: PLAN AND CARRY OUT PROSPECT BRIEFINGS.

A prospect briefing is when a representative of the organization meets with a prospect and asks for money. Solicitation of a major donor should take place only after months of cultivation. Ideally, it should be someone who is the prospect's peer, has already made a major contribution to the organization, and could handle a reciprocal offer from the prospect — leverage is important. If possible, you want to send a person who has had experience with briefings (on one side or the other) to do this work. If that is not possible, then the solicitors you do use should be trained by one with experience. There are many different ways briefings can be handled. Often, solicitation takes place over a lunch or dinner meeting or at the prospect's office. The solicitor presents the organization's objectives, financial status, and long-range fundraising plan. The prospect is always asked directly (no hints) for a specified amount of money.

If you are training your own volunteers, the following guidelines from Broce (1979, pp. 186-187) and Scribner and Green (1983, p. 14) may be helpful.

1. Make an appointment by phone well in advance of the meeting date and follow up with a letter confirming the time and place. Staff may make the call and prepare the letter, but all correspondence should be signed by the solicitor. Make it clear that you are coming to ask for a gift in the telephone call. It is easier if this is understood at the outset.

2. All persons who will be present at the meeting should be well briefed on the prospect's background and should have reviewed the case statement and any other materials to be presented at the meeting.

3. Take as few people as possible but as many as necessary to answer questions about the organization and the fundraising plan. If, for instance, it is necessary to bring your fiscal officer, then do so. You should have the capability to respond promptly to any questions. The person from the organization closest to the prospect should do the actual asking. If several people are going, make it clear who is to handle which issues.

4. Begin the conversation by saying you appreciate this opportunity to talk about a significant gift to the organization.

5. Present a case for your ILC, and show how the prospect's gift will serve to meet a specific need.

6. Ask for a gift of a specific amount, and specify how it can be paid and exactly what it will be used for. Be prepared to say who else has contributed, because you will probably be asked.

7. Let the prospect ask questions, and find out when you can call back to continue the discussion or find out about the prospect's decision. Set a specific date for the return call. Leave the written proposal and any other materials requested with the prospect, and make sure he or she knows

whom to call for further questions.

8. Thank the prospect for his or her time and consideration of your proposal.

9. Write a short summary of what was said and what was agreed upon at the meeting, and put these notes in the prospect's file. It is also a good idea to send a letter to this effect to the prospect, thanking him or her again for consideration of the request.

10. Call in person or by phone to learn the prospect's decision.

11. Once the gift or pledge has been made, the contribution must be acknowledged immediately. Every major donor should receive a personal thank you note from the board president or executive director the next day.

In addition to the thank you note, there are other ways to express appreciation to donors. The program of appreciation, as it is sometimes called, is really the beginning of ongoing cultivation activities for major donors. Grasty and Sheinkopf (1982) emphasize that the gratuity should match the size of the donation. In fact, they recommend written guidelines for every reciprocal gift the organization offers. As they explain, a $10,000 gift should not be treated the same as a $100 gift. A rule of thumb is that the gift from the program should cost no more than 3% of the value of the contribution. Examples from Grasty and Sheinkopf of ways an organization can say thank you are:

1. Get a thank-you stamp to put on each check as it is received; this is appropriate for a gift .of any size.
2. Return a gift for a donation. You can offer decals, bookmarks, wallets, calendars, and so on. If someone donates a building, name the structure after the donor.
3. If you receive a large donation, and you have solid connections with the media, hold a check presentation ceremony and invite the press.
4. List donors with a thank you note in the newspaper or in your own newsletter.
5. Arrange special privileges for donors.
6. For very large contributors, a tribute banquet attended by state and community leaders can be given by the organization.
7. For large donations, a commemorative brochure presenting a summary of the donor's life and accomplishments can be used to announce the contribution.
8. Another idea is for the executive director and board of trustees to take a donor and his or her family out to dinner.

STEP 7: PLAN AND CARRY OUT CULTIVATION ACTIVITIES FOR PROSPECTIVE DONORS.

A cultivation activity provides an opportunity for prospective or previous donors to become better acquainted with a program. "The cultivation process begins the moment a prospect is identified" (Grasty & Sheinkopf, 1982, p. 32). Whether it involves previous donors or prospects, cultivation should be continuous and not occur only during fundraising.

One popular cultivation activity is a cocktail party (or other social event) given by a well-known philanthropist for the purpose of introducing program managers and trustees to friends who are potential large donors. At such an occasion, the board president may make a low key presentation, or she or he might simply mingle with guests, respond to their questions, and listen to their suggestions. In this situation, there is no overhead for the program, the host has a chance to repay social debts in a tax-deductible way, and guests have a good time, and, incidentally, begin to identify their friends as benefactors of your program.

Actually, the name of a prospective donor can be added to any invitation list the organization has. Prospects might also be appointed to advisory boards or taken to lunch by program trustees and administrators in an effort to familiarize them with the ILC and its mission and board.

STEP 8: PLAN AND CONDUCT ACTIVITIES FOR PREVIOUS MAJOR DONORS.

Cultivation of major donors means providing opportunities for previous donors to be thanked and kept in communication with the program and what it is accomplishing with their money. While this is one of the most important parts of the fundraising process, it is also the part that program managers never feel they have time for (and they are right). Consequently, it is good to have the major gifts committee concentrate on this task. Following are some suggestions for cultivation activities culled from Grasty and Sheinkopf (1982) and Broce (1979).

1. Donor's name should be added to mailing lists for periodic progress reports, the Annual Report, and any other publication the organization sends out. While staff may do the actual mailing, it is a nice touch if the reports are accompanied by a short personal note from the committee or board member who solicited the gift.
2. Major donors should be added to invitation lists for lectures, special events, open houses, etc.
3. Board members and top administrators can be assigned to take major donors out to lunch or dinner periodically.
4. Major donors can be appointed to advisory committees, if appropriate.
5. Special events are often held just for major donors such as a reception, seminar, a dinner, a football lunch, a theatre event, an anniversary party, or retirement of an old debt celebration.
6. If you wish a major donor to repeat or increase his/her gift next year, the original solicitor should send a personal letter and follow-up phone call to request the gift.

CORPORATE GIFTS PROGRAM

Business corporations are allowed to give up to 5% of their pretax income to charities. Although the national average for corporate giving is only around 1%, that is still quite a lot of money ($2.4 billion in 1980) (Flanagan, 1982). "In 1979 and 1980, corporations gave more money than foundations to nonprofit organizations in America. ... Ninety-four percent of the corporations that make gifts to nonprofits give $500 or less" (Flanagan, 1982, p. 79).

An obvious reason for ILCs to establish a relationship with the local business community is the potential of jobs for their clients. Research has shown that the more contact business managers have with persons who are disabled, the more likely they are to hire them. For this reason alone, the ILC director should become a member of the Chamber of Commerce and other such organizations.

A corporation can be more creative in its philanthropy than any other kind of granting institution. What you can get is limited only by your imagination (Shakely, 1977). The corporate giving programs most commonly associated with local fundraising can be classified in three major groups.

1. Matching gifts program. Some corporations have a matching gift program. They will agree to match employee contributions dollar-for-dollar up to a certain amount. Including a prompt in your direct mailings will remind donors that their corporations may be participants in a matching gift program.

2. Profit sharing. In this case, a local business or national franchise agrees to give part of its proceeds to the organization for a limited amount of time. For instance, McDonalds might agree to designate April as "independent living month" and publicize that a portion of money spent on each hamburger will go to the local independent living center.

3. Gifts-in-kind. These are often given by corporations to charitable organizations. The following gifts in kind are described in W. H. Turner's article, "Foundation and Corporation Giving to Meet Social Changes," (1980): loaning the corporate facility, donating used inventory, donating printing and other office services, ordering extra inventory for your organization, donating professional services, helping a nonprofit with a fundraising event by buying a block of tickets and then distributing them to employees or customers, donating advertising or publicity space, sponsoring an exhibit or presentation to celebrate a nonprofit's accomplishments or anniversary, sponsoring a class, course, or seminar the nonprofit can offer the community, organizing an independent living committee within the local chamber of commerce or other service club, providing scholarships for the nonprofit's clients, sponsoring a fundraising event or conference, sponsoring a community education program by bringing lecturers or groups to the city, and lobbying for federal, state, and municipal legislation providing adequate funding for the nonprofit.

Solicitation of local corporate gifts involves some of the same techniques that are successful in soliciting from individual major donors and national foundations. Actually, procedures involve a combination of the two methods. One major difference, though, is that with local corporations, the main emphasis is personal contact. As with non-local foundations and government grants, you are still trying to match the corporation's interests with the interests of the ILC. With a local strategy, however, you will spend much more time cultivating a relationship with corporate managers and much less time sorting through foundation directories. Likewise, procedures will emphasize face-to-face interactions more than proposal writing format. Listed below are the most important steps in acquiring gifts from locally based, for-profit corporations and businesses.

STEP 1: STRUCTURE YOUR BOARD.

Your corporate gifts strategy should begin by finding at least one well-respected member of the local business community to serve on the ILC board. This person should be appointed to chair the corporate gifts committee.

STEP 2: IDENTIFY PROSPECTIVE CORPORATE DONORS.

With input from your board and staff, identify the major corporate businesses that have offices in your community. Some of Broce's (1979) suggestions about where the best corporate prospects come from are summarized below:

1. Most organizations receive their greatest corporate support from major national corporations with regional offices in your geographical area. Businesses whose managers are salaried are more likely to give.

2. Corporations who have past or present connections with members of your governing board, executive managers, or clients — especially, if any of these constituents hold high positions in the corporation.

3. National corporations, locally headquartered, with formal giving programs with interests that match the mission of the ILC.

4. Corporations whose employees benefit directly from the services the organization offers or receive some benefit from the nonprofit, such as retraining injured employees. Local businesses with a record of investing in community projects should also be targeted as prospective contributors.

STEP 3: RESEARCH THE PROSPECTIVE CORPORATIONS.

Gift records and information sheets are kept on corporations just as they are on individual major donors. The following facts, taken in part from Shakely's "Exploring the Elusive World of Corporate Giving," (1977) should be known before a proposal is sent to a corporation:

1. Who in the corporation is the appropriate contact person?
2. Does the corporation have written philanthropic policies?
3. What specific goals is the corporation trying to accomplish through their donations to nonprofits?
4. What size gift will the corporation consider?
5. What charitable projects has the corporation funded in the past, and how much was given?
6. Does the corporation have a regular giving program?
7. Does the corporation have a foundation through which funds are dispersed and, if so, what is the name of the foundation? (Same private foundations aren't named for the corporation and, thus, are hard to find in reference material.)
8. Who in your organization already has or can best establish a personal relationship with the corporate managers?
9. Does the corporation have its own proposal form or outline?

Of this listing, item 3 is the most important. You must know what a corporation wants to get out of its donation to your ILC. You need to know if it is an image they wish to project, a personal area of interest to a top executive, community awareness, etc. It is up to you to exploit that need or image to cultivate the corporation. You need to write your case statement (see Chapter 7) from this perspective.

The first step in finding answers to the above questions is to send a letter of inquiry to the corporation. If you are lucky, they will provide you with the necessary information. Also, the chairperson of your corporate donations committee may be able to procure such information through his or her contacts in the business community. Corporations with foundations, however, are easier to research. Being classified by IRS as private foundations, these organizations are required to file tax reports annually, if they have assets of a certain amount. These documents include every grant or pledge made, the amount of the gift, the recipient, and the purpose. It is sometimes difficult to find out the actual worth of certain corporate foundations, however. Some only keep a minimum of their assets in the foundation. They are able to funnel money through the foundation, but it doesn't stay there.

As in all prospect research, concentrate efforts where your organization has personal contacts. If, however, after collecting information on a prospective corporation or business you can turn up no personal connection, the corporation's information sheet should be put in the prospect cultivation file. This will target the corporation for systematic contact so its managers can become better acquainted with the ILC, its mission, and leaders.

Other reference materials, books, and periodicals that can provide useful information about corporations are at the end of the chapter.

STEP 4: DEVELOP THE PROPOSAL.

Unless the nonprofit is very well known and respected in the community, the proposal should be written for a specific project rather than for general operating expenses (Shakely, 1977). Whereas other types of grant proposals may emphasize needs, a proposal to a business corporation should emphasize the opportunities you want to provide for people so they can take advantage of our free enterprise system. Since independent living philosophy and objectives relate directly to this point, be sure to emphasize this in any proposal to business. For instance, you may need computers for your new skills training program. Be sure to explain to the corporation how the computers will enable previously unemployed clients to join the work force. Corporations like to view their philanthropy as a good investment. "The more you can measure the benefits of the work you do in dollars, the easier it will be for you to raise money from business people" (Flanagan, 1981, p.171). They want to know that their money will be spent for those it is intended to help, and they want adequate documentation that their money is making a difference in the community. Your proposal, then, should explain how and when you will report back to them on progress, and how progress will be measured. In analyzing a proposal, they will focus as much on the strength of your organization and dedication of your leaders as they will on your cause. It is critical that you provide a budget that is accurate and detailed and shows support from your entire board. Business corporations are also interested in reciprocal benefits to their company or employees and what other corporations have given in support of your organization.

The following is an outline for a formal proposal. (If the corporation has its own proposal form, use that one.)

Outline of Formal Proposal

I. Title page

A. Name and address of your organization.

B. Name and title of chief executive officer (perhaps with signature).

C. Subject of proposal.

D. Amount of money requested.

E. Name and address of corporation.

F. Date of proposal.

II. Body

A. Brief introduction. Include why the agency deserves support.

B. Summary of project.

1. Statement of need.
2. Time required.
3. Source of operating funds.
4. Amount contributed or pledged by board.
5. Total amount required.
6. Person(s) responsible for project.
7. Time lines of project; how the project will be supported after the funding period.
8. Other major sources of support.

III. Attachments
A. A copy of the ILC’s annual report.
B. Detailed budget for project including other matching funds.
C. Supporting letters.
D. Brief description of institution, long- and short-range plans, development goals. Describe the ILC in terms of performance.
E. Staff and participants' vitae.
F. Letter declaring tax-exempt status of organization

Other references containing additional proposal suggestions and sample proposal letters are at the end of the chapter.

STEP 5: PRESENT THE PROPOSAL.

When the proposal is complete and has been reviewed by all appropriate trustees and program managers, it is sent to the corporation officer in charge of philanthropy. About a week later, call back to confirm receipt of your letter, and set up a personal meeting with the staff person assigned to evaluate your proposal. Extend an invitation to that person to visit your program before the meeting. A member of the board, anyone in your organization associated with the corporation, the executive director, and the project director should be present at the proposal meeting to demonstrate support for the project. This allows the corporation officer to make personality assessments of those who would be directly responsible for spending their money and allows questions about any aspect of the ILC to be answered promptly. After the meeting, a follow-up letter should be sent the next day restating the basic points discussed and thanking the corporation for their consideration of your request.

STEP 6: PLAN AND CONDUCT CULTIVATION ACTIVITIES FOR CORPORATE DONORS.

Cultivation of donors is what makes them give again and/or increase their gift amount. Therefore, when the proposal is granted, a personal thank you note signed by the appropriate executive in your organization should be sent promptly. Besides this routine acknowledgement, a good way to thank a business corporation is to publicize their gift. Favorable publicity for their business is always an effective reinforcer. In addition to regular progress reports on the project they are supporting, the corporation should receive a copy of the nonprofit's Annual Report and other literature about the ILC's accomplishments. Also, contact persons and top executives in the corporation should be invited to the same cultivation activities that your major donors are. It won't hurt your cause for them to see that their friends and other well-known philanthropists have supported your program as well. Special cultivation events such as a luncheon or dinner at which slides and results of the sponsored project are presented are also effective ways of keeping your donors involved. Business leaders can also become more involved with your organization by being included in associate programs, planning groups, in an advisory capacity, or on the governing board.

THE CAPITAL PROGRAM

The purpose of the capital program is to seek gifts for a specific (often multimillion dollar) need. Donations of this magnitude are often given in installments over a 3 to 5-year period. The main reason the capital campaign usually works is because it asks an already committed constituency to make a special effort. Because this type of campaign requires a very complex organizational structure, it should not be considered until the fundraising organization is well established, has had some fundraising experience, and has a consultant.

According to Connors (1980) and Grasty and Sheinkopf (1982), the success of the capital program depends on six variables:

1. A loyal constituency that has supported your organization consistently in the past.
2. An in-depth feasibility study, including intensive research of major donors, to determine if there are enough major contributors and if the time is right for such an endeavor.
3. Committed, experienced campaign leaders who will head the campaign committees and make major donations themselves.
4. The support of your entire board.
5. Prior commitments for at least one third of the dollar goal before initiation of the public campaign.
6. If this type of fundraising is new to the organization and experienced volunteers or staff are not available, a consultant to help with at least some aspects of the campaign.

Remember that when people have already made a financial commitment to an organization, they will be much more likely to volunteer to solicit for a capital campaign. Below are summarized four of the campaign phases:

1. An in-depth planning phase lasting at least 6 months. During this time, prospects are identified and evaluated, and gift charts are developed showing the number and amount of specific gifts needed. A case statement is written, leaders are solicited, the board's gift is pledged, recordkeeping systems are set up, training sessions are planned, and campaign publications are designed.
2. An advance gift phase. During this time, commitments for 30% of the dollar goal and challenge gifts are sought. This phase is spearheaded by the chairperson of the advance (or major) gifts committee which is convened at least 1 month before the public kickoff. This committee is made up of community leaders who have made their own pledge before asking others to give. There should be about one committee member for every 6 major prospects. The gift club or committee-of-100 technique is often used to attract donors during this phase of the campaign.
3. The kickoff phase. During this time, campaign goals, objectives, and the amount raised in advanced gifts are announced to the public via special events and/or appropriate news coverage.
4. Solicitation of remaining gifts. This is conducted by a general-gifts committee and may involve several subcommittees working simultaneously on different groups of donors. During this phase, techniques other than personal solicitation can be used to solicit all gifts below a

certain range.

The annual giving program is continued and sometimes accelerated during the capital campaign, because it has been found that well-run capital programs raise annual giving to all-time high levels that rarely decline afterwards.

Cost-effectiveness of the capital program must be carefully evaluated. Expenses can be quite high, even though they represent a small percentage of the amount collected. Also, the organization considering a capital gift should make sure it can afford to operate the acquired facility (i.e., new building) or vehicle (i.e., new van) once it is received. "Very large capital campaigns ($100 million or more) can operate at a cost of as little as 2 or 3 percent. . . . Small to medium-sized programs ($1 million to $50 million) frequently can be conducted for between 5 and 10 percent of the total collected" (Connors, 1980, p. 4-21).

THE DEFERRED OR PLANNED GIVING PROGRAM

Deferred giving is the program by which an organization invests in its future. This is because "the proceeds from deferred giving programs are normally used to build endowments" (Connors, 1980, p. 4-21). "Dr. Roger Thaler, an able development practitioner, has described the deferred giving program as the 'systematic and aggressive encouragement of gifts to an institution. . . by means of life income plans, bequests, insurance contracts, annuities, and other methods'" (Broce, 1979, p. 136).

A deferred gift or bequest is one that comes to an organization by means of a will after the donor's death. This type of gift has been around for a long time; in fact, Harvard University began as a bequest from John Harvard in 1638. Religious groups have also been issuing gift annuities for many years. The planned gift, however, has only been in existence since 1969. At that time, a major tax reform act made it possible for donors to receive immediate tax benefits (deductions and avoidance of capital gains taxes) for transferring money or property to a charitable organization during their lifetime in exchange for some form of retained life income. The organization wanting to establish a deferred or planned giving program should understand that individuals may give to this type of program for different reasons than they would give to other appeals. In most fundraising, the prospective donor is first interested in helping your organization, and a gift program is designed to meet his or her individual needs. However, with a deferred giving program, you may be attracting people who are primarily interested in help with estate planning, tax deductions, and other financial benefits. They may actually see this program as a service to them.

The primary requirements for a deferred giving program are:

1. An annual giving program that has successfully identified major donors,
2. A competent tax attorney or other experienced professional with a working knowledge of deferred-giving plans and the federal and state tax laws affecting them,
3. The resources necessary to send staff to annual training seminars so they are continually updated on new deferred giving programs.

The following basic steps in establishing a deferred or planned gifts program are:

STEP 1: THE GOVERNING BOARD MUST ESTABLISH CERTAIN POLICIES PERTAINING TO THE PROJECT, SUCH AS:

1. A definition of "deferred gift" and "planned gift" as the terms apply to the program;

2. Rationale for the program and objectives for funds;
3. What forms of gifts (pooled income fund, charitable gift annuity, deferred-payment-gift annuity, etc.) will be acceptable.
4. Recommendations regarding investment procedures including objectives for funds, pooled funds, fiduciary responsibilities, and portfolio analysis.
5. Policy statements regarding advertising, conflicts of interest, staff solicitation, and protection of donors and agency.
6. A list of which staff, volunteers, or board members will be authorized to negotiate gifts.
7. A suggested legal council to be retained by the organization.

STEP 2: ESTABLISH AN ADVISORY COMMITTEE OF RESPECTED PROFESSIONALS (ATTORNEYS, BANK TRUST OFFICERS, AND ACCOUNT EXECUTIVES) TO:
1. Help encourage gifts and identify prospective donors.
2. Review estate planning literature.
3. Sponsor training seminars.

STEP 3: ESTABLISH BUSINESS OFFICE PROCEDURES, INCLUDING:
1. Maintenance of donor records
2. A prompt payment system to donors of income earned on funds held by the organization
3. Accounting procedures for invested funds
4. Regular audits and reports to donors
5. Annual reports to the governing board and advisory committee on investments and payments and overall performance.

STEP 4: IDENTIFY PROSPECTS

You must be patient and tactful in locating donors. The best prospects are people over 60 who are close to the organization, such as members of the governing board and previous contributors. Other sources for prospects include trust officers, attorneys, public accountants, and persons who are already involved in the program.

STEP 5: SOLICIT PROSPECTS

The basic method of soliciting deferred gifts is to publish information about your program, relevant changes in tax laws, or names of persons who have already contributed through a deferred gift in your newsletter, digest, or annual solicitation letter. Then, ask readers to request further information if they are interested. Any requests should be answered by a booklet outlining the advantages of deferred giving and followed up by a personal visit. Another approach is to send an informational letter or brochure directly to identified prospects.

One of the most effective solicitation techniques is to send a well-prepared letter or brochure to people with a natural relationship to the organization announcing the formation of the program and asking: "Do you now have the organization included in your will?" and "Would you like to receive more information about how you can participate in the program?"

Other suggestions on solicitation of donors for a deferred gifts program are:
1. Presentations should always be in person. They should be deliberate, dignified, and low-key. The fundraiser should remember that if a gift is made, the donor is giving the organization money or assets that might otherwise be left to his or her family members.

2. The solicitor must be careful not to go beyond the limits of the role of fundraiser. He or she cannot enter into an attorney/client relationship or provide legal guidance. In fact, it is the responsibility of the fundraiser to see that the potential donor is represented by an attorney with experience in estate planning. If the donor does not have such counsel, the solicitor should provide assistance in finding one and offer to deduct the attorney's fees from the amount to be given.

3. All members of the organization who solicit funds should have some knowledge of deferred-giving plans. It may be that while making a request for a contribution to the annual fund, the fundraiser will find that the prospect is actually in a much better position to make a deferred or planned gift than an outright gift.

The major costs of operating a deferred-gifts program are staff time, the expense of identifying and cultivating prospects, developing and updating explanatory literature, and managing accounts and investments once gifts are received (Grasty & Sheinkopf, 1982). These costs can be cut dramatically, if the staff is assisted by volunteer professional advisors. Cost-effectiveness of the program is hard to evaluate because income can vary widely from year to year, while expenses tend to remain fixed. It will probably take 3 years of work before the first donation comes in, and additional contributions will be sporadic even after the program is established. Therefore, this program requires a fairly large initial investment but usually does pay off in time. This is largely due to the fact that gifts of this type are large enough that, after investment, their value increases dramatically in a short time (Connors, 1980). Note: Because of the changes in the Tax Reform Act of 1986, it is doubly important to contact your tax accountant. You need to know how tax changes will affect your contributions. The board should remember that fundraising requires an initial monetary investment. Usually, the investment is greater during the first few years of the program, when expenses can exceed amounts raised. However, once the program is established, it should begin to payoff in more than just financial benefits.

Costs can vary a great deal from program to program, but a rule of thumb is that the cost of a fundraising program should be between 1 and 7% of the total operating budget.

Fundraisers should know that most states nave laws to regulate fundraising by public charities. They may mandate such things as:

1. Registration, licensing, or bonding.
2. Timetables for financial reports to the state.
3. Regular audits of financial records.
4. Disclosure requirements for solicitors.
5. An exemption ceiling on the total amount solicited.
6. Outside limits on how much of the money raised may go for fundraising expenses as opposed to the original purpose for which they were contributed.

The state attorney general or secretary of state will provide a statement of the regulations covering fundraisers in your state.

Each organization must decide for itself which methods will best achieve its goals. Whether the need is for a few hundred or a few thousand dollars from time to time, the fundraising program may only involve one or two types of programs. But, if the board's intent is to establish a permanent base of local support, then they should develop a more comprehensive strategy involving a variety of solicitation techniques. In cases where the board does designate a comprehensive strategy, most groups decide to implement only one program at a time, adding additional programs as they have the resources and constituency to do so. For instance, you may build your base support with an annual direct mail program and later add gift clubs as a way of identifying major donors. Next, you might establish a yearly special event, then seek a capital gift, and once these programs are underway, finally begin to think about deferred gifts as a means of future permanent funds.

Chapter 6

ORGANIZATIONAL STRUCTURES FOR FUNDRAISING

Chapter 6 explores five administrative structures that could effectively handle fundraising activities. The board may choose one of these, a hybrid, or decide to start with one and evolve into a more complex structure with time.

One of the most important decisions in the planning process is to establish who will be responsible for implementing the fundraising program and within what organizational context these individuals will operate. Clear specification of the roles and responsibilities of this group and its relationship to the board are critical variables in the success of the fundraising program. It is equally important that the board establish specific methods for ongoing communication with fundraisers and set specific times for reporting back on progress. An effective organizational structure depends on several factors that vary from organization to organization. These include:

1. Extent of the fundraising goals,
2. Size of the ILC,
3. Characteristics of the community, and
4. Most important, number of influential or skilled persons who want to help you and what kind of structure they want.

FIVE ALTERNATIVE STRUCTURES

A. Current Board; Current Staff

We are presenting this option, but we really don't recommend it, unless you happen to have many experienced, dependable volunteers. We estimate that it will take at least 1 full day per week for 3 years, plus extra secretarial or bookkeeping support, to get a fundraising program on its feet. In most centers, current staff do not have this kind of time, and it would jeopardize program quality to add this extra work to existing responsibilities.

B. Current Board; Extra Support for Staff

In this situation, regular staff will take most of the initiative for fundraising activities and report progress to the board. However, the board will hire same support staff, such as:

1. A part- or full-time fundraiser
2. A professional consultant (see Chapter 9)
3. Extra secretarial or bookkeeping support
4. A paid attorney or accountant (unless you have these persons as volunteers)

C. Current Board; Advisory Board

In this situation, current board members do not feel they have all the expertise required to launch a fundraising program. One option is to create an advisory board who has the expertise they lack. This is often done when the talented people you need do not have the time to commit as board members but will agree to advise you on particular matters. With this structure, the board can oversee progress of the fundraising program, and advisory board members will work closely with staff in areas of their expertise.

D. **Current Board Adds Members With Fundraising Expertise**

This structure places major responsibility for initiating fundraising activities with the board of directors rather than with the staff. If the board has or can acquire working members with fundraising expertise, it can designate supervision of fundraising responsibilities to a permanent board committee. Staff helping with the project would report directly to that committee. It may simplify lines of authority, if the executive director is a member of the board committee.

E. **Current Board Establishes Separate Fundraising Organization**

This structure is increasingly being used for fundraising by larger nonprofit human service organizations. It can be particularly effective in securing larger gifts and long-term support, if the right people are involved. Because there is little information published about this type of fundraising mechanism, it will be discussed here in some detail.

HISTORY OF SEPARATE FUNDRAISING ORGANIZATIONS

Since the trend towards cutbacks in government funding began, human service agencies of all types have become more serious about fundraising from the private sector. Their increasing involvement in fundraising activities has led many to realize that the most sophisticated way to compete for the private dollar is to set up a separate, nonprofit corporation specifically for that purpose. This type of fundraising structure, often called a foundation, has been successfully implemented by public agency programs such as universities, museums, and libraries for 90 years. More recently, this idea has been adopted by public school districts and a wide variety of human service agencies who want to protect threatened programs and obtain long-term financial stability for their organizations (Conrad, 1984).

One of the major differences between ILCs and other agencies that have set up foundations is that ILCs have not been around as long as the others. Because of this, they may not have yet established the positive name recognition necessary to carry off such an endeavor. Improving the community's image of the ILC, then, may be a preliminary goal for newer ILCs who are considering a separate fundraising structure.

There is, however, one advantage that ILCs possess — a strong case statement. This is an important advantage and one that may outweigh the disadvantage of being new. When an organization considers the feasibility of establishing a separate fundraising organization, it must consider how saleable its program is or how important the public perceives its services to be. An organization planning to solicit large or long-term gifts must address major issues of importance to a large sector of the population. Certainly, obtaining increased independence for persons with disabilities is a very saleable idea-especially in an era of fiscal conservatism. The fact that disability is a circumstance that will affect everyone who lives long enough strengthens the case statement even more.

RATIONALE

If your agency has received a 501(c)(3) determination from IRS, you already have the basic tax advantages necessary for fundraising. You now have federal income tax exemption and deductibility of donations.

Why, then, would you want to set up another 501(c)(3) for fundraising? Mainly, because you will raise more money in a more efficient manner. A 1982 study by Allen and Hughes (1982) showed that California school districts with separate fundraising organizations raised almost 10 times as much private money ($60,952) as school districts with in-house fundraising programs.

A summary of the effects of this fundraising method states, "The foundation structure is a time-tested vehicle for mobilizing community support and providing a forum for active participation" (Allen & Hughes, 1982, p. 3). There are three principle reasons why this organizational structure is so effective:

1. Fundraising activities are more efficiently managed. This type of organizational structure separates the two major and fundamentally different functions of the organization-service provision and fundraising. This arrangement allows service-oriented people and consumers on the governing board to discuss and make decisions about what they know best. It also allows fundraisers and marketing professionals—who often speak another language — to collaborate in their areas of expertise. Streamlining communication channels in this way usually maximizes the work potential of both boards.

2. The separate fundraising foundation projects a more appealing image to potential major donors. Donors often feel more secure about giving to a foundation. The logic goes something like this:

❖ Because the foundation structure is separate from the governing structure, it can argue the case independently for the ILC. An appeal is more credible when a respected outsider says your program deserves support than when you say you need money. The "outsider" is, in effect, a reliability check for the person who is about to give money away.

❖ When an organization presents its foundation to the public, philanthropists in the community will take note. The very fact that you have accomplished this level of organizational sophistication is a status symbol. It signifies that the organization's leaders are competent and that the program is responding to real community needs.

❖ People are motivated to give because of a relationship as much as they are because of a program. Very often, the individuals on a foundation board are major donors themselves. When other donors give to the foundation, they are giving to a trusted friend (possibly in return for a favor) as much as they are giving to your program, per se. For this reason, too, contributors feel more secure when they know donated money will go for intended purposes and not be eaten up by, for instance, the director's salary.

3. A separate fundraising foundation can allow for a program to become largely independent of external funding, although it does not guarantee that self-sufficiency will occur. Fundraising foundations usually concentrate on solicitation of planned, long-term support (such as deferred-giving and endowments). This support is then invested so that, over time, the organization is worth enough money to be largely financially independent.

Besides the fact that you will probably acquire more of the most stable kind of money with a fundraising foundation, there is one other reason why this type of structure might be of particular interest to ILCs. A separate fundraising organization can be set up because the first organization wants to raise money for lobbying or campaigning but needs another tax status to do so. For example, the Sierra Club became so politically active that they were about to lose their 501(c)(3) classification. Instead of curtailing their political activities, they set up a separate 501(c)(4) nonprofit corporation (donations to which are not deductible) so they could channel political funds through it (W. L. Golden, personal communication, 1985). In addition, the 501(c)(4) can actively solicit funds for political purposes.

WHAT'S IN A NAME?

The answer to the above question is, "not very much." When one 501(c)(3) sets up another solely for the purpose of fundraising, the second corporation qualifies for tax-exemption as a public charity in much the same way the first one did. But, in IRS language, it is "not a private foundation." What is sometimes confusing is that organizers of the second fundraising organization sometimes use the word "foundation" as the official title. Nonprofits are not restricted in regard to their use of titles. Many groups like to use the term "foundation," because it connotes an image of dignity and propriety. What is important to remember in interpreting literature about exempt organizations is that regardless of what the official title is, the separate fundraising organization is not classified as a foundation by IRS, nor would it want to be. Private foundations are subject to extensive regulations and to a tax on their income. Therefore, they are totally inappropriate for the purpose we are discussing here. When you are communicating with IRS about setting up a separate fundraising organization, remember that it is 501(c)(3) public charity status you are requesting. However, the board of directors may still choose to use the word "foundation" in the official title, if they wish.

NECESSARY CONDITIONS FOR SETTING UP A SEPARATE FUNDRAISING ORGANIZATION

It would be a mistake to think that setting up a fundraising foundation automatically ensures success. Some fail. There are, however, certain precautions or steps you can take to maximize the probability of your success with such a venture. The following four elements are considered reliable indicators of success. In fact, the absence of anyone of these elements could jeopardize the entire project.

1. Program stability. This means that the program is working well and doesn't have significant organizational deficiencies. In addition, the program must have basic management systems in place (see Chapter 1 for specific examples).

2. Influential community people. You need people who are experienced in soliciting gifts from major donors and managing investments and endowments. They should and will give major gifts to the program themselves, therefore making a commitment to help you. If such individuals have agreed to help you, they have probably answered another important question, "Is there sufficient wealth in the area (local or state) to support a foundation?" In short, these are the people who know where the money is, how to get it, and how to invest it.

3. Community recognition. The community must perceive that the program addresses an important problem and is run in a competent, professional manner. The name recognition

principle is the same one used by politicians to get votes. Accordingly, certain promotional techniques could be successfully employed by ILCs wanting to improve their community image before they begin fundraising.

The overall process for establishing a separate fundraising organization is somewhat like setting up any nonprofit charitable corporation (see Chapters 2 and 3). The development of a fundraising foundation is a little more complex, however, because you are dealing with two boards instead of one. The steps necessary for establishing a fundraising mechanism of this type and the issues that are unique to this situation are described in the following text.

STEP 1: SETTING UP THE PLANNING COMMITTEE

The decision to set up a fundraising foundation should be made after careful study by the trustees, executive director, and the finance or existing fundraising committee. The group should expect to be in the planning phase for some time. It may take 3 years to really get the program going (Conrad, 1984). First, the governing board should appoint a foundation planning committee from among their members. The committee can include members of the board who are interested in serving on the foundation board or who are interested in being appointed to the ILC board committee or office that will be in charge of foundation affairs. If possible, the committee should include an attorney and CPA who have agreed to help set up the foundation legally. The planning committee must also include the ILC director. At this point, the board should formally state the amount of time the ILC director will give to foundation related activities and whether or not additional staff will be hired or allocated to assist the committee with its work. Approximately 1 full day per week for the first 3 years plus extra secretarial and bookkeeping help are recommended. If funding is judged to be a problem, the board might look for foundations that grant start-up funds for such projects.

One of the most important initial tasks of this committee is to get professional advice on how much control the foundation will have over the ILC and how the two boards will report to each other. For instance, some boards are hesitant to set up a legally separate organization, because they fear they will not have control over the money raised. Others who depend heavily on government funding are afraid the goals of the fundraising foundation will conflict with regulations pertaining to their government money. There are several different ways to address these issues organizationally, and the trustees should work with their attorneys on resolution before they begin the paperwork necessary to set up the foundation. Issues of control are also important points to clarify when talking to prospective foundation board members. In analyzing university foundations, University of Maryland Director of Development Michael Worth found conflicts between highly independent foundations and the institutions they support to be 'relatively rare'. . . . He adds that the board members must 'develop a sense of identity with the institution so that its problems seem like their own . . . . Such a sense is most likely to grow from a bona fide responsibility for the institution's future and a meaningful voice in the use of the funds the foundations provide. (Conrad, 1984, p. 13)

STEP 2: SELECTING POTENTIAL FOUNDATION BOARD MEMBERS

Unless your organization is lucky enough to have influential community persons already involved, you will have to recruit them. At this time, the committee's objective should be to acquire several additional community members to help establish the foundation and agree to be nominated as members of the foundation's first board. To find these people, the committee can begin by generating a list of residents who are:

1. Heads of large, long-standing local businesses
2. Heads of corporations with local headquarters
3. Heads of banks and financial institutions- especially trust banks, because their clients and they, themselves, are potential major donors
4. Spouses of any of the above
5. Officers of strong professional organizations
6. Professionals in marketing, public relations, and fundraising; physicians; attorneys; or CPAs
7. Community leaders such as judges, legislators, and clergy who have demonstrated an interest in community development
8. Persons who have previously served as foundation directors or on successful fundraising projects

It is not advisable to put famous people such as show business personalities, press, or other celebrities on a governing board. While they may be glad to do you a favor or help the organization with special events, they seldom have time to do the work required of a board member. If you simply want to use their names, ask them to be on an honorary board. When deciding how many additional members to recruit (you can always add more), remember you must have at least the minimum number of incorporators required by the state but not so many that it makes the initial work too slow.

Next, the planning committee presents its list of potential foundation board nominees to the ILC board for comment. The purpose of this meeting is to find out whether any board members are acquainted with any of the individuals on the list, since it is always easier to approach someone by way of personal introduction. An often overlooked connection is the presence of a person with disabilities in the family of the potential foundation board member. If one good member is recruited out of all of this effort, that individual is worth his or her weight in gold. To have a cohesive foundation board, you might ask your first foundation board member to suggest others who might want to serve. In this way, you have let the members build their own "prestige club," and your work is over as soon as you recruit your first member. Keep in mind that at least some of the foundation board members must be individuals like those described in "Necessary Conditions, #2."

STEP 3: RECRUITING FOUNDATION BOARD NOMINEES

The following are good rules to remember when recruiting board members:

RULE 1: Ask in person. The ILC director and any other committee and/or appropriate board member should make an appointment to meet with the prospective board member.

RULE 2: Send copies of your governing instruments, policy and procedures manuals, annual report, a letter from the executive director telling prospective board nominees what their duties would be, and any other type of promotional or informational material to the prospective board member in advance of your meeting.

RULE 3: People want to be involved with a winner. Don't come across as a poor, struggling social service agency. Describe the ILC as a solid, professional organization providing an important community service. Let them know that their involvement with the foundation will enhance rather than damage their status in the community.

RULE 4: Be specific about describing the responsibilities. Potential board members will be hesitant to respond to your request, if they don't know exactly what you want.

RULE 5: Give the person time to look over your materials in depth and think about his or her decision. Extend an invitation to visit the ILC, and make it clear whom they can call with further questions.

RULE 6: Follow-up the meeting with a thank-you letter. Restate the points of conversation you had that same day.

STEP 4: WRITE THE BYLAWS

The bylaws of the fundraising foundation address the same basic issues that bylaws for other charitable nonprofits do (see Chapter 2). They will differ, however, in two principle aspects:

1. The board of the fundraising foundation will include an officer (vice president) in charge of the affairs of the service program and an officer in addition to the secretary treasurer in charge of funding. The latter is someone who can impress prospective donors about how their money will be invested and can manage endowments and trusts once they have been received.

2. The operating rules for the fundraising foundation will specify how much input the service program trustees and executive director will have in regard to foundation affairs and vice versa. Well-written bylaws should resolve any issues of control that might inhibit the working relationship of the two boards of directors.

Appendix B illustrates how one fundraising foundation addressed the issues of communication and control in their bylaws. The names of the two organizations referred to in the sample bylaws are fictitious. This particular foundation gave quite a bit of control to the service organization by:

1. Making the service program trustees the members of the fundraising foundation
2. Making the executive director of the service program also the executive director of the foundation
3. Designating the executive director of the service organization as an officer of the foundation board, and, as such, a member of that organization's executive committee

STEP 5: COMPLETE THE ARTICL8S OF INCORPORATION

In addition to the articles usually written for a nonprofit charitable corporation, the articles for the fundraising foundation must specify the legal relationship of the foundation to the service organization. The best way to explain this is to give an example of how it has been done. Therefore, the following text contains an excerpt from a fundraising foundation's articles of incorporation. We have substituted the titles, "ILC" and "Kansas Foundation for Independent Living" for the two parties involved. Underlined portions emphasize how critical control issues have been handled.

This organization is not organized for profit and is organized exclusively for charitable, educational, and scientific purposes, including, for such purposes, <u>the making of distributions to</u>

organizations that qualify as exempt organizations under Section 501 c)(3) of the Internal Revenue Code, as amended (hereinafter "the Code"), and specifically: (a) To serve as fund-raising vehicle for the ILC and to make distributions to the ILC; provided, that, in the event the ILC shall cease to qualify as an exempt organization under Section 501(c)(3) of the Code or shall dissolve, then this Corporation shall serve as a fund-raising vehicle for and shall make distributions to other organizations described in Section 501(c)(3) of the Code serving individuals who are disabled, which organizations shall be determined from time to time by the Board of Directors

This Corporation shall not have authority to issue capital stock, and all voting powers normally vested in stockholders shall be vested in the members of this Corporation. The members of this Corporation shall be the members of the Board of Directors of the ILC; provided that, in the event the ILC shall be disolved, the then present directors of this Corporation shall become its members.

The original bylaws of this Corporation shall be adopted either by the incorporator or by the board of directors. Thereafter, the power to adopt the original bylaws of this Corporation and thereafter make, adopt, alter, amend, or repeal this Corporation's bylaws, in whole or in part, at any time and from time to time, shall be vested concurrently in the members and in the board of directors of this Corporation, but the authority of the board of directors with respect to bylaws shall at all times remain subject to the superior authority of the members. The board shall also have full power and authority to manage this Corporation, and any and all of its assets, properties, businesses, and affairs, including the right to elect such officers and assistant officers and to designate and appoint such agents and employees as the board deems advisable and to allow them suitable compensation, and shall have any and all other and additional powers and authority, not inconsistent with the express terms of these Articles of Incorporation, which are explicitly or implicitly granted to or invested in them by the statutes or laws of the State of Kansas, as now in effect and hereafter amended or modified.

Upon the dissolution of the Corporation, the Board of Directors shall, after paying or making provision for the payment of all the liabilities of the Corporation, dispose of all of the assets of the Corporation to the ILC, provided said organization is then qualified as an exempt organization under Section 501(c)(3) of the Code. In the event the ILC, at the time of dissolution of the Corporation, or at the time of the distribution of assets of this Corporation, is not in existence, or is not then qualified as an exempt organization under Section 501 (c) (3) of the Code, the Board of Directors shall dispose of all of the assets of the Corporation in such manner, or to such organization or organizations organized and operated exclusively for charitable, educational, religious, or scientific purposes as shall at the time qualify as an exempt organization or organizations under Section 501(c)(3) and which shall then be conducting activities related to the serving of individuals who are disabled, as the Board of Directors shall determine. Any such assets not so disposed of shall be disposed of by the Sixteenth Judicial District, District Court, Douglas County, Kansas exclusively for such purposes or to such organization or organizations as said Court shall determine, which are organized and operated exclusively for such purposes.

STEP 6: THE FIRST ANNUAL MEETING

Steps and objectives are the same as those described in Chapter 2.

STEP 7: ACQUIRE TAX-EXEMPT STATUS

The reader may refer to Chapter 3 for a detailed description of the tasks necessary to acquire tax-exempt status as a 501(c)(3) organization. This same classification will be the status recommended for most separate fundraising organizations. Completing IRS form 1023 may be a little more complex with a foundation, since it is probably going to be soliciting larger sums of money. Essentially, the foundation incorporators must be advised by an experienced attorney as to what regulations and laws might affect the charitable status of the group once they begin to acquire larger and more complex gifts.

STEP 8: BOARD APPROVES THE APPLICATION FOR TAX EXEMPTION

STEP 9: LAUNCHING THE NEW FUNDRAISING ORGANIZATION

A final step that serves to attract initial publicity is to call a public meeting or have a dinner to introduce the new foundation to the community. Any leading citizens the foundation hopes to have further contact with should be invited to attend. One purpose of such an event is to thank those who have provided start-up funds as well as those who have provided leadership for the new organization. Sometimes, a well respected member of the new board or someone from a national foundation is invited to speak.

Chapter 7

PUITING POLICY INTO WORDS

By this point in the planning process, the board has decided what level of fundraising will meet the center's needs and how the fundraisers will be organized. The board's next step is to put their decisions into writing. Chapter 7 will discuss written plans and case statements.

A fundraising plan and a case statement are the two written products that must came out of the board's discussions on fundraising. These policy statements are not only visible signs of the board's involvement but are also products that indicate how well leaders of the organization work together and how clearly they can state their objectives. Major donors will evaluate the organization on each of these aspects before making contributions to the program.

THE FUNDRAISING PLAN

The long-range plan for fundraising is written by a board committee and/or designated staff. The document is subsequently reviewed and approved by the board of directors. Basically, the plan describes:

1. Summary of pertinent facts from the feasibility study
2. Fundraising programs and/or techniques to be implemented
3. Sequence in which fundraising activities will be implemented
4. Persons who will be responsible for fundraising and how they will be organized to operate
5. Designation of lines of authority among board, fundraisers, staff, and volunteers. Designation of how and at what intervals fundraisers will report back to board, and
7. Policy statements regarding fundraising activities or solicitation techniques.

In Chapters 5 and 6, we presented a menu of fundraising ideas for consideration. Keep in mind that designing a successful fundraising program means matching your organization's needs and resources with techniques that will be effective for you. We recommend that the board analyze all techniques in relation to their usefulness and put together a personalized fundraising plan that will best achieve the goals of the organization.

THE CASE STATEMENT

Once the board has identified the basic reasons the organization needs money, it should state these reasons concisely in a way that will appeal to donors. This becomes the organization's master case statement and can be adapted to different formats, depending on the type of campaign being conducted. Although the executive director or fundraising staff will probably prepare the first draft of the statement, it should always be reviewed and approved by the board of directors. Actually, this written exercise is helpful in bringing the organization's leaders to consensus on what they are trying to accomplish and how they want their agency's mission conveyed to potential contributors.

The case statement is a written document that explains "who you are, what you are trying to do, and why you need money. It should be a well-planned, carefully prepared motivational presentation that will impress your prospect" (Grasty & Sheinkopf, 1982, p. 34). The format of the statement varies. The written appeal may be a simple 2-page letter or an 8-10 page brochure, depending on the type of campaign and the type of prospect you are trying to reach. Sometimes, different appeals are written for different categories of donors. The case statement may even take the form of a film or slide show when, for instance, presenting to a group of business managers or corporation executives. General guidelines for writing a case statement have, in part, been taken from Grasty and Sheinkopf's, *Successful Fundraising,* 1982. They are:

1. Carefully research donor records and prospect profile to identify and analyze your target audience. Write the appeal from their point of view.

2. Tell who you are — a brief history of the organization and why it was created.

3. Explain what the ILC does. Tell about the accomplishments of your organization. Describe its impact on clients with statistical data, case histories, or personal testimonies. Describe how your organization differs from other organizations or what the community would be like if you did not exist. Convey a sense of pride and optimism here, not need.

4. Tell why you want to expand your services at this time. Explain the reasons why a donor should invest in your organization's future, how the investment will benefit the donor and the community, and exactly how contributions will be spent. Statistical data can strengthen your argument here, also. "Long-time fundraiser and former college professor Howard R. Mirkin suggests that the reason for support should be broader than the organization—people support causes, programs, and facilities, not institutions" (Grasty & Sheinkopf, 1982, p. 34).

5. Be specific about your plans for raising the necessary funds, and identify board members and other community leaders who are involved with the project. If major contributions have already been made to the project, mention them. Many potential major donors will not consider giving, unless they know the project has the full support (monetary and otherwise) of the ILC' s entire board. Donors like to know you have a well-thought-out plan, and they like to know who else is

backing you.

6. Explain how gifts can be made to your organization.

Chapter 8

WORKING WITH CONSULTANTS

Chapter 8 discusses how to manage professional consulting services. Hiring an outside consultant can be expensive, but the board can avoid unnecessary cost by knowing beforehand what to expect.

The mistake most organizations make is hiring a consultant in the wrong way, at the wrong time, and for the wrong reasons. As Barbara Davis, a professional fundraiser and management consultant puts it, "A consultant can be a highly effective tool, but as with all tools, you should always read the instructions carefully before plugging one in" (Davis, 1983, p. 28). Jim Toscano, an experienced fundraising consultant, recommends that before a consultant is brought in, the executive director should take time to prepare the board and staff-particularly if the consultant's work involves organizational change. It is best if the board and staff members concur that a consultant is needed and agree on a definition of the job that is to be done. If that is not possible, the rule of thumb is that "a consultancy can work if the board wants it and the staff doesn't, but not the other way around" (Davis, 1983, p. 34).

What Should You Expect a Consultant to Do?

The role of the consultant is to build the framework within which the agency will solve its own problems. The consultant can be expected to design systems, develop structures, and layout problem-solving processes but will not do much of the actual work. For this reason, it is a good idea to assign or hire a staff member to work along with the consultant. In this way, the person who carries on the consultant's plan gets on-the-job training (Davis, 1983). The Community Service Bureau of Dallas, Texas, suggests the following (as quoted in Newberry, 1980) are typical services a professional fundraising firm might offer. The definition and delineation of the 'case' which is the statement that impels potential donors to give to the program.

- Formation of a plan of action and time schedule which encompasses leadership enlistment, program publicity, program organization and administration, periodic reporting of funds, and other special events.

- Guidance and assistance in selecting and recruiting leadership and volunteer workers.

- Development of information and educational literature for orientation of workers and prospects.

- Provision of . . . thorough training and orientation programs as well as continuing assistance to all volunteer workers.

- Prospect list development and evaluation assistance covering all potential sources of giving.

- ❖ Constant. . . advice, counsel, and assistance to program leaders and volunteers to coordinate their efforts efficiently, to maintain enthusiasm, and to make maximum use of available time.

- ❖ Establish development office procedures, hire and train personnel, develop internal forms for program use, and equip program offices to handle projected work loads at a minimum of expense, yet with maximum efficiency.

- ❖ Establish collection systems for follow-up to keep pledge payments up-to-date after the close of the program (Newberry, in Connors, 1980, p. 4-9).

How Much Does a Consultant Cost?

If money is an issue in hiring a consultant, your organization might consider hiring a person who has successfully headed other fundraising drives in your community or an experienced staff person or board member from another agency. As long as the person has good references for actual work experience and is not emotionally involved with the issue, he or she can often provide the right information at a much lower cost.

Most consultants are paid for the actual amount of time they give you. Some bill by the hour, some by the day, and others specify payment points in the contract, such as one-third of total at time of signing, one-third at midpoint, and one-third at completion. Most consultants bill in 15 minute blocks of time. Others work on a percentage-of-profit basis. As many authors and fundraising organizations point out, it is not a good business practice to hire a consultant on a percentage-of-profit basis. You will get a better worker, if you hire a consultant on a contract basis for a specific amount.

Because of the high cost of most consultants, it is much more cost effective to hire one to solve a specific problem than to have one find out what the problem is. For instance, it is more efficient to get your fundraising plan underway — get your feet a little wet — and then call in a consultant to attend to a specific detail that has not worked well. You can also bring a consultant in at the beginning to do your fundraising feasibility study, but this will probably be more expensive.

How Do You Select a Consultant?

Many of the most reputable fundraising firms are members of professional organizations. Another source for selecting a consultant is your organization’s major funders. Foundations and government staff people work with consultants themselves and can often give you good recommendations. Furthermore, organizations with compatible needs sometimes share consultants. You might confer with organizations similar to yours. You can also publish a newspaper ad and accept applications as you would for any other position. Whatever method you use to find a consultant, the following guidelines summarized from Davis (1983, pp. 30-33) should be of help:

1. Get a written proposal from all interested consultants. This proposal should contain:
    a. A process for getting the work accomplished.
    b. A time line detailing when the work will begin and when it will be completed. Since consultants usually work on an hourly fee basis, they should give you an estimate of how many hours each task will take.

c. A list of the products (reports, brochures, record systems, audits, written policies, number of meetings held, etc.) the project will produce and which ones will be completed by the consultant and which ones by staff.
d. The amount of staff time will need to be spent on the project.

2. Get a bid on the entire job, including an estimate of reimbursable expenses. Compare several firms' proposals before making a final decision. A good proposal should indicate that the consultant has spent time getting to know the people in the agency and has a good grasp of the issues involved.

3. Ask for advance approval of personnel to be assigned to your program, and be sure they have some experience in your field of interest and other successful fundraising programs.

4. Interview several of the best candidates. The main purpose of the interview is to get a feel for the consultant's personal style. Besides having the necessary expertise, this person should be someone with whom you feel comfortable working. It is a good idea to include in the interview any staff who might be working with the consultant.

5. Ask candidates for references from administrators, staff, and volunteers from programs that recently employed them. Carefully evaluate the firm's experience.

How Do You Write a Good Contract?

If the firm's proposal is well written, it can form the basis of the contract. The best type of contract is actually a written service plan. You will get more for your money if you ask the consultant to design tools rather than just write recommendations. In other words, if you want your board to become more skilled at asking for money, hire the consultant to help you design a series of training sessions, or put together a presentation packet for them to use when they visit prospective donors. You should also make sure that the plan specified in the contract includes all the services and products discussed in the proposal and is not limited to investigation or initial assessment (Davis, 1983). Davis (1983) suggests that the contract should include:

1. A list of products.
2. A projected completion date.
3. A schedule for payment.
4. Checkpoints (reports, meetings, etc.) at which the agency and consultant can evaluate progress. This is particularly important if the project is a lengthy one.
5. An agreement that either party may terminate the contract on 30 days' notice.
6. "Identification of the person in your agency who has the authority to agree to expenditures or approve the consultant's work." (Davis, 1983, p. 32)
7. An agreement on how project expenses such as mileage, long distance calls, or extra clerical help will be reimbursed.
8. An understanding as to who will actually be assigned to your agency from the consulting firm.

Keep in mind that if a consultant is hired, you may need to use nonfederal funds to pay this person. Granting agencies are sometimes skeptical about funding professional fundraising consultants and may require elaborate reporting or even disallow that line item in your grant. If you receive federal or other public funding, check with that agency before launching a major fundraising project involving a consultant.

Several alternatives for paying a consultant include:
1. Have key board members solicit major individual donors or corporate donations to pay initial start-up costs.
2. Use community or state funds if you can do so legally.
3. Locate and apply for a grant from a private foundation specializing in providing start-up costs for an organization's fundraising efforts.

A Final Note

The overall intent of this manual has been to provide background information so that the ILC board and program director could make intelligent decisions about planning for the organization's future. If you decide to take on a comprehensive project or get into the more sophisticated methods of fundraising such as a capital program, deferred giving, or a separate fundraising organization, your fundraisers will need to acquire more precise information than we have been able to present in this manual. Three ways to access this expertise include recruiting volunteers with prior experience, hiring a consultant, or attending workshops. The first two alternatives have been explained in this manual. Workshops also are often available locally.
We wish you luck in your fundraising endeavors. Fundraising is a long-term commitment. But with good planning, you can help guide your independent living center to a more secure future.

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APPENDIX A
AMENDED AND RESTATED BYLAWS
OF THE KANSAS FOUNDATION FOR INDEPENDENT LIVING

ARTICLE I - OFFICES

Section 1.01. Offices. The registered office of the Corporation shall be as set forth in its Articles of Incorporation until changed by the directors as provided by law. The Corporation may also have such offices and places of business, within or without the State of Kansas, as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II - SEAL

Section 2.01. Seal. If the Board of Directors shall adopt a seal, the corporate seal of the Corporation shall have inscribed thereon, in the outer circle, the full name of the Corporation and the word "Kansas," with the words "Corporate Seal" across the center thereof, an imprint of which seal shall then appear on the margin hereof opposite this Section 2.01.

ARTICLE III - MEMBERSHIP MEETINGS

Section 3.01. Place. Meetings of the members may be held anywhere, either within or without the State of Kansas, as may at any time and from time to time be determined by the Board of Directors or the members.

Section 3.02. Date and Place of Annual Meeting. Unless otherwise designated by the Board of Directors, the annual meeting of the membership shall be held at the Corporation's registered office each year on the first Monday in June.

Section 3.03. Purpose of Annual Meeting. The purpose of the Annual Meeting shall be to elect members of the Board of Directors and to transact such other business, without limitations, as may properly come before the annual meeting.

Section 3.04. Election of Directors. The election of directors shall be by cumulative voting;-and if any member so requests, such election shall be by written ballot. A minimum of 14 directors and a maximum of 30 directors shall be elected, the exact number to be fixed by the resolution of the Board of Directors, subject to the overriding power of the members to determine the number of directors.

3.05. Special Meetings. Special meetings of the members for any purpose or purposes may be called by the president, or by the directors (either by written instrument signed by a majority or by resolution adopted by a vote of the majority), and special meetings shall be called by the president or the secretary whenever 25% of the members so request in writing. Such request shall state the purpose or purposes of the proposed meeting.

Section 3.06. Notice. Not less than 10 nor more than 50 days before every annual or special meeting of the membership, written or printed notice stating the time and place thereof, and, if a special meeting, the purpose or purposes for which such meeting is called, shall be served upon or mailed to each member entitled to vote thereat, at his or her address as it appears upon the books of the Corporation, or, if such member shall have filed with the secretary of the Corporation a written request that notices intended for him or her be mailed to some other address, then to the address designated in such request.

Section 3.07. Quorum and Voting. A majority of the Corporation's members present in person shall constitute a quorum. At any meeting of the members, whether regular or special, each member shall be entitled to one vote.

Section 3.08. Waiver of Notice. Whenever written notice is required to be given to the members, written waiver thereof signed by any member entitled to such notice (whether, in the case of notice of a meeting, the written waiver thereof, is signed before or after the meeting) shall be in all respects tantamount to notice. Attendance in person at any membership meeting shall for all purposes constitute waiver of notice thereof unless the member attends the meeting for the sole purpose of objecting to the transaction of any business thereat because the meeting is not lawfully called or convened and unless he or she voices objections at the beginning of the meeting and does not otherwise participate therein.

Section 3.09. Action Without a Meeting. Any action required or permitted to be taken at any meeting of the members may be taken without a meeting if all members entitled to vote thereat consent in writing to the proposed action, and any action so taken without a meeting by the unanimous written consent of all members entitled to vote thereon, shall have the same effect as action taken at a membership meeting by the unanimous vote of the members.

ARTICLE IV – DIRECTORS

Section 4.01. Election and Terms; Board Vacancies. Directors shall be elected by the members at their annual meeting. Each director so elected shall hold office until the next annual membership meeting and until his or her successor is elected and qualified or until his or her earlier death, resignation, or removal. Vacancies on the Board of Directors, however occurring, including, but not limited to, vacancies arising from newly created directorships, may be filled only by a majority of the remaining directors, or by the sole remaining director, although less than a quorum. But if there is a complete vacancy upon the Board with no remaining director, the vacancies may be filled by the members. Unless and until all Board vacancies are filled, any corporate action taken or authorized by a majority of the remaining directors at a meeting at which a quorum is present, or by the written consent of all remaining directors who would constitute a quorum if acting at a meeting, shall be valid and binding upon the Corporation regardless of such unfilled vacancies.

Section 4.02. Meetings of Directors. The directors shall meet at such times and places, within and without the State of Kansas, as the Board may from time to time determine. Any regular or special meeting of the Board may be called by the president or by the secretary upon 2 days' notice, oral or written, which notice, however, may be waived in writing by any director. The annual meeting of the Board of Directors shall be held immediately following the membership annual meeting, and at the same place; provided, however, that said meeting may be held on such other day and at such other hour and at such other place, any or all of them, as may be determined by written consent of all directors, or, in the absence of such consent, as may be designated in written notice sent by the president, or by the secretary, to each director at least 2 days prior to the date specified in said notice, but the annual directors' meeting shall, in any event, be held within 90 days after the annual meeting of the members in each year if so demanded in writing by any director.

Section 4.03. Quorum. A majority of the total number of the Board of Directors shall constitute a quorum for the transaction of business, but a lesser number may adjourn any meeting from time to time, and the meeting may be held as adjourned without further notice; provided, however, that during any period in which there are one or more unfilled vacancies upon the Board, the remaining directors, although less than a majority of the total number of Board members, shall constitute a quorum for the transaction of business unless and until such vacancies are filled, if but only if, such remaining directors constitute at least one-third of the total number of directors.

Section 4.04. Waiver of Notice. Whenever written notice is required to be given to the members of the Board of Directors, written waiver thereof signed by a director (whether, in the case of notice of a meeting, the written waiver is signed before or after the meeting) shall be in all respects tantamount to notice. Attendance in person at any directors' meeting shall for all purposes constitute waiver of notice thereof, unless the director attends the meeting for the sole purpose of objecting to the transaction of any business thereat because the meeting is not lawfully called or convened and unless he voices his objections at the beginning of the meeting and does not otherwise participate therein.

Section 4.05. Meeting by Conference Telephone. Any meeting of the Board of Directors may be held by conference telephone or similar communications equipment by means of which all directors participating in the meeting can hear each other simultaneously. Participating in any meeting so conducted shall constitute presence at the meeting in person by all directors participating therein.

Section 4.06. Action Without a Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if all members of the Board of Directors consent in writing to the proposed action and if such written consent is filed in the Corporation's official minutes book containing the minutes of all meetings and proceedings of the Board of Directors. *Any* action so taken with the unanimous written consent of all members of the Board of Directors shall have the same force and effect as action taken at a meeting of the Board of Directors by the unanimous vote of all Board members.

ARTICLE V – OFFICERS

Section 5.01. Officers and Election Thereof. The officers of the Corporation shall be a President, an Administrative Vice President, Vice President in Charge of Funding, Vice President of ILC Affairs, a Secretary-Treasurer, an Executive Director, and such other officers and assistant officers, including, but not limited to, one or more additional vice presidents, as the Board of Directors may from time to time deem necessary or advisable. Any number of officers may be held by the same person. All officers shall be elected by the Board of Directors at its annual meeting, and the Board of Directors shall also be empowered to fill all vacancies in office.

Section 5.02. Term; Removal; and Resignation. Each officer of the Corporation shall hold office until the next annual meeting of the Board of Directors and until a successor is elected and qualified or until his earlier death, resignation, or removal; provided, however, that any officer elected by the Board of Directors may at any time, without or without cause, be removed by the affirmative vote of a majority of the total number of the Board. *Any* officer may resign by written notice to the Corporation.

Section 5.03. Officers and Their Duties. The general duties and authority of the officers of the Corporation, in addition to those prescribed by the Kansas General Corporation Code, when applicable, shall be as follows:
a. President: The President shall schedule, call, and preside over meetings of the Executive Committee and the Board of Directors. Furthermore, the President shall be considered a member of all committees, with authority to conduct business on behalf of the Corporation, including the signing of legal, administrative, and financial documents.

b. Administrative Vice President: The Administrative Vice President will be responsible for maintaining oversight of all fiscal and organizational operating procedures, including the interfacing with the Secretary-Treasurer and Executive Director. In the absence of the President, the Administrative Vice President will assume responsibilities for scheduling, calling, or presiding over meetings of Executive Committee or Board of Directors. In the absence of the President, the Administrative Vice President shall have authority to sign legal, administrative, and financial documents, which the President would have authority to sign and bind the Corporation.

c. Vice President in Charge of Funding: The Vice President in Charge of Funding will be responsible for the formation and management of a Funding Committee which will have as its principal goal the acquisition of private and corporate gifts, special fundraising activities, and the coordination of a Foundation Planned Giving Program. The Vice President in Charge of Funding will be a member of the Executive Committee and will report on the Funding Committee's activities. With other members of the Executive Committee, this Vice President will research and develop an annual funding plan.

d. Vice President of ILC Affairs: The Vice President of ILC Affairs will maintain a close relationship with the Kansas ILC to maintain a working knowledge of that agency's needs and goals. Additionally, this Vice President will work with administrative personnel of the ILC on matters where this Corporation can be of direct assistance. The Vice President of ILC Affairs will be a member of the Executive Committee and will report the status and activities of the ILC to that committee.

e. Secretary-Treasurer: The Secretary-Treasurer will be responsible for recording minutes of meetings of the Executive Committee and Board of Directors, as well as their printing and distribution to the directors. Additionally, the Secretary-Treasurer will maintain complete accounting of all fiscal/financial records pertinent to the Corporation. The Secretary-Treasurer will be responsible for financial reporting to the directors at each regularly scheduled meeting and will be involved in all financial planning pertinent to the Corporation. The Secretary - Treasurer will be authorized to co-sign corporate legal, administrative, and financial documents in conjunction with the President. The Secretary Treasurer will be a member of the Executive Committee.

f. Executive Director: The Executive Director will, in conjunction with the President and/or other members of the Executive Committee, be responsible for all daily/functional business matters. The Executive Director will also work closely with the Vice President of ILC affairs and the Vice President in Charge of Funding in the formulation of planning and development activities. The Executive Director will be a member of the Executive Committee.

ARTICLE VI - COMMITTEES

Section 6.01. Committees. The Board shall appoint such standing and special committees as it shall determine from time to time by action of the Board. An Executive Committee shall be empowered to action on behalf of the entire Board in the periods between Board meetings. The Executive Committee will be comprised of 6 members who shall be the six officers of the corporation listed in ARTICLE V. The Board may, however, by resolution restrict the power of the Executive Committee, and in no event will the Executive Committee have the power to remove a Director or to amend the Bylaws or the Articles of Incorporation.

ARTICLE VII - FISCAL YEAR

Section 7.01. Fiscal year. The fiscal year of the Corporation shall be fixed and may be changed from time to time by the Board of Directors. Until otherwise changed, the fiscal year shall be the period commencing each July 1st and ending the following June 30th.

ARTICLE VIII – AMENDMENTS

Section 8.01. Amendments. These Bylaws may be amended or repealed by the members, and, as well, by the Board of Directors, but the authority of the Board of Directors to amend or repeal these Bylaws shall at all times be subject to the superior authority of the members. No amendment to these Bylaws can be considered by the Board of Directors unless such amendment has been provided each member of the Board at least 30 days in advance of the meeting scheduled to consider the amendment. The normal quorum requirements and majority thereof shall apply in the approval of any such amendment.

ADOPTED on this _____________ day of _________________ , 19___.

ATTEST:

President

Secretary