

Fund Raising Principles

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Implementing a (the organization) Capital Fund Drive
Key Functions, Major Tasks, Organization
Concept & Approach Summary *(example only)*

Overview and Goals

In order to further its mission and secure its future, (the organization) seeks to enlarge and consolidate its facilities. Additionally, in the face of shrinking government spending, we also seek to establish an endowment fund as a safety net and to enable us to serve a larger clientele. A major capital fund will target the raising of \$3 million for new facilities and an additional \$1,000,000 for endowment. *(Note: dollar amounts are hypothetical. Further, the basics of a capital drive apply almost equally to annual giving campaigns.)*

We anticipate that the endowment initiative may well continue beyond the capital campaign but on a lower key basis. Many of the planned giving (tax advantaged) vehicles available are well suited to long term giving and opportunistic solicitation of affluent individuals.

General Approach & Strategy

Strategic and functional direction will be provided by a professional fund raising firm to be engaged after this preliminary orientation process. The campaign will then be implemented largely through the Board members. Towards this end, it would be advisable, if possible, to seek new members to expand both Board numbers and skills resources. Board members will be assigned functional responsibilities and help organize larger campaign teams. In addition, an Advisory Board, to be described later in this report, is recommended for further leverage.

Three to five year pledges will be solicited. Also offered will be tax advantage options for giving as a part of estate planning. The campaign sequence will focus on the largest potential donors first and end with the broader, fully public campaign in the final phase.

A summary of an overall timetable and key success factors follows:

Overview of a Capital Campaign

Step	Major Task	Output	Time
1.	First Meeting with Board	Understanding of Process	12 to 18 Months
2.	Board Commitment & Decision	Go – No Go	
3.	Workshop for key Board, staff, volunteers	Preliminary Case Statement	
4.	Identify/select fund raising consultant		
5.	Feasibility Study (questionnaire mailing)	Communication & motivational ability of Case tested	
6.	Fine tune Case & Goals		
7.	Campaign Director Decision	Volunteer or part time paid	
8.	Campaign Development	<ul style="list-style-type: none"> •Implementation •Calendar •Marketing materials •PR materials 	
9.	Leadership Recruitment & Campaign Organization	<ul style="list-style-type: none"> •Leaders in place •Solicitors in place •Group trained 	
10.	Campaign Implementation	<ul style="list-style-type: none"> •Advance Gifts •Kick off event(s) •General solicitation •Planned giving 	

Fund Raising Campaigns—Key Success Factors (Not Prioritized)

Legitimacy:

- Excellent, focused programs
- Visible & valued in community
- Financially & administratively stable
- Consensus around a strategic plan/vision
- Compelling needs—a clear case
- Active constituent involvement

Leadership:

- Ready, willing, & able to carry out campaign
- Balanced group representing key sectors of community
- Necessary skills represented
- A few spark plugs: vision, energy, doers, motivators
- Knowledge of large potential givers & ability to find/gain access to them
- A Campaign Director (volunteer or paid part time)
- Outside expertise

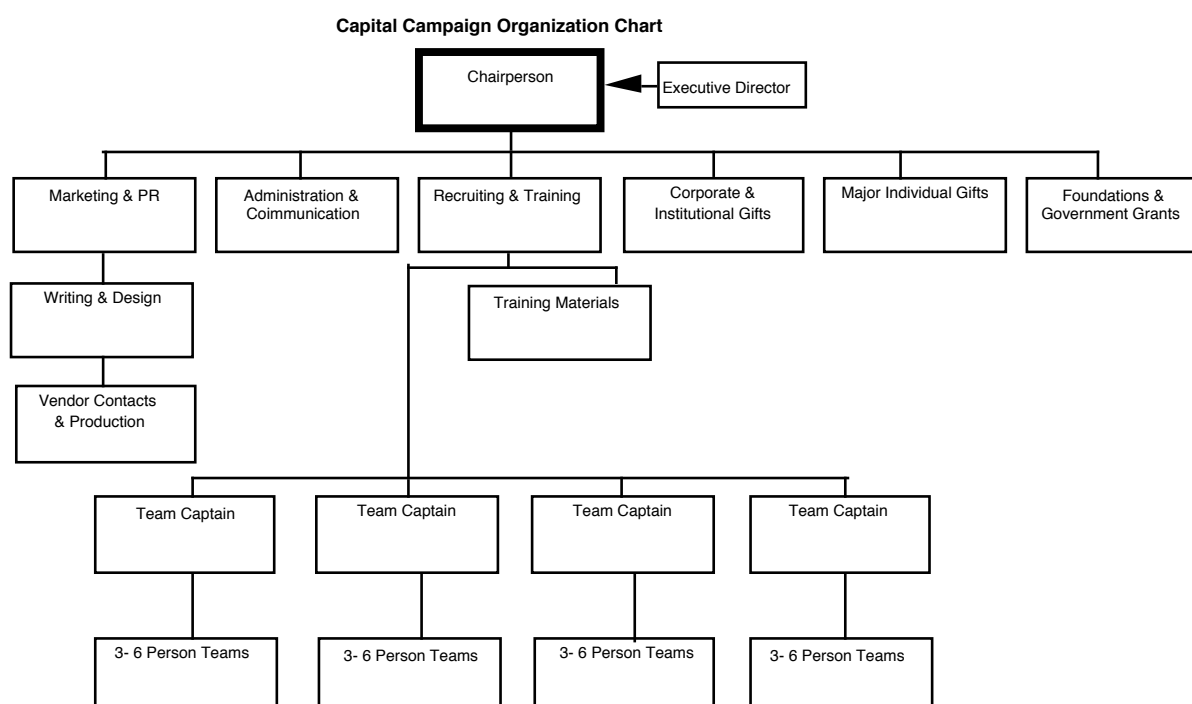
Leverage:

- Balance among sectors of support
- Broad base of supporters
- Group of higher level donors
- Prospect lists & research capacity
- Record-keeping & computer capacity
- Good timing
- Mini goals with frequent celebrations
- Discipline & competition
- Frequent recognition for solicitors
- Regular progress reports & public recognition of donors
- Events & community visibility

In the chart that follows you will see the major planning tasks and issues. In general, getting these tasks and assignment organized is one of the major jobs of the professional fund raising firm.

Preparation & Approach	Organization	Publicity
<ul style="list-style-type: none"> Develop a compelling vision based on the strategic plan Determine tactical options: phone canvassing personal visits phone marathon(s) direct mail benefit events Overall timetable and task plan Plan for financial resources needed Individual activities–task plan and timetable Target/profile major givers, corporations, churches, etc.; identify mailing lists Target honorary, prestige leaders Identify other volunteer alliance organizations: Rotary, Kiwanis etc. Prepare volunteer training and campaign materials Plan kick-off meetings and events Determine giving options (tax advantaged). Prepare legal documents. Determine major donor recognition options Consult major stakeholders; modify campaign accordingly. 	<ul style="list-style-type: none"> Pick & orient chairperson Determine & describe in writing all major positions and functions (some will be combined): Marketing Public relations Admin. & communications Recruiting Reporting/follow-up Corporate gifts Church gifts Special (big) givers All other (smaller)givers Foundations Local ,, & Federal Governments Recruit and train leadership Recruit/train teams Obtain initial gifts from teams Arrange matching gifts – corporate Arrange matching gifts – individual donors 	<ul style="list-style-type: none"> Identify key media people Develop copy & art for: Newspaper Radio Local magazines Bill boards/bulletin boards Direct mail pieces Overall campaign brochure Planned giving brochure Local cable TV Overall media plan/timetable Vendor(s) selection (some may donate services). Produce as needed Speeches & Talks Feedback reports to volunteers and community Mini goal & milestone celebrations Solicitor/volunteer public recognition

The typical campaign organization would look something like the following. It is usual that some logical functions shown individually might be combined.



Development of an Advisory Board

We propose an advisory board concept in order to leverage the formal Board's efforts in capital fund raising. A suggested concept description follows.

(the organization) Development Advisory Board

(the organization) needs committed, effective people to serve for flexible, limited terms on its Development Advisory Board. (the organization) recognizes that many talented, interested people are too busy to make long term, regular commitments of time, despite the importance of the cause. The Development Advisory panel will have limited responsibilities and flexible ending points in time according to the wishes and circumstances of the volunteer Board candidates.

We Ask That Potential Board Members Agree To:

- Be listed publicly as a member of the advisory board during the agreed upon period of time,
- Attend occasional "brainstorming" sessions and other short meetings to input ideas and contacts for fund raising and related developmental efforts,
- Be available for phone consultations with campaign leadership, when necessary,
- Work to implement a particular campaign task of your choosing,
- Provide functional support and advice in areas of your expertise and interests. Functional areas include:
 - Providing names and networking into potential major corporate donors
 - Providing names and networking into potential major foundation donors
 - Providing names and networking into potential major individual donors
 - Public relations
 - Marketing and marketing materials
 - Help out at special benefits and other events of your choosing

Optional Tasks

- Make actual fund raising contact(s) of your choosing
- Make some sort of financial donation of your own to the campaign

Flexible Terms of Office

- You may select either a six or twelve month term of office
- You may optionally renew your term at the end of the time period
- Should your personal circumstances change, you may resign at any time with the heartfelt gratitude of (the organization) for whatever you have been able to do.

When Your Term is Over

- After you have completed your term on the Development Advisory Board, you have the option, should your interests and motivation dictate, to seek becoming a member of the regular Board of Directors of (the organization).

Developing the Campaign Case

A powerful, compelling vision of what (the organization) needs for the future is an essential element of the campaign. This is known as “the campaign case.” Developing the raw material for this case should be relatively easy as most of the basic foundation is already in place in the form of the recently completed strategic plan.

A first draft of the campaign case can be laid out by a Board driven task force which includes the Board leadership and a few senior management people from (the organization),

The final campaign case will be developed in conjunction with the fund raising consulting firm once they are engaged.

Engaging A Professional Fund Raising Consultant

Campaign success often requires that an outside consultant be engaged. This requirement has often been shown to be vital in many campaigns. While (the organization) might consider the hiring of a full time development person, this may not be necessary with the use of a fund raising consultant.

The Feasibility Study

A professionally designed feasibility study is an essential part of any successful major capital fund raising effort. The purpose of the study is to:

- test and refine the motivational power of the campaign case and its written materials
- assess in quantitative terms the preliminary interest of major corporate and individual givers
- determine the overall campaign dollar goal and adjust the campaign goal amount as necessary

Raising Capital Funds from Corporations **Some Success Factors**

- Have a clear vision of what you need and why
- Graphical renditions or at least detailed description of needed new facilities
- Short, compelling description of case with flip charts (overheads) of key facts
 - Statistics
 - dollars
 - benefits to community, families and patients after goal reached and facilities done
 - have dollar figure of idea pledge in mind (large—they can always go down)
- Have P.R. ideas as benefits for the donor company; on-going recognition
- Payment options for their pledge
 - over several years?
 - addition of material goods particular to corporation
 - portions of facility named after corporation

Appendix A

Forms & Checklists

Marketing & Publicity Checklist

Task or Activity	Responsibility	Start Date	Completed
• Identify key media people			
• Develop copy & art for:			
Newspaper			
Radio			
Local magazines			
Bill boards/bulletin boards			
Social media campaign			
Direct mail pieces			
Email Campaign (Constant Contact recommended)			
Overall campaign brochure and/or website			
Planned giving brochure			
Local cable TV			
• Overall media plan/timetable			
• Vendor(s) selection (some may donate services). Produce as needed			
• Speeches & Talks			
• Feedback reports to volunteers and community			
• Mini goal & milestone celebrations			
• Solicitor/volunteer public recognition			

Organization & Implementation Checklist

Task or Activity	Responsibility	Start Date	Completed
• Pick & orient chairperson			
• Determine & describe in writing all major positions and functions (some will be combined):			
Corporate gifts			
Foundations			
Local , State, & Federal Governments			
Special (big) givers			
Church gifts			
All other (smaller)givers			
Marketing & Public relations			
Admin. & communications			
Reporting/follow-up			
Recruiting			
• Recruit and train leadership			
• Recruit/train teams			
• Obtain initial gifts from teams			
• Arrange matching gifts – corporate			
• Arrange matching gifts – individual donors			

Preparations Checklist

Task or Activity	Responsibility	Start Date	Completed
• Determine overall goal and a compelling vision for use of funds			
• Determine campaign approaches-options: phone canvassing			
personal visits			
phone marathon(s)			
direct mail, email, website, social media			
benefit events			
• Overall timetable and task plan			
• Plan for financial resources needed			
• Project likely cash flow & gift size mix needed			
• Individual activities–task plan and timetable			
• Target/profile major givers, corporations, churches, etc.			
• Identify mailing lists and email lists			
• Target honorary, prestige leaders			
• Identify other volunteer alliance organizations: Rotary, Kiwanis etc.			
• Prepare training and campaign materials for volunteers			
• Plan kick-off meetings and events			
• Determine giving options (tax advantaged). Prepare legal documents.			
• Determine major donor recognition options			
• Consult major stakeholders; modify campaign accordingly.			
• Plan year 2 events/activities to maintain momentum.			

Appendix B

Event Concept Description Example

Wine Tasting and Auction

- Get donation of fine wines from:
- Regional liquor merchants
- Wine and spirits companies (Heublein, Schweppes, Seagrams??) in return for publicity
- Get celebrities and affluent wine collectors to donate from their own cellars
- Need two key people: a wine expert and a very funny auctioneer (unless such skills come in one person). Wine companies or liquor stores may have names for the experts.
- Have a tasting along with “heavy hor d’oeuvres”
- Sell tickets to cover costs of tasting and food, at least
- Possibly some volunteer but professional entertainment or music
- Could include cases of specialty beers
- Need to check out legalities, if any, of selling wines in this way.

This could be just one of several major events. Could also hold an art auction with donations from local collectors or artists.

Appendix C

Planned Giving Brochure

This text may well need updating by an experienced, volunteer estate attorney or CPA

The Role Of Planned Giving

An endowment is essential for (the organization) 's long term security in the face of eroding government funding. We are confident that (the organization) will continue to keep its doors open and be available for service. But it needs a stronger financial base. Just the act of making a bequest to ((the organization) when you are reviewing your Will (generally recommended by experts to take place every few years or immediately upon major changes in circumstances) will be a forward step.

There are several creative ways to make large gifts to (the organization) while, if you wish, receiving a high rate-of-return life income for yourself and another family member, if named. The tax benefits can be substantial.

The Tax Situation

Generally, gifts to charity are deductible on Federal income, estate, and gift tax returns. With the latest Federal tax law, gifts to (the organization) are now even more tax effective. Of particular significance is the fact that the donors can now deduct the full fair market value of appreciated securities without paying any capital gains tax and without the unrealized capital gain being subject to the Alternative Minimum Tax (AMT).

The Many Types Of Gifts Possible

While most gifts to charities and (the organization) are cash gifts, the largest charitable gifts are often deferred gifts which allow the donors and family members to receive annuity or other payments for a period of time before the assets are turned over to charity.

Since everyone's financial circumstances tend to be different and there are a variety of forms that charitable gifts can take, no single form of giving is best for all. Instead of making cash gifts, appreciated securities may be given and the donor can deduct their full market value for Federal income tax purposes without being taxed on the capital gains. The table on the inside cover identifies some frequently selected charitable gift options. In these days of higher income taxes, your tax advisor may recommend that you consider making a gift to charity to reduce them. This table may be helpful as a starting point.

The Giving Options

I. Gifts Of Cash

Gifts of cash are deductible for Federal Income Tax purposes in amounts up to 50% of your adjusted gross income. Amounts exceeding this limit can be carried forward for five years.

II. Gifts By Will

Often people want to make gifts to (the organization) upon their deaths, but the necessary bequest added to their Will gets overlooked.

It can also happen that the persons you have named to benefit in your will may not survive you, and there is no designation of anyone to benefit beyond them. If there are no close family members living, you may want to consider naming (the organization) as a contingent beneficiary.

A sample form of bequest to add to your will is as follows:

“I give to (the organization) (insert state) \$_____ (or otherwise described gift) to be used (pick one):

1. at the discretion of the Board of (the organization)
2. for the following purposes (...describe purposes)”

III. Gifts of Appreciated Securities

Gifts of securities with an unrealized capital gain can have large tax benefits because the gain is not taxed. Furthermore, the full value of the securities is deductible. Deductions by gifts of appreciate securities are limited to 30% per year of your Federal adjusted gross income. Amounts exceeding this can be carried forward for five years.

If this form of giving fits your circumstances, call (the organization) for instructions about transferring the securities. Do not sell them first.

IV. Gifts of Appreciated Real Property

Gifts of appreciated real estate that is not subject to a mortgage is also free of Federal capital gains tax and a deduction is available for the full value of the gift. Unless it can be used by (the organization), the property will be sold and the proceeds held as you direct. As with gifts of appreciated securities, deductions are limited to 30% per year of your Federal adjusted gross income and the unused deductions can be carried forward for five years.

V. Life Income Plans

While the options for outright gifts are well known by most people, there are some unusual and highly beneficial other options for those with a need for income generated from their assets. These popular special forms of gifts are:

- Pooled Income Funds
- Charitable Remainder Annuity Trusts
- Charitable Remainder Unitrusts

The donor and another family member, if named, can receive the income from the assets for life before the assets pass to (the organization). The tax benefits can be substantial.

Additionally, other benefits can result:

- Income from low yielding stock can be increased – often important in these times of low interest rates
- Professional management can be obtained without fees
- The full value of the gift may qualify for a one-time tax deduction (in some cases, if the principal does not pass to (the organization) until many years in the future, the value of the gift may be reduced to today’s value by the IRS).
- You and the trust may avoid capital gains taxes on the previous appreciation of the assets donated as well as the appreciation that occurs after the gift has been made.
- You will reduce your estate tax
- You will be assured that a substantial gift to (the organization) will be made after your death

Following are details on these life income plans.

Pooled Income Fund

This is a charitable trust that works like a mutual fund. Gifts of many donors are combined, assigned units in the fund and managed professionally. The income is paid to the donors (and their named

beneficiaries) on a regular basis, usually quarterly. Upon the death of the donor (and his/her named beneficiaries) the units are separated from the fund and paid to (the organization).

With appreciated securities which typically have a low yield, the donor avoids capital gains taxes and realizes an immediate increase in income for life (and the life of another named beneficiary). This is an appropriate form of giving for amounts exceeding \$5,000.

Charitable Remainder Annuity Trust

This is a fund of assets that a donor gives, either by Will or during his/her life, to institutional or individual trustees selected by the donor. Under the Will or Trust Agreement, the trustees are directed to pay the donor, or other named individuals, fixed amounts of at least 5% of the initial fund for his/her life, and the life of another beneficiary or for a term not to exceed 20 years. At the conclusion of the fixed payments, the balance of the trust assets are distributed to (the organization). The same tax benefits apply as with gifts to the Pooled Income Fund.

This form of giving is appropriate for donors making gifts exceeding \$50,000.

Charitable Remainder Unitrust

This works in a manner similar to the Annuity Trust except that, while an Annuity Trust pays out fixed percentages or amounts, a Unitrust has much more flexibility. Pay out options include:

- at least 5% of the principal assets as valued each year
- the amount of the actual income from the trust each year or 5% whichever is less
- a stipulation that if the actual income falls below a specified percentage in any one year, then the differences can be made up in years when the income exceeds the stipulated amount.

A unitrust also gives trustees more flexibility in timing the amount of payments to the beneficiaries. As with annuity trusts, this form is for gifts over \$50,000.

Charitable Education Unitrust

This trust is structured in the form of a unitrust for a term of up to 20 years and has the same kind of income flexibility. In the years before the donor's children reach secondary school or college age, the assets are invested for maximum capital gains to increase the fund. Then when income is needed to fund tuitions and related expenses, the investment strategy is changed to maximize income. On a preset date, after the children are expected to complete their educations, the trust terminates, and the principal is distributed to (the organization). When the trust is established, the donor is entitled to a substantial charitable deduction and he or she should not be taxed on either the income or the capital gains of the trust. Appreciated securities are often used by donors to fund this kind of trust with the additional benefit of avoiding Federal long-term capital gains taxes.

Charitable Lead Trust

This trust is the reverse of an annuity trust or a unitrust. (the organization) receives the income from the assets for a fixed period of time or for the life of the donor or other named individual. At death the principal reverts to the estate of the donor or is distributed to some other named beneficiary, usually a family member. These trusts are often used by donors who want to get a large, one-time deduction against windfall income and still retain the principal assets if set up during the donor's life, or to reduce estate taxes if set up in the donor's will. They are also used by donors who hope to pass on a larger amount of their principal assets to future generations than would be possible with direct gifts to heirs. Because of the complexity and uniqueness of situations that make this kind of trust advantageous, they are usually appropriate for amounts exceeding \$50,000.

VI. Gifts of Life Insurance or Pension Plan Remainders

Gifts of life insurance can be of an existing policy or a new policy. The deductible amount is the policy's value at the time of the gift. Deductible cash gifts to (the organization) each year can also be made to keep a policy in force. A gift of this kind might be made if the policy has served its purpose (the children have all been educated or a mortgage has been paid off), or if the donor wants to insure the payment of a larger pledge.

Another innovative method of making a gift to (the organization) is to name (the organization) as a beneficiary or contingent beneficiary of an Individual Retirement Account, a Keogh Pension Plan or a 401K Retirement Plan. By giving what is left of an Account or a Plan to (the organization) at death, it is possible to have (the organization) receive the balance of assets in the Account or Plan free of estate, inheritance and income taxes that would otherwise be payable if the balance of the Account or Plan is given at death to a beneficiary who is not a spouse. In many cases, the taxes that can be saved will equal more than 50% of the value of the assets in the Account or Plan.

As with your Will, you should think about naming (the organization) as a contingent beneficiary if your spouse or other close family members do not survive or do not need to receive the insurance or pension plan proceeds.

For further information or assistance, contact _____ (the organization) office at:

Examples of Planned Giving

Typical Circumstances	Frequently Selected Options	Your Federal Tax Benefits
You want to remember (the organization).	A bequest written into your Will.	No estate taxes on bequest.
You have enough assets for your heirs and sufficient income from those assets.	An outright gift of cash or appreciated property or securities.	Tax deductible up to 50% of your adjusted gross income for cash—30% for property or securities. 5 year carry forward on excess.
You have enough assets for your heirs but are concerned about having sufficient income from those securities to pay for the educational expenses of your children.	Charitable Educational Unitrust for your children for a number of years until last child is expected to finish college. Assets then pass to (the organization).	Actuarially discounted tax deduction up to 30 % of income. 5 year carry forward. No capital gains tax.
You have enough assets for your heirs but want to increase the current income from those assets for yourself.	A gift to a Pooled Income Fund (for gifts of \$5,000 or more).	One time tax deduction against current income of the actuarially discounted value of the gift.
	Charitable Remainder Annuity Trust with preselected flat payments of 5% or more of asset value each year for life (and life of spouse). Appropriate for larger gifts.	Actuarially discounted tax deduction up to 50% of your adjusted gross income for cash – 30% for property or securities. Excess can be carried forward up to 5 years.
You have enough assets for your heirs but want more income from appreciated, but low income producing, securities. You are also concerned about the impact of inflation.	Charitable Remainder Unitrust with preselected payments of 5% or more of asset value, adjusted each year, for life (and life of spouse). Appropriate for larger gifts.	Actuarially discounted tax deduction up to 50% of your adjusted gross income for cash – 30% for property or securities. Excess can be carried forward up to 5 years.
You are about to retire and want to convert stock assets into income producing securities without paying capital gains.	A gift to a Pooled Income Fund (for gifts exceeding \$5,000).	Actuarially discounted tax deduction up to 30 % of income. 5 year carry forward. No capital gains tax.
You want to preserve current assets for your heirs but do not require part or all of the current income being generated.	10 Year Charitable Lead Trust. 5% or more of trust paid annually to (the organization) for this period; remainder to heirs in 10 years. For larger gifts.	One time tax deduction of 10 years worth of estimated discounted interest payments to (the organization).. Other tax implications—consult your tax advisor.
You are selling your business and have high taxes to pay. You have enough other assets and income, but would like to leave the assets of the sale to your heirs.		
You have a life insurance policy with large cash value that is no longer needed. You also need a large one time tax deduction.	Transfer the policy to (the organization). Can also continue to pay policy premiums if not a paid up policy.	One time tax deduction for value of policy. Additional deduction for premiums when paid.
You have appreciated securities or mortgage-free real estate, want to make a gift to (the organization), and want to avoid capital gains and/or estate taxes.	Transfer ownership directly to (the organization).	Fully tax deductible up to 30 % of income. 5 year carry forward. No capital gains tax.
	A bequest written into your will	No estate taxes on bequest.

Appendix D

The Campaign for (the organization)

(the organization) is a not-for-profit agency offering (insert). Through the collaborative efforts of professional, paraprofessional and a large and dedicated volunteer staff, the organization seeks to:

-
-
-
-
-

Major renovation and upgrading of the interior of the facility in order to:

Build an endowment fund to:

All this will require a major capital fund campaign

**The Capital and Endowment Campaign
\$1,000,000 to \$2,000,000 To Fund the Following:**

I. Restore and renew the entire facility:

	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$

II. Establish a Program Development Fund:

	\$
	\$

III. Build a significant Endowment Fund:

	\$
	\$
	\$

Leadership Gifts Essential to the Success of the Proposed Capital/Endowment Campaign

# of Gifts	Level of Gifts	Total Amounts
1	500,000	500,000
2	250,000	500,000
3	150,000	400,000
6	100,000	600,000
4	75,000	300,000
4	50,000	200,000
Total Leadership Gifts:		\$2,500,000

How Gifts Can Be Made

We are looking for 3 to 5 year pledges of cash or securities. Planned Giving options are also available with exceptional tax advantages to provide significant donor benefits while also helping (the organization).