

## The Fund-Raising Process



FUND RAISING

A Step-by-Step Guide To Generating Resources for  
Community Development Organizations

Launched in 1982 by Jim and Patty Rouse, The Enterprise Foundation is a national, nonprofit housing and community development organization dedicated to bringing lasting improvements to distressed communities.

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This book is part of the Enterprise Community Development Library, an invaluable reference collection for nonprofit organizations dedicated to revitalizing and reconnecting neighborhoods to mainstream America. One of many resources available through Enterprise, it offers industry-proven information in simple, easy-to-read formats. From planning to governance, fund raising to money management, and program operations to communications, the Community Development Library will help your organization succeed.

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# About This Manual

## What is fund raising?

*Fund raising consists of finding and creating positive relationships with funding sources appropriate for your organization. Good resource development is closely coordinated with an organization's business plans and strategic objectives.*

*The Fund-Raising Process* is designed for board members and staff of nonprofit community development organizations who want to improve the organization's ability to raise funds. In this manual, you will get an overview of the process and how you work through it to create resources for your nonprofit from several types of donors. The aspects of resource development included are:

- Understanding the different types of support and donors
- Understanding the fund-raising process
- Preparing your case statement
- Finding prospects
- Cultivating prospects
- Soliciting donors
- Stewardship

This manual is part of the *Fund Raisings* series within The Enterprise Foundation's Community Development Library™. This series provides detailed information on all aspects of fund raising — from developing resources to managing a fund-raising campaign. Manuals in the series provide information to help you:

- Stage successful special events.
- Organize your office for successful fund raising.
- Develop a relationship with a local federated campaign.

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# Overview of Resource Development

Nonprofits need resources to do their work. Resources “buy” the tools (personnel, supplies, space, telephone, computers, etc.) that make it possible to provide services. They come in two forms: cash and non-cash. Raising, accessing and using these resources requires a strategy that is integrally linked to your organization’s mission and organizational goals.

Your fund-raising efforts secure the resources necessary to achieve the goals of your strategic plan. It is an *ongoing process*. You make stops along the way and revisit them over time. Sometimes you may feel you are stuck at one destination and other times you will fly through a stop. But if you stick with the journey, you will create opportunities for more resources, ultimately helping more people in your communities.

There are six fundamentals to keep in mind while going through the resource development process:

- People give to people, not organizations. Fund-raising success is built on your ability to develop relationships with key individuals and to know what their priorities and needs are so that you can meet them.
- Philanthropy, or giving resources, is an opportunity for the donor to make an investment in something worthwhile — to make a difference.
- Your case must demonstrate clarity and strength of purpose. Be prepared to make your case by substantiating a compelling need and by establishing your organization’s capability.
- Resource development is an ongoing process. Success happens over time — you have to keep working on building new relationships and nurturing existing ones. Continuity is important to the process.
- Good resource development requires good information. Be creative and do your homework about your potential and current donors.
- Follow-through and accountability are critically important. Your job is to responsibly use the resources given to you.

## FORMS OF SUPPORT

Support for your organization will come in different forms and will meet different needs. It can often be pulled together under the auspices of a campaign with a goal, a set of strategies and a time frame. Some donors like to feel as though they are contributing to a larger goal and that their funds are being leveraged to attract others. Because of the shifting focus of donors, the growing interest in leveraging funds and the benefits of cultivating new relationships, nonprofits should look to raise different types of support, such as:

- **Unrestricted grants:** The funds can be used for any purpose. They are often the hardest to get because donors often want their money spent on a specific project. But, unrestricted giving provides the most flexibility on how to use the funds.
- **Restricted grants:** Restricted funds are limited to specific purposes as outlined in the proposal or otherwise specified by the donor.
  - Program or project grants support a specific program, usually with measurable outcomes.
  - Seed money is for experimental, innovative or start-up projects (pilot or demonstration programs). Depending on initial outcomes, funding may be renewable. Seed funding is attractive; it enables an organization to “test the waters” and prove its viability in order to attract or leverage funding from other sources.
  - Capital grants are earmarked for principal projects to meet future service demands, such as purchase, construction or renovation of a physical facility, land acquisition or major equipment purchase.
  - Endowments are grants providing for an organization’s future security. Endowment funds are invested to provide annual income, usually as a percentage of income earned.

- **Challenge (matching) grants:** Restricted or unrestricted grants may be made in the form of a challenge to the organization to raise an equal or specified amount from other sources. The grant is contingent upon the matching funds being raised.
- **In-kind support:** No cash is given with in-kind support. Organizations or individuals may be able to provide you with products or services that you need to do business. A graphic designer might donate time to design and produce your newsletter or organizational brochure; a local corporation might be able to provide a loaned executive to help you with a specific issue; or a local hardware store might donate paint or other building supplies. Be sure, however, that you want and can use the products they can provide. You do not want to have to warehouse 100 cans of paint if you cannot use them.

## OPPORTUNITIES FOR SUPPORT

Support can be garnered through a variety of means. By following the process outlined in this manual, an organization should be able to identify what is the best way to ask for support from all types of donors — individuals, businesses and foundations. Is the prospect, or potential donor, likely to give a major gift through a multi-year commitment? Do you need to organize an annual giving incentive to attract individual donors on a yearly basis? Do you need to organize fund-raising events to get donors involved and invested in your organization? Is your organization mature enough to attract planned gifts? You can use all or some of these options when deciding how to ask for support.

- Major gifts from foundations, corporations or individuals are large sums of restricted or unrestricted money or property with value (stocks, bonds, jewelry, land or houses). Major gifts usually are given by individuals who have a very strong relationship with the nonprofit and want to support a special activity or project. Often these donors are individuals or large organizations who have been giving annual support for at least a few years. Institutions, like businesses or foundations, may not be annual givers but may only give when the nonprofit has a major gift or capital campaign. Major gifts are possible only for nonprofits well-established within their communities

and are the result of a well-prepared strategy involving research, cultivation, solicitation and stewardship.

- Events may be a way to get regular amounts of support each year. More important, though, events help potential donors learn more about and become emotionally involved in the organization. Individuals or companies can buy one ticket or a block of tickets. Companies can also sponsor the event for additional benefits and exposure. Their support can help you defray the costs and keep the ticket prices affordable. (See *Staging Special Events* another manual in the *Fund Raisings* series.)
- Annual gifts are usually modest cash gifts under \$500 that an individual gives every year, often increasing the amount each year. They can be unrestricted or earmarked for a particular use. Developing lists of names and addresses of potential donors of these gifts is very important; the nonprofit can start by asking each board member to give 10 names and addresses of people they think might support their work.

Direct mail is often the most efficient way of asking individuals for such annual gifts, but you must evaluate whether the return on the investment of time, direct costs (printing, postage, etc.) and staff effort is worth it. *Because it takes years to build a list that may be useful for raising funds, direct mail should be attempted only by organizations with money to risk.*

- Planned gifts are securities or monetary or property gifts made by a donor for future or sometimes current use by a nonprofit. Most often, planned gifts are part of what an individual gives of their wealth when they die. Individuals who have a very strong relationship with a nonprofit are the ones most likely to give planned gifts. They can be made through wills, life insurance, property, trusts, annuities and other mechanisms.

The major advantage of raising funds through planned giving is that you are securing future support for your organization. The disadvantage is that the funds are typically deferred and do not pay current expenses. You also must devote significant resources to planning, implementing and maintaining a planned-giving effort. Generally, only mature nonprofit organizations are in a position to manage this type of effort.

## TYPES OF DONORS

You can get support from a variety of sources. With the exception of government resources, you can use the fund-raising process detailed in this manual to help you raise resources. Below are some of these potential sources and some things to consider when working with them.

### Individuals

Collectively, individuals give more money annually than any other type of donor. Personal relationships are crucial to successfully securing money from them. The personal interest they have in supporting your work also plays a role. For example, if a donor had a child or sibling with a substance-abuse problem and saw the devastating effects on the family, he or she might support a rehabilitation program for substance abuse.

One of the biggest challenges is identifying the right individuals. Prioritizing and screening your potential donors will be critical. Your board members are the best place to start. (See the Prospecting section in this manual for more information.)

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Besides hosting events and sponsoring funding campaigns, opportunities to volunteer time and expertise may interest individuals in your organization. And, some of the most wealthy individuals in the community may be interested in your group because of the possible tax deductions they receive for their contributions.

*Issues for community development organizations:* Getting individuals to invest in community development can be especially challenging. Many potential donors are not directly affected by the efforts of your organization. It is especially important to build your case so that individuals recognize how your work influences them.

### Small Businesses

Small local businesses can be good supporters of nonprofit organizations. Because they do not usually have lots of cash to give, they often contribute in-kind products and services or buy ad space in newsletters or event programs. The owners tend to make contribution decisions, often giving to organizations that have either touched them or their families' lives personally. Some owners may be more interested in donating services if it can positively affect their business image in the community or, more directly, increase sales.

A personal relationship is very helpful in working with small business owners, especially if your organization is approaching them for the first time. Consider putting a small business leader on your board. Community development organizations may purchase significant services, such as printing, construction materials and title insurance from small businesses and may turn to these vendors during fund-raising events.

*Issues for community development organizations:* Nonprofits have an excellent opportunity to turn their existing relationships with small businesses into true resource partnerships.

### Large Corporations

Big businesses with local branches, plants or headquarters in your community may give cash, supplies, equipment or products and volunteer employee time. Though big businesses can make large gifts, they may not give many of them. Some businesses use foundations, tax-exempt institutions designed to make their gifts, while others have a corporate giving or contributions program. Still other businesses will make some donations out of their marketing budget.

Businesses may be *partners* with community development organizations, especially housing-related nonprofits that provide thousands — or millions — of dollars' worth of business annually to construction and related businesses. Partners often expect to be asked for support. This support can come in the form of money or assistance during fund-raising campaigns. Additionally, financial institutions working in partnership with local nonprofits are an excellent resource.

Large corporations may give in order to:

- Increase sales.
- Boost employee morale.
- Match employee interests (if the company makes matching gifts or if there is an employee committee deciding where philanthropic dollars should be spent in the community).
- Improve the community (which effectively is good for the company and employee).
- Satisfy an executive's personal interest.

Businesses that are more dependent on the local political system for such things as regulatory approval (for instance, hospitals and utilities), zoning decisions (real estate developers) or contract approval (vendors to the school system or city government) may be more interested in maintaining good community relations. Look to them for assistance during local funding drives.

*Issues for community development organizations:* View large corporations as partners and give them opportunities to demonstrate their good will in the community. The most effective strategy for asking big businesses for their support depends on which part of the business you are asking, where that business is and what you want. Research the kinds of nonprofit programs that a corporation has supported in the past to gain some insight into what investments it is likely to make. Keep in mind that funds from large corporations are often funneled through national intermediaries, such as The Enterprise Foundation, and are then made available to local organizations.

## Foundations

Foundations have one purpose: to support nonprofit work. There are three types of grant-making foundations: private (includes corporate), family and community. A few communities have collaboratives of foundations that act as one grant-making body for specific interests.

- National and private foundations often fund through intermediaries, such as The Enterprise Foundation. Local organizations may receive support from national foundations, but usually only as part of a longer-term program initiated by the foundation.
- Corporate foundations are set up by companies as one of the mechanisms to channel their contributions.
- Family foundations typically have one or two *specific* granting interests. They are unlikely to give to community development organizations, unless they have a personal stake in such development. Do some research before devoting a lot of resources to securing funds from such foundations.
- Community foundations pool contributions from a variety of sources, often individuals, and then make restricted and unrestricted grants to programs. They usually provide funds to smaller, younger and more community-based organizations. They rarely continue operating support; rather, they help to launch an effort and then expect it to gain revenues in other ways.
- Operating support collaboratives have sprung up in a few dozen cities and counties. These organizations aggregate funds from a few sources — often local and national foundations, corporations and public entities — and grant them to community development organizations.

*Issues for community development organizations:* Community foundations are ideal partners because they share similar priorities on a local level. All foundations have rules about their giving interests and approaches. *Never* mass mail requests for support. Build a relationship with a key player at the foundation *before* you mail any written proposal.

## Federated Fund-Raising Organizations

Federated fund-raising organizations are nonprofits usually structured along geographical lines for the purpose of raising charitable contributions and distributing them to locally designated nonprofits. Their beneficiaries usually reflect the values and beliefs of the organization's governing bodies. The most common federations are United Way agencies, faith-based federations and alternative funds.

- United Way agencies are fund-raising, allocating organizations that support a variety of social service agencies on the local level. They receive the bulk of their support from company employees who have been solicited at the workplace and from major companies through grants.
- Religiously affiliated federations are generally established by religious or lay leadership to raise money from individuals in churches and synagogues. This financial support goes to organizations that represent the social welfare and health interests of a particular religious faith.

*Issues for community development organizations:* Although the United Way usually bestows member agency status on nonprofits before qualifying them for ongoing annual allocations, they still may be a possible source of funding support for community development organizations. Some United Way agencies make grants for special projects as well as for general operating expenses. If you are addressing a problem that is of broad interest in your community, it might be possible for you to get some support from a local federated fund-raising organization. (For more information about the United Way and similar groups, see *Establishing a Relationship With a Federated Campaign* in this series.)

## Faith-Based, Civic and Service Organizations

Faith-based, civic and service organizations often provide nonprofits with volunteers, cash and sometimes space or supplies. Locally, cash support tends to be in the \$500 to \$10,000 range, depending on the organization and community. Non-cash support is much more available on the local level. Local civic and service organizations are particularly good sources of volunteers for events, and these groups frequently like to donate visible items that bear their logo. On the national level, grants in the \$10,000 to \$50,000 range are not uncommon, particularly for faith-based organizations. All of these groups have one important thing in common: Members decide what the group will support.

*Issues for community development organizations:* Faith-based organizations, in particular, have access to large constituencies and potential partners who can help you accomplish your goals. Investigating these organizations' priorities is worthwhile. Having someone from your board or staff as an active member of these organizations also is very helpful in establishing a relationship, getting to know interests and asking for support. Except at the national level, asking for support from these groups is usually very informal.

## Government

Developing good relationships with politicians is often a necessary part of building and maintaining a successful organization. Government grants or contracts will be hastened through strong political ties with important decision makers. Community-based organizations will have the most success making connections to the political system through their city- or county-council and state-legislature representatives. Understanding how the levers of power work in the jurisdiction you target will help you determine what to ask from representatives.

Relationships with agency representatives will also aid your support efforts. There are lobbying rules to be aware of, but by being a strong advocate for issues that match a particular government agency's or by sending regular educational materials, you can position your group for future support. The potential downside, however, is that relationships with government representatives or administrators are often short-term, given the nature of elected offices. (See *Neighborhood Tours: Showcasing Results* of the manuals in the *Communications* series, for more information on reaching elected officials.)

Discretionary grants and block grants are the two primary types of support available from the government. At the federal level, the purpose of these grants is spelled out in government publications. This may or may not be true for state, county or municipal grants, although their requests for proposals (RFPs) do lay out very specific grant interests and requirements.

Do not write proposals that are not requested. Instead, send regular information about your group to specific grant officers and local, state and federal representatives. The most viable way a nonprofit can secure government support is to become recognized as the expert in the state. When requests for proposals are issued, be sure to attend the bidding or information session to

indicate your interest. Also, write a formal letter of intent and be sure to copy all correspondence to locally or federally elected representatives, depending on whom the grant is coming from. (Note: The cultivation and solicitation process outlined in this manual may not directly apply to raising resources through government sources.)

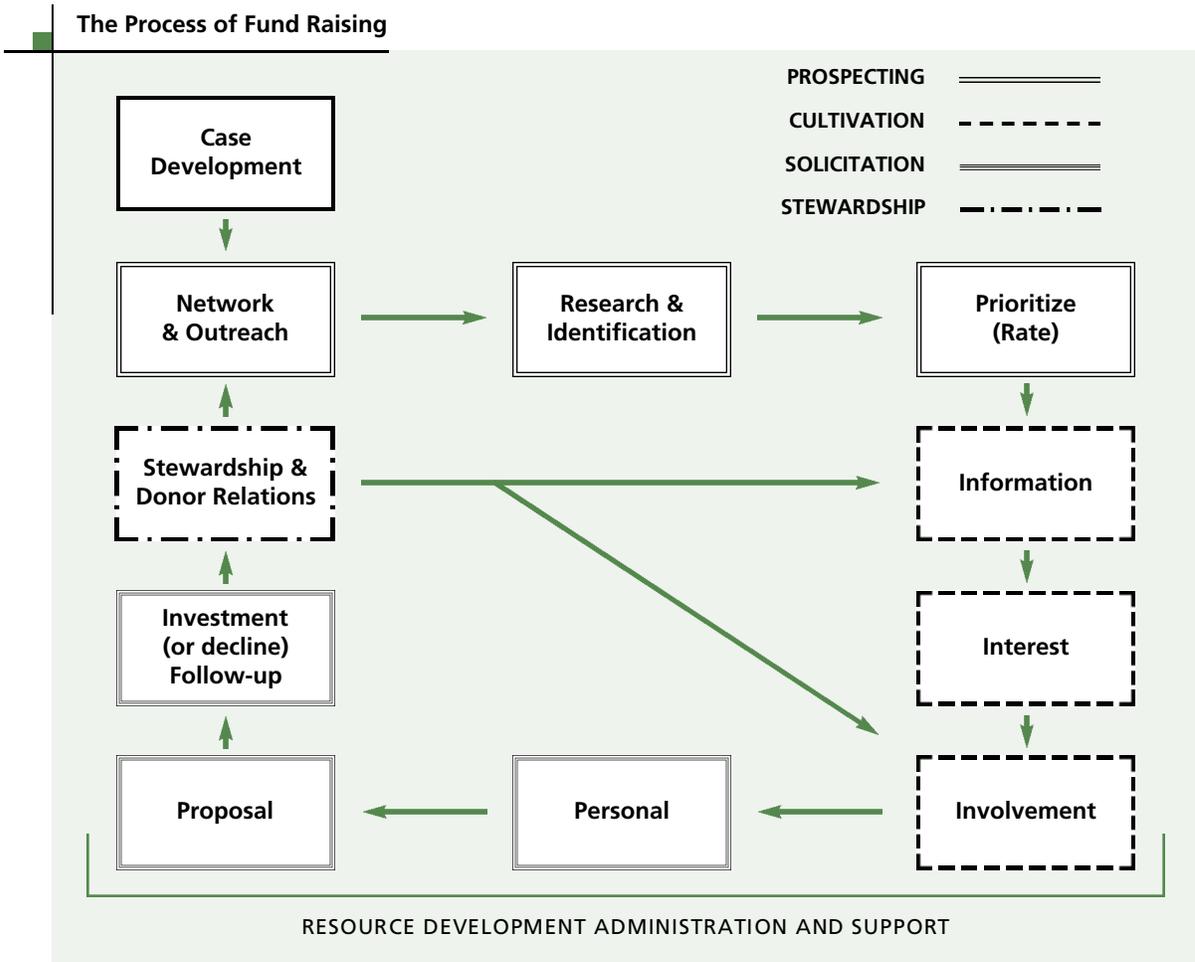
### *Issues for community development organizations:*

City, county, state and federal governments provide money for nonprofit purposes that meet government mandates. This type of money is best thought of as a contract. Essentially, the nonprofit is agreeing to provide services that the public, through its government body, has deemed necessary. Community Development Block Grant (CDBG) funds are federal monies given annually to all states and medium and large cities and counties. Through these governments, CDBG funds are available *only* to qualifying nonprofit housing developers, counselors and managers who have been designated by their participating jurisdiction. These funds are usually for housing development but are often for operating support. Other federal funding is passed through national, regional and state intermediaries, such as The Enterprise Foundation, for the operating support of local community development organizations.

# The Fund-Raising Process: An Overview

Resource development, or fund raising, is a process. There are few quick fixes or instant answers to your resource needs. By following the process detailed in this manual, you will have the map and the tools to develop needed support for your organization. To achieve success, carefully craft your strategic fund-raising plan to meet the goals outlined in your business plan.

Many organizations lacking formal business plans create implicit plans through annual budgets. Budgets are the fiscal representation of a business plan, enabling an organization to have specific fund-raising goals. (More information on creating strategic and business plans and budgets can be found in the *Planning* and *Money Management* series in the Community Development Library.)



Regardless of who your donors are, you will make five stops on your fund-raising journey: case development, prospecting, cultivation, solicitation and stewardship. You may visit some longer than others, depending on what and who you know, but each is an important destination. The previous chart demonstrates where your various fund-raising activities fit into your overall resource development effort. In an ideal situation, you start with your case and move through the other phases. Situations do not always flow this way, but by understanding the pieces, you will be equipped to address resource development. The following are quick definitions of each stop. An expanded explanation of each stop follows.

- **Case development.** This is the first step in your journey to any potential donor — individual, business, government, foundation, etc. People are more inclined to support organizations with a clearly defined and compelling rationale for existence. Your case starts with a mission statement that highlights the worthiness of your efforts. It is the cornerstone of your fund-raising efforts.
- **Prospecting.** Your next destination along the route is to stop and look for prospects — potential partners — who have an interest in your work and have resources you need, either in cash or non-cash (in-kind contributions, pro bono services, etc.). Prospecting involves networking with peers, identifying the right group to approach and prioritizing who your best bets are. It is critical that you identify a diverse set of prospects. You never know when any one source will dry up.

- **Cultivation.** Next, you must cultivate your prospects so they will want to be involved. Offer them opportunities to get to know you and your organization. Supplying potential donors with information may pique interest in your group, and helping them get involved will foster a sense of connection to your efforts. Cold approaches for resources, without prior relationships or involvement, are rarely successful.
- **Solicitation.** Now you are ready to ask for support. Once prospects show interest, you are ready to encourage them to make a specific investment in your organization. This solicitation process involves making personal contact, writing a proposal and following up.
- **Stewardship.** You have asked for and gotten your resources. But once prospects become donors, you cannot forget about them. You need to continue informing them about your organization and how you are using their resources. If you continue cultivating the relationship, the donors will continue to support your work.

Your journey is never over. You will make this trip over and over again as you work with new donors and prospects. The following sections track the process in detail, helping your organization successfully negotiate fund raising.

Note: Each of these sections is enhanced by having your office organized for fund raising (see *Organizing Your Office and Staff for Your Fund-Raising Efforts*, another manual in the *Fund Raising* series).

## First Stop: Preparing a Case Statement

Information gathering is a two-way street. Not only do you want to know a lot about potential donors, but they will want to know about you. A carefully prepared case statement will provide them with answers.

A nonprofit's case statement is a clear, concise, written description of its mission, history and activities. It is generally 6 to 12 pages in length, but it can be shorter. It is a dynamic document that should be revisited at least annually in conjunction with your strategic planning efforts. As the cornerstone of all of your resource development, communication and marketing efforts, it is designed to elicit support from funding and other supportive individual and organizational partners.

Good case statements should expand on your mission, demonstrate why your organization is uniquely qualified to address the specified challenges, show how your nonprofit's activities mirror a potential donor's motivations to address social needs, and explain how a donor can make a difference. An effective case statement will also position your organization as a credible partner and funding recipient.

### STEPS TO PREPARE A CASE STATEMENT

- Work with your staff and board to develop a clear, credible and compelling description of your organization. Compare it with your mission statement, marketing sheet, pamphlet, annual report or other communications material to ensure its consistency. (If the marketing sheet already exists, you may use language from that document. See the *Communication* series for more information about these materials.)
- Emphasize opportunity rather than need. For example, use language such as, "Our program will create new home owners," rather than "Our program will rehab derelict houses." Remember, you are asking for an investment, not charity. Link your work to people and the bigger cause you are working toward.

- Accent the timeliness of a donor's potential contribution; for example: "Winter is here. Your contribution to the energy fund will help keep families warm!"
- Use simple words and short, straightforward sentences.
- Be concise. Although 6 to 12 pages is most common, only say what needs to be said. The description of a new program will require more detail than an ongoing program the reader is familiar with.
- Be constructive. Use positive language to portray your organization as striving to make the world a better place and portray every donor as contributing to that effort.
- Focus on outcomes. Quantify the benefits the donation will generate, such as, "Your contribution will result in 14 beds for homeless adolescents."
- Speak the prospect's language. Funding sources receive many requests, so you must make your group stand out. You must show why helping your nonprofit is a good idea for the prospective or current donor.

The following chart will help you think about your case from a potential donor's perspective, such as what they want to see included in your case. For each benefit listed on this chart, an explanation clarifies why you should include the benefit, and an example illustrates the point. The worksheets following the chart also will help you develop your case.

Benefit	Explanation	Example
<b>Goal Enhancement</b>	Show how your project coincides with the donor's goals, enhances its image in the community, appeals to its market segment or contributes to its bottom line.	Greenleaf Gas Co. could sponsor an energy-efficient house developed by ABC community development organization.
<b>Links</b>	Connect your work to important people in the funding organization. Here are three examples: The program for which you seek support is focused within its hometown; your work serves its employees or retirees, or involves its employees as volunteers; one of its officers is a member of your board.	Ten employees of XYZ Corporation — as well as many other residents in the neighborhood — have become first-time home buyers through our housing counseling program.
<b>Credibility</b>	Demonstrate your credibility with compelling examples of past successes in your program. Include endorsements from other prominent civic or business leaders.	John Doe, manager of our local Stay Here Hotel, participates in our fund-raising solicitations because he knows our Community Jobs employment training program works. "Stay Here Hotel has hired five graduates from this program, and all five of them have been on the job since they were hired," said John Doe.
<b>Flexibility</b>	Present the option to participate by giving other-than-cash support, such as in-kind contributions and pro bono services.	Harry's Computer Store donated six computers for an after-school tutoring program. Jones CPA, Inc., provides pro bono accounting services to three local nonprofits each year.

# WORKSHEETS

## PREPARING A CASE STATEMENT

Use these pages to develop an outline for your case statement. Write down any key words or phrases that come to mind and expand on them when you complete the final version. Including your board, staff and other stakeholders to craft your case is the best approach.

### **Who are you?**

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Describe your history. Tell the reader about your organization as concisely as possible. Explain where you work, the neighborhoods where your nonprofit works, the location of offices and the number of staff. Include a paragraph on why your organization was founded and who was instrumental.

### **Why does your organization exist? What problems do you address? How severe are these issues?**

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State your mission. Assure your audience that your organization's work responds to real needs. Use specifics, such as, "We renovated seven houses last year, and we are on line to renovate another 10 this year."

**What makes your organization uniquely qualified to lead this effort?**

Quantify your organization's experience and the expertise of your staff, board and volunteers.

**What programs and activities do you propose to help solve the problem?  
What can you realistically hope to accomplish?**

State the objectives of the specific program for which you are raising funds. Describe how accomplishing these objectives will address real needs. Show how your nonprofit can accomplish these objectives.

**How much will it cost to solve the problem?  
Include the estimated cost of ignoring it.**

Describe and substantiate your program costs as well as your request for support. Outline plans to generate other revenue, including other fund raising.

## Second Stop: Prospecting for Potential Donors

Prospecting has three components that often happen simultaneously: networking and outreach, research and identification, and prioritizing whom to approach. As you are networking, you are researching, and as you are researching, you are prioritizing and so on.

### NETWORKING AND OUTREACH

Networking and outreach is what you do every day. From discussions with community residents, to social events, to meetings with your bank, you are networking. During the course of these daily activities, keep your eyes open for resource development opportunities. Because people give to people, it is critical to build these more informal relationships. They will pay off in the end.

Your board is central to your success in networking and ultimately in resource development. Often, board members have connections to business leaders and wealthy individuals that you can expand into a relationship with your organization. When a nonprofit starts out, its only supporters may be the board members or founders. If the organization is to survive, the board must help develop the resources necessary to make the organization grow. This often means that board members may have to support the organization with their own money and ask friends for help purchasing equipment as basic as paper and pens.

As owners, the board is legally responsible for the care of the nonprofit but has no legal responsibility for giving or securing support. The nonprofit's success, however, is actually in their hands. Giving and obtaining resources are two tasks that are essential to an organization's well-being and future. The consequences of not having the board involved in these activities can be great. If each member of the board does not give on some level, donors and prospects will question whether the board is committed to the work of the nonprofit. Donors expect to see full commitment from the board. And, board members can be very instrumental in convincing donors to contribute if they can openly speak about their own personal commitment.

### RESEARCH AND IDENTIFICATION

Thorough preparation is a mark of professionalism, and it increases your credibility. Know your potential donors *before* you approach them. What they do, what their funding philosophies are, why they should support your nonprofit and what they will expect in return for their donation are some questions to answer. You must also be ready to answer any questions they ask about your organization and the project you are seeking to fund.

If the prospect is an individual use personal networking to collect information, because people give to people. Develop the habit of clipping news articles about potential donors and filing them for future reference. There are a host of resources available to you for researching individuals, corporations and foundations, much of it available on the Web and in public libraries. (See Appendices B and C.)

When researching individuals and organizations, you should be respectful of and support their fundamental rights to privacy. Information gathered should only be used for the pursuit of legitimate organizational goals.

By learning the answers to the following sets of questions, you can construct an accurate picture of a prospect, regardless of the type of donor — a local bank, board member, foundation, etc. Using this information, you can determine that the organization (or individual) is worth your time and effort, as well as how best to present your nonprofit successfully.

For more information on how to manage your research and other fund raising, see *Organizing Your Office and Staff for Your Fund-Raising Efforts* in the Community Development Library.

**Nature and history of the funding organization:**

- When, why and under what circumstances was it created?
- What type of corporation or foundation is it?
- Does it have an office of corporate philanthropy?
- Who are the officers and trustees? Are there any ties to your organization?

**Nature and history of an individual:**

- What business is the individual in?
- What is this person's philanthropic history?
- Does this person have ties to the same neighborhood or target area as your nonprofit, or are the interests of the person broader? If the person does have ties, how were they established?

**Interests and priorities of an organization or individual:**

- What are the prospect's programmatic and geographic interests? What are examples of programs that this potential donor currently funds?
- What type of grants does the prospect offer? Support may include restricted or unrestricted grants, challenge or matching grants, seed money, capital support or sponsorships.
- What programs, activities or geographic areas does the prospect not fund?

**Funding practices and policies of an organization or individual:**

- What is the smallest, largest and average grant size?
- Does the prospect have funding cycles with specific application and decision dates?
- What is the total annual distribution of grants?
- For how many years does the donor usually fund the same project or the same organization?
- What is the average number of requests for funding that the prospect receives in a year?

- What is the asset base?
- Is preference given to organizations that serve employees' needs or involve employee volunteers?

**Application and review process of an organization or individual:**

- Are there published guidelines or application deadlines in its application process? Are there specific forms to fill out? Should proposals only be mailed or will the organization accept hand-delivered requests?
- After a proposal is submitted, how long is the review process? Will the funding organization make a site visit before it makes a decision?
- When are applicants notified of the final decision?
- When are grant funds distributed to successful applicants?
- Will the funding organization meet with an applicant whose request was rejected to explain why it was not funded and, if it can be resubmitted, how to improve its chances of success?

**Expectations of grant recipients:**

- Does the prospect have requirements for depositing grant funds, such as a separate bank account, or may the funds be co-mingled but require separate accounting?
- Does the donor expect publicity announcing the grant award? If so, how does the donor want to be involved?
- What are the timing and format requirements for reporting to the donor?
- Does the donor require notification or approval if the recipient wants to change the original plans?

You can also use the sources suggested in Appendix A (Creative Research on Individuals). In the case of foundations or corporations, most of the information you need should be readily available in published guidelines, annual reports and other sources. See Appendix B (Corporate, Foundation and Individual Profiles) and C (Research References).

## PRIORITIZATION

As you are networking, researching and identifying your prospects, you need to screen potential donors to ensure that they are worth your time and effort. There are four basic steps you should walk through when determining whom to approach. Based on your answers, the prospects with the best all-around fit should be the ones to pursue first.

### STEP 1

#### FIRST-CUT TEST

Do they fund within my geographic area?

**yes**       **no**

Does our work fit within their priorities and statement of purpose?

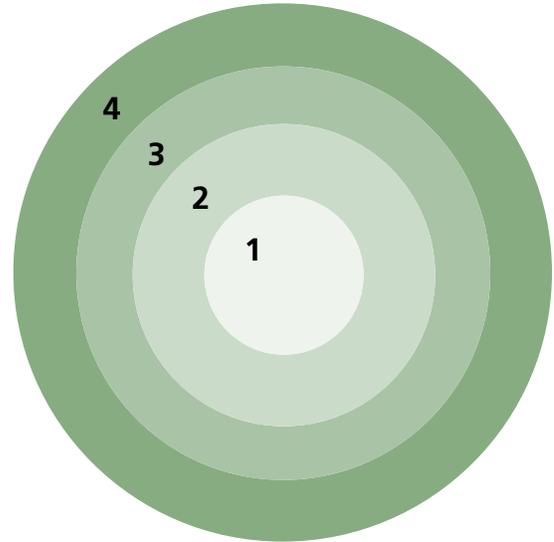
**yes**       **no**

Do they support organizations with similar purposes?

**yes**       **no**

### STEP 2

#### SPHERE OF INFLUENCE ASSESSMENT



Screen your prospects to see where they fall on the scale of how likely they are to support your organization (score 1–4).

**1** = most likely to invest with you because your work will directly benefit them (board members, current donors, volunteers, staff, etc.)

**4** = least likely to contribute now, but could conceivably respond well to your cultivation efforts

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## STEP 3

### RATE PROSPECTS

Next, consider how the prospect rates regarding the following criteria. Much of this information should come from research you have already completed.

#### Capability

- What are the foundation's or individual's assets?
- How financially sound is the corporation or business?
- What were the total contributions in the last reporting period?
- What is the size of the average grant awarded?
- What is the potential for in-kind donations of goods or services?
- What is the potential for a strategic partnership?

#### Relationship

- Has the prospect supported your organization in the past, locally or nationally?
- Is there a relationship between the individual or an officer or director of the foundation or corporate prospect and your organization (you, a national board member or officer, or advisory board member)?
- What are some related business interests?
- Does the prospect live, work or have an interest in your neighborhood?

#### Involvement

- Is the prospect actively involved as a board member or volunteer?

#### Inclination

- Is the prospect active in philanthropy?
- Has the potential donor given to organizations that have a compatible mission or that serve constituencies similar to your own?
- Guidelines indicate the prospect's priorities include:
  - housing
  - community development
  - poverty
  - other related programs

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## STEP 4

### DEVELOP A PLAN TO CULTIVATE THESE PROSPECTS

Once you have researched your prospects and identified your best candidates, you must develop a plan to cultivate them. This can be a long, but worthwhile, process.

## Third Stop: Cultivation

The third stop on your journey is cultivation, one that you will probably visit and revisit often. Cultivation is often referred to as the Five I's: Identification, Information, Interest, Involvement and Investment. You want to cultivate and engage interest in your work so that donors will give you resources. The key is to move a prospect from identification (which you have already accomplished during the prospecting stage) through the phases of information, interest and involvement (cultivation) to investment (solicitation).

You want to build an appropriate relationship with prospects so they get information about your organization, take an interest in your work and have opportunities to get involved. The prescription for cultivation is different for every prospect.

Some points to keep in mind when you are cultivating a prospect:

- Decide who is the right person in the organization to approach. Cultivating someone who cannot help make decisions is a waste of time. For example, the appropriate person to contact in a foundation could be the executive director, a program officer, a trustee or some combination. In a business, it could be a corporate officer, a trustee or someone in the public affairs department.
- Decide who is going to manage the cultivation efforts in your office and how they will be communicated internally. It is a good idea to keep your staff informed of your targeted prospects.
- Use existing connections and involve your board members if they know the prospect. Ask current donors for endorsements or letters of support.
- It may take more than one visit with the prospect to gain his or her interest. Be sure to bring along appropriate information about your organization. (For ideas on what to include, see the manual *Organizing Your Office and Staff for Your Fund-Raising Efforts*, another manual in the *Fund Raising* series of the Community Development Library.)
- Use your public relations and communications strategies (see the *Communication* series) to your advantage when promoting involvement. Mail copies of newsletters, articles that positively mention the donor, or any other item of interest, along with an invitation to upcoming events.
- Organize site tours of your community. This can be one of the most compelling ways to cultivate a donor, particularly an individual or organization outside your neighborhood. They will feel more involved with your vision and have more first-hand information to help them make a funding decision. (See *Neighborhood Tours: Showcasing Results* in the *Communication* series.)
- Involve prospects with your work by offering them opportunities to volunteer.

## Fourth Stop: Solicitation

You are now fully prepared for the big moment — asking for support. The actual solicitation process generally has a personal contact component coupled with a written proposal.

Personal contact usually involves a series of written correspondence or telephone conversations that lead to a face-to-face meeting with the prospect where you ask for support.

### PERSONAL CONTACT: GETTING THE MEETING

Thinking through your approach to meeting face to face with a potential donor increases the opportunity of a successful outcome.

**Who will set up the meeting?** Someone who has a connection to the potential donor should make the initial contact. Ideally, this person is a board member. A letter or a telephone call — sometimes both — is appropriate. For example, the board member can write a letter stating that a phone call about XYZ project is forthcoming. The letter should name the person who will be calling.

If the board member who has the connection with the potential donor is unable to send a letter or make the call, ask for permission to use his or her name when contacting the prospect.

If none of your board members is connected to the funding prospect, the contact should come from the chair of the board's fund-raising committee, the board president or the executive director.

**What information does the person making contact need?** A written summary on your prospect *and* your organization will be helpful to the person making contact. Provide this person with your nonprofit's case statement and a brief summary of your research on the funding prospect. For a sample telephone script, see Appendix D.

**What should be the stated purpose of the meeting?** Rather than limiting yourself to soliciting funds, frame the purpose of the meeting in terms of wanting to discuss the prospect's potential involvement. This leaves the door open for different types of commitment and gives the prospect less opportunity to say no to the meeting.

**What should the letter say?** Personalize each letter. Use the boilerplate door-opener letter as a starting place (see Appendix E). Minimize the accompanying material; include a pamphlet, annual report or organizational marketing sheet, but not the case statement. That item should be part of your presentation. Keep it simple. Do not overwhelm potential donors with information and do not include anything that is a direct request for money.

### THE MEETING AND ACTUAL SOLICITATION

Because you will have a limited amount of time with your prospect, be organized and prepared. This will demonstrate your professionalism and enhance your credibility. You also will be more comfortable during the presentation. Use the outline below to maximize your opportunity.

**Appointment Preparation:** Decide who will attend. Generally, send no more than four people. The ideal solicitation team would include the individual with a personal or professional relationship to the prospect, your executive director and either your chair of the fund-raising committee or the board chair. Agree ahead of time on the logistics:

- Who opens the meeting?
- What are you asking for?
- Who describes your program's specifics?
- Who decides when the time is right to ask, and who will do the asking?
- Who is designated to follow up?

Conduct a background briefing for everyone on the solicitation team. If possible, do a dry run before the meeting. Find out the names and positions of any people who will be accompanying the prospective donor to the meeting.

Make certain you have enough information packages — case statement, annual report, and program or organizational brochures — for each participant accompanying the potential donor.

**Getting Started:** Introduce your team and thank the potential donor for taking time to meet with you. By handing each participant an information package, you have an opportunity to make a personal connection. If possible — and appropriate — mention spouse, children or community activities with which you or a member of the team has knowledge because of your research. For example: “Congratulations on your recent community service award from the Boys Club.”

Your research also will have revealed the prospect’s previous and existing support of, or relationship to, your organization or other philanthropic interests. Acknowledge this. For example: “Your support of the community’s housing counseling program has helped boost home ownership in our neighborhood.” Make the connection of how this prior support is consistent with your organization’s priorities and interests, which are described in your case statement.

**Pitching Your Cause:** Your approach will depend on how familiar the prospect is with your organization’s work. If your research does not give you a clear picture, you must get a feel for how much they know at the beginning of the meeting and then tailor your presentation accordingly. You may have no more than 30 or 45 minutes for the entire meeting, so your focus is important.

Remember that you are promoting solutions for the community’s needs and offering the donating individual or organization the opportunity to invest in those solutions. Make your case larger than the immediate needs of your organization. You are not asking the prospect to support an internal agenda. State expected outcomes and what the donor can gain from supporting your nonprofit.

Listen carefully. Give the potential donors a chance to ask questions and express their interests and concerns. Take cues from what they say as well as from their body language. Be prepared at any point during the meeting for questions.

Refer to the information packages you have given them. When you make important points, briefly mention where more detail can be found for reference after the meeting is over.

**Be Ready to Answer Questions:** While you do not have to include these questions and answers in your written case statement, whoever attends solicitation meetings should know the appropriate responses in case the donor asks.

- What are your income sources? What will you do if your income increases? Decreases?
- How many people do you serve? Who are they?
- What are your results? How do you measure them?
- What do donors get for their investment?

**The “Ask”:** Be sure your team knows who is going to do the actual asking. Directly soliciting funds can be difficult for many people, but that is why you are there. While the potential donors may understand your reason for the meeting, you still must ask for the funding and support. Seek investment, not charity. Explain the benefits to be gained by the community and the donor through its investment in your nonprofit’s work. Be sure you ask for a specific commitment.

Once you ask, be quiet. After you have stated your request, do not belabor the point. “We are asking you for \$25,000 to underwrite our housing counseling program and make it possible for 100 low-income families to become home owners.” Now wait for a response. Do not worry about a pause in the conversation. Let the prospect respond; then you can create a constructive conversation to close the meeting.

**Closing the Meeting:** A lot can happen once you make your request, from an on-the-spot commitment to a negative reaction. Here is how to respond to the most common situations:

If...	then...
They make a commitment,	Restate what you understand their commitment to be. Make your own commitment to follow up with them. Above all else, thank them and ask if they need anything in writing from you.
They ask for or agree to review a proposal,	Narrow down what they are interested in, and commit to delivering a proposal by a certain date. Follow through by submitting the proposal.
They resist or respond negatively,	Ask what their specific objections are and try to counter them. If you cannot get an immediate commitment, ask them to review a proposal.
They object to the amount you have requested,	Ask for a multi-year pledge, or ask what they would consider.
They say they have already contributed to an umbrella fund, such as the United Way,	Explain how your work differs, serves a distinct population, or meets a disparate need.
They indicate an interest in other areas,	Empathize, but bear in mind that few people or organizations give to only one cause. Bring their attention back to your clients by explaining how their gift will make a tremendous difference to these people and to the community. Your research on their priorities is critical here.
They do not see the link to their interests,	Explain the links you see and try to get them to agree with your statements. Presumably you are there because you did your homework and have reasons to believe your work does fit their interests. Ask if you can submit a proposal explaining the linkages.

**Follow-Up:** The hardest part is over, but you are not finished yet. Within one business day, send a letter thanking the potential donors for their time. Restate any resolutions that came out of the meeting — their commitment or your obligation to send them a proposal. Add a copy of the letter to the prospect's file. If you are submitting a proposal, send it as soon as possible, but at least within two weeks of the meeting. See Appendix F for sample thank you letters.

*If you did not get a commitment, but established a rapport, your letter should point out the commonalities between their interests and the work of your nonprofit. State that you hope your organizations can work together in the future and thank them for their time.*

## THE PROPOSAL

You have made the personal contact. Now you will have to follow up with a written proposal on why you want their support and how you will use it. Remember, you do not want to overwhelm the donor with too much to read. And, you want to be positive. The donor is making an investment in your organization.

### Elements of a Proposal

These are the basic elements you can include in a proposal for support. Tailor these guidelines to your needs.

**Cover Letter** — Your proposal should be accompanied by a short cover letter summarizing the proposal submission. This letter should include the following information:

- Identify the organization submitting the proposal, including brief description (your organization's mission and history, if necessary). Set the stage for the proposal.
- Briefly summarize the project, what you are asking them to do to support it and your organization's role.
- Provide a contact name and phone number; commit to your follow-up.
- Be sure it's signed by the director. It may be co-signed by the board chair or member, if there is a relationship to the donor.

**Cover Page** — Present the name of the prospect (Proposal to ... ), the project name (if applicable), your (organization) name and date.

**Table of Contents and List of Attachments** — Executive Summary (often best written after you have finished the proposal):

- Limit this to one page or less.
- Include an introductory statement of the problem.
- Briefly explain how the project or program deals with the problem; include experienced or planned results.
- Link it to the goals and priorities of the donor.

- Describe how this program represents a unique response to the problem; what sets it, or your organization, apart from others? Include at least one sentence on your credibility.
- Include a total budget and the amount requested.

**Challenge Statement** — To write a challenge statement, you should:

- Use a precise statement of the problem and its underlying causes. Include documentation but do not present a picture of doom and gloom. Show the opportunities that the individual's or foundation's investment will create.
- Demonstrate the seriousness of the problem in a positive way: How many people are affected? What are the likely results if the potential donor helps to correct the problem?
- Briefly portray your organization as unique in helping to address the problem.

**Proposal Request** — Ask for a specific amount of support. For example: The ABC organization respectfully requests a two-year commitment of \$20,000 from XYZ Corporation to support our provision of decent affordable homes to low-income working families.

**Description of Organization** — When describing your nonprofit:

- Succinctly describe your national organization and the structure of its local program, including partners and population served (history, mission, goals and objectives, structure, scope of service).
- Describe other programs and activities and include accomplishments.
- State why your organization is interested in the subject area of the proposal.
- Identify other sources of support (including non-financial).
- Mention recognition received from others. Use direct quotes.
- Convince the reader of your credibility, professionalism and ability to manage the funds requested.

## Some Proposal Writing and Presentation Tips

- Your overarching goal is always grander than the immediate, practical goals of your organization. This larger goal is a vision for the future and how and why you help realize that vision. It's also about offering your prospect an opportunity to make an investment that will bring a realistic return.
- People and organizations offer opportunities; they do not simply fulfill needs. Keep this perspective in mind as you develop your proposal.
- Stress your successes, not your distresses. Communicate a winning attitude. Do not present your financial difficulties; instead, invite investment in a solid program or activity.
- Key words: achievement, accomplishment, performance and success.
- Use active verbs and, where possible, use present tense.
- Avoid adjectives, acronyms and technical language.
- Avoid unsupported assumptions. Prove points and assertions with facts. Do not assume the donor knows anything about your organization. And, do not assume that documenting the existence of a national problem is sufficient to prove its existence in your community.
- In your cover letter statements such as, "We know you are committed to ..." or "We know you will find this proposal ..." may be viewed as patronizing. Avoid them.
- The executive summary is easier to write after you have written the rest of the proposal.
- Introduction to your organization:
  - Find a good opening line, perhaps a strong quote or testimonial statement. This is your first opportunity to hook the reader. Make it interesting.
  - Do not drone on about history or organizational structure.
  - Balance statements about your organization's philosophy with documented achievements.
- The problem statement:
  - Avoid stating a problem and then simply determining a solution without describing its full benefits, such as: "The problem is the lack of a community health center. Our objective is to create a community health center by building one adjacent to the middle school."
  - The problem statement should refer to your target population, the beneficiaries of your efforts.
  - Don't make assumptions: Document that the need you allege actually exists.
- Goals and objectives:
  - Goals are long-range benefits, stated in broader terms.
  - Objectives are problem-related outcomes described in words such as "to increase" or "to decrease." Modify them with measurable criteria: to increase by five, to reduce by 25 percent.

**Program Narrative** — This narrative needs to include your goals, objectives, methods, timetables and an evaluation. Be careful not to use too much technical language and jargon when writing your narrative. Each category should include:

- **Goals:** Identify what you want to accomplish; define your target population; and link your remedy to the underlying causes of the problem, making obvious why achieving the goal will improve the problem. Be realistic.
- **Objectives:** Define specific, concrete and measurable outcomes; identify who is responsible for them; state dates by which they will be accomplished; and clarify how achieving each objective contributes to meeting the overall goal. Explain why your organization is suited to the task.
- **Methods (Activities) and Timetable:** Describe how you will accomplish each objective. If there are historical accomplishments to support the case, include them as part of the discussion. Include an explanation of staffing requirements, job descriptions and qualifications. Also, list facilities, equipment and materials required. Describe how the program will be administered and how it will be coordinated with your other activities; assure the potential donor that the scope of activities is reasonable within the timeframe allotted. Specify the involvement, if any, of the target population in the activities.
- **Evaluation:** List the criteria and procedures. Make clear who will be responsible and when the evaluation will be conducted (address how you will assess your progress and measure final results).

**Budget** — Include an itemized budget, justifying all cost items.

**Future Funding** — Include what will be necessary to keep the program going; identify potential resources and how you plan to secure them. (Note: Goals, objectives and methods may be organized differently around program areas. List community services, for example, as a program area and discuss goals, objectives and methods within the context of the program.)

**Attachments (Supporting material to include)** —

- Tax-exemption letter — 501(c)(3)
- Audited financial statements
- Budget — operating and projected for each year of anticipated funding
- Letters of support
- Resumes of key personnel
- List of board members
- Any relevant printed materials such as the annual report

### Following Up on Your Proposal

Following up on your proposal is critical in the solicitation process. The guidelines below will help you decide what to do in various situations.

- One to two weeks after submitting your proposal, the person designated in the cover letter should call to:
  - Verify receipt.
  - Address any questions the donor may have or deliver any additional information requested.
  - Suggest meeting to discuss the proposal further and, if possible, set a time.
  - Determine when a decision will be made.
- If the proposal was sent as a follow-up to a meeting, another meeting may not be necessary. It will depend on your relationship with the donor, the nature of the initial meeting and other factors specific to the situation.
- If the potential donor requests a site visit, or if you feel that a site visit would be helpful at this point, you should:
  - Involve any other staff who will be instrumental in carrying out the work for which funds were requested.
  - Invite the advisory board chair and other members who might be involved in the project.
  - If you provide lunch, it should not be elaborate.

- If the proposal is turned down, you should:
  - Thank your potential donor for his or her consideration.
  - Ask if you can review the proposal with them to better understand why it was not accepted.
  - Notify all involved in the solicitation.
  - Keep the donor on your mailing list and continue to cultivate.
- If you are approved, be sure to:
  - Follow up with a letter confirming anything agreed to over the phone, including any modifications to the budget that the donor requested.
  - Send a thank you letter immediately upon written notification of grant approval. See Appendix F for sample thank you letters.
  - Confirm what the donor expects in terms of publicity.
  - Address the thank you letter to whoever signs the notification letter on behalf of the donor. If you have worked with others, such as program officers, cultivate those relationships by thanking them for their guidance.
  - Have the donor approve any press statement about the grant award prior to release.
  - Before any public announcement, be sure to notify all involved in the solicitation. Also, use this as an opportunity to communicate with your board and to treat them like insiders. Do not let them read about your success in the newspaper; send a letter or memo to all board members.
- Ongoing management should include:
  - Adding to your tickler file any updates, reports, etc.
  - Delivering what you promise and more. Try to exceed the donor's expectations.
- Other considerations:
  - If, during the grant period, you need to revise anything to which a commitment was made in the proposal, you must contact the donor first.
  - In addition to any required reports, look for others ways to communicate with your donor. Send copies of publicity, testimonials or anything that demonstrates the effectiveness of the project. Continue to cultivate and strengthen the relationship to increase your prospects for future support.

## The Solicitation Summary

### PREPARATION FOR THE MEETING

- Do your homework. Research and know as much as possible about your donor.
- Know what you need and what you are asking for.
- Be able to link your request to donors' interests and priorities. If they want to know, "What's in it for me?" be prepared to tell them.
- If possible, make a preliminary visit to establish a personal relationship and test the waters.
- If asked to do so, prepare a letter of inquiry.
- Determine the most strategic solicitation team.
- Set up the appointment and confirm by letter.
- Agree on the strategy and roles of each participant: What are you asking for? What about the project appeals to this prospective donor? Who opens the discussion? Who describes the program? Who decides when the time is right to ask, and who will do the asking? Who follows up?
- Conduct a background briefing for all members of the solicitation team.
- If possible, hold a practice meeting before the real meeting.

### DURING THE MEETING

- Ask for involvement, a commitment to a specific amount or a willingness to review a proposal.
- If the prospect makes a commitment, restate what you understand the commitment to be.
- If the prospect asks for or agrees to review a proposal:
  - Try to determine specifically what they are interested in.
  - Specify when you or someone else (give that person's name) will get back to the prospect.
- If the potential donor resists or responds negatively, try to counter the argument, urging him or her to look at a proposal.

### FOLLOW-UP

- Within 72 hours, send a letter thanking the prospect for meeting with you and for their commitment (specifically state what you understood their commitment to be) — or for agreeing to review a proposal. Commit to a deadline for a proposal submission. Also, give them your name and number as a contact person.
- File a copy of the letter in your prospect's records.
- Complete and submit the proposal within two to three weeks.
- Follow up with a call two weeks after submitting the proposal.
- Add the prospect to your mailing list.

### FOLLOWING GRANT NOTIFICATION OR RECEIPT OF FUNDS

- Within 72 hours of grant notification, send a thank you letter. File a copy in your prospect's records.
- Notify solicitation participants and board of the grant notification.
- Within 48 hours of receiving funds, send a thank you letter. Keep a copy of this also.
- Set up a tickler system for:
  - Progress reports to donor
  - Final report to donor
  - Meeting with donor to discuss renewal of support
- Compose a press release, if donor agrees, announcing receipt of the grant.
- Send copies of any press coverage to the donor.
- Engage in ongoing donor stewardship.

## Fifth Stop: Stewardship

Congratulations. You have secured the commitment from the donor to support your organization. Now what? You are responsible for managing donors' investments in your organization. You must comply with the terms of the grant, including reporting on the program's development. You also must continue to foster your relationship with donors in order to ensure their investment satisfaction — and to gain their future support. Keep your eyes open for news stories about donors' good work and praise them on these accomplishments by letter when possible. Consider including them on your board or advisory committee.

### ACCOUNTABILITY FOR YOUR GRANT

Here are some tips to help you manage the terms of the grant.

- Make sure you understand the terms and conditions of your grant. Implement your project as proposed to the donor and in accordance with the terms and conditions specified in the grant award notification or other documents from the donor.
- If you feel it is necessary to deviate from the original proposal, submit a revised plan in writing to the donor and be sure you receive written approval.
- Report to the donor in fiscal and narrative formats, as required. Donors, especially foundations, usually tell you what they expect in terms of progress and final reports on the use of their funds. Be sure you know when they are due, what form they should take and what information is required. If a format is specified, follow it. If a form is provided, use it.

At a minimum, donors usually ask for or expect the following information:

- Expenditures to date (You must be able to account for all funds, according to the terms of the grant.)
- Activities and outcomes to date
- Unexpected outcomes
- A description of problems encountered, reasons why project has not progressed as anticipated and reasons why expenditures deviate from estimates

Unless the donor has very strict guidelines about the information wanted in the report, think about ways to exceed expectations. Prepare a report that really conveys a feel for the work you are doing and for the return donors are getting on their investment. By giving a little more than what was requested, you will stand out among other grant recipients. This is a solid advantage when donors conduct funding reviews.

### Example:

You received support for an after-school arts program for neighborhood youth. You can send a report that merely states how many youth have attended, how many sessions have been held and a description of the work they have done. Or you can supplement this kind of narrative with testimonials from the kids or a few samples of the work they have produced.

### A FINAL WORD

Remember, prospecting, cultivating, soliciting and taking care of your donors is an ongoing process, a journey.

Think about the commitment you have just received as the *beginning* of the partnership with the donor, not the *end*. Continue to revisit ways to get to know your donor — ways to involve and inform them and ways to tell your message. Your efforts *will* be rewarded.

# Appendix A

## Creative Research on Individuals

Below are suggestions of where to look for various kinds of information. While you are not likely to become involved in this level of prospect research, you might find some of this information valuable when researching or screening a major individual prospect.

**Name:** Telephone directories; state or county office of identification; voter's registration office; county office of births and deaths; department of motor vehicles; post office; telephone company; tax assessor's office; biographic references; checks; letterheads.

**Address:** Telephone directories; post office; telephone company; other public utilities; tax assessor's office; city directories; social register; department of motor vehicles; letterheads; checks.

**Telephone numbers:** Telephone directories (white and yellow pages); letterhead or personal stationery; city directories; biographic reference sources such as the *Who's Who's*; social register; club membership rosters.

**Marital status:** Records office for marriage licenses; motor vehicle registration office; property assessor's office; tax assessor's office; property records office; court files on divorce proceedings; probate records; correspondence files; checks.

**Date of birth or death:** County records office for births, deaths and marriages; obituaries; *Who's Who's*; newspaper articles; motor vehicle registration; applications to school; organizational membership office.

### Indicators of Worth:

**Home value** — County property appraiser's office; tax assessor's office; public library.

**Ownership of property** — Tax poll; property records office; real estate brokers.

**Stockholdings** (for insiders, directors and 5 percent owners) — proxy statements; official summary of security transactions and holdings; newspaper columns on insider trading and profiles on public companies.

**Alimony or child support** — Newspaper articles; court records.

**Ownership of boats, yachts** — Newspaper articles; social register; Lloyd's Register of Yachts; shipping; yacht brokers and boat sales (for value).

**Value of autos** — Blue books; car dealers; newspapers; department of motor vehicles for registration and liens.

**Art collection** — Newspaper articles; museums; art galleries.

**Inheritance or trust income** — Public relations department of company; *Who's Who*.

**Career history** — Resume; *Who's Who's* social register; newspaper articles (can be verified by calling institution); professional directories and state licensing boards.

**Education** — Newspaper articles; membership lists; event programs; *Who's Who's* social register.

# Appendix B

## Corporate, Foundation and Individual Profiles

When doing research on a corporate, foundation or individual prospect, use the appropriate profile to guide your efforts.

### SAMPLE CORPORATE PROFILE

Copy and attach in appropriate file.

<b>CORPORATE PROFILE</b>	
NAME: _____	CONTACT NAME: _____
ADDRESS: _____	TITLE: _____
PHONE: _____	FAX: _____
EMAIL: _____	WEB SITE: _____
TYPE OF BUSINESS: _____	
PHILANTHROPY DONE THROUGH:	
<input type="checkbox"/> CORPORATE FOUNDATION	
<input type="checkbox"/> CORPORATE DEPARTMENT _____ (IDENTIFY)	
DO THEY PUBLISH GUIDELINES? <input type="checkbox"/> YES <input type="checkbox"/> NO    COPY ATTACHED? <input type="checkbox"/> YES <input type="checkbox"/> NO	
AREAS OF INTEREST:	
_____	
_____	
CONNECTION TO OFFICERS & TRUSTEES: (SEE HINT BELOW)	KNOWN CONNECTIONS TO YOUR ORGANIZATION:
CEO: _____	
COO: _____	
TRUSTEES: _____	
RELEVANT RECIPIENTS/AMOUNTS: (SEE HINT BELOW)	
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
PREPARED BY: _____	DATE: _____

HINT: IT MAY BE EASIER TO PHOTOCOPY INFORMATION FROM A FOUNDATION DIRECTORY AND ATTACH.  
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**SAMPLE FOUNDATION PROFILE**

Copy and attach in appropriate file.

**FOUNDATION PROFILE**

NAME: \_\_\_\_\_ CONTACT NAME: \_\_\_\_\_

ADDRESS: \_\_\_\_\_ TITLE: \_\_\_\_\_

PHONE: \_\_\_\_\_ FAX: \_\_\_\_\_

WEB SITE: \_\_\_\_\_ EMAIL: \_\_\_\_\_

**CLASSIFICATION:**

- FAMILY FOUNDATION                       INDEPENDENT FOUNDATION
- COMMUNITY FOUNDATION                 OTHER

**FINANCIAL DATA: (SEE HINT BELOW)**

YEAR	ASSETS	TOTAL GRANT \$\$\$	# GRANTS

**AREAS OF INTEREST: (SEE HINT BELOW)**

**CONNECTION TO OFFICERS & TRUSTEES:  
(SEE HINT BELOW)**

CEO: \_\_\_\_\_

COO: \_\_\_\_\_

TRUSTEES: \_\_\_\_\_

**KNOWN CONNECTIONS TO YOUR  
ORGANIZATION:**

**RELEVANT RECIPIENTS/AMOUNTS: (SEE HINT BELOW)**


PREPARED BY: \_\_\_\_\_

DATE: \_\_\_\_\_

HINT: IT MAY BE EASIER TO PHOTOCOPY INFORMATION FROM A FOUNDATION DIRECTORY AND ATTACH.

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**SAMPLE INDIVIDUAL PROFILE**

Copy and attach in appropriate file.

**INDIVIDUAL PROFILE**

NAME: \_\_\_\_\_ OFFICE PHONE: \_\_\_\_\_

TITLE: \_\_\_\_\_ FAX: \_\_\_\_\_

BUSINESS ADDRESS: \_\_\_\_\_ HOME TELEPHONE: \_\_\_\_\_

WEB SITE: \_\_\_\_\_ EMAIL: \_\_\_\_\_

PREFERRED ADDRESS:  BUSINESS  HOME

FAMILY INFORMATION: \_\_\_\_\_

SPOUSE HAS SEPARATE DONOR REPORT?  YES  NO

SPOUSE'S NAME: \_\_\_\_\_

CHILDREN: \_\_\_\_\_

RELATIONSHIPS: \_\_\_\_\_

HOME ADDRESS: \_\_\_\_\_

TELEPHONE & EMAIL: \_\_\_\_\_

SALUTATION: \_\_\_\_\_

SECRETARY'S OR ASSISTANT'S NAME: \_\_\_\_\_

SIGNIFICANT RELATIONSHIPS: \_\_\_\_\_

EDUCATION: \_\_\_\_\_

CONNECTIONS TO ORGANIZATION: \_\_\_\_\_

COMMUNITY INVOLVEMENT: \_\_\_\_\_

RELIGION/CONGREGATION: \_\_\_\_\_

POLITICAL: \_\_\_\_\_

PERSONAL INTERESTS: \_\_\_\_\_

KNOWN PHILANTHROPIC INTERESTS: \_\_\_\_\_

**OTHER**

GIVING SUMMARY: AS OF (DATE)

COMMENTS: NOTE ANYTHING OF INTEREST — "HOT SPOTS," POSSIBLE CONTACTS, PREFERENCES THAT MAY BE IMPORTANT FOR PREPARING A PROPOSAL OR SETTING UP A MEETING.

PREPARED BY: \_\_\_\_\_

DATE: \_\_\_\_\_

# Appendix C

## Research References

The following are helpful reference materials when researching corporate, foundation and individual prospects.

### The Foundation Center

The Foundation Center is a national organization that serves as an authoritative source of information on foundation and corporate giving. Its publications include *The Foundation Directory; Securing Your Organization's Future: A Complete Guide to Fundraising Strategies* by Michael Seltzer; and individual guides on specific grant topics and regional grant makers. The Foundation Center's reference collections (in New York, San Francisco, Washington, D.C., Atlanta and Cleveland) offer a variety of services and comprehensive collections of information. In addition, many public libraries throughout the country participate in The Foundation Center's Cooperating Collections network. For further information on services, publications and locations of cooperating collections, call 800.424.9836 or visit the Center's Web site at [www.fdncenter.org](http://www.fdncenter.org).

### The Taft Group

The Taft Group publishes the *Corporate Giving Directory*. This directory provides comprehensive profiles on the United States' major corporate foundations and corporate charitable giving programs. Indexes allow researchers to quickly find information on donors by company name, location, recipient type, or officers' and directors' names. The Taft Group also publishes the *Guide to Private Fortunes* descriptions and profiles of the wealthiest and most philanthropic individuals and families. Finally, *Who Knows Who* a helpful resource with several indexes for networking through corporate boards. Contact the Taft Group at 800.877.TAFT.

### State and Regional Foundation Directories

State and regional foundation directories are published by a variety of sources, including private publishers, associations of area grant makers, community foundations, volunteer centers, junior leagues and offices of the (state) Attorney General.

### Government Directories

*Catalog of Federal Domestic Assistance* General Services Administration, Washington, D.C.: U.S. Government Printing Office. Cost: \$53. For more information, call 202.512.0000.

*Federal Register* Washington, D.C.: U.S. Government Printing Office. Published daily and available online at [www.access.gpo.gov/su\\_docs/aces/aces140.html](http://www.access.gpo.gov/su_docs/aces/aces140.html).

### Leadership Directories (Yellow Books)

The Leadership Directories are a series known as the "Yellow Books," published quarterly by Leadership Directories, Inc. They include timely and accurate listings of key executives, officers and board members of major organizations within the sectors covered by the series. For example, the *Corporate Yellow Book* includes leading U.S. manufacturers, service businesses and utilities. Other recommended directories include *Financial Yellow Book* and *Law Firms Yellow Book*. Leadership Directories, Inc., has offices in New York and Washington, D.C. To order, call 212.627.4140.

## Public Library

Most public libraries have online services as well as reference collections on private industry. The Business Dateline is one online service that catalogs abstracts of corporate press releases. These press releases contain valuable financial information as well as names of officers and current business trends. Periodicals is another online service providing abstracts from newspapers and magazines. Searching for specific information on individuals and corporations through these services can provide excellent and timely information on prospects.

The Standard & Poor's *Stock Exchange Reports* are an up-to-date source of financial information on publicly traded companies. Dunn & Bradstreet publishes reference books that contain parent company and subsidiary information on private companies. These reference books also list officers and board members. *The Ward's Business Directory of U.S. Private and Public Companies* provides financial information for hard-to-research privately-held companies. *Hoover's Guide to Private Companies* and *Notable Corporate Chronologies* published by Gale Research, are two additional reference books available at public libraries. Martindale & Hubbell publishes directories profiling prominent lawyers and *Who's Who in America* gives descriptions of individuals and their families.

## Periodicals and Other Publications

In addition to local newspapers and magazines, periodicals such as *Forbes*, *Fortune*, *Wall Street Journal*, *New York Times*, *Chronicle of Philanthropy*, *Corporate Giving Watch* and *Foundation & Corporate Grants Alert* are examples of the many publications containing valuable information for grant seekers. Specific information about several of these is listed below.

An inexpensive (\$10), comprehensive bibliography listing resources for prospect research, which includes a section on online prospect research resources, is *Bibliography: Resources for Prospect Development 1996-97* published by Bentz Whaley Flessner & Associates, Inc. 612.921.0111

*Children & Youth Funding Report* CD Publications, Silver Spring, Md. Annual Subscription: \$259. Published twice monthly. 301.588.6380

*The Chronicle of Philanthropy* The Chronicle of Higher Education, Washington, D.C. Annual Subscription: \$67.50. Published biweekly. 800.728.2819

*Federal Assistance Monitor* CD Publications, Silver Spring, Md. Annual Subscription: \$259. Published twice monthly. 301.588.6380

*Federal Grants & Contracts Weekly* Capitol Publications, Inc., Alexandria, Va. Annual Subscription: \$379. 800.638.8437

*Foundation & Corporate Grants Alert* Capitol Publications, Inc., Alexandria, Va. Annual Subscription: \$269. Published monthly. 800.638.8437

*The Grantsmanship Center Magazine* The Grantsmanship Center, Los Angeles, Calif. Free to nonprofit and government agencies. 213.482.9860

*The NonProfit Times* Davis Information Group, Inc., Cedar Knolls, N.J. Annual Subscription: \$59. Published monthly. 973.734.1700

### **Internal Revenue Service (IRS) Forms**

All private foundations must file a tax return with the IRS. This becomes public information. Form 990 provides valuable information such as: assets, grants paid, officers, application information and grants approved for future payment. Complete or regional sets of IRS forms are available at The Foundation Center's collection locations, through district IRS offices, and, in some states, through the state attorney general's office or secretary of state. Also, visit [www.guidestar.org](http://www.guidestar.org). The Web page has 990s available online.

### **Annual Reports**

Once you have targeted a corporation or foundation as a prospect, call for an annual report. These are mailed free of charge and contain mission statements, business trends, financial information, and listings of officers, directors and trustees. Larger corporations typically produce a for-profit annual report as well as a philanthropic annual report. Each provides the kinds of information that can be used to match donors to recipients. Annual reports give details on who is being funded, what programs are receiving money and where the donor is concentrating philanthropic efforts.

### **Phone Calls**

The public relations or investor relations departments of many companies will fax you current press releases on mergers and acquisitions, biographies, and current business trends. Privately-held companies are not as forthcoming with information, but in some cases they will provide basic information. Phone numbers and addresses can be found in the previously recommended Yellow Book listed under Leadership Directories.

### **Electronic Prospecting Tools**

Catalog of Federal Domestic Assistance. Orca Knowledge Systems, San Anselmo, Calif. Cost: \$149. 800.868.ORCA

Chronicle of Philanthropy Guide to Grants. Washington, D.C. Cost: \$295.

FC Search. The Foundation Center's Database on CD-ROM. Cost: \$1,195.

The Grants Database. Oryx. Cost: \$1,000.

GrantSearch CFDA. Capitol Publications, Inc., Alexandria, Va. Cost: \$375. 800.638.8437

Prospector's Choice. The Taft Group, Washington, D.C. Cost: \$895.

Sources of U.S. Foundations. Orca Knowledge Systems, San Anselmo, Calif. State version, \$129; regional version, \$179; national version: \$359. 800.868.ORCA

### **Online Resources**

Please consult the Web Resources section of *Enterprise MoneyNet* for links to useful online resources ([www.enterprisefoundation.org](http://www.enterprisefoundation.org)).

## Appendix D

### Sample Telephone Script

#### **If you sent an advance letter...**

Hello, *(prospect's name)* this is *(your name)* from *(name of your organization or affiliation)*. I'm calling to follow up on the letter I sent you. *(Or, if applicable, refer to letter sent by your contact, the person who knows your nonprofit and the prospect.)* Do you recall receiving that letter?

#### **If the potential donor recalls receiving the letter...**

Good. Since you have an idea of the type of work our nonprofit does, I was hoping we could get together briefly to discuss your potential involvement in our efforts. If you're interested, I'd like to set up a time to meet with you.

#### **If the potential donor agrees to meet with you...**

*(Confirm a date and location.)* We look forward to seeing you then. Thank you.

#### **If the answer is no ...**

Have I called too late to be included in your fiscal year budget? *If the answer is yes:* When will you begin developing your budget for next year? *If the answer is no:* Thank you for talking with me now. I appreciate your time.

#### **If the potential donor does not recall receiving the letter...**

*(If applicable, [name of your contact] suggested that I call you.)* If you have a moment, I can tell you what the letter said. *(If they say they do not have time, ask what is the best time to call back and then follow through, starting the conversation where you left off.)*

To date, we have *(fill in with a brief summary of successful projects)* We are committed to building on these accomplishments to improve the quality of life in *(name of city)*.

I *(we)* would appreciate the opportunity to talk about involving *(their organization's name)* in our efforts. One of the cornerstones of our success has been the ability to build partnerships. Your insight into how we might do this would be invaluable. Do you have time to meet with me and some other representatives from my organization?

#### **If they agree to meet with you...**

*(Confirm a date and location.)* We look forward to seeing you then. Thank you.

**If they say no to meeting with you...**

Have I called too late to be included in your fiscal year budget? *If the answer is yes:* When will you begin developing your budget for next year? *If the answer is no:* Thank you for talking with me now. I appreciate your time.

**If no advance letter was sent...**

Hello, *(prospect's name)*, this is *(your name)* from *(name of your organization or affiliation)*.

*(If applicable, [name of your contact] suggested I call. [He or she] believes you might have an interest in the work we do.)*

If this is a good time for you, I would like to give you a quick overview of the type of work our nonprofit does. I think you may find it interesting. *(If the potential donor does not have time, ask what is the best time to call back and then follow through, starting the conversation where you left off.)*

To date, we have *(fill in with a brief summary of successful projects)*. We are committed to building on these accomplishments to improve the quality of life in the greater *(name of city)* area.

I *(we)* would appreciate the opportunity to talk about involving *(name of their organization)* in our efforts. One of the cornerstones of our success has been the ability to build partnerships. Your insight into how we might best do this would be invaluable. Do you have time to meet with me and some other representatives from my organization?

**If they agree to a meeting with you...**

*(Confirm a date and location.)* We look forward to seeing you then. Thank you.

**If they say no to meeting with you...**

Have I called too late to be included in your fiscal year budget? *If the answer is yes:* When will you begin developing your budget for next year? *If the answer is no:* Thank you for talking with me now. I appreciate your time.

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If you arrange a meeting, immediately send the prospect a letter restating when and where the meeting is scheduled, who will be coming with you and your purpose.

After each phone call, make good notes about whom you spoke with, the date and time, the level of interest and when you will meet with them. If the prospect did not agree to meet with you, note the reason. File this information in your records on prospects or put a copy in the file started for this potential donor.

## Appendix E

### Sample Door-Opener Letter

It is often best to get a board member to send this letter on your behalf on their corporate letterhead.

Dear *(name of prospect)*,

I am writing you at the suggestion of *(name, title and affiliation of your referring contact person)*.

For the past *(number)* years, *(your nonprofit's name)* has been working *(or, if appropriate, working in partnership)* with *(names of key local partners)* to assist local community development organizations revitalize *(name of city)*'s neighborhoods. Our primary objective is to *(paraphrase your organization's mission)*.

To date, we have *(fill in with a brief summary of successful projects)*. We are committed to building on these accomplishments to improve the quality of life in the greater *(name of city)* area.

One of the cornerstones of our success has been our ability to build partnerships. As a leader in the *(corporate or foundation, etc.)* community, your insight into how we might best share our story with others in the *(corporate or foundation)* sector and involve them in our efforts would be invaluable. I *(we)* would appreciate the opportunity to talk with you about *(your nonprofit's name)*.

I will call you *(specify a time frame)* to arrange a meeting at your convenience. In the meantime, I am sending you some information about *(your nonprofit's name)*.

Sincerely,

# Appendix F

## Sample Thank You Letters

The following sample letters can be used as templates that you modify for your needs.

### Sample 1

#### THANK YOU LETTER FOLLOWING A MEETING — PROSPECT ASKED FOR MORE INFORMATION

Dear *(prospect's name)*

Thank you for taking the time to meet with me and *(names of other participants on your team)* to discuss the work of *(name of your nonprofit)*. We appreciate your interest.

As you requested, I am sending additional information about *(our work and the specific project)*, including *(itemize what you are sending)*. If you have questions about any of this material, please give me a call.

I will follow up with you in *(specify a time — maybe in a few weeks to give them time to read what you sent)* to further discuss *(your [if the prospect is an individual] or the name of their organization)* joining us as a partner in *(our work or the specific project)*.

Again, thank you for your time and consideration.

Sincerely,

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## Sample 2

### THANK YOU LETTER FOLLOWING A MEETING — PROSPECT ASKED FOR A PROPOSAL

Although it will take you at least a week, if not two, to put together a good proposal, do not wait to thank them for the meeting and opportunity. Send the thank you letter, restating what they asked for and telling them when to expect the proposal. Speed is important, but give yourself time to prepare a thoughtful submission. If you set a date and miss it, your chances for funding are dim.

Dear *(prospect's name)*,

Thank you for taking the time to meet with me and *(names of other participants on your team)* to discuss the work of *(name of your nonprofit)*. We appreciate your willingness to consider an investment in the future of our city through the work of *(name of your nonprofit)*.

As you requested, we are preparing a formal proposal for your review and consideration, which you will receive no later than *(date)*. In the interim, if you have any further questions or requests, please do not hesitate to contact me.

Again, many thanks for your time and interest in furthering the mission of *(name of your nonprofit)*.

Sincerely,

## Sample 3

### THANK YOU LETTER FOLLOWING A MEETING — PROSPECT MADE A COMMITMENT

If you receive an immediate commitment, send a letter of thanks for the meeting and the pledge. Tax language is not included because you are thanking them for the pledge or commitment, not the actual receipt of the check.

Dear *(name of prospect)*,

Thank you for meeting with *(names of participants)* and for *(your [if the prospect is an individual] or the name of funding organization's)* pledge of \$\_\_\_\_\_ to further the mission of *(name of your nonprofit)*.

As the *(your title)* of *(name of your nonprofit)*, I welcome your partnership in our efforts to make a difference in *(name of neighborhood or target area)*. By *(paraphrase your mission)*, our work benefits the entire community. Together, we can and will make a difference.

If you have any questions regarding fulfillment of your pledge or about our work, do not hesitate to call me.

Again, please accept my sincere appreciation for your commitment to the goals and mission of *(name of your nonprofit)*.

Sincerely,

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## Sample 4

### THANK YOU LETTER AFTER YOU RECEIVE THE GIFT

Dear *(name of prospect)*:

We gratefully acknowledge receipt of your check in the amount of \$\_\_\_\_\_ to support the work of *(name of your nonprofit)*.

Your generosity will help *(name of your nonprofit) (summarize mission)*. *[If they have funded a specific program, make a brief reference to it here.]* We look forward to reporting to you on our progress.

Again, thank you for your commitment to bringing this spirit of change to our neighborhood.

Sincerely,

*(Name of your nonprofit)* is a 501(c)(3) nonprofit organization and acknowledges that no goods or services were provided to you in return for your contribution. This letter is your receipt and should be kept with your tax credit records. The charitable deduction may be disallowed if you are unable to provide this acknowledgment to the Internal Revenue Service upon request.

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**Note: This acknowledgment is only appropriate if no goods or services were received. You should verify appropriate language with your tax consultant.**

*All information in this Appendix also can be found at The Enterprise Foundation Web site ([www.enterprisefoundation.org](http://www.enterprisefoundation.org)) under the heading of Enterprise MoneyNet.*

## Notes

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# Notes

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## Notes

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## THE ENTERPRISE FOUNDATION

The Foundation's mission is to see that all low-income people in the United States have access to fit and affordable housing and an opportunity to move out of poverty and into the mainstream of American life. To achieve that mission, we strive to:

- Build a national community revitalization movement.
- Demonstrate what is possible in low-income communities.
- Communicate and advocate what works in community development.

As the nation's leader in community development, Enterprise cultivates, collects and disseminates expertise and resources to help communities across America successfully improve the quality of life for low-income people.

## ACKNOWLEDGMENTS

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For more information about The Enterprise Foundation or the Community Development Library™, visit us at [www.enterprisefoundation.org](http://www.enterprisefoundation.org). To review our online community magazine, check out [www.horizonmag.com](http://www.horizonmag.com).



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