



RAISING FUNDS FOR RURAL HEALTH CARE

AN INTRODUCTORY MANUAL

Developed for the
Rural Health Resource Center
Technical Assistance and Services Center
by Ahnemann Associates, Inc.

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RAISING FUNDS FOR RURAL HEALTH CARE

AN INTRODUCTORY MANUAL

Introduction

This manual lays out the basics for establishing a structured process of ongoing philanthropic resource development. In times when health care costs keep going up while reimbursement dollars shrink, it is prudent for health care providers, like critical access hospitals, to find avenues to raise the money needed to operate and to be able to serve their constituency over the long term, including providing charity care when necessary.

History shows that a well-structured philanthropic resource development plan has a high return on investment (ROI), if well-designed and well-implemented. For example, in a typical capital campaign raising \$1-\$2 million, you may expect to incur expenses for a consultant, design, printing, etc. in the range of \$100,000-\$150,000. In other words, for every dollar spent, \$10-\$20 dollars are earned—that is a fantastic return on investment! In fund raising, the cost involved must be balanced with the dollars raised, realizing that “start-up costs” will be proportionately higher than costs over subsequent years.

The information provided in this manual is targeted at small, rural health care entities with limited resources and staff for fund raising. It is written on the assumption that these entities are, or qualify to be, classified as, 501 (c) (3) non-profit corporations under Internal Revenue Service requirements. This is necessary for donors who itemize deductions on their income tax returns.

This manual addresses the following components of a well-structured resource development program:

- the annual fund to provide unrestricted and restricted ongoing operating dollars

- the capital campaign to meet specific facility needs (bricks and mortar)
- and the endowment fund, to guarantee the future

Some health care entities may never need a capital campaign, but all of them will benefit from an annual fund effort and an endowment program.

It is advisable to engage a professional resource development consultant to guide the process of setting up the resource development program.

The goal of this manual is for the reader to develop a better understanding of the core areas of resource development: Annual Fund, Capital Campaigns, and Endowment. Our hope is you will have confidence to initiate your own programs and begin developing donors to ask for and receive gifts. A key message through all that follows is that you will receive very few gifts if you do not ask for them.

TIP

No part of this manual should be construed as constituting legal advice. For all questions relating to federal or state law or regulations that might pertain to the material in this manual, it is advisable to get appropriate legal counsel.

PART I. THE ANNUAL FUND—FOR OPERATING DOLLARS

Introduction

Health care entities, whether public or private, need to supplement income from services with donated dollars. There may be periodic grant sources that can be tapped, but there has to be a dependable, steady and growing stream of philanthropic income. That comes through a well-planned, personalized and well-executed annual fund.

An annual fund is a way of procuring money for operating expenses by developing a process of asking for gifts that are repeatable year after year. Those gifts are usually unrestricted, that is, to be used as needed within the organization's operating budget. It is possible to invite donors to restrict their gifts to a certain project that has annual expenses, like a fund for subsidizing uninsured or under-insured clients. But most organizations prefer receiving unrestricted funds and allocating them as needed. Annual funds are held within the organization's operating fund.

It is difficult to assess a definite gift-to-expense ratio for annual fund giving. At the front end of building an annual fund, the expense ratio will be higher than when you are a few years into the program. Likewise, it is difficult to set a dollar volume goal until the organization has a track record. It is recommended to establish goals for donor count and for number of gifts and view year one as your benchmark year. As you will see in an Annual Fund plan, you will ask donors to contribute more than once within a year's timeframe.

In general, personal face-to-face fund raising is the most effective way to obtain larger gifts, however it is more costly to implement. This technique is primarily used for capital campaigns and endowment gifts. Direct mail is the least effective but is relatively inexpensive to implement. An average rate of return for direct mail is between 1% and 2%. This is used for annual fund giving and at the every end of a capital campaign.

Telephone solicitation can be very effective for gifts similar to direct mail as it pertains to the size of the gift. The telephone is very effective because it allows either an employee or volunteer to have multiple conversations, with the donor because of a common interest in the hospital. This is very effective for increasing the size of an annual gift and obtaining new donors.

A well designed development program should include all three of the forms of fund raising mentioned above.

Chapter 1: Building Your Constituency

The immediate question is who can provide those dollars. The answer is—all of your constituency. That includes everyone who has a current or future need for your health care organization to be successful and effective. Start by analyzing your operation and your service area and identify the people, organizations, businesses, and others who may have a stake in your operation. That will include:

A. Patients, residents, and their families

Patients, residents, and their families are, of course, already paying in one way or another for the cost of the services you are providing. But, to the degree that their needs are successfully met and positive connections made, they will be grateful for what your organization does for them and for their loved ones. Many will respond positively to the opportunity to make a donation to your operating fund. But they need to be asked.

That means identifying who they are, compiling an address list, and making it a part of your funding data base. You will need to review and observe HIPAA regulations when creating the data base so that you do not violate privacy. The privacy rule protects all individually identifiable health information in any form or media whether electronic, paper or oral. The exception is if the individual (or personal representative) who is the subject of the information authorizes sharing of the information in writing. That means you could ask a former patient for a gift but cannot refer to the patient's specific diagnosis or treatment. The same would be true in contacting families of former patients.

One approach may be to send patients, residents, and their families your newsletter with a reply envelope enclosed. Add those who respond to your annual appeal mailing list. Another approach is to send a letter to them, not referring to their hospitalization

or medical care, but talking about your organization, how crucial it is to the well-being of your service area, and how a contribution from them can keep your health care entity vital.

You might consider providing an exit interview form for patients and their families to complete. The exit interview form allows them to evaluate the services they received and be asked for permission to put them on your mailing list, with a place to sign their name.

There is value in having personal patient stories and/or testimonies to share about care they received at your hospital in future materials. This would certainly require a signed release from those involved.

B. Organizations

This category includes service clubs in your service area, chambers of commerce, business and industry associations, civic organizations, economic development groups, foundations, fraternal organizations, and any other group from which you can obtain a mailing list. Make a list of these groups. It is wise and helpful to learn what emphases each of these organizations has so you can connect your services to their mission and interests. Try to get at least one to be the “initiator” and agree to take the lead in supporting your funding effort. Locally owned and locally managed entities are more likely to respond to local needs.

One approach with organizations that have regular meetings with programs would be to offer them an annual program about your organization. The program should be designed to give an overview of your health care entity, or a particular specialty, talk about its value and invite both volunteer and dollar support. For example, local Rotary chapters meet weekly and invite speakers to inform and educate

their membership base. Take advantage of this cost-free opportunity to share your organization's mission, your needs and how they can help.

A part of your annual funding effort can include a specific annual campaign within the business community. It can be structured much like a capital campaign. This would involve a volunteer committee structure with a steering committee which would be responsible for planning and organizing the solicitation process. The steering committee should include recognized and respected leaders in the business community who are willing to contribute time, energy and dollars to this effort and who can recruit additional volunteers from the business community. The number of volunteers needed would depend on the total number of contacts to be made. The volunteer solicitors would each be asked, for example, to make three to five one-on-one calls to local businesses.

See Chapter 2, B. Personal Solicitation for more information.

C. Internal employees and medical staff

Motivate your employees to be part of a team that supports and carries out the mission of your organization by engaging them to participate in the annual fund appeal. While employers may be reluctant to approach employees to “give back”, if asked in a way that appeals to their sense of pride and team spirit, they are likely to respond positively. Empower employees to form a committee to look at and plan ways that they can lead an employee annual fund program. Consider supporting a contest between departments with awards or recognition given to departments based on staff participation.

Professional medical staff and administrative staff must lead the way. They are seen as leaders in their professional capacity and need to demonstrate that leadership in assisting the organization in procuring resources. Health care professionals and/or their

families are your “customers” too as recipients of care from your organization. Here is another opportunity to form committees of medical and administrative staff to plan and take ownership of their involvement in annual funding.

D. Past and present board members and other volunteers

Whether you have both a supervisory board as well as a foundation board or funding committee of the board, the board is a key resource that should be asked to provide leadership in your annual funding efforts. Note that a finance committee is not the same as a funding committee. A funding committee owns the responsibility of finding ways to raise money while a finance committee oversees the management of funds. Board members' and/or funding committee's job descriptions should include:

- agreement to establish the annual fund
- assignment to drive the annual fund
- assist in planning the annual fund
- taking the lead in making annual fund contributions themselves

Personal solicitation is the best approach for involving board members in the annual fund, with board officers themselves taking the lead in making financial commitments before asking other board/former board members to contribute. Testimonials from these leaders about why they give time and money can motivate others to do the same.

It is sometimes believed that volunteers should not be expected to make financial contributions in addition to their volunteer time. In actuality, those people who already believe in what you are doing and demonstrate that in their volunteer commitment are known to respond favorably to a financial contribution request. If you already have an organization of volunteers like an auxiliary, invite them to discuss annual funding. Otherwise invite several volunteers in to get their input and invite their leadership.

When board members and other key volunteers take the lead in making financial commitments to your organization, that helps make the case for asking others, less connected, to participate.

REAL-LIFE EXAMPLE

As part of a capital campaign during a feasibility study interview a resource development consultant was interviewing a long time board member. This board member had no history of giving to this organization but had dedicated many volunteer hours over the years. While discussing a range of potential gifts this board member revealed a willingness to make a large gift to the campaign. This became one of the lead gifts in the campaign. When discussing why this person had never given before they said it was because they had never been asked. Never be afraid to ask.

E. Current and past donors

If you have conducted annual funding in the past, obtain a copy of previous donors and their individual contributions. Past donors may have also come from a variety of sources, such as a capital campaign, memorials, or a fund raising event. Though a donor may have contributed a one-time gift, that donor should be contacted for annual giving. While most recent donors are your best potential for continuing donations, do not assume past donors will never give again. The only way to know for sure will be to ask.

Even if you have not had a formal annual fund effort in the past, chances are you have received some donations. If so, hopefully, there is a list of those donors. What records do you have? Does the finance office have records that are accessible? A donor data base needs to be developed, kept current and managed.

F. Vendors

Vendors include every entity from which your organization purchases goods or services (i.e. linens, equipment, medications, food, office or janitorial supplies, or staff training and continuing education). Even if they already provide discounts, they may find it in their best business interests to respond favorably to a request for an annual fund contribution. Some of them may have philanthropic foundations or a policy of making gifts to charities. Make connections with them on a personal level to help connect your service to their funding guidelines and needs. These entities should not be looked on as cold and impersonal—they are run by human beings.

Identify the vendor's decision maker for donations and contact that individual, preferably in person or if that is not possible, with a letter followed up by a phone call. Ask your business office/business manager to compile a list of vendors with contact names and contact information, or start with the sales representative that you work with and ask whom to contact. If that avenue is unavailable, make a phone call to the home office of the company and ask whom to contact.

Poll them to see how they would respond to an annual fund appeal and/or send them a letter requesting their charitable giving policy and whether they have a foundation or connections to a foundation. In addition, vendors may be a source of gifts in kind for an event celebrating a successful fund raising campaign.

Chapter 2. Building Annual Fund Activity

A. Direct mail

Electronic age or not, no one in the world of dollar-seeking has given up on direct mail solicitation. The prime evidence is your own mail box. And that's a good place to start. Rather than tossing the solicitation mail you receive, analyze it. That will take some time, but if you do invest the time, you will learn a lot about direct mail tactics.

- First, make a list of all the entities asking for money. And (if you want to look long-range) note how often their requests come.
- Second, look at the “package” the request comes with—mailing envelope, reply piece, reply envelope, information piece and/or the letter itself. Does it look good? Too good to toss without opening?
- Third, read the material, especially the request letter. Is it inviting to read? Does it have emotional appeal? Does it speak to **you**? Was it interesting enough to cause you to read the entire piece?
- Fourth, did it make you consider whether to make a gift to the organization?

Remember these direct mailings are your competition and you want your appeal letter to out perform that competition.

There are publications and seminars that “teach” how to write a good solicitation letter. A consultant will have resources for you and should assist you in writing your solicitation letter.

See the samples of letters—good and bad—appended at the end of Part I.

If possible, it would be good for whoever is charged with the responsibility of writing your letters to invest

time to research and read resource material and/or attend a seminar. In the interim, see below for a few tips.

- Letters should be written as if you were writing a personal letter to someone—centered on the “you,” the person who is receiving the letter. Even if the letter needs to be generalized, the salutation should be “Dear friend,” rather than “Dear friends.”
- The letter should define the mission of your organization and explain why it deserves the reader's consideration. This should include an emotional appeal—a specific example or two of how your organization has made a difference for good in the lives of people, and how the reader can help in that endeavor. These examples provide the emotional tug that motivates response. If the donor is not led to feel some empathy for your cause, then there is little chance the donor will respond positively and take action.
- The letter should not function as a newsletter, providing more information than necessary, but has to make a compelling case for giving and include a call to action.
- The letter must ask for money. Whether to ask for a specific amount depends upon the kind of letter (see below). The “ask” can be stated in the letter more than once, and re-enforced in one way or another by a P.S. The P.S. is important. Research shows that when a person opens a letter, they notice first who it's to, then look at the first line, then the P.S., then the body of the letter.

TIP

To state an “ask,” refer back to the need and say something like, “Can we depend on your help with a gift of X dollars?” or “We need your help to . . . please consider a gift of X dollars.” Or “To make sure we can continue to give good health care to people like Jane, we need your partnership. Can we count on you for a gift of X dollars?”

Realize, that there are different kinds of solicitation letters:

- **Prospecting letters** - The prospecting letter is written to people on whatever mailing lists you have who have never given before to your organization. These letters need to be made as personalized as you can, give information about your organization and its mission, include an emotional appeal, and tell how the receiver can be a part of the mission. The ask should be an “easy” ask. That is, a suggested amount that would seem reasonable to anyone, rather than asking for an amount so large that the letter is automatically tossed.
- **Letters to current, regular donors** - These letters should be written in a way that treats the receiver as a friend, personalized fully with full name(s), title, complete inside address and a salutation either with first names or Mr./Mrs. first and last name. In the content, recognize the important contributions they have already made to your organization, again with examples of people they have helped. The ask can incorporate the dollar amount they have given last and should suggest an increased amount. A letter sent at the anniversary of the previous year’s gift is a helpful reminder to your donors.
- **Letters to lapsed donors** - Here the emphasis is on how much your organization has missed their participation in your mission, making the case for them to contribute again. One kind of letter is written to those who gave in the previous year, but not yet this year. That is often called a “LYBUNT” letter—“last year but unfortunately not this.” Another

is directed at those who have given sometime in the past, but not recently. The term—“SYBUNT”—“some year, but unfortunately not this.”

- **Letters to businesses and organizations** - With these letters it is important, as much as possible, to address the letter to a key person using the proper title, correct business/organization name, etc. For organizations that are service oriented, the appeal can be made in much the same way as to individuals. For businesses, emphasize how your organization’s existence enhances the community and how it is a positive part of the local economy from which the business lives—a partnership. Gather statistics, such as number of employees, payroll, and purchase of goods and services to show the economic impact your organization makes on the community.
- **Thank you letters** - The thank you letter is the first ask for the next gift. A prompt thank you letter, signed personally, is an important component of direct mail. It lets the donor know how important the gift is to your organization and its text should reinforce your mission, again with a specific example. The thank you letter, ideally, should leave your office the day after the gift is received. Take time to hand-sign the letter—the donor took time to hand-sign a check!

REAL-LIFE EXAMPLE

In a community there was a very large national company, privately held, that was generous and charitable to a particular organization. The owner and his wife did not attend the public events which recognized the organization’s donors. Rather, a person who worked for the company, with his wife, would be asked to represent the company.

This couple also made gifts to the organization, though not of the size of his employer. When the development officer sent him and his wife a personally-signed letter to thank him, the man called to thank him for sending the hand-signed thank you letter. He said that no other charitable organization had ever done that!

Include a reply envelope in all letters to make it easy for the donor to respond. One large national organization reported receiving more than 30% of their gifts from envelopes included with thank you letters. It is possible, to “code” the reply envelopes to track results of a mailing. Organizations report that coded reply envelopes brought donations back some months and even years later.

It is unlikely that it pays to put a postage stamp on the reply envelope or to use pre-paid postage business reply envelopes.

- **Newsletter with reply envelope.** If you have a regular print newsletter, always include a reply envelope with it, both those that are mailed and those that are put in your facility (waiting rooms, lobby, etc.) for people to pick up. Though the newsletter is an information vehicle, the enclosed reply envelope becomes a “gentle, quiet” ask.

B. Personal Solicitation

A community annual fund campaign can be structured in much the same way as a capital campaign:

1. Establish an annual fund steering committee with board leadership, funding committee leadership, community leaders, and staff representation.
2. Determine scope and time line.
3. Plan a personal contact phase.
4. Conduct follow up calls.
5. Host a thank you celebration

When it is possible to enlist key staff and dedicated volunteers, personal solicitation can be used to secure larger gifts/commitments to your annual fund. This is especially important if you are just starting an annual funding effort. The solicitors are asked to make their own commitment first before asking others for money. They need to be updated on what your organization is doing, given help on how to ask

for a contribution and assigned potential donors. Then they make the contact necessary to set up an appointment for the personal visit.

Provide a way for them to send a thank you letter to the people they have talked to, whether they have gotten a positive response or not.

REAL-LIFE EXAMPLE

In a city where there was concern about whether a public university could raise money in its community where two private, religious-based schools were already doing vigorous fund raising. The university development department planned an effective community annual fund campaign which set challenging giving levels. The university conducted a study of the economic impact the university had on the community and used those results as a selling point in the business community. As a result, when the potential business donors realized the impact and benefit to them they responded very generously with their donations and actually raised the annual giving expectations for the two private schools. *Most local health care organizations will be able to show likewise impact in their community.*

C. Electronic solicitation

This an area that is changing rapidly as new technologies are developed. The best approach to this is to use the most effective avenue that is available to you at any given time. Like any other annual fund solicitation, electronic solicitation starts and stops on either a calendar year or fiscal year basis, though actual annual fund campaigns are most successful in the fall/winter holiday season and pre-tax time in the spring.

1. Telephone

A telephone campaign is conducted in much the same way as personal solicitation and employs the same process outlined above. The difference is that the solicitation is by phone, rather than face-to-face. It works best if the phone solicitors all come together in one place, where several phones are available. They receive a briefing together, then go to their own phones to make the contacts. If all calls are not local calls, then reimbursement arrangements need to be made with the entity owning the phones. Your organization may be able to get the use of several cell phones donated by a supportive vendor.

TIP

Do the preparation necessary to make it as easy as possible for the callers to achieve success and remember to provide snacks and beverages to be available to keep callers motivated.

Provide information to the callers about the people they are calling—whether they have contributed in the past, their giving record, etc. The callers should be able to refer to a concise information sheet about your organization and how the money will be used to help them provide the reason for the call. Make it possible for the caller to access a form that can be sent to the donor after the phone call, to confirm their gift. In addition, make sure there is a way for callers to log “no” answers, “could not leave message” notes and record the names/numbers for opt-out requests. Encourage the caller to write a personal thank you or other message on the form which is then mailed by your organization.

Explore whether you want to accept credit card payments over the phone.

The Federal Trade Commission “Telemarketing Sales Rule,” as amended on January 29, 2003, exempts non-profit entities from the “do not call” rule, though there are restrictions on for-profit telefundraisers who make calls on behalf of a non-profit entity.

TIP

If your calling list makes it possible, alert donors ahead of time about the coming phone-athon. You may want to offer them a way to make a gift directly now in order to “opt out” of receiving a phone call during the phone-athon.

2. Internet

The Presidential Campaign of 2008 demonstrated the effectiveness of solicitation for funds utilizing the World Wide Web. Depending on the resources, size, and extent of your service area, you may be able to set up email solicitation. The best starting point is to establish a web site for your organization. The web site can incorporate a way for site viewers to make a contribution. Very likely you will need to engage professionals to develop the web site and help establish ways to maintain it.

When providing for online solicitations, there are a few considerations to keep in mind. You will first want to check with your State Attorney’s Office or Secretary of State to determine if online solicitations must be registered in your state, this will vary state to state. You will need to determine if you will be using a web host. If so, ensure it is one that when your donor is viewing your site and making their contributions, it only appears to them that it is through your site and not redirected to another site to make the donation. You need to decide if you will be able to process the credit card transactions yourself or if you will use a merchant account service. Weigh the costs versus the responsibilities and benefits to your organization and the amount of activity you expect carefully.

Promote your online fund raising capacity and your web site in all of your materials. Consider newer social media/networking avenues like Facebook, Twitter, or MySpace as another means of reaching potential donors. Once you have a donor to your web site, you need to speak clearly about your mission and what donations are used for. Make the online

donation option easy to find, keep the transaction simple with as few “clicks” as possible. Keep any other information you wish to share with them until after the actual donation has been made.

REAL-LIFE EXAMPLE

A non-profit interfaith charity updated its web site to include an easy way to make on-line donations. In just the first month of the new web site's operation, they received \$16,000 –as much as \$2,000 received in one day!

D. Memorials/honors gift program

A memorials and honors gift program as a component for annual funding is a natural link to fund raising opportunities for health care organizations. This type of program enables people to express appreciation to your health care organization by giving a gift in honor of someone connected to it, like staff who gave great care to a member of their family. It also provides people an opportunity to give a gift to your organization in memory of someone after death who received quality and loving care during their stay.

It can also serve as a channel to recognize, reward, and honor staff members on birthdays, anniversary of employment occasions, or upon retirement by making a gift to the organization in their honor, rather than giving “stuff.”

Starting this program involves preparing materials and publicizing the program. The materials include attractively-designed memorial and in-honor cards, blank mailing envelopes, a remittance envelope for donors to use which includes a form for designations of amount, honoree or person being memorialized, who should receive notice of the gift, etc. The memorial/honor packets are then placed in holders in visible locations in your facilities and in other public

locations which might welcome them, such as funeral homes and churches. Attorney and financial adviser offices will feature your information as a service to their clients as well.

Once materials are ready, all donors should be sent a memorial/honors packet. The rest of your constituency may be sent a letter, announcing the memorials/honors program. Include a reply form so recipients can request memorial/honors materials. Include a similar announcement, with reply form in your publications. If you have a “Welcome to the hospital” packet, include memorial/honors information in the packet. When you send thank you letters for memorial/honors gifts, include a new set of memorial/honor materials.

E. Payroll deduction, credit card and electronic paying

When your employees choose to participate in your annual funding effort, many will welcome a payroll deduction option which your payroll department or vendor can easily implement. Check with your finance department to see what options are available in your present system for payroll deduction and see if it can be adapted for this purpose.

Employees, and certainly your general constituency, should be given the option of making a contribution by credit card and through electronic payment systems. “Pay Pal” is one example of a vendor of these systems. The cost of the system needs to be measured in relation to the numbers of donors and potential donors you expect to be working with. It likely would not be cost effective for a small donor base.

Part I. The Annual Fund—for Operating Dollars

PART II. THE CAPITAL CAMPAIGN – FOR FACILITIES

Introduction

Depending on the kind of ownership and charter of your health care organization, there may be government funding possibilities and/or private foundation grant opportunities to help fund a capital project. Even so, a capital campaign is essential, both to raise funds that are needed and to increase awareness of your organization and its mission among the community, its stakeholders and constituents. A capital campaign is not only designed to deliver a positive return on investment (ROI), but it can also contribute to your market share. Someone who has given to your organization is likely to use it.

Chapter 1: Prioritize Needs

The process of prioritizing needs involves both internal study and brainstorming and input from people and entities in your service area. This is the time for dreaming. What--if “the sky is the limit”-- would you like to have in the way of facilities? What, ideally, would make it possible to serve your community and service area in the best ways possible?

Get input from the public to find out what services they need and want. This can be done by offering open meetings to invite input, or by focus groups which bring selected people together to discuss proposals for new services.

Next, do the hard work of paring the list from the most desirable, to the most essential, to the least essential. It is important to arrive at legitimate needs; that is, you must be able to assure potential donors that what you are proposing is vital, so they will feel comfortable supporting the project.

If your organization has a regular strategic planning process, discussing facility needs should be a part of that process.

A. Which capital needs?

The process described above will enable you to identify the most important facility needs that will enable you to fulfill your mission and charter. Then rank them starting from the absolute minimum to the next most important need, etc., but limiting the list to as many as may be realistic as possible.

TIP

A Web search is one way to find possible grant sources, both private and government. You will note some foundations make grants available for “bricks and mortar” projects.

B. Dollar amounts/Budget

A dollar amount/budget needs to be attached to each facility need. That amount should be the best estimate possible, depending on what preliminary design work has been or can be done. You may need to engage an architect for preliminary design/concept work that will allow you to come up with a budget range for each category.

C. Time line

When would you hope to have each projected facility need completed? Again, you will be thinking in terms of “ideally,” knowing that what can happen when depends on how long all the phases of design, bidding, and construction might take, and how long it might take to raise necessary funds. The architect can provide construction estimates.

Define a time frame for fund raising. It takes time to identify major gift prospects, provide them information, ask for their gift and allow them sufficient time to consider your gift proposal. To rush this process is to invite failure. Ensure that your time frame is defined in a way for the fund raising process to work.

Establish a stop time for your campaign as well so that you do not end up with a “won’t this never end?” negative syndrome.

D. Campaign budget

Any campaign will cost money. Unless your organization has an experienced full-time development officer who knows how to run a capital campaign, you will need to engage a professional consultant. That requires funds, as does providing support services in-house and covering the cost of materials that will be needed. Consultant fees will depend upon the size and extent of the campaign and

the length of time needed to carry out the campaign. The consultant should propose a flat rate, and not be hired on the basis of receiving a commission or percentage of the money raised. In the philanthropic resource development world flat-fee is the only ethical rate at which to be paid. Percentage based or commission may lead to encouragement of donors to make a gift or a time and type of gift that is not in their best interest. This applies frequently in the area of planned giving instruments. The best interest of the donor should be respected at all times.

Initially, you will want to engage the consultant to conduct a feasibility study and enter into a contract for that. Assuming the feasibility study shows favorable results, a contract will be needed to cover the consultant's cost for the capital campaign itself. Contracts should be written as to not obligate the organization to a campaign if the feasibility study were to come back negatively.

TIP

Consider the following when it comes time to select a consultant:

- Experience and track record
- Familiarity with the health care world
- The process the consultant uses
- Cost, including the cost and extent of a feasibility study
- Proposed time line
- Method of reporting
- Code of ethics
- References

In addition, you will incur office support expenses, design/printing and mailing expenses, some of which may be in-house, but should be budgeted for nevertheless.

Under-funding the start-up of a capital campaign is a risk that can jeopardize the success of the campaign.

You need adequate support services, attractive printed materials, and adequate staff to plan and execute the actual campaign, including providing support for the many volunteers who will be working on the campaign.

TIP

Possible sources for the “up-front” money needed to conduct a campaign include:

- your operating budget
- board member donations
- donor/underwriter funds
- grant fund

Chapter 2: Conduct Feasibility Study

A well-designed and well-executed feasibility study is an essential component of a successful capital campaign. It is the first opportunity to drive the proposed project. It must be current and not based on a previous feasibility study. The feasibility study interview process should be done rather quickly—with confidential one-on-one interviews conducted in a consecutive two to three day period, to avoid “coffee cup conversations” that might spread incorrect information.

This study involves identifying individuals, business interests and community entities who can be asked to give input on your proposed capital project. With the goal of having 40 people to agree to be interviewed, ask 50-60 people, including board members and business/community representatives if they are willing to be interviewed by your fund raising consultant. The goal of the study is to find out whether there will be sufficient support for the project and to identify people who are willing to give time to help lead the project and/or are willing to give generously to support it.

The questions the consultant asks each interviewee are designed to accomplish the following:

A. Determine leadership

Who in your community/service area should be asked to provide the leadership necessary for the various volunteer roles that need to be carried out? That includes everything from the general campaign steering committee, to public relations/communications/marketing functions, to major gifts solicitation, to general solicitation. Questions asked of the interviewees will help identify these individuals.

B. Ascertain dollar amounts

Questions asked of the interviewees will result in a range of what dollar amounts can be realistically expected to be raised. The questions will indicate a dollar level of support each interviewee might commit to, identify potential major donors, and give a view of the potential total dollar amounts that might be “out there.”

C. Ascertain constituents feelings about your organization

When entering a capital campaign, it is important to have a sense of how your community and constituency feels about your organization or agency. Obviously, the more positive the response you receive, the better your chances are of a successful capital campaign. Conversely, if the feedback is heavily negative, the more cautious you need to be about entering into a capital campaign.

Positive feedback gives you material for your case statement and campaign materials and promotions. Negative feedback will need to be analyzed for “rumor has it” as well as for problems that should be addressed. In this case, a plan needs to be developed for addressing the problems and communicating what will be done when. It may be that negative feedback can be used as a reason for accomplishing the goal of the capital campaign.

D. Gain potential donors’ thoughts about the proposed project

Interviewees in the feasibility study will be shown information about your proposed project and asked how they feel about it. From this you will learn if they like the project, think it is necessary, and if they have suggestions that might make the project more appealing.

If a majority of respondents do not like what they see, one option will be to go back to the drawing board and/or to delay or drop the project, if there is no way to come up with a “saleable” project. It is always important that you know your community and market-area economics (and politics) but especially so when it comes to philanthropic initiatives and programs.

One thing to note is that the economic climate may affect people’s feedback to the proposed capital campaign.

Sometimes an organization’s board will question the value of a feasibility study, suggesting they already have an idea of who the potential donors are and how much support there is for the organization and its project. However, experience from various feasibility studies show there are surprises. A nursing home feasibility study identified a board member who had more assets than anyone knew and who became a lead donor. Another identified a person, previously unnamed, who turned out to be the best volunteer leader possible.

At the end of the feasibility study, a thorough consultant will provide both an oral and written report to the governing board. The report can come back with one of the three following assessments:

- Yes, the campaign should move ahead
- Yes, but there are some things that need to be done first to ensure its success that might mean modifying the project or breaking it into phases, implementing the part of the proposed campaign that has the highest priority
- No, success not likely

E. Timing for the campaign

Some research is needed to find out if there are any other capital campaigns going on in your service area that might compete with yours. That and other factors must be considered, like the economy or community mood, that might hamper your fund raising efforts.

Chapter 3: Quiet Phase of the Campaign

Quiet does not mean secret. It is quiet in terms of the dollar amount, but not about the project itself. The quiet phase, though, is the most important part of your capital fund raising effort. This is when the “big money” must be raised. It establishes the momentum for your campaign by raising a significant portion of your dollar goal—ideally at least 70-80%—before your campaign goes public.

When a high level of committed dollars can then be announced at a designated point in your campaign, it makes it more likely that enough additional people/entities will sense success and will want to help you reach your goal.

REAL-LIFE EXAMPLE

At the time of the contract signing with the consultant, the client wanted to set a public goal to raise \$4 million. After conducting the feasibility study, it was determined there was \$3.1 million “available.” The client had hoped the study would show the likelihood of being able to raise \$4 million.

The \$4 million hoped-for goal was not publicized. The quiet phase of the campaign was conducted and the result was commitments of between \$3.7 and \$3.8 million. With that level of commitment assured, the public campaign then could begin with the announced goal of \$4 million, and that goal was then achieved. This illustrates why it is important not to make a final goal public before the quiet phase of a capital campaign is completed. To set a public goal that has the potential to be unattainable risks the possibility of failure.

A. Form committees

Committees needed for the quiet phase include a steering committee and a major/advanced gifts committee. Both have to be working committees, though it is sometimes wise and advantageous to name an honorary campaign chair or honorary co-chairs—people who are influential and well-respected in the community whose endorsement—in itself—of your project will convince others of its worth.

TIP

Job descriptions need to be provided for each committee, both to help in the recruiting process, and to provide guidance for the actual work of the committee. Volunteers do not want their time wasted and do not like being a part of a group that flounders.

The steering committee is the group which coordinates your advanced gifts effort. This committee will participate in the development of your case statement. Its membership is drawn from key people identified in the feasibility study, your governing board, and from other suggestions. The chair should be someone who is respected and has the ability to provide well-organized, motivational leadership.

The major/advanced gifts committee is responsible for the actual solicitation of large gifts. Its members should have the potential for making large gifts—and will need to in order to establish their own commitments before they solicit others. The committee first develops a list of major donor prospects, drawing again from names surfaced in your feasibility study, but not limited to that. Then a

sub-committee participates in a confidential gift-potential evaluation process led by the consultant. The committee reviews each prospect and estimates their giving potential to ascertain what level of gift should be proposed to them.

Then those prospective donors are assigned to the major gift committee member who is most likely to be successful in obtaining a gift from that prospect. A fund raising axiom is that success depends on the right person asking the right person for the right amount at the right time. Most important is the “ask.” All the preparation in the world does no good if the prospect is not clearly asked for a gift.

Your fund raising consultant advises the advanced/major gifts phase and provides training in the solicitation process. Only rarely is the consultant in a position to do actual solicitation. If the consultant has established a relationship with a potential donor, the appointed solicitor may find it helpful for the consultant to assist.

B. Prepare Case Statement

The case statement, simply, must make a convincing case for the proposed capital project. It describes the project, enunciates the rationale and need for the project, and provides motivation for supporting the project. It is the prime piece used in the major/advanced gifts solicitation process as well as in the public phase later. Information from the feasibility study drives the case statement, answering possible objections and capturing the positive feedback from the interviews.

It must be well-written, presented in an easily readable, well-designed attractive format, and include visuals that show what the project is proposed to look like, how it will function and why it is essential to the mission of your organization. Normally, the consultant will provide the writer who will seek input from the steering committee in the writing process.

A good graphic designer is a must to make sure the piece is attractive, inviting and carries the message well. View this expense as an investment that is worth doing well.

A question and answer piece is helpful, too. It anticipates the key questions--which often come up in the feasibility study--that potential donors might have and provides succinct answers. It can be a one-page folder that can be mailed and/or slipped into the case statement.

C. Plan/execute publicity, public relations, marketing, advertising

Even in the quiet phase, there needs to be a plan for letting key people know about your proposed capital campaign. An important piece is a PowerPoint, or similar visual, that re-enforces the case statement, outlining the need, the proposed solution to the need, and why it deserves generous support. This should be done professionally for the biggest impact. It should be designed so that it can be used in a group setting as well as in a one-to-one situation where it might help in a solicitation.

News releases should also be prepared for publication at strategic points in the campaign.

A sub-committee of the steering committee should be assigned the public relations task.

A slogan for the campaign might be helpful, but more important is a clear statement of the mission, vision and values of your organization.

D. Prepare additional materials

These include pledge/commitment cards/letters of intent, cover letter and a reply envelope. They should be designed in a way that is complementary to the design of your case statement. The pledge/commitment piece should include a brief statement about the purpose and need for the campaign, have spaces for the donor's name and full address, spaces

for entering a dollar amount and the nature and date of the payment. In the case of multi-year pledges, the donor needs space to designate whether the payments are to be made annually, semi-annually, quarterly or monthly, and over what span of years. Major gifts are often spread over a three to five year span. Finally, a space is needed for the donor's signature and date.

E. Solicit large/leadership gifts

Potential donors and their donor potential will have been identified by the major/advanced gifts committee. The chair of the major gift committee should be the first one to make a commitment, followed by the other committee members and all those who will be asking others for major gifts. These people should be challenged to make large leadership gifts, and to make their own commitments before they solicit others for gifts. It is counterproductive to ask someone else for a major commitment if the solicitor has not already made his/her own pledge.

The solicitor and potential donor should be carefully matched so that the donor is being asked by someone who would be difficult to say no to. These solicitation must be one-on-one, with the solicitor making an appointment and visiting the donor on the donor's own turf. Neither written, nor telephone "asks" are appropriate at this level of giving.

Often the potential donor will want time to consider the gift, perhaps consult with a spouse or with business partners and tax advisors. Conversely, do not let the donor brush aside being challenged for a large gift by offering to write a check on the spot that will likely be below the donor's potential. Avoid, also, giving the donor the pledge card to mail in; rather, make a follow-up appointment to receive the commitment. Basically, we are talking about two-step calls—the first to bring a proposal, the second to ask for a commitment.

It is important to give the donor time to consider the gift, perhaps to consult an attorney, the bank trust department or a financial planner. It is helpful to keep those same people informed about your capital campaign.

The amount of the "ask" should be considered carefully, based on whatever analysis of potential the major gifts sub-committee has been able to ascertain. Sometimes not asking enough does not do justice to the donors' potential and commitment to your cause. Do not approach the donor with "we've got you down for.." Rather, "we'd like you to consider a gift of this level..."

Solicitation of the key employees of your organization should be part of the major gifts phase. Except for circumstances that might dictate otherwise, your CEO should make his/her commitment (here the Board chair would make the "ask"), and then solicit commitments from the rest of the administrative staff.

TIP

Solicitation of the employees could be a bridge between the quiet and public phases of the campaign. A successful employee campaign can be a good motivator for the public phase if a high percentage of the employees make a commitment at whatever level they can, and if they show enthusiasm for the project. Employee morale is key because a grumbling work force can undermine the kind of positive thrust you want when entering the public phase.

Chapter 4: Public Phase of the Campaign

This is the kick-off of the campaign, even though many people have been working on it for a number of months. It should begin with a party of sorts. That is, assuming the advanced/major gifts campaign has been successful, this should be a public “party” which celebrates the accomplishment.

A. Announce goal and advanced gifts

This is when you announce the campaign goal, and the time line for reaching it. Note, the campaign goal is not set during the start up of the quiet campaign and there certainly should not be any large thermometer tracking goal progress. Rather, with the knowledge of what has been raised in the quiet phase, a goal can now be set for the campaign.

The highlight of the party should be recognition and thanks to both the major donors and the volunteer leaders and committees.

News releases should be sent to all appropriate media with follow-up calls to encourage television, radio, and newspaper coverage. Make use of your web site, as well.

B. Establish committees for this phase

Though the steering committee may be able to direct this phase, it is better to have a separate committee structure for this phase. That would include a general committee whose chair, for communication purposes, should be a member of the steering committee; a publicity committee; and a solicitation committee. It would be helpful, again, for the chair of the latter two committees to be a member of the corresponding advance phase committees.

C. Plan, execute publicity for this phase

This will be an extension of the planning and public relations that were a part of the quiet phase.

The extent of this effort will be broader, spurred by the impetus of the quiet phase. Here there should be a saturation of the media—news releases, feature stories, television and radio interviews, flyers, brochures, newsletters, mailings, and emails. In short, use whatever publicity options are available to you in your community and service area.

D. Plan, implement the solicitation

This phase can follow much of the structure and method outlined for the annual fund as outlined in Part I of this manual. The constituency listed and described there, as well as the methods of solicitation, are much the same.

If you have built a successful annual fund program, you already have a donor base that will help you conduct a successful capital campaign. Even without that, a reputable health care facility can draw on its whole service area to generate sufficient support for a capital campaign. Everyone needs health care; furthermore, an entity like a critical access care hospital is important to the economic vitality of a community.

Success breeds success. Failure to reach a capital fund goal, no matter how great the need, makes the second try an uphill climb. This is why a capital campaign may need to be done in phases. A successful first phase makes it more likely that a second phase, done at the right time, will be successful, too.

Chapter 5: Wrap-up and Celebration

Everyone in your organization and service area should feel a part of the success story, no matter how much they have participated in the success. Your health care facility is “their organization,” so let them feel a sense of pride in what has been accomplished. It is important that this campaign is seen as ended and its success celebrated.

A. Create an event to Recognize and Thank

Create an event to recognize and thank all donors and volunteers and highlight and celebrate your success. Maybe the event is an open house at your organization, or if the timing is right, groundbreaking. Make it an “everyone is invited” event, even if it has to be staged outside or in a larger public venue. Invite your vendors to sponsor it so there can be refreshments. Perhaps the event

can include something your community is known for—great chili, a famous sausage, sweet corn feed, or ethnic food.

Plan a program that describes what the successful capital campaign means, what the actual construction will be like, and how long it will take to complete.

Recognize the campaign leadership and all of the behind-the-scenes activity, including volunteers and staff. Recognize the donors in a meaningful way and tell how specific major gifts will be noted.

Always thank everyone who contributed in any way to the success of the campaign.

B. Talk about the future

Then talk about the future and how this new facility will benefit the community. Stress how important community support has been and will be in the future. If you have dreams for the future, share those with the community and invite them to be part of the dream.

PART III. THE ENDOWMENT FUND—GUARANTEEING THE FUTURE

Introduction

An endowment fund is intended to provide long range benefit to the organization by building up a principal balance from which only interest earnings can be drawn to support organization programs.

It can be set up as an organization fund restricted for endowment, or it can be a part of the function of a foundation set up by your organization. If your organization is not in the position of being able to administer an endowment fund nor able to administer charitable gift annuities and trusts that are described below, you may be able to affiliate with a community foundation or work through a bank trust department to do this. It is important that endowment assets are prudently invested and managed well, advised by people who have expertise in the area of trusts and annuities.

Chapter 1: Instruments Used

There are different vehicles by which donors can make significant contributions to your health care organization in a way that benefits your mission long range, but can also provide the donor with guaranteed income and tax benefits. These are usually called planned or deferred gifts.

TIP

The terms “planned gifts” and “deferred gifts” are sometimes used interchangeably. All gifts of significant size are likely, by necessity, to be planned gifts. Deferred gifts, on the other hand refer to those planned gifts that mature for the donee sometime in the future.

Your clients should always be advised to consult their attorney and/or financial adviser before entering into any planned /deferred gift arrangement.

In order for your health care facility to benefit through the deferred giving vehicles that are described following you will need to receive the training needed to implement a deferred giving program.

A. Wills

The easiest, and for some, perhaps the only way a donor can make a satisfying contribution is through a bequest in a will. The bequest can be one of the following:

- a specific amount
- a percentage of the estate that is left after burial and/or other estate closing costs have been paid,
- the remainder of the estate after other specifications have been fulfilled
- a contingency bequest is another possibility, usually something like “if the remainder of the estate is more than X dollars, then your organization gets X amount.” Or, “if none

of the named beneficiaries survive at the death of the donor, than X organization becomes the beneficiary.”

A bequest simply takes a straight forward statement in a will saying what the bequest is and naming your organization with its formal name and official address.

About 80% of deferred gifts to your organization will come through bequests in wills.

TIP

Everyone should be encouraged to write a will, no matter what the age. A will, for example, can be a means for a young family to designate guardians for their children, should one or both parents be killed or incapacitated.

B. Charitable Gift Annuities

A charitable gift annuity provides income for life to the donor and/or the donor spouse, with the interest rate set by the American Council on Gift Annuities based on the donor’s age and whether the gift is for one life, or for two lives. That is, the survivor would continue to receive the interest payments until death. The older the donors, the higher the interest rates. Gifts made in exchange for a gift annuity are eligible for a charitable income tax deduction for a portion of the amount contributed in the year the gift annuity is created. In addition, only a portion of the annual income the donor receives is taxable income.

For example: Of the \$120 annuity payment received from a \$2,000 two-lives gift annuity agreement entered into by a 72 year old couple in 2004, only 40% was taxable income in 2008. The initial charitable gift value (tax deductible in the year the gift was made) was \$662.

To enter into a charitable gift annuity agreement, the donor gives an agreed amount—usually a minimum of \$1,000; though some organizations set a higher minimum. A donor can create a charitable gift annuity with a gift of cash, marketable securities, or other property. Your organization can expect, upon the death of the annuitant(s), to net 50% or more of the original gift.

A program of Charitable Gift Annuities is probably one of the easiest deferred giving options to put in place, though you will likely want to connect with a community foundation or bank trust department to do the investing and administer the program. The assets of your organization (or your foundation) back the gift annuities. That is in contrast to trusts which are backed by the assets of the trust. If your organization is not equipped to handle large gift annuities it may be possible to connect with a larger foundation in order to do so.

Refer to the American Council on Gift Annuities web site www.acga-web.org or 317-269-6271 for more detailed information.

REAL-LIFE EXAMPLE

A graduate of a state university was a woman whose husband had died after many years of marriage. They, too, had no children and no close heirs. The university development person had visited with her several times at her Minnesota lake home. At the end of one of the last visits, she went to her closet and pulled out a metal box, which had the deed to a home in Arizona.

She owned three homes—a condo in Texas, the lake home in which she was living, and the Arizona home. She and her husband had spent many of their last years there, while he suffered through what was, finally, a terminal illness. She decided that she did not want to keep that home because of the sad memories. She gave that home to the college in exchange for a charitable gift annuity.

REAL-LIFE EXAMPLE

A widow with no children and no close heirs was approached by a private college, which she and her husband had supported for many years, about entering into a charitable gift annuity agreement with the college. She was still heavily involved in running the two farms that she and her late husband owned, even taking care of livestock. She was generous in making charitable contributions, but lived a simple life style.

After hearing the explanation about how a charitable gift annuity works, she was still puzzled, especially not understanding how you could give money and get money back. Knowing that she trusted her pastor, the college representative helped the pastor understand what a gift annuity is. The pastor visited with her and was able to explain how a charitable gift annuity would be good both for her and the college. She then felt comfortable about making a gift to create a charitable gift annuity.

C. Charitable Trusts

This is a complicated field for which you need to get expert advice from a bank trust officer and/or an attorney who specializes in setting up charitable trusts. Your fund raising consultant will be able to guide you in the process needed for your organization to enter into this area of fund raising.

TIP

The organization must always keep the best interest of the donor in mind so that whatever charitable vehicle used is best for the donor. It should be made clear to the donor that entering into a charitable gift annuity, or a charitable trust, means that the donor's assets are given away and the donor no longer has control over them. Charitable trusts are irrevocable.

1. Charitable Remainder Trusts, Annuity Trusts

Two major kinds of trusts are the Charitable Remainder Unitrust (CRUT) and the Charitable Remainder Annuity Trust (CRAT). Both provide the donor income for life or for a specified term of years. The fixed income of the CRAT is based on the original value of assets transferred. The CRUT allows for income to increase as the value of the trust increases. Usually, a minimum of \$50,000 is required for setting up either trust.

The tax deduction the donor receives when transferring assets to the trust can be taken all in one year, or the excess can be carried over an additional five years.

Charitable trusts are backed by the assets of the trust, and returns can depend upon investment yield and cost of administration. Over a long period of time, in favorable economic conditions, the value of the CRUT grows and the total of the interest payments to the donor grows, too.

Charitable trusts enable a donor to give cash, real or personal property to your organization, while providing tax benefits to the donor, annual earnings based on the income from the invested trust principal, with the remaining principal/assets going to your organization upon the death of the donor.

2. Other trust instruments

There are variations to the types of trusts that can be set up under federal law and Internal Revenue Service regulations. Both the donor and your organization are advised to get expert guidance in the process of setting up trust agreements.

Chapter 2: Marketing/Advertising Techniques

There are companies that specialize in producing a set of materials that an organization can purchase about planned and deferred giving, trusts, and annuities for the purpose of marketing to your constituency. You can purchase brochures, each that address specific topics like wills, charitable gift annuities, trusts, etc. These purchased materials carry your organization's name and can be the centerpiece in soliciting estate planning and other planned or deferred gifts.

TIP

Reminder: A deferred gift is simply a gift of any kind committed by the donor, but realized or delivered at a later time.

A. Specialized direct mailings

To the extent that you can segment your mailing list by age groups, a mailing can be sent to people who are most likely to be open to estate planning. Usually the age group would be 55 and older; or if you have a large mailing list, the target group may be 65 or older. A campaign can be planned that includes periodic mailings to this group, each mailing using one of the brochures purchased as mentioned above. It is possible, as well, to do this kind of a campaign by email and through your web site.

TIP

People who have already invested in some way in your organization are more likely to respond to your request that they consider your organization in their estate planning. A source of names might be donors of memorial gifts.

B. Planned giving seminars

Seminars sponsored by your organization and provided free to those invited (or the general public) is a good way to provide a service to people as well as to identify potential planned/deferred gift donors.

Conducted by your development professional, a consultant, or by a firm, such seminars provide a short course in estate planning and in the various charitable planning instruments that are available to people in this process. It is wise to include local trust officers, attorneys who specialize in estate planning, and life insurance people to participate in the seminar as resource people. They need to agree to be there to explain options and technicalities, but must agree not to be there to sell. Attendees are invited to request further consultation if they wish.

C. Personal consultation

Very few significant planned or deferred gifts are realized without consultation with a professional who understands the field and knows how to explain the options to a potential donor. These consultations are not only personal, but also confidential. Many potential donors want privacy when it comes to their estate planning and that wish must be respected. It will be their decision when there is to be public knowledge of their plans—and it may not be until their death. The interest of the donor must always come first.

Chapter 3: Form of Gifts

A. Cash

A check is the most common form of all vehicles of a donation to your organization.

REAL-LIFE EXAMPLE

A foundation that had been established to benefit a small community raises its funds through an annual fund campaign. With those funds they sponsor various projects to benefit the community. When they decided to establish an endowment fund, they considered how they might obtain a major gift commitment to inaugurate the fund.

The home office of a privately-owned statewide business was located in the community and had shown itself to be a strong community supporter. Among other things, they were generous contributors to the foundation annual fund.

A key staff person of the company was an acquaintance of the foundation board president and arranged an interview with the CEO of the company. The foundation board president was able to thank the CEO personally for the company's support of the community. The CEO made it clear that support of the community was a priority for the company.

When he learned about the proposed endowment fund, the CEO expressed an interest, made comments about what gift range might be acceptable, and agreed to receive a written proposal.

The proposal, based on the conversation, was on target, and the company agreed to make the inaugural gift for the endowment fund, a generous commitment, to be spread over a four-year span. By following the appropriate steps in a well-executed manner they were able to be successful.

B. Securities

Many donors prefer to donate stock to an organization. If they have stock that is appreciated over time, they can donate that stock, avoid capital gains tax and receive a charitable deduction. Most organizations will, in turn, sell that stock and make the proceeds part of their endowment fund—or, if there are no restrictions to the gift, use it for operating or capital expenses. Stocks can also be gifted to set up a charitable gift annuity or a charitable trust.

It is generally considered a best practice to have a gift acceptance policy with respect to stock donations that specifies when the security is to be sold. Generally, stock is sold upon receipt of the gift. This takes the risk of market decision makings out of the process.

C. Real estate

Real property is often a good vehicle for a donor to use and a good gift to receive. A gift of appreciated real property allows the donor to avoid capital gains tax and to make a significant gift to an organization. Real estate can be transmitted by means of a bequest, as well.

It is important for your organization to develop a gift acceptance policy which defines the kinds of gifts you are willing to receive and protects you from having to accept a gift of property that may have environmental hazards or property that has little chance of being re-sold. A gift acceptance policy can help you avoid automatically accepting a year-end “rush” offer of property that may be more of a problem than it is worth. This policy may also specify how and by who the property is assessed.

D. Life insurance

The simplest way for a donor to make a gift to an organization via life insurance is to name the organization as a beneficiary of the whole policy, a percentage of the face value, a specific dollar amount, or as a contingency beneficiary. The donor can transfer the ownership of a policy to a charitable organization (an irrevocable gift) and receive a charitable deduction for part of the cash value of the policy.

A person can also purchase a life insurance policy which names the organization as the sole beneficiary of the policy. In some cases, the policy is owned by the organization which agrees to make the premium payments—or makes the premium payments from cash given by the donor for that purpose. It is important to have professional consultation involved in considering the benefits, both for the donor and for the recipient, of some types of insurance products.

E. 401 k and 403 b

Depending upon economic conditions and the circumstances of the donor, all or part of a donor's 401 k or 403 b can have a charitable organization as a beneficiary. Here, as in the case of an IRA, naming a non-profit organization as a beneficiary of a 401 k can ease the tax liability when an estate is settled.

F. IRAs

Even in difficult economic times there will always be people who will not need the full amount of their IRAs and may not have children or other beneficiaries. They can designate a charitable organization as final beneficiary.

Chapter 4: Types of Endowment

A. Donor directed

A donor can make a gift to your organization and/or to your organization's foundation or endowment fund and direct that the proceeds be used for a certain program or function of your health care facility. Donors can make a gift to a community foundation and direct that its proceeds go to your organization.

Whenever a donor makes a gift to your organization or foundation that is restricted, and that your organization has agreed to, you must honor the donor's stipulation. Not doing so can invite a law suit and negative public relations impact. In order to avoid potential confusion and hearsay in the future, there should be clear documentation of the donor's directions.

B. Board directed

A board can set up a fund within your endowment fund that is restricted for a particular purpose. For instance, a scholarship fund for employees wishing to gain an advanced degree or certification, for which the recipient employee would agree to stay with your organization for a prescribed number of years.

The board can put principal into the endowment fund and they can remove it in order to place it in service of another area such as the annual fund.

Chapter 5: Forming a Foundation

In the health care arena, foundations were set up by hospitals originally so that the gift income dollars received by the hospital would not have to flow back to the federal government. There were rules pertaining to Medicare and Medicaid in the past that caused that to happen. By setting up a foundation into which contributions would flow, that money would not have to be returned.

Though the rules have changed, most hospitals have found it beneficial to keep their foundations or to set one up if they do not already have one. Having a foundation allows a health care organization to involve more people from the community in its fund raising efforts. It provides more flexibility in how funds received can be used.

There are certain steps that must be followed to form a foundation that is a non-profit corporation. This includes meeting Internal Revenue tests for a non-profit and registration with your Secretary of State, perhaps also, with your local jurisdiction.

A. Articles of Incorporation and by-laws

The first step is to engage an attorney familiar with non-profit corporations to help you draft your Articles of Incorporation and your by-laws. The attorney can also guide you through the steps needed to apply for and qualify as a 501 (c) (3) non-profit corporation with the Internal Revenue Service. The attorney would also facilitate your registration with your Secretary of State, depending on the laws in your state.

B. Board Recruitment

The Board of Directors of your foundation should include people who have affluence and influence

and who are dedicated to the mission of your organization. People experienced in finance and investments, as well as people familiar with fund raising, are important potential board members. A board functions best with less than ten members, but there should be an odd number of members, such as nine or seven, to prevent tied votes that hinder needed action.

If your organization is not in the position of having or being able to establish a foundation, then your general board should have a development/fund raising committee of the board.

People named to that committee, or people recruited to serve on a foundation board, should be given a job description that states the organization and/or the foundation mission and policies. It should also state the duties involved. These people need to have skills, talents, and resources they are willing to contribute to your organization. They must be willing and able to give time, give dollars, and connect your organization with other people who have the potential to give dollars.

C. Training

Your fund raising consultant is an important resource for you in helping you to set up a training program for your foundation board. You need to develop a job description for board members and for board committees. Those involved in fund raising should understand that serving in this way does not substitute for a donation to the organization. Those who solicit gifts from others, must themselves have given before asking others.

TIP

In general, when you engage a consultant to work with you, the consultant should be able to bring you a process for funding development, to manage the process and to train volunteers to make the process work. The consultant needs to be willing to work with you at whatever level your organization is at—whether starting from scratch in setting up a fund raising program, or at the level in fund raising that you have already reached.

D. Policies

Some policies are essential. One is the gift acceptance policy referred to above.

Another is an investment policy, detailing the kinds of investments that are acceptable and/or encouraged for your foundation funds. For example, your board may decide that a certain percentage of your investments will be in common stocks, a certain percentage in bonds of one kind or another, a certain percentage in conservative types of investments.

A policy on confidentiality and conflict of interest is important, as well. These policies protect the donor, establishes who has access to donor information, and guides staff in knowing how to implement and manage policies.

Board members should review and be familiar with three legal fiduciary duties: Duty of Care, Duty of Loyalty, and Duty of Obedience. More information may be found in your state's legal code.

PART IV. GIFT RECOGNITION

Introduction

Gift recognition is important. That is why thank you letters must be sent promptly, and why there should be additional ways of showing gratitude to donors. Only rarely does a person really mean it when they say they want no publicity or recognition for their gift. Some will sincerely want the recognition delayed to a time of their choosing. In either case, it is important to discuss this with the donor and honor the donor's wishes.

Often a case can be made with the donor who is reluctant to be thanked by pointing out the "witness" that public knowledge of the gift will bring. That is, by being willing to receive public recognition, other potential donors may be motivated to become generous donors, as well. One person's public commitment to your organization can help convince others of the integrity and value of your organization and its mission.

Overall, though, everyone likes to receive recognition, and every person's gifts of whatever size should be valued and celebrated in some way. Thank the donor in as many ways as possible.

The quality of the recognition and type of recognition must be considered, as well. Favor a quality plaque or other recognition piece over something of poor quality, so that the donor will enjoy having it on display at home or workplace. Avoid the pitfall, however, of too classy a one-time recognition that would be too expensive to "top" in another year. Consider a plaque that allows "tabs" to be placed for successive years of giving, but be sure that kind of program continues long enough so that the spaces on the donor's plaque can be filled if the donor continues annual giving.

Chapter 1: Annual Fund

A. Annual giving levels

It is standard procedure for non-profits to establish giving levels within its annual fund. The names of each giving level usually reflects the organization's identity and mission. These levels are usually called giving clubs. A distinctive name is given to each level—be more imaginative than platinum, gold, silver, bronze, and draw from the uniqueness of your mission or location. Your published reports of giving and givers should place each person on a level according to the amount of the donor's gift—whether \$100 to \$249; \$250 to \$499; \$500 to \$999; \$1,000 and above. Then, develop creative ways of recognizing each level of giving. Donors of gifts below \$100 should always be listed in your published reports of giving.

REAL-LIFE EXAMPLE

The CEO of a rural hospital followed up on a consultant's suggestion to call every donor who gave \$100 or more to thank them personally for their gift. The amount to trigger the phone thank you was set relatively low because this was at the beginning of setting up an annual fund program.

Those who received the calls were surprised at this personal contact. One business donor was so surprised that he asked, "How much did my treasurer send you? Wasn't supposed to be a big amount." The CEO replied, "No, it was a check for \$100, but I want you to know we appreciate your gift." There is little doubt that this donor will make repeat gifts, and likely for larger amounts.

B. Consecutive years of giving

It is important to find ways to build loyalty to your organization. A person's or organization's loyalty to your health care facility in the way of many consecutive years of giving should be recognized. The recognition can be in the form of a personal item or a public recognition board that recognizes consecutive years of giving in increments of five years.

Be creative, especially when it comes to personal items. Rather than a plaque, consider a piece of art, or a glass paperweight—something the individual can enjoy having on display in a home or office. Avoid inexpensive-looking recognition items. Consider whether you would be proud to have the recognition piece sitting on your shelf or mantel.

Your printed report of giving can recognize this faithful giving with a notation by the name showing the number of consecutive years of giving.

TIP

Do not overlook the value of recognizing faithful volunteers in similar ways, not only because it is right to do it, but also because it can pay dividends in possible planned or deferred gifts from those people in the future.

Chapter 2: Capital Campaign

When you are in a facility somewhere, the existence of which has needed funds raised in a capital campaign, notice what is in public view in the way of recognition of significant capital campaign donors. Notice if the building or parts/rooms of the building carry a major donor's name. Think creatively about ways that you can give tasteful recognition to your capital campaign major donors.

A. Naming opportunities

It goes without saying that naming for a donor a building or a part of your building, like the chapel, the lobby area, or individual rooms, should be thought through carefully. Naming should be only for recognizing a suitably large gift. Naming a building after a person means that person has donated a substantial percentage, in the range of 50% and over, of the cost of the building. How the building or building area carries that name should be fittingly tasteful, not ostentatious.

Different conditions and situations may require different percentages of the total cost of a project. One community named a big lobby of a \$20,000,000+ events center for a gift of \$500,000. That was a small percentage of the total cost, but an adequate percentage of the \$4 million in private funds raised for the project. Similarly, a percentage formula could be used for other naming gifts.

Gift recognition levels in a capital campaign should be set by the campaign steering committee and the organization's administration before asking for gifts. Do not set the amount of a gift required for naming too low.

All major gift recognition should be done in consultation with the donor.

B. Individual plaques

It is appropriate to solicit gifts to cover the cost of a patient room, a treatment room, or an x-ray room, and then to place a plaque with the donor's name on the door of the room, or with a group of plaques in a location seen by the public. A system of individual plaques/items can be devised, too, whereby a donor has something enjoyable to display in home or office.

If you have either a plaque wall, individual plaques, or door plaques that have been around awhile, do not destroy them if you remodel and they have to be removed from their current location. Keep them and remount them elsewhere as a way of honoring those donors. It is important to respect past donors as well as current ones. There are several examples of how important it is for a grandchild to be able to see public recognition of a grandparent's philanthropy that may have occurred many years before the grandchild's birth, serving as witness to the philanthropic spirit that may encourage a donor to follow in their footsteps.

C. Plaque wall

A wall area in a public place in your facility can be designated as the place where plaques with donors' names, size commensurate to the level of the gift, are placed. This can be done creatively, too, like "giving trees" that are used in some organizations—the donors name imprinted on one of the leaves.

D. Create something unique

Think about what is unique about your health care facility, its location, its reputation, its mission and let that lead you into creative donor recognition that is unique to your organization.

TIP

The logo of your organization, the history of the organization, and perhaps uniqueness of the geography of your area can trigger ideas, e.g., "City of Bridges."

Chapter 3: Endowment

Since endowment funds are designed for long term benefits to your health care facility, there is both need and opportunity for special ways to recognize benefactors to your endowment fund.

A. Heritage club

Common is a “heritage club” which is made up of friends of your organization who have been willing to acknowledge that they have named your organization in their will or as a beneficiary of some kind of a planned/deferred gift. Honor them via a special listing in your annual report, and/or a keepsake and an annual brunch or lunch with an enjoyable and informative program. People like and need information about causes they are supporting.

TIP

Though some organizations prefer to set a minimum deferred gift commitment for heritage club members, it is better to accept the donor’s word that the organization is a beneficiary, no matter the amount or what kind of gift.

Recognize the gift and giver in an appropriate way after the gift is made or, if the gift is an estate provision that matures at the donor’s death, recognize it when the kind and amount of gift is made known. The reason this is important is that other donors will see that they will continue to be valued by your organization even after their death.

B. Naming opportunities

People, either while still living or by estate provisions which mature after death, may find it fulfilling to make a large gift to your endowment fund for a special purpose. The principal of their gift is restricted for that purpose, with interest earnings used to fulfill the intent of the gift.

1. Named scholarship for employee enrichment

An endowed scholarship, named after the donor, could be designated to subsidize continuing education or education toward a certain certification level for employees.

2. Named patient benefit program

An endowment fund gift can also provide a way to underwrite upgrading of a certain kind of diagnostic equipment, or to underwrite patient care for low income or under-insured people.

3. Naming something previously unnamed

Sometimes there is a portion of a structure built in the past that is still in active use but has never been named. An offer could be made to name that structure or a portion of it upon the maturity of a major gift or at the death of the donor. A donor may respond to an agreement to have the building named in his/her honor upon commitment of a major gift to the endowment fund.

TIP

It may be appropriate when your fund raising efforts have reached a significant dollar value to recognize lifetime giving. Previous capital campaigns for critical access hospitals indicate capital gifts of \$100,000 or more as a minimum standard for lifetime giving.

PART V. SYSTEMS

Introduction

A successful fund raising effort, whether for annual funding, a capital campaign, or endowment requires a system of gift record-keeping that provides ways to structure solicitations, maintain records, provide reports and recognize donors. Fortunately, there is a wide range of computer hardware and software that makes that task relatively easy. Most of the software for a fund raising office that is available today will provide reports for the accounting department, as well.

Chapter 1: Information Input/Output

Computer software systems provide an organized and accessible way for you to keep records that facilitate the operation of your development/fund raising effort. They make it possible for you not only to have important information on each donor and volunteers, but also to help you keep track of the progress of your fund raising efforts.

A. Gift records

The software will provide a record of each donor, including relationship to your organization, giving history, birth dates (when obtainable), address (winter and summer), phone number, email address etc. Gifts are recorded by the source and for the purpose they are intended as they are received.

B. Gift acknowledgment

The most important part of fund raising solicitation is timely acknowledgment of gifts as they are received. Good software will generate thank you letters quickly, so they can be signed by the appropriate officer, and put in the next day's outgoing mail. A donor should not have to wait and wonder whether you have received the gift, not knowing anything until seeing the canceled check. That implies, of course, that there must not be undue delay, either, in depositing donor checks.

TIP

A reminder—the thank you letter is the first ask for the next gift.

C. Reports

Good software will allow you to generate a variety of reports on a regular basis, marking progress of all fund raising—annual, capital, endowment, analyzing what is happening, showing how volunteer solicitations are doing, and providing totals for

different aspects of the campaign. The variety of possible reports include gift income, gift amounts, history of gift income from individuals, donor count, gift counts, and pledge payment records.

Your organization administration, your foundation board or fund raising committee and your campaign volunteers will want to know how things are going, and whether they can feel good about what is happening, or need to identify areas of concern that should be addressed quickly.

TIP

To protect the integrity and confidentiality of donors, board or funding committee members should not be privy to the amounts of each individual's gifts, but should receive reports showing gift ranges, i.e. the number of gifts in each of several ranges, like \$100 to \$499, \$500 to \$999; \$1,000 and above, etc.

D. Communication

The reports generated become the basis for oral reporting to boards and volunteers and the basis of communicating success to your broader constituency.

E. Recognition

Aside from thank you letters for gifts received, you will want to recognize all who have been and are contributing in time or dollars towards your fund raising goals. Your software will make keeping track of those people possible, including the number of years, for instance, that people, including board members, have given volunteer time.

F. Volunteer recognition

A successful organization that relies on volunteers must have a plan for expressing appreciation to those volunteers regularly and in a meaningful way. Volunteers should be tracked in your system in much the same way as donors. Their record should include pertinent information about them, so they feel you know them well when you communicate with them.

G. Donor information

Basic information is needed for all donors, as mentioned in Chapter 1.A. For major donors or donor prospects, whether for annual, capital, or endowment gifts, family information is important, as is work history, philanthropic history, personal glimpses, and interests. This is to be able to have a personal feel for them, and to learn what might be of interest to them about what you are doing in order to make a meaningful request for their support.

Do this so you can learn what your donor's passions are and be able to match those passions to your needs. You provide a service to them and help them feel fulfilled in what they do for your organization.

When it comes to major gift possibilities, remember there may be a range of time before a donor is ready to make a gift. Some major gifts—especially in the process of a capital campaign, come right away. For other situations, it may take several months or longer until a person feels confident enough about your organization and its mission to consider a significant investment.

TIP

The amount of a major gift depends on your situation and on the purpose of the gift. The range is typically \$25,000+.

Chapter 2: Hardware

A resource development office should have its own dedicated hardware in their office and/or laptop computers. Laptops provide flexibility that allows staff people who are “on the road” to have donor information readily available when making calls. It also allows them to electronically make notes of the visit. Software is available that helps calculate trust and annuity examples on the spot.

It is essential that software and records used by your development/fund raising function not be accessible outside of the development office. To guarantee confidentiality, the office should either have dedicated hardware or a password system to prevent unauthorized entry. A staff person, rather than a volunteer, should be designated to do the data entry and keep it up to date.

Chapter 3: Software

A. In-house

There are several companies that make software dedicated for fund raising functions. You need to purchase software that has sufficient capacity for the size of the data base you are likely to have, as well as to be able to generate the kinds of reports and letters you need. There are national firms that provide software for fund raising functions for as little as \$1,000.

As a cost-saving measure, limit the data base to donors only. Post the larger non-donor prospect list on a common spreadsheet format to use for mailings. Move the person to the donor data base when he/she becomes a donor. This saves the cost of purchasing fund raising software with more capacity than you need, at least at the beginning of your fund raising effort. Most fund raising software allows easy merger between the donor data base and spreadsheet.

Generally, when a donor is put into a donor data base, that name stays there until notification of the donor’s death. However, in some cases, where a person has made a one-time contribution as a memorial but never gives again, that name should be removed after a couple of years of inactivity.

TIP

A data base like Microsoft Access is not adequate to serve a fund raising function. It is too costly in staff time to adapt.

B. On-line

Some companies offer on-line access to a fund raising gift record system that might be suitable for your needs, but carefully calculate the costs, especially in rural areas. Also note that you will be dependent on network accessing.

GLOSSARY

Advanced gifts

Gifts, particularly in a capital campaign, that are solicited and received in the early stages of the campaign—the pre-campaign or “quiet” phase. They are large in amount and are considered “major” gifts.

Advancement office

An organization’s office or function that has responsibility for fund raising and often, also, marketing and public relations. It is charged with advancing the organization’s ability to carry out its mission.

Annual fund

An annual fund is a way of procuring money for operating expenses by developing a process of asking for dollar gifts that are repeatable year after year.

Asks

This is a term for the act of directly soliciting (asking for) a gift from an individual or a business, foundation or other entity. This includes soliciting personally, by phone, by electronic means, and by letter.

Bequest

A stipulation in a last will and testament that designates disbursements of an estate or portions of an estate to family, friends, or charities.

Bulk mail

Bulk mailing is a service of the United States Postal Service that allows customers to mail pre-sorted identical pieces of mail in quantities of 200 or more at rates that are much lower than First Class Mail. Non-profit organizations are eligible for special rates.

Campaign flow chart

A flow chart maps out the plans for a funding campaign and includes identifying who is responsible for a given task, what the task is, and what is the expected outcome.

Capital campaign

A capital campaign is a fund raising effort to gather money for facility needs, most often “bricks and mortar” projects.

Capital gains

Capital gains refers to an increase in value of investments such as real estate and securities like stocks and bonds.

Case statement

A document that makes a convincing rational for a proposed capital project. It describes the project, enunciates the rational and need for the project, and provides motivation for supporting the project. A case statement can be developed, too, for starting an annual fund campaign and for starting an endowment fund.

Charitable Gift annuities

A means for a donor to make a gift to a non-profit organization which then provides the donor with a charitable income tax deduction for a portion of the amount contributed, and an annual income for life, a portion of which is also tax deductible.

Charitable trusts

A vehicle for a donor to make a large charitable gift to a non-profit organization or organization which enables the donor to give cash, real or personal property to the organization, while providing tax benefits to the donor, annual earnings based on the income from the invested trust principal, with the remaining principal/assets going to the organization upon the death of the donor.

Glossary

Charitable tax deductions

The federal government, as a policy, encourages support of worthy charitable enterprises by passing laws that provide benefits in the way of tax deductions to those who support these enterprises with charitable gifts. Administered by the Internal Revenue Service (IRS), these laws allow people who itemize their deductions on their income tax forms to include gifts to qualifying charities in their deductions. The most common of these qualifying charities are those that have obtained a 501 (C) (3) status from the IRS.

Consultant

A person or firm with expertise in the area of fund raising and having the demonstrated ability to assist an organization in setting up and carrying out a program of raising money for operating, capital, or endowment purposes.

Data base

A computer software function that has the capacity to hold and organize data, such as a donor or prospective donor list, easily accessible, and usable.

Deferred gifts

Gifts of any kind, such as a bequest in a will or a charitable gift annuity or trust, that become available to the receiving organization at a later time, usually at the death of the donor.

Development office

A term that is sometimes used interchangeably with “advancement office”, but usually refers more narrowly to the office or function responsible for raising money.

Development audit/assessment

A means of determining what a development or advancement office has in place in the way of professional development staff, support staff, and computer software systems that will support a fund raising program. The consultant engaged to do this will develop a report with recommendations on what may be needed to have a successfully functioning fund raising program.

Direct mail

Using the United States Postal Service as a way for an organization to send letters asking for money gifts from donors and prospective donors.

Donee

The entity which receives donations from an individual or entity.

Donor assessment

A means, especially in a capital campaign, to estimate the potential giving level of prospective major donors.

Donor

A person or entity which donates money or goods to an organization or organization.

Donor acquisition

A program of enabling an organization to enlist people or entities who will become donors to the organization.

E newsletter

An information vehicle transmitted electronically to constituents by means of e mail.

Electronic media

Technologies, including telephone, email, web sites, and internet social avenues like Facebook or MySpace, which can be used to solicit funds.

Endowment fund

A fund set up by an organization in which donated money is invested, the interest earnings from which are used to support the organization's mission and programs. It is a way to benefit the organization long-range.

Feasibility study

For fund raising, especially for a capital campaign, a feasibility study is an interview process designed to identify potential leadership for a campaign; ascertain what dollar amounts can be expected to be raised; develop a sense of how the community and constituency feels about your organization; and gain potential donors' thoughts about the proposed project. The consultant engaged to do the study provides a report to the governing board with recommendations as to the viability of proposed campaign.

Foundation

An entity set up as a non-profit corporation to receive and manage funds for the benefit of not for profit organizations, such as hospitals. It must meet Internal Revenue Service requirements to qualify as a 501 (c) (3) non-profit corporation as well as meet applicable requirements in the state it is located.

Gift range

A way of establishing a measure of the value of charitable gifts for an annual fund, or for a capital campaign by setting a dollar range for each level of gifts.

Hardware

The general term given to equipment such as computers, scanners and printers.

Major gifts

Gifts that are of significant enough size to make a great impact in raising funds, especially for a capital campaign. They make up the "advanced" gifts in the pre-campaign or "quiet" phase of the campaign. Deferred gifts or annual fund gifts of significant size are major gifts, as well.

Marketing

The term used to describe an organization's effort to let people know about and support its mission. It is a broad term and includes all the ways used to do this, from advertising to publicity and public relations efforts.

Personal property

Temporary or removable property like heirlooms, jewelry, household furnishings.

Philanthropy

The act of charitable giving; also refers to an organization that distributes or is supported by donated funds.

Philanthropic

Describes the above activity.

Planned gifts

Any gifts of a magnitude that require careful consideration by the donor, including probable consultation with a financial planner, attorney, estate planner, accountant, and family members.

Prospective donors

All the identifiable people and entities that might be persuaded to make a donation to your organization.

Quiet phase of capital campaign

The "pre-campaign", or phase, in which advance major gifts are solicited in sufficient size and quantity to make up 70-80% of the total campaign goal.

Glossary

Real property

Property like land, buildings, and other structures, i.e. real estate.

Return on investment

A measure of cost-to-benefit establishing the net value of a funding campaign or other project.

Social marketing

Use of available internet programs such as Facebook or MySpace to market your organization.

Software

All the programs, procedures, and related systems that make a computer function for the purposes for which you employ it.

Solicitation

Asking for a gift in whatever way meets the need of a particular funding campaign, taking care that it does not violate the mission and ethical standards of the organization.

Tax exempt letter

The letter issued by the Internal Revenue Service to a qualifying non-profit organization that confirms the 501 (c) (3) exempt status of the organization and provides the organization's "Employer Identification Number".

Tax deduction

See "Charitable tax deductions" entry above.

Vendor

Any provider of goods and services.

Will

A short term for a "Last Will and Testament" drawn up by a person to designate how estate assets are to be distributed.

APPENDIX : Part I

a. Charitable giving–2007

Total charitable giving in the United States in 2007 was \$306.39 billion dollars, from the following sources:

Individuals:	\$229.03 billion – 74.8%
Foundations:	\$ 38.52 billion – 12.6%
Bequest:	\$ 23.15 billion – 7.6%
Corporations:	\$ 15.69 billion – 5.0%

Types of recipients of contributions, 2007:

Religion	\$102.32 billion – 33.4%
Education	\$ 43.32 billion – 14.1%
Human services	\$ 29.64 billion – 9.7%
Foundations	\$ 27.73 billion – 9.1%
Unallocated giving	\$ 23.67 billion – 7.7%
Health	\$ 23.15 billion – 7.6%
Public-society benefit	\$ 22.65 billion – 7.4%
Arts, culture and humanities	\$ 13.67 billion – 4.5%
International affairs	\$ 13.22 billion – 4.3%
Environment and animals	\$ 6.96 billion – 2.3%

Source: Giving USA Foundation/Giving USA 2008

b. Steps in developing an annual fund program

1. Conduct development office/administrative office assessment

- What staff is in place to support an annual funding effort?
- What hardware and software systems are in place or will be needed to support an annual funding effort?
- What is the administration's commitment to conducting an annual fund campaign?
- What is the governing board's commitment?
- Is there a funding committee of the board?
- What kind of funding activity has been done in the past?
- Is there any kind of a donor base currently?
- What kinds of mailing lists are available or could be obtained to be used for an annual fund "donor prospecting" mailing?

2. Develop plans for implementing an annual fund

- Involve key board members (board finance committee) in the planning.
- When do you want to launch it?

Part I. Appendix

- Will you work on a calendar year basis, or fiscal year, if your fiscal year is not the calendar year?
- Who will be the staff person in charge?

A half-time position should be sufficient at the start.
- Secure necessary hardware and software.
- Update existing donor data base.
- Enter/update prospective donor base into your system.
- Consider personal solicitation phase, with board leadership.
- Consider employee solicitation phase.
- Draft solicitation letters.
 - for current donors
 - for past donors
 - for prospective donors
- Provide for design and printing of letters and reply forms and envelopes.
- Decide on kind of mailing, whether first class or bulk or pre-sorted bulk.

Bulk mailing is a way to do direct mail that is cheaper than First Class. In United States Postal Service terminology, “The term ‘bulk mail’ refers to quantities of mail prepared for mailing at presorted or discounted postage rates.” It requires mailing a minimum of 200 identical pieces.
- Secure a bulk mailing permit through your local post office. You will need to fill out an “Application to Mail at Special Rates” form.

Along with the application form, you must submit a copy of your IRS Tax Exempt Letter, By-Laws, Articles of Incorporation, and samples of what is going to be mailed. There is an initial one-time fee for the Non-profit Mailing Permit, and an annual fee to maintain your status as a non-profit mailer, in addition to the per-piece postage charge when you do a mailing. Because postage rates change, you will need to get the latest rates from your local post office. The post office will also supply you with detailed information about bulk mailing requirements, presorting (by zip code) your mailing, etc.
- Print envelopes to be used for bulk mailing with indicia that includes your permit number as per postal regulations.
- It is generally worth the extra cost to get letters returned that do not have up-to- date addresses.

The proper wording for this—“Address Service Requested,” has to be printed on the address side of your bulk mailing envelopes.
- Consider whether you can print the mailing pieces in house, or whether you need to out-source the work. Get bids from two or more printers.
- Consider whether you can gather enough volunteers to assist in assembling the mailing, such as stuffing envelopes, sorting for bulk mailing, etc.
- Consider whether you need to engage a bulk mailing company to do everything but writing and printing the letters, envelopes and reply pieces. If there is no local company that does this, you may find one you can contract with in a nearby city.
- Get bids.

Important: There are situations where it may not be cost effective to use bulk mailing. You cannot use it, of course, if your mailing is less than 200 pieces. But even with a mailing of not much more than 200 pieces, remember that in addition to the one time fee to get the permit, you have to pay an annual fee to keep it. If you do “Address Service Requested,” there is a fee for each address changed that is sent back to you.

First class postage is more expensive to mail per piece, but first class mailing is forwarded free of charge and, if undeliverable, is returned to you free. It is almost always a faster delivery method as well.

In any case, it pays to make sure your address list is as accurate as possible before you do your first mailing. And, you need to keep address changes up to-date.

3. Implement the annual fund

- Develop a case for the need.
- Publicize the need and the plans.
- Begin with a personal solicitation phase.
- Every CEO should have a select list of ten or more donors (who are, or have potential to become, donors of large gifts) to contact occasionally on a personal basis. The fund raising staff person should have a list, as well.
- Launch the letter campaign
- Announce it via whatever avenues are available to you—local print and electronic media, newsletter, web site, bulletin boards, etc.
- Time it for pre-fall holiday and/or for pre-tax deadlines in the spring.
- The pre-tax deadline reminds the donor of tax deductions, but may also prompt the use of a tax refund towards a charitable gift.
- Mail the letters.
 - Record the donors and send thank you letters.
 - Set a dollar amount for where the thank you letter is signed by the CEO (for example, \$100, \$500, \$1000 are levels that could be considered)
 - In addition to the thank you letter, a phone call to say thank you is a wise use of time.
- Prepare reports for administrative staff and board.
- Review results.
- Publicize success.
- Determine what improvements need to be made for the next phase.

Note: Thank you letters for gifts of \$250 or more need to carry a statement like “*For your records, and in compliance with IRS regulations, this letter acknowledges that no products or services were provided for this contribution, so it is tax deductible to the fullest extent of the law.*”

Note: Donors should be made aware that they cannot deduct a cash contribution, regardless of the amount, unless they keep as a record of the contribution, a bank record (such as a canceled check, a bank copy of a canceled check, or a bank statement containing the name of the charity, the date, and the amount) or a written communication from the charity. The written communication must include the name of the charity, date of the contribution, and amount of the

contribution. Generally, charitable contributions of \$250 or more must always be substantiated by a contemporaneous written acknowledgment from the charity. Charitable tax deductions do not apply if the donor does not itemize deductions on his/her tax return.

c. Tips for writing letters for fund raising

Sample of a well-written solicitation letter

Dear

We want you to know that your investment in - - - - - is paying rich dividends in the way it is giving new life and hope to families. Participants in the program are getting off welfare, and volunteers who make up the support groups are receiving a new sense of meaning and satisfaction for themselves.

Partnering relationships is what - - - - - is all about. Your partnering through dollar support is an essential component.

Since the program started in 1999, half of the 131 participants were able to get off cash assistance in 18 months—half the usual time. There has been an annual savings of cash assistance and food stamps of \$249,744! At intake, 36% of the participants were working with an average monthly income of \$236. Now, 66% of them are working with an average income of \$1,869 a month!

You have helped to change lives!

A 42 year old single woman is optimistic that the end of poverty is coming for her. After drug abuse caused her to lose her \$12.30 an hour job, she was homeless for 11 months. She entered a treatment program knowing absolutely no one. “I had it all,” she said, “and I watched it roll right down the drain.”

She has been clean for several months, has her own job and a strong support group. She drives her 1981 car received through our program to her job as supervisor. Eventually, she hopes to go back to school and become a chemical dependency counselor. “I’ve come to learn that you have to go through the bad to really appreciate the good,” she said.

Her story is one of the many which reflect the potential positive impact that volunteer support groups can have in individual lives and in the war against poverty.

We need your continuing partnership in this great effort. Please consider a gift of \$ or more. A reply envelope is enclosed for your convenience.

Sincerely,

P.S. Your generous gift will help keep our support groups strong and give our participants a new lease on life.

Elements of a good fund raising letter

1. Personalized to the donor/potential donor
2. Written to the person: “You/your”
3. Summary of results and how “you” have/are a part of it
4. Understandable statistical summary
5. Personal example of results; quotes from the beneficiary
6. Personal request for “your” (continuing) partnership
7. Specific dollar amount to consider
8. Reply envelope (and vehicle) enclosed
9. A “P.S.” that reinforces the message of the letter (This is important, because people tend to read a P.S. before reading the body of the letter.)
10. Bold- faced sentences/paragraphs that, if those only are read, will give the message/appeal of the letter, re-enforced with a bold-faced P.S.
11. This is a one page letter.

Another sample of a well-written letter

Dear

Good medical care is about life! Your life and the lives of those you love and care about.

It's about life! Your life and the lives of people you don't know—the thousands in the area served by - - - - - Hospital.

The spring season is about life, about renewal and growth, about the fight against the death of winter. That life shoots forth in the form of emerging tulips and daffodils, in the greening of the trees that surround us.

If you have a garden, you know that you need to prepare its soil, plant the seeds and make sure they have water and nourishment. If you do that, it will live and thrive and provide you with life-giving food and a life-enriching array of flowers.

- - - - - **Hospital is like a garden in many ways. Its end-goal is life and health for those who need its services.** It takes the efforts of many to make it flourish. Competent staff, volunteers, up-to-date equipment, to be sure. But to make certain it is strong and healthy enough to provide life and health for all who need its services, our hospital needs people and organizations who provide a steady stream of financial support.

We hope you will be among those who will respond this spring with a gift of whatever size—\$10, \$25, \$50, \$100, \$500 or more—to the - - - - - Hospital Foundation. Your gift, added to the many gifts of others, will undergird our hospital and help keep it able to provide you and many others with life and health.

- - - - - **Hospital is about life.** It's about your life. Please help it live, so it can give life to you and to those you love.

Sincerely,

name
title

P.S. Please be among those who help bring life to others.

A reply envelope is enclosed for your convenience.

Sample of a poorly written solicitation letter

Dear Friend,

Our organization cannot survive without more money. We have staff salaries to pay and operating expenses keep going up. We may have to close our doors.

This organization has been in existence for many years and has helped many people get through rough spots in their lives.

We hate to think of laying off staff and cutting off their incomes, because many of them have families to support.

Our clients will suffer, too, because they depend upon our services.

We hope you can help us out. Please send us a donation as soon as you can.

Sincerely,

Elements of a poor fund raising letter

1. It is not addressed personally to the donor/potential donor
2. It is centered on the organization
3. It is not written in any personal way
4. It offers no reasons for the organization's problems
5. It gives no specifics about who and how many people they serve
6. It has no client testimonials
7. It does not ask for a specific amount of money
8. It does not appeal emotionally to the donor
9. It has no P.S.

Another sample of a poorly-written letter

Greetings,

What a challenging time—shortly after the holidays we noted a lack of food from - - - and a large drop in - - - commodities. Soon the rising cost of fuel became too troubling to ignore. From diesel fuel to freight surcharges every part of our transportation infrastructure has seen increases in cost. Over the years we have not purchased much product but relied on donations. With less donated food we have begun to purchase.

Know what? It's been raining. Seems like spring showers don't want to stop and let spring flowers, soybeans and corn grow. The recovery from floods will take a long time. We are proceeding with the attitude that many disaster victims will ultimately turn to food pantries. We want to make sure the pantries have adequate food resources to meet this need.

Thank you for encouraging the work of the food bank. Please continue your support during these challenging times.

Sincerely,

For more examples of successfully fundraising letters, a good source to consider is:

How to Write Successful Fundraising Letters (2008)
Second Edition
Author: Mal Warwick

d. Sample development staff job description

Job Title:

Department:

Revision Date:

Position Overview:

Our organization is seeking a dynamic, energetic individual who will work with administration, board members, community volunteers, donors and other groups to support the organization's mission as a Development Representative.

Essential Job Functions: Plan, implement and manage the development goals; cultivating and soliciting donors, via personal and direct mail

- Oversee annual, capital and endowment efforts of the foundation

- Develop, prepare and oversee written and printed materials used in all development programs

- Develop and engage volunteers, donors and Foundation board membership

- Oversee systems through data base management, donor tracking and research activities

- Supervise volunteer efforts

Requirements:

- Bachelor's degree
- Excellent organizational skills that include the ability to handle multiple projects simultaneously, goal-oriented and self-motivational capabilities
- Excellent interpersonal skills
- Excellent written and spoken communication skills
- Effective supervisory abilities
- Computer skills to include Microsoft Office as well as donor tracking software
- High level of integrity and ability to maintain confidentiality
- Ability to work with various members of the community
- Available for various schedule requirements

Note: This job description is not intended to be all-inclusive. Employee may perform other related duties as negotiated to meet the ongoing needs of the organization.

e. Telephone Script Example

Hello Darryl Jones, this is Harry calling on behalf of XYZ County Hospital Foundation (It is important to articulate slowly and clearly as possible XYZ because that is what the donor identifies with). How are you this evening? My purpose in calling is we are asking people in our county to support our local hospital. We are using gifts for the new technology in the surgery suite.

Are you familiar with the new technology in our surgery area? (Wait for their response and callers response will either be I'm glad you're well informed or I'll be happy to explain it to you) We would like you to consider a gift of \$ _____ how does that sound to you? ("How does that sound to you" makes it very difficult for the answer "no". "No" is the first basic response and you the caller have neutralized that response.)

Thank you for your gift.

(If they want to "think about it", thank them and tell them you will be sending them a return envelope for their convenience if they should decide to support the new technology in the surgery area. Send the envelope along with info for the new technology in the surgery suite, this will pay dividends. Always thank everyone for their time and that you enjoyed the visit.)

APPENDIX : PART II

a. Steps and considerations for a capital campaign

1. Conduct feasibility study

Purpose

- Define goals.
- Identify fund raising objectives.
- Assure committed governing board leadership.
- Assess donor prospect potential.
- Implement an active donor cultivation process.
- Develop a convincing case statement.
- Determine a plan for organizing volunteers.
- Project a realistic timetable.

The Study

Process

- Consultant develops questionnaire and conducts key personal interviews.
- Consultant compiles relevant statistics and pertinent data.
- Consultant evaluates statistics and data.

Objectives

Determine:

- The feasibility of a successful fund raising campaign for your organization
- The sources of support and key leadership for the campaign
- The proper timing and time line to complete the campaign
- The conclusions as reflected by the actual study results.
- Prepare a written report with recommendations for action, based on those conclusions.

Field Work Activities

Identify the participants in the interview process—about 50 of the most influential, knowledgeable and affluent people in your service area, like:

- Board members
- Administration
- Medical staff
- Community/service area leaders
- Members of the financial community
- Donors

Prepare materials showing and describing the proposed project and capital campaign to be given to each interview participant.

Develop interview questions.

Prepare text of letter to be sent to potential interview participants.

Client is to contact potential participants by letter, asking them to take part in the study.
Follow up each invitation with a phone call within one week.
Schedule interviews for the consultant staff over a specified period.
Send thank you letter to each participant following the interviews.

Actual results, summary conclusions, and recommendations

1. Is the board leadership in agreement with and committed to the worthiness of the project?
2. Are they sufficiently committed to give time and money?
3. In this the best time to launch the campaign?
4. Can you afford this campaign, taking into consideration labor, budget, consultant costs, etc.?
5. What do the interview participants think of the project?
6. What is the level of possible/probable dollar support that can be expected?
7. Has sufficient potential volunteer leadership been identified?
8. Is the capital campaign goal realistic in terms of time and finances?
9. How much can you reasonably expect to raise?

Planning for the feasibility study

Time line: Two weeks

Activities: Develop a statement of need, reviewing:

Architectural renderings

Construction bids or estimates

Rational for the building project

Hospital's future goals

Dollar goal.

Develop interview questionnaire.

Meet with key staff and board leaders to develop a master list of potential interviewees.

Send letters to interviewees; telephone to follow up the letter and to confirm meeting time and location.

Who is involved?

Hospital executive and development staff (if any), board leadership and consultant

Desired outcomes:

Statement of need

Questionnaire

Classified list of interviewees

Appointments secured with interviewees

Implementation of the feasibility study

Time line: Two weeks

Activities: Conduct interviews—up to 40 individuals

Review, compile completed interview questionnaires.

Prepare printed feasibility study report.

Oral presentation of feasibility study results.

Who is involved? Consultant

Desired outcomes:

- Feasibility study data that:
- Measures the project's viability
- Identifies potential volunteer leadership
- Measures donor interest and potential
- Points to conclusions
- Provides good basis for recommendations.

Feasibility study costs

- Includes consultant's fee and expenses, including mileage, food, and lodging
- Includes staff time and office/printing expenses

2. The capital campaign

Pre-campaign ("Quiet" phase)

- Prepare the Case Statement.
- Identify and recruit leadership groups.
- Identify funding sources.
- Designate naming opportunities.
- Identify advance/major donor prospects.
- Assign responsibilities. *see Sample Community Campaign Flow Chart below
- Develop a publicity/marketing plan.
- Make donor prospect calls.
- Publicly announce pre-campaign ("quiet phase") results and launch public phase of the campaign.

Public campaign

- Identify prospects.
- Assign responsibilities.
- Make donor prospect calls.
- Conduct mail solicitation.
- Do telephone solicitation.

Wrap-up and follow-up

- Announce and celebrate success.
- Thank all involved.
- Acknowledge gifts and follow up on pledges.

Timeline

Feasibility study: Two months

The campaign: Six months or more, depending on the scope of the campaign

b. Sample community capital campaign flow chart

1. Create list of potential donors

Who (is responsible?): Key leader

What: Compile and submit list

Outcome: Potential donor list

2. Evaluation of potential donors

Who: Financial leaders from area

What: Group meeting conducted by consultant to do confidential individual evaluations

Outcome: Donors subdivided by gift request amount compiled confidentially off site by consultant

3. Selection of campaign chair

Who: Key leader and consultant

What: Discussion/selection in meeting with consultant

Key leader recruits campaign chair

Campaign goal established

Outcome: Successful recruitment/announcement of campaign chair

4. Selection of additional campaign leadership

Who: Campaign chair/key leader/consultant

What: Personal one-on-one meetings

Outcome: 5-10 leaders successfully recruited and announced

5. Training of leadership group

Who: Campaign chair/key leader/consultant

What: Group session—materials and training provided by consultant

Selection of volunteer solicitors to be approached/recruited

Outcome: Functioning leadership group capable of recruiting solicitors with individual recruitment goals

6. Recruitment of volunteer solicitors

Who: Leadership group/campaign chair

What: Personal one-on-one meetings

Outcome: 25-50 volunteer solicitors successfully recruited and announced

7. Kick-off breakfast

Who: Campaign chair/leadership group/ solicitors/key leader/consultant

What: Group meeting organized by campaign chair/leadership group/consultant

Training of solicitors/selection of pledge cards with names of people to be solicited

Outcome: Solicitors have selected five pledge cards with deadline established and announced

8. Solicitations

Who: Volunteer solicitors/leadership group/campaign chair

What: One-on-one meetings for gift requests

Campaign chair and leadership group provide support and follow-up to the volunteers

Outcome: Pledge cards completed

9. Report meetings

Who: Solicitors/campaign chair/leadership group/key leader/consultant

What: Pledge cards turned in at breakfast/after-hours meetings

Feedback report

Status of outstanding calls reported

Outcome: Successful campaign outcome achieved

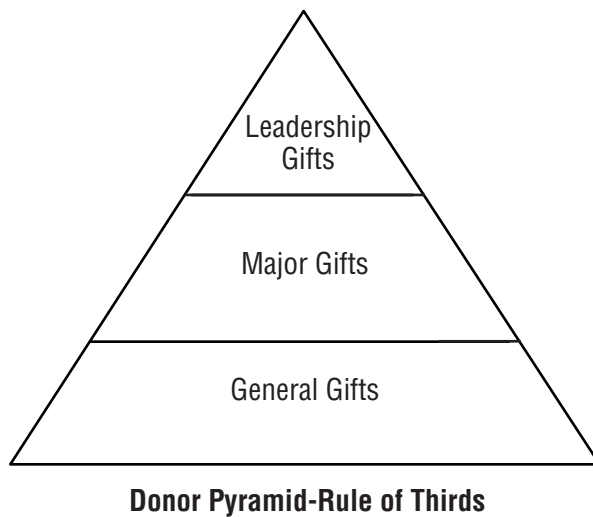
c. Gift range chart for a capital campaign

Gift Chart-Goal of \$1 Million

Gift Type	Gift Range	Number of Gifts	Number of Prospects Needed	Total
Major Gifts	\$100,000	1	4	\$100,000
	50,000	2	8	100,000
	25,000	4	16	100,000
Special Gifts	12,500	8	24	100,000
	6,250	16	48	100,000
	3,125	32	96	100,000
	1,500	64	128	80,000
General Gifts	less than 1,500	many	many	320,000
				\$1,000,000

Gift Chart-Goal of \$2 Million

Gift Type	Gift Range	Number of Gifts	Total
Major Gifts	\$400,000	1	\$400,000
	250,000	1	250,000
	150,000	1	150,000
	100,000	2	200,000
	50,000	2	100,000
Special Gifts	25,000	10	250,000
	10,000	15	150,000
	5,000	25	125,000
General Gifts	less than 5,000	all others	375,000
			\$2,000,000



Some fund raisers suggest thinking in terms of a “Rule of Thirds” in which a third of the dollars would be raised in the major gifts category, a third in special gifts, and the remaining third in general gifts. That is a useful concept but because of the variables in each situation there will be exceptions to that rule.

d. Solicitation guidelines for a capital campaign

Your greatest asset as a volunteer solicitor is your own knowledge of your community, your associations with its people, professional and business leaders, and your commitment to the success of the capital campaign. Your belief in the importance of the new facilities and what it will do to benefit the citizens of the hospital’s service area is of fundamental importance.

Following are guidelines to assist you in your important task and privilege of convincing others to join you in investing significant dollars to make the proposed new facility a reality.

“RULES OF THUMB” IN MAKING PERSONAL CALLS

1. PLAN your solicitations so you will have completed every card and returned them within the prescribed time of your selection.
2. KNOW WHAT THE NEW HOSPITAL ADDITION IS ALL ABOUT-read all literature prepared for you carefully and use it when you need it.
3. YOU CAN’T RAISE MONEY WITHOUT ASKING FOR IT!
4. ACCENTUATE THE POSITIVE-THINK BIG!-We do need substantial gifts from everyone if we are to get the minimum goal objective we need for the NEW ADDITION.
5. THE RESPONSE OF THE DONOR WILL BE IN DIRECT PROPORTION TO THE COMMITMENT AND ENTHUSIASM OF THE SOLICITOR.
6. ELIMINATE THE NEGATIVE-everyone wants to be a partner on a winning team. There are still a few around with the attitude that will say: “let George do it,” but if we persist in presenting this challenge of total participation, we will come closer to achieving it.
7. KNOW YOUR PROSPECT!- Many a campaign worker has suffered remorse because “we just didn’t know they could give that kind of money!”

8. **MAKE YOUR OWN INVESTMENT FIRST!**- Only after you have made your decision, and your commitment, are you in a good position to ask another to do so. Your enthusiasm, your positive attitude, your expressed and genuine belief in the program will be evident in your own pledge and should be a positive and helpful factor when you ask another.
9. **PERSIST-WITH SENSITIVITY-** you will be respected!
10. **SUCCESS HAS TO BE PLANNED-** devote the necessary time to getting ready. Plan. Avoid heroics. Be deliberate.
11. **NOTHING SUBSTITUTES FOR FACE-TO-FACE SOLICITATION-** The higher the giving potential, the wider the spread between results from personal solicitation and any other form of solicitation. (For example: a personal call will produce \$50.00 to every \$10.00 produced by telephone and to every \$1.00 produced by direct mail.) Never forget these ratios when you are tempted to think, "I'll phone him/her" or "I'll write." Go and see him/her.
12. **SEE YOUR BEST PROSPECT FIRST-** It will give you a boost and add strength to the balance of your other calls. (Benjamin Franklin said, "I advise you to apply first to those you know will give; next, to those you are uncertain will give anything or not, show them the list of those who have given; and lastly, do not neglect those you are sure will give nothing, for in some of them you may be mistaken.")
13. **SELL THE FULL PLEDGE REPAYMENT PERIOD-** To raise a MINIMUM of \$1,000,000 will require large-dimension gifts. These gifts are rarely obtainable in one-shot of out-of-pocket gifts. Therefore, the 3 to 5-year pledge repayment period should be emphasized.
14. **IT IS HUMAN TO FIND SOME FAULT EVEN WITH WHAT WE LOVE MOST-** Always allow room for the prospect's point of view and minor criticisms. Remember the old saying: "If you want to persuade someone, you cannot afford to be more than 85 percent correct."
15. **WHAT SHOULD I GIVE?-** Invariably prospects want to know how they fit into the giving plan. No one has the right to dictate to anyone else how much to give. Prospects want to know and appreciate a suggested or "hoped for" amount. **USE THE FOLLOWING...** "We would like for you to consider a pledge of \$??? to be paid over a three to five year period."
16. **NEVER LEAVE THE LETTER OF INTENT FORM!**- The biggest share of people you will be asking for a commitment will have some idea of what they may do even before you ask them. If you do run into that kind of situation where they say, "Leave the form and I'll sign it later and drop it off"- **DON'T DO IT!!** Instead make up a time to call back that suits your prospect and then go back.
17. **REPORT YOUR SUCCESS-** After making your personal calls get your cards returned on the next scheduled Report Day.
18. **REMEMBER-THE LETTER OF INTENT, AFTER IT IS SIGNED, BECOMES THE MOST IMPORTANT DOCUMENT OF ANY FUND RAISING EFFORT-**It is the scorecard. But until it is at the point where it needs to be signed, it is only a card on which is recorded the wishes of the prospect. Do not fall into the pattern of letting the card-the important tool-become a crutch. Use it only to record the wishes of your prospect, have it signed and report it.
19. **THE CAMPAIGN VICTORY CAN BE YOURS AND SHOULD BE. IT IS ALL UP TO YOU!**- Make it a big success and you will have the satisfaction of knowing that you have played a major role in helping to secure a promising and important future for THE CITIZENS of XYZ County and the NEW HOSPITAL ADDITION. If we miss the goal a sort of negative feeling will permeate what challenges (City USA) will face for a long time to come.
20. **REMEMBER THAT CAMPAIGNS FAIL BECAUSE PROPECTS ARE NOT SEEN, NOT BECAUSE THE REFUSE TO GIVE!**

Basics

1. Familiarize yourself with the organization's capital campaign

Review the case statement and other supporting materials that lay out reasons for the capital campaign.

2. Research your prospects

If you do not already know your prospect well, find out as much as you can about the prospect before your visit. Ask someone you know and trust who knows that prospect to give you insights into the prospect's interests and commitment to the community. A web search can be helpful, too.

3. Know your asking figure

The suggested level of gift or commitment will be noted on the pledging material you are given. It is based on the best judgment of the campaign committee assigned to make those estimates of giving.

4. Will you want a partner to join you in the solicitation call?

Partners are sometimes more effective than one person. In a team approach, each partner plays an important role. When one is talking, the other is free to listen and observe. Think about your own comfort level in making the call alone, and consider how the prospect might feel about having more than one person making the call.

5. Make your own investment first

Your personal commitment will demonstrate your commitment to the project and your determination that the campaign will be successful. The amount of your investment should reflect your leadership position in the campaign. That and your personal investment of time and energy puts you in good stead when it comes to asking others for significant dollars.

6. Make the appointment

When you phone to make an appointment, avoid letting yourself being drawn into discussing your purpose over the phone. Major gift commitments are never made over the phone, but need to be person-to-person at the prospect's home or office.

7. Set your objectives for the first visit

Three things to accomplish on the first visit:

- impress on your prospect the importance of this campaign
- discuss the purpose and value of the new facility
- introduce a level of investment

Make plans to get back together with the prospect after he or she has had time to consider the importance of the project and of the suggested investment.

During the first visit

Start your conversation by talking about common interests and common concerns. Listen.

Reiterate the importance of your visit and then center on the current needs for a new hospital addition, not simply that a campaign is underway.

Confirm the significant relationship of the prospect to the hospital.

Review carefully the care with which the project was decided on and relate the major reasons why the success of the campaign is so important. Observe reactions. Listen.

Talk about your own commitment.

Present your proposal. First turn the conversation to how the new facility and the capital campaign intersects with the prospect's interests and concerns. Then introduce a level of gift.

Not—"This is what we have you down for." Rather, "We would like you to consider a multi-year pledge of X dollars," adding that this is proportionate to what others are being asked to consider.

John D. Rockefeller, Jr., the great philanthropist, said this, "I do not like anyone to tell me what it is my duty to give. But I do like a man to say to me, 'We are trying to raise \$X million and we are hoping you are desirous of giving \$X. If you can see your way clear to do so, it will be an enormous help and encouragement. You may have it in mind to give more; if so, we shall be extremely glad. On the other hand, you may feel that you cannot give that much. If that is the case, we shall understand.'"

Stress again the importance of the gift and how the whole community will stand to benefit from the proposed new facility. Point out the value of the prospect's gift in motivating others.

Assure the person that you know how important it is to have time to consider the proposal and to discuss it with family, colleagues and/or financial advisor.

Thank the prospect for taking time to visit with you.

Make an appointment for a second visit.

Keep the pledge card or letter of intent yourself until the next visit.

Write a personal note to the prospect after the visit to thank the person for their time and attention, reiterating your proposal and its importance.

Make the second visit

On the second visit, review how the prospect's participation is crucial to making the new facility a reality and how important the facility is to both of you as well as to the whole community.

If possible, first secure the pledge verbally (you do have to ask!) Then use the pledge card or letter of intent to

record the details of the donor's investment. The donor should sign and date it.

Retain all completed intent forms until the next scheduled solicitor report day at which time you can turn them in for proper recording.

Dealing with donor excuses

"I'm really too busy and just don't have time to see you."

Response: "I agree that time is always a problem. Still, I think it would be very beneficial for us to meet personally so I can share with you some very important information."

"Send me information and I'll look it over."

"The scope and importance of the proposed new facility and the capital campaign cannot be conveyed well by literature alone. I'll certainly bring information with me, but I really want to be able to outline to you personally the importance of this project and how you can be identified with it."

"Our budget is especially tight this year and allocations have already been made."

"We are in a multi-year giving program, not just for this year, but for future years, just as the hospital addition will be here for many years to come. I am sure that you have a special interest in how our community plans to meet present and future needs of people who live here."

"I am not interested in giving to the capital campaign for the hospital."

"I am sorry to hear that, but I would like to know your reasons for your concern. Can we meet to discuss this?"

Common donor questions

"How much am I expected to give?"

"You are the only person who can decide this, but we hope that you would consider a total commitment of \$X to be paid in annual increments of \$X over a three to five year period."

"Are all commitments expected to be paid on a three-to-five-year basis?"

"This a suggested payment period. However, if you wish to arrange a shorter or longer period, that would be perfectly acceptable."

"I'm not sure. This is really a bad time for me because of other commitments."

"Would it help to delay the start of your payments and then finish up your pledge in four years?"

"What if I cannot complete my pledge?"

"As a donor to the campaign, you have the right to modify or cancel your commitment in the event of unforeseen circumstances."

"Let me have the intent letter, and I'll send it to you after I have made my decision."

"It will be no trouble for me to stop back as soon as you have made your decision. I'd like to be able to thank you personally when that time comes."

Part II Appendix

“I just can’t give anything at the present time.”

“It is not necessary to give something immediately. You can make a pledge with payments to begin at whatever future date works for you.”

“May I pay my pledge in one lump sum now?”

“Of course, but would you be willing to repeat your payments each year? This is a multi-year campaign, and we are hoping we can count on your continuing support during each year of the campaign.”

Listen!

No matter what directions your conversations take, whether in phone calls setting up an interview, or during the solicitation calls themselves, listen to whatever the prospect has to say, negative or positive. Do not argue, but let the person know that you have heard and express appreciation that he/she was willing to share their thoughts with you. Use your own instinct as to how best to respond to what was said.

Time Allocation

Within a general 20-minute solicitation you will begin with a 2 minute Opening consisting of the Greeting, Establishing common ground, Establishing credibility, Moving to your presentation and Getting attention. Spend 2 minutes for Questioning and Listening (and throughout), 5-6 minutes Presenting Your Case, another 5-6 minutes Dealing With Objections, 5-6 minutes Asking, which will include offering alternatives, facilitating the decision process, asking for the gift and then moving to Disengagement for a total of 19-22 minutes.

Enjoy!

Be proud of the task you are performing and let your prospects know it. Take joy from the experience. You are making a major commitment to a great cause and are helping to meet a crucial community need. You are involved because you care.

APPENDIX : Part III

a. Sample job description for a Foundation Board of Directors

A. Board Responsibilities

1. Determine the foundation's mission and its policies
2. Set the foundation's annual program and provide for long range planning
3. Develop and provide adequate resources for the mission and activities of the organization
4. Determine and monitor the foundation's fiscal policies
5. At a minimum, the board should meet four times a year with a quorum present

B. Board Membership

1. Members must be willing to contribute to the organization by way of skills, talents and resources available to them
2. Members should have a strong commitment and positive attitude to the mission of the organization
3. Members must review board manual and attend board orientation
4. Members must be knowledgeable of the organization and its mission
5. Members are responsible for securing funding resources
6. Members must attend regular and specially called meetings
7. Members must come to meetings prepared
8. Members must complete assignments
9. Board members (who are not employees) should not receive compensation for their board service, other than reimbursement for expenses directly related to board duties
10. Members will be allowed individual terms of no more than three years, allowing no individual to serve more than three consecutive terms, and require at least one year intervening before eligibility for re-election after serving the maximum number of consecutive terms
11. Members are not involved in the day to day operations of the organization
12. Members must be aware of and comply with legal fiduciary duties

C. Board Chair Leadership

1. The board chair will act to involve the directors in a shared commitment to the goals and mission of the organization
2. The board chair is responsible for scheduling, organizing, and presiding over board meetings
3. The board chair will work with the executive director to direct the boards' work
4. The board chair will make recommendations as to appointment of board committees
5. The board chair will engage the directors in an annual evaluation of their performance