

# CHAPTER FIVE

## 05 Fundraising and Grant Writing

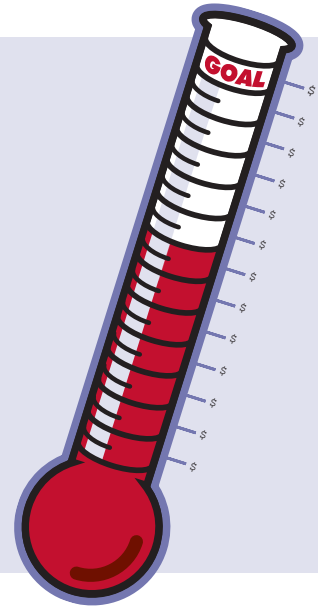
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## 5.1 Fundraising

*Source: Regan McClure, reprinted courtesy Community Bicycle Network Toronto*

Different non-profit groups may have radically different approaches to fundraising. Some groups, such as art centres, may focus their efforts on finding a consistent base of donors to financially support their organization. Other groups may seek people who support the group's activity despite the fact they will never benefit directly from the group's service (for example, the Hospital for Sick Children doesn't ask the kids for a donation, although the families certainly make donations).



### 5.1.1 Basic considerations

To get started, ask yourself the following questions:

- ? Do you have charitable status? If you do, you can issue tax receipts, which make private donations more attractive and is required for applying to certain granting foundations.
- ? Do you have a clearly defined community?
- ? Do they have enough money to give some to your group?
- ? Do you have administrative costs? Few people get excited about fundraising to cover office supplies -- it can be hard to rely on donors or campaigns to raise these costs. Project-oriented campaigns stir people's imaginations more easily. Writing grants can be a better source of funding for operational costs.
- ? Do you have the resources (staff, office, financial reports, structure) to apply for and receive large grants?
- ? How much money do you need? You won't meet a \$50,000 budget doing bake sales. You might want to assess a number of different funding sources to make up your total budget.
- ? How defined and easy-to-contact is your community? If your members move frequently, the possibility of a long-term funding base becomes very difficult. Many organizations rely on a small group of ten to 100 donors who contribute every year. Is this strategy possible for you?
- ? How much time do you really want to spend fundraising? Grant writing can take months, and some groups spend a lot of time just raising their minimal budget. Assess your resources in terms of potential labor, skills and enthusiasm for fundraising.
- ? Can your goals be met by having more money? Before you go off after money, really think about ways to try to accomplish what you need with less funding. Don't spend time raising money you don't need. That may sound obvious, but sometimes organizations apply for grants just because they're there, not because anyone has thought through how the organization will really use the money.



## 5.1.2 Charitable donations

Individuals and companies like to receive tax receipts for their donations. You can try to set up a charitable fund as an aspect of your organization; however, there are restrictions. Charities can only engage in non-political activities, so if some of your work is going to be advocating to city councils about the need for walkable communities, this would not qualify as a charitable activity. Charities also need to have their own board, which means you need to be organized enough to fill out forms and reports on time (charities are closely supervised by the government).

“Education work” is the most likely category to get an application for charitable status approved. Sometimes you can set up a sub-fund for your group; for example you may wish to establish a trust fund for a scholarship to be awarded to students working on bicycling issues.



## 5.1.3 Project funding

Most of your fundraising should come under the category of project funding -- it's much easier to access these funds than funds for general administration. You may wish, therefore, to align core staff with a series of projects, rather than account for their time as “administrative” work. Your group can meet its overall operating costs by combining a number of project budgets.

Specific projects are good to fundraise around because the reasons you need the money are self-explanatory. You can think up many different kinds of projects, including events, publications, conferences, lobbying campaigns and so on, that you can raise money for by charging admission, grant writing, co-sponsorships, direct mail campaigns and so on. Even if you are fundraising to cover your basic operating costs, promote your efforts as fundraising for something specific, such as purchasing a computer. People like to know where their money goes, and the “buy a computer campaign” spells it out pretty well!

### **Small is beautiful!**

You don't have to design big campaigns to raise a lot of money. Decide on and pursue what you need. It is a disadvantage if you think “Oh, we could never raise enough to do that.” Don't let yourself fall into that trap. Professional fundraisers can pull in millions of dollars with slick campaigns. However, they also spend hundreds of thousands of dollars and years of work getting the money.

### **The best way to frame the problem of raising funds is to define:**

- why you need the money,
- how much you need, and
- who you can ask for it.



## Some general tips:

### **Be consistent.**

The best thing to do is develop a specialty and stick with it year after year. When you've done it before, you already have the contacts, know the location, and know where to take out an ad and send the posters. The events are well attended too, because they develop a reputation over time.

The hardest part of fundraising is building up a group of people who like to give you money and a group of people who like to organize fundraising events for you. Every time you run an event you get better at it, expand the number of people who participate in it and make progressively more money. Changing strategies every year will just frustrate you.

This doesn't mean you have to stick with a bad idea, but don't have really high expectations for the first few years. It takes time to work out the bugs in the system. A good fundraising campaign comes naturally out of the purpose and structure of the organization; it's developed over the years because of its value in publicity, volunteer recruitment and educational purposes before it begins to make real money.

### **Pick what you know.**

Your group needs to have the skills to pull off your chosen fundraising activity. Capitalize on your collective strengths -- if together you have skills with artwork, don't try to make money by offering to repair computers. It is difficult to learn how to do something at the same time you're trying to get it done. Your group also needs to be organized enough to support fundraising activities.

For some organizations, having a canvassing campaign makes sense because they already have a newsletter (which they offer to people who donate money), people who know how to organize canvassing efforts, people in the community who know who they are (the result of years of publicity), and so on. If you don't have that existing level of organization, canvassing can be a disaster.

### **Pick who you know.**

People don't give money to organizations; they give it to other people. It's good if you represent a worthwhile organization, but they need to have a sense of "knowing" who you are. Try to get money from people who've come into contact with you before -- past board members, volunteers, staff, community leaders, members of similar organizations, people who've benefited from your work in some way. Also, you need publicity in general if you plan on a big fundraising campaign. Explaining what your group stands for, what kinds of work you do, how you operate and why you want their money takes too long when soliciting donations. Recognition value helps you focus more on the issue at hand without having to do all that background work.

### **Use the resources you already have to the fullest advantage.**

If your group has staff people, skilled volunteers, office equipment and other resources that can be used in raising money, then take on the tasks that other, less-resourced groups partners can't. This reduces competition and makes better use of your resources. A good example of this is selling products through an office, since many groups can't provide the staff needed to keep an office open or can't even afford rent.

### **Cover your costs.**

One of the best ways to raise funds is just to not spend anything up front. For example, you can put on a conference where the advertising is paid for by the campus radio station and newspaper (who are co-sponsoring it), the printing is donated by another campus group (they paid for the printing, your volunteers will be doing the postering), the speakers are sent by a local speaker's bureau, the event is organized by a grant staff person, the food organized by a catering service, and miscellaneous expenses are covered by passing a basket around after an enthusiastic speech during the conference.

When people participate in something, the need for funding is obvious. Because they benefit directly, many are often willing to donate money or donations in kind towards the cost of the event. Many of your programs can make back some of their costs.



## Recognition

Develop a logo that people can quickly recognize. If your group isn't well known, organize around a cause that is. If more people will come out for "Bicycle Parts to Cuba" or bicycle user groups, then organize your campaign around those issues. Tell them about your group's larger mandate after they arrive.

### 5.1.4 Fundraising Events

Listed below are a number of fundraising event ideas. Based on your group's goals, resources, and interests, you may wish to consider organizing one or more of these events.

#### Move-a-thons

**Organizational status:** no official status needed

**Volunteer needs:** high

**Infrastructure:** contact phone, good community contacts

**Time Commitment:** initially very high, possibly 3 months

**Fund use:** unrestricted.

**Expertise needs:** high

**Recognition needs:** high

**Financial gain:** \$2000 and much higher

A move-a-thon allows for people to use whatever mode of transportation they wish, including wheelchairs, to walk, run, or otherwise travel together. You can attract people just for the sport of it, including biking, boating, swimming, skating, go-carting and so on. Be creative. Sports-oriented people are happy to pay a \$5 or \$10 registration fee for the chance to sweat and win prizes (for the top competitors). You can often get prizes donated by businesses.

Move-a-thons are hard to organize the first time, but get a lot easier as you go along. It is especially useful if you have a lot of volunteers who can help out on special occasions. You need to get the permit to hold the event, and you can use a city street or make it a trek through a park or woodland area (especially handy if you're trying to raise money to clean up the area). Contact your City Department of Public Works if you want to get a permit.

How popular the event becomes depends on how much fun it is -- try to be creative.

#### Raffles

**Organizational status:** charitable status legally needed

**Volunteer needs:** low

**Infrastructure:** venue to make sales, contacts with businesses to donate prizes

**Time Commitment:** fairly low, mostly selling time

**Fund use:** unrestricted

**Expertise needs:** low

**Recognition needs:** low, especially if you have good prizes

**Financial gain:** \$100 to \$1000 average, very large draws possible

Raffles involve administration, ticket distribution and sales. You'll need at least one volunteer in charge of each aspect. The more ticket sellers and distributors you have, the more tickets you can sell.

Allow for enough time in planning your raffle. It takes time for the raffle permit (see below) to be approved (usually a week or two, but up to 30 days if this is your first raffle), the tickets to be printed (3 to 4 days) and the sales to occur (2 to 3 weeks). You also need to search for donated prizes before you even get the permit.

You need to keep track of how many tickets were printed, who has taken tickets to sell, who has actually sold tickets and who bought which ticket and their phone number so you can contact them. Don't make the ticket stubs too long to fill out, especially if you want people to buy several. Their name and phone number is enough.



### Raffle permits

You may need a permit from your City Hall Clerk's Office to operate a raffle. It's not hard to fill out the required paperwork, but the need for charitable status is difficult. You may want to co-sponsor (officially) with a charitable group.

You need to know what the prizes are, how many tickets you'll print, how much you're selling them for and when the date of the draw will be before you get the permit. Once you've decided on this, you can't change it, so be sure to get a few extra tickets printed so you don't run out.

Don't start selling tickets before you get the permit -- tickets must be printed with the permit number on them and sequentially numbered. The name of the printer must also be on each ticket, which gives you a chance to ask the printer to give you the job at cost, since they get advertising with every ticket you sell.

If any tickets or stubs go missing, your raffle is invalid and your license will no longer apply. Keep good records of all the tickets. You'll need to send in a report after the raffle is over. The report form should come with the application.



### Prizes

Raffles and lotteries can vary from raffling off a bike to full-fledged casino nights. The latter is recommended only if you have some people skilled in running these events. In some towns, you can hire companies that provide professional blackjack dealers and so on for a portion of the proceeds.

Prizes don't have to be expensive to be valued. For example, you could make a package of a dinner at a restaurant and a limousine to an evening performance. The total cost is only about \$120, but since so few people can afford to spend that much money in a single evening; it seems like a real luxury.

Other items that people value but don't spend money on are personal services, especially massages (it's not too hard to get a professional massage therapist to donate one free massage), having their apartment painted, body lotions and creams, entertainment, travel, books, good clothes, computers, camping gear and bikes. Remember, the sense of "luxurious" is what counts.

You can also raffle off "experiences" such as a dinner with a local author, a chance to meet someone famous, etc. People who are famous, semi-famous and otherwise notorious are usually happy to donate their time to a cause in which they believe.

Stores are usually willing to donate merchandise or gift certificates. Approach the businesses in your area or that cater to your clientele.

When making the pitch, get right to the point. Introduce yourself and the group. Explain that you're organizing a raffle to raise funds for this registered, non-profit charity, and ask if they can support your efforts by donating a specific gift or dollar amount. Don't go into a long explanation about the group unless they ask questions; give them a pamphlet instead. Sometimes visiting stores can be good, because you can see their merchandise selection. Ask for gift baskets if they have them.

If they say yes, make arrangements to pick up the prize right away. Have someone go and collect it within a few days. If they say maybe, arrange to call them back on a specified date. If their prize is going to be first prize, say so. Remind them of the advertising value of their prize.



## Sales

The lower the price of your ticket, the more tickets you can sell. Compare it with other ticket prices. If tickets for competing raffles are selling for \$1 and \$2, your prize needs to be substantial if you plan to charge more, especially when you compare it with some of the large, government-sponsored lotteries where you can win substantial amounts of money for a \$2 or \$5 ticket.

If your prizes are small and don't warrant a ticket price of \$1, sell 2 or 3 for \$1, but never 50 cents each. Avoid any ticket price that involves coins. You may want to group tickets into books of 6 and sell them for \$1 each or 6 for \$5. This makes your accounting a little more difficult, so add up the sales

before you pull the ticket books apart for the draw. (Otherwise, put the tickets into books of 10 to make records easier).

Don't pressure people into taking more tickets than they can sell. If you give them 50 tickets and they only sell 10, they don't feel good returning 40 tickets. It makes them feel as though they've failed, which isn't true. Since people feel badly about returning the unsold tickets, they won't give them to you until moments before the draw, or maybe after. All along, you might assume that they were able to sell 50 tickets, and overestimate the number of ticket sales.

## The draw

The draw should be at a public event or, for example, the culmination of an Open House day, an Annual General Meeting, a conference, or other event. It is ideal if the winner is likely to be present at the draw.

Send a press release after the draw announcing the winner. Always collect people's phone numbers on the ticket stub so you can call them to tell them they won.

## Concerts and Special Event

**Organizational status:** nothing official

**Volunteer needs:** moderate to high

**Infrastructure:** cash up front for booking venues etc., a well-organized volunteer base, contact phone, good advertising and places to sell tickets

**Time Commitment:** moderate

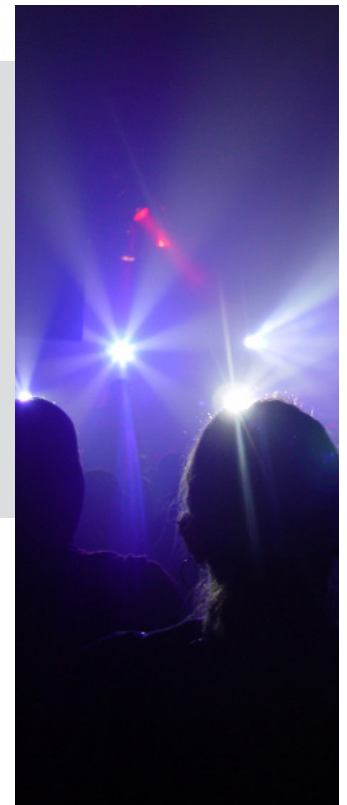
**Fund use:** unrestricted

**Expertise needs:** moderate

**Recognition needs:** low, especially if it's a fun event

**Financial gain:** \$400 to \$3000 average

With some exceptions, special events are not large money raisers for the time involved. However, hosting special events is a way to give people something in exchange for their donation. Small businesses are usually more able to contribute in-kind donations for an event than make a cash donation. It's also much more fun for volunteers to work on organizing an event. Special events bring you publicity and community awareness, can help increase your volunteer base and can otherwise introduce people to your organization. Carefully choose events that will be relatively easy to organize.



## Selecting an event

Start up costs can affect the type of event you choose. Suppose you brought in a big speaker for \$4000 and sold 1000 seats at \$10 each; that's a tidy profit for the evening. However, you need to have the \$4000 up front, as well as money to invest in advertising, booking the hall and other expenses. The gains are big, but the losses can be unmanageable if you don't sell enough tickets. If you plan to put on a major event like this, be sure you also have enough money to properly advertise it and distribute the tickets. If you don't have experience organizing events of this size, stick to smaller events.

Put on events you'd actually like to go to yourself, not something you think people "should go to." If you think it's nice but wouldn't go if you weren't organizing it, chances are that other people feel the same way. Try to be creative; try a new approach. Your event should be fun to organize and fun to attend.

Make sure the date of your event doesn't conflict with other community events that would draw the same crowd. Call around different organizations and ask them what they're planning.

While estimating costs, assume that you'll have to pay for everything. If you get donations, that only increases your profit. When estimating revenue, lean on the conservative side to avoid unrealistic expectations.

## Sales tips

Never just sell tickets at the door. Advance ticket sales are the bulk of most sales for large productions. If someone's already bought a ticket, they will make every effort to attend. Sometimes people will buy a ticket just to support the group, even if they don't plan on attending. To encourage advance sales, offer cheaper prices in advance and higher prices at the door.

Distributing advance tickets is essential. A ticket coordinator should make sure volunteers sell tickets and that they don't sit in people's cupboard at home. Also, tickets should be available through bookstores, your office and other places where people who might want to attend the event hang out. Unless you sell out, tickets should be available at the door.

Print up tickets with stubs or a detachable receipt. The stub can be used for auditing and record keeping, and can be used for fundraising or volunteer lists. A simple check off if people would like to volunteer with your group can recruit some volunteers.



## Volunteers

Some events require more volunteers than others. Only take on events if you have enough volunteers or can easily recruit more. Some groups offer an honorarium to a volunteer who agrees to be responsible for the overall coordination of the event. While not everyone agrees with the concept of a paid volunteer, the purpose is to ensure that someone has ultimate responsibility for the task, which increases their commitment and often makes other volunteers more responsible with their tasks. For some reason, this increased sense of responsibility doesn't come when a staff person is being paid to coordinate the event, mostly because volunteers figure the staff person can devote full-time hours to finishing last-minute tasks.

Try and sub-contract out where possible to simplify the event. Don't arrange food; sell space for a food booth to another community group for 10% of their profits. By the same token, don't organize liquor sales; try to get a bar to give you free space if they get the money from the bar. This simplifies your event, and you can take on more responsibility as you gain experience.





## Advertising

Advertising is essential to a successful event. A general rule for advertising is that the less you think you can afford it, the more you're going to need it. Ideally, your event would be co-sponsored with a radio station and a newspaper, who would agree to carry a sizeable ad for you. Advance ticket sales also help bring publicity, and tables and posters can help raise awareness. Also, free listings are often read more thoroughly than the rest of the paper.

For major events, however, paid advertising is a must. Don't waste \$78 dollars on an ad that's 2 inches tall. Instead, "waste" \$500 on a half page that will actually get someone's attention. At least you stand the chance of someone seeing it and buying a ticket.

Whenever possible, design the ad yourself. Newspaper staff is often rushed and can't always do the job just the way you want.

You can also put on special events with other groups in order to cut costs and share the labor of putting on the event. If you don't have the money, volunteers, experience or ticket distribution network to put on the kind of event you think would be good, approach another group. Learn as much as you can from groups that have experience with these kinds of events.

## Parties and dances

- **Organizational status:** nothing official required
- **Volunteer needs:** low to moderate
- **Infrastructure:** cash up front for booking venues etc., a well-organized volunteer base, contact phone, good advertising and places to sell tickets
- **Time Commitment:** moderate
- **Fund use:** unrestricted
- **Expertise needs:** moderate
- **Recognition needs:** the dance itself needs a good reputation
- **Financial gain:** \$400 to \$1500 average

The logistics of hosting a party or a dance are about the same, except that a party is considered a private event (and you don't need a permit), while a dance will require a liquor permit.

Parties are smaller to organize and net less money. They are usually advertised through word of mouth (because other advertising makes it public and occasionally illegal, depending on whether you sell alcohol and so on). You make money by charging for drinks, or for admission. You can include food or snacks as part of the deal if you charge an admission fee. You can raise a fair amount of money by hosting a party/dinner for \$50 a plate.

Dances are public events. The easiest way to organize a dance is to hold it in a bar. The bar can provide the liquor and the liquor permit, and keep the profit from the sale of alcohol. You can charge admission at the door, as well as through a coat check, raffle and food sales. Bars and pubs are usually amenable to this. Be sure to get a busy night (Fridays or Saturdays are generally good). Most bars like to have events on nights when no one comes anyway, so they don't lose anything. However, there are reasons people don't go to a bar on a Wednesday night, so it's safest to stick with the weekend.

Sometimes you need to arrange for the DJ or band; other times you need to hire someone yourself. The cost is usually about \$400. Ask another organization that has put on a dance who they hired and what they paid. The music is very important, so you may even want to get two different DJs who will draw different crowds.

Dances can be time consuming at first, but you can spend less time and make more money as they go on. Once you pick a good venue, a good DJ and get a good reputation, dances and parties can be good return for your money. Unlike special events, they can be repeated fairly regularly.



## Letter campaigns

**Organizational status:** nothing official required

**Volunteer needs:** high during set-up, low thereafter

**Infrastructure:** quite a bit; potential to lose money on initial costs

**Time Commitment:** high set-up, moderate thereafter

**Fund use:** unrestricted

**Expertise needs:** high, especially for set-up

**Recognition needs:** high

**Financial gain:** \$500 to \$5000 average; more is possible



### Tips

Tailor your appeal when speaking to different groups. Your organization means different things to different people, so you can have several versions of your letter that emphasize different aspects of your work.

### Make it an occasion

Don't make yours just another letter asking for money – make it eye-catching and interesting! Think of a compelling and creative title, such as “Send a Bike to Cuba,” “Annual Move-a-thon for Greener Cities” or “Environments without Borders.”

### Do follow up

The first few mail-outs will be difficult and costly. Once you begin to narrow down your mailing list, you will usually end up with a trim group of a 20 to 200 people who give regularly. Allow for follow-up for people who don't donate at first -- give them two tries and then cut them from the list. Some people will drop out over the years. They need to be replaced by new donors, usually acquired by exchanging mailing lists with another group.

### Don't duplicate lists. It's wasteful

Make sure you spell the recipients' names right and that their addresses are up to date.

Keep track of people who have given money from year to year. Keep records of who donated how much and when they donated. If someone has donated before, they should be kept on the list even if they didn't donate this year. Also track the types of donors -- individuals, companies, university-related people, community groups and so on. You may not want to start this process if you think that a large percentage of your donors will relocate each year, since you be sending 10% or 20% of your mail to wrong addresses each year.

Also called direct mail, letter campaigns can take several forms: a few handwritten notes to friends, a photocopied letter to several supporters, or a several-piece mail-out to hundreds or thousands of people.

### What you need:

#### A computer

Doing a mail out without a computer is difficult and it's impractical for more than 100 pieces of mail. Ideally, you also need to have the database software to go with it. Your local computer store can recommend a program that will meet your needs. If you must, you can type up sheets with addresses on them that you photocopy onto labels, but you'll need to track who made a donation by hand.

#### A reliable mailing list

Having an up-to-date address list of potential donors is essential. If you mail a request for donations to total strangers, you can expect that 2% of them will respond to your pitch. On the other hand, some groups have mailing lists of previous donors where 75% of them donate each year. This vastly reduces your mailing costs.

If you want to begin a mailing list, try inserting a fundraising flyer with a related newsletter (it's cheaper than mailing on your own).



## Don't do direct mailings for environmental causes.

You may get some money, but you'll get more comments about how you're wasting paper. Unless you plan on printing on hemp paper, you'll be better off sticking to phone calls or some other fundraising method.

Piggyback your mailing with another organization's newsletter or mail out, or with your own newsletter or regular publication. The costs of mailing are quite high, and many groups are willing to let you insert your flyer and/or fundraising letter as long as you help them with the work of stuffing and mailing.

## Some things to include are:

- a brochure describing your work.
- a return envelope (not stamped -- you don't want people thinking you have money to waste).
- a donation card or clip-out section.
- a financial report (especially when mailing to businesses).

The fundraising letter should be short and positive. Don't beg or threaten extinction without their support. People don't want to donate only to watch you close down in three months.

## Merchandise sales

- **Organizational status:** nothing official required
- **Volunteer needs:** low
- **Infrastructure:** venue to make sales, cash up front
- **Time Commitment:** low
- **Fund use:** unrestricted
- **Expertise needs:** low
- **Recognition needs:** low
- **Financial gain:** \$200 to \$1500 average; more is possible

### What to sell

You can sell practically anything. String shopping bags, sweatshirts, T-shirts, hats, scarves, key chains, coffee, pens, postcards, bumper stickers, crafts, mugs, plants, mess kits and publications are all examples.

There are distributors for most of these items who sell mass quantities to groups. This way, you can get your name or logo and/or a message printed on the item for sale.

Don't sell items that have a limited selling season, such as Christmas cards and "day-a-books." Don't

sell items that have stiff competition (especially from other non-profits) and avoid items that make more money for the distributor than you (such as chocolate bars, which rely mostly on the chocaholic volunteers breaking down and eating them, then having to pay you back for the boxes they took to sell).

Sell things that make sense, and don't create waste. Your publications also serve an educational purpose. As a test, decide if you would personally pay money for the product. Don't ask people to buy junk just to support your group.

### Price

The price must be low enough to make the sale, especially if you are beginners at this. For example, sweaters are nice to sell, but not many people walk around with \$50 on hand. Stick to something less expensive. Also, don't buy too much different merchandise; it's hard to keep track of it all. If you sell plants, having only three or four prices for a variety of plants makes sales easier to track. Only have variety at a bazaar table, where the variety will attract people.

Offer discounts for bulk sales. For example, sell greeting cards \$1 each or 5 for \$3. As they say in sales "a quick nickel is better than a slow dime."



## How to Sell

Don't count on selling everything to your membership's friends and relatives. It's a good market, but we tend to overuse it. Sell items at each event throughout the year. Ask other groups if you can set up a display to sell goods at their events; they'll likely agree if you allow other groups to do the same at your events.

Some stores (especially bookstores) will agree to sell your merchandise, but usually only on a consignment basis (which means that they don't owe you any money until the goods have been sold, and that they can return unsold merchandise to you). They also usually want a commission of 20% to 40%, so work that into your price. You must have accurate records and follow-through on sales to keep track of where your merchandise is stocked and how much has been sold.

You may decide that the publicity and educational objective is enough to give the item away. Buttons and pens are great to give away at speaking events. Usually asking for a donation for these items will more than repay the cost of producing them.

Before you begin, ask other organizations about their experiences. How many copies of the book did they print? How many buttons do they sell? How many did they sell in their first year? They can tell you about their successes and failures.

### 5.1.5 Definitions

<b>Charitable status</b>	A status granted by the government that allows people who donate to the designated group to get some of their money back through a tax deduction based on the amount they donated.
<b>Donor</b>	A person or organization that gives your group money.
<b>Funding base</b>	The sources from which you derive funding.
<b>Funding strategy</b>	Your group's plan for securing funding.
<b>Honorarium</b>	A nominal cash amount paid to someone for a task. An honorarium is usually not for full value of the labour, but rather is offered as an added bonus. Honorariums are usually small amounts for short-term work.

<b>Infrastructure</b>	The internal structure that is needed to make all other activities possible. For example, having phones is necessary to offering phone counseling, so the phone equipment and phone costs are part of the core structure needed to support the group's activities.
<b>Operating costs</b>	Ongoing, basic costs of keeping a group going. Operating costs include costs for office space, bookkeeping, having a phone and other costs that will exist regardless of what projects in which you are involved.
<b>Project costs</b>	Costs associated with a specific activity, such as ads, staff people, photocopying flyers, etc.



**Recognition needs** Used in this chapter to refer to the level of knowledge people need to have of your organization in order to make your event a success. In some cases, people may only support your fundraising if they know you're a great group (high recognition needs); in other cases, they may attend an event even if they've never heard of your group (low recognition needs).

**Sponsors** The organizations that are giving money, time or other support to your group or one of its projects. Any group that is involved in supporting a project should be credited or otherwise acknowledged on written materials, ads and announcements about the project.

## 5.1.6 Fundraising Internet Links & Resources of Interest to Non-Profit Groups

### [Idea List](#)

The Nonprofit FAQ is a collection of frequently asked questions, and their answers, based on on-line communications about non-profits beginning in the early 1990s. Websites that offer fundraising support and services of various kind are provided on the site.

### [The Council on Foundations](#)

The Council on Foundations is a membership organization of more than 2,000 grantmaking foundations and giving programs worldwide. The website offers links to many foundations, as well as general information on foundations and giving.

### [The Foundation Centre](#)

The Foundation Center's mission is to strengthen the non-profit sector by advancing knowledge about U.S. philanthropy. The Foundation Center's site provides links to foundation and corporate sites of interest to fundraisers. This site also includes general information on foundations and giving.

### [The Grantsmanship Centre](#)

This website, links to foundation and corporate sites of interest to fund raisers, and has general information on fund raising.

### [Fund Online](#)

This Online Fundraising Resource Center is the work of Adam Corson-Finnerty and Laura Blanchard of the Department of Development and External Affairs, University of Pennsylvania Library. It contains excerpts from their book, Fundraising and Friend-Raising on the Web, now available from ALA Editions. This web site also includes teaching materials and presentations.

### [Charity Web](#)

Charity Web offers a variety of secure transaction processing products that can be customized to meet the everyday fundraising needs of many kinds of organizations. Charities using the service can accept donations, sell their own items, and offer event registration from their websites without having to install, maintain, and customize all the software on their own servers.

### [Canadian Fundraiser](#)

Since 1991, the Canadian Fundraiser newsletter has been updating nonprofit managers twice monthly on news, trends, tips and analysis of developments in the fields of fundraising and non-profit management. Over the years, they have expanded to include workshops and books for their members/subscribers.

### [Management Help Online](#)

This Free Management Library provides easy-to-access, clutter-free, comprehensive resources on a variety of topics, including Non-profit Fundraising and Grant Writing.



## 5.2 WRITING GRANTS

*Source: Regan McClure, reprinted courtesy  
Community Bicycle Network of Toronto*

**Grant writing is another way to raise funds for specific projects.**

### 5.2.1 Strategizing

**Before you write a grant application, you need to:**

- determine the type of funding you need.
- identify potential funders.
- find out about application procedures and deadlines.
- request applications packages if needed.
- apply for the funding.

### 5.2.2 Grant-Writing Considerations

**NEED** – To determine what kind of funding you need, you must know your fundraising goals as an organization. Before you approach anyone, figure out how much money your group needs and how you will use the funds. Don't just apply for money because it's there -- this can consume a lot of staff time and result in unneeded projects.

**VARIETY**- You need to find lots of sources of funding, and pursue different types of funding. Don't be dependent on any one source of funds for your organization, or to support your group's large projects. If a group of funders are supporting a project, no single funder can take control. Also, funders rarely like to pay all the costs related to a single project; they often like to see that other sources have been approached for funding as well.

**INTERNAL FUNDRAISING** – Remember that events, memberships, user fees and donations are also a part of funding for your organization. Be sure to mention that the staff supervisor, the rent and overhead costs of a project are being shared by your group; grant agencies like to know this.

**ORGANIZATIONAL MEMORY** – This is important for grant writing. The fundraising process is annual and ongoing. Establishing a relationship with funders and an awareness of when grants are due is important. Whenever you write a grant that's rejected, try to find out why. This will help you learn more about the art of grant writing.

**LONG-TERM & SHORT-TERM OBJECTIVES** for grant writing should be established. Before you apply for grants, consider your objectives now and into the future. For example, do you want staff hired with the grant money to assist in developing your community profile (an objective of the board), or do you want the jobs being created to provide students with summer research opportunities? These are the decisions you should make before you apply for grants. Your group should also have some kind of policy on applying for funding from corporate sponsors, private foundations, government agencies and more. Are you going to review funders on a case-by-case basis, or have you already decided that a particular source of funds is not appropriate for you? Introducing a grant-writing policy that corresponds with your organization's overall plan will help direct your group's efforts.

**DOCUMENTATION** – Be sure to document your need for funding. You need to show not only that you want the money, but that you need it too. There are different types of funding --core, project, operating and capital funding. What areas of your operation need funding the most? Do you have statistics, needs assessments, financial details, and letters of interest or support that show a need for what you propose to your funders? What kind of funding are you seeking? In addition to monetary contributions, you can request in-kind support (e.g. ask a computer store to give you a deal on a computer ask for help setting up a filing system, or ask for office equipment, supplies, free publicity, or other items you need).



**WHAT CAN YOU LIVE WITH?** Grants come with conditions. Always. What conditions can you live with? Some employment grants require you to pay staff people minimum wage – can you accept this? Some places will only fund projects that fit their criteria -- do you fit those? How far are you willing to alter you goals to get the money? Sometimes the condition may be financial reporting -- can your group provide that?

### 5.2.3 Identifying sources of funding

Two questions to ask yourself about funders are:

1. Who do you think should pay for your group's services? This question particularly applies to government organizations. Many government agencies get their work done through community groups. They want to give you money because it's part of their job.

2. Who has supported similar ventures in the past? This question most applies to private foundations and corporations, which tend to have trends in the type of projects they'll fund. Although their criteria may change from year to year, if they've funded something similar in the past it's worth asking them again. Also, you can ask other organizations which have done similar projects where they got their money from -- this can makes this process go faster.

When possible, identify sources of funding in advance of working on a project. This way you won't miss deadlines or end up rushing around. Keep information you find on file to use again next year.

#### Brainstorm

A good start to identifying funders is to brainstorm all the possible aspects of your program. Don't just think "bicycles" -- think energy conservation, health, physical fitness, environment, education and community services. Don't just think "community garden" - - think municipal greens pace, recreational activity, environment, public education (schools?), social services (old age homes?), parks and recreation, food and agriculture.

### 5.2.4 Types of funding

**PUBLIC FUNDING:** This means government agencies and departments -- federal, provincial and municipal. Generally, these programs have application forms to fill out; and while you can develop a relationship with these agencies, it isn't as important as with private sources of funding.

**PRIVATE FUNDING:** This includes the United Way (which only gives to charitable organizations), religious charities, businesses and individual donors. Having a charitable number really helps when you're approaching these types of funders.

**FOUNDATIONS:** Consider approaching community, corporate and family foundations which provide funding for similar causes. The best way to find out about them would be to go to the library and look up information on foundations. Many communities have branches of the Foundation Center.

**COMMUNITY FUNDING:** Other community groups may be willing to give you funding, especially for projects of joint interest. These include unions, service clubs, women's groups and other community groups.

**FUNDRAISING:** Many funding agencies positively view your group raising money for its cause in addition to asking them for money. Many agencies also prefer if your group has some provision to recoup costs of a publication, event, or other fundraising activity.

### 5.2.5 Time spent writing grants

Writing grants is a lot like writing resumes -- you are asking someone for their money to do something you like. Like resumes, it saves a lot of time to write up a few basic applications, and then make variations to suit each individual grant. This means that planning and drafting your initial applications will take a lot of time, but that each subsequent application will go more quickly. Getting multiple funders for a project also means that you reduce your dependency on any one source of funding.



On average, it can take anywhere from four hours to three days to write a proposal. Sometimes a proposal for \$2,000 will take more time than one for \$40,000; there's not always a correlation between the time the proposal takes to develop and the ultimate funds generated by your efforts. In general, the first grant you write is the longest because you have to collect information such as annual reports, budgets, letters of support, and a list of board members. Make up a calendar of deadlines so you aren't rushed.

It helps to ask organizations that are similar to yours what their experiences have been with different funders. Some agencies encourage everyone to apply but rarely give out grants; some don't provide you with the money until after the project is completed, leaving you with a cash crisis.

Generally, it's good to apply to four or five reliable funders each year (i.e. funders that have given money to your group or a related one in the past) and add a few off-the-wall applications each year just to see if you have a chance.

## 5.2.6 Applying for funding

What to learn about your funders:

- eligibility criteria.
- application forms.
- application deadlines.
- program descriptions (who they serve).
- program priorities and how often they change.
- a key contact person (in government agencies personnel change, but for private funders a contact person is essential).

## 5.2.7 Approaching the funders

To apply for funding from government agencies, you normally just have to fill out and send in a form. If you want to approach private funders, who have a lot more "discretionary funds," it's a good idea to take a personal approach. This involves attending a meeting to explain your proposal. Invite the funders to learn more about your organization by inviting them to a volunteer night or annual general meeting.

## 5.2.8 Writing an effective funding application

You need to show that your proposal is:

- unique (that someone else isn't already doing it).
- effective (that you will make something happen).
- credible and dependable (that you won't mess up).
- needed (that what you're doing fills some need out there).

Ensure that all the funder's questions are answered. On government forms, there are a few open-ended questions that allow you to show that you've read their funding criteria carefully. Repeat, using creative variations, all the key words in their guidelines. As funders skim your proposal, these words should jump out at them. Don't, however, parrot them line for line.

Most government forms are fairly standard, although for private donors you have to make up your own funding package. Following are some tips for creating an effective funding package.

- Give your proposal a title. Put key words in the title so you can file it easily.
- Identify the specific project or service that needs the money.
- Prepare an introduction to both your organization and the project for which you require funding. If funders aren't familiar with your group, tell them about your organization's history, mission statement, year of incorporation, charitable or non-profit status, client group, significant accomplishments, structure (i.e. board of directors) and size.
- Describe why the project is needed and how you know this. If you can get letters of support or statistics, include them.
- State your group's short- and long-term objectives.
- Describe how your group will carry out your project's goals, deliver your services, etc., and in what time frame.
- Build in an evaluation component that will give you feedback (e.g. evaluation forms, an objective increase in users, etc.).





- Describe your financial management system, including a recent auditor's report and current budget proposals. Provide a budget specific to the program or project being proposed. In some cases, you may want to specify the aspect of the project for which you need funding (e.g. tools for the garden project, items for the raffle) or you may want to ask for money to fund the project as a whole (e.g. \$5,000 to fund the book project, not just for researching the book).

**Include a summary sheet that states:**

- your organization's name, address and phone number.
- your objectives as an organization.
- achievements that show your credibility.
- needs that the organization addresses.
- activities or programs that you provide.
- the total projected cost of the program.
- how much you're requesting from the funder.
- how your group's project fits into their priorities.

**General tips:**

- Don't use acronyms or unfamiliar terms.
- Keep the language simple and clear.
- Alternate short and long sentences.
- Don't waste the funder's time with useless detail. Find out what they want to know and tell them quickly.
- Make use of charts and diagrams if they help explain things faster.
- Follow the exact format specified by the agency.
- Proofread carefully.
- If you say you're going to call, write it down so you remember.
- Keep a copy of your proposal and file it.
- Plan ahead so you have enough time to write it.

**The budget**

You should always present a balanced budget. Funders want to know that the project has enough integrity and support to function -- don't try a "without your support it will all collapse" approach. Income and expenses should always equal each other, even if you have to list "potential" funders. Note that you have approached other people for funding and how much you expect to get. This is helpful if you've applied for three times the amount of money you need.

Funders always want to know what you are contributing. Always include all of the costs related to the project. This especially includes volunteer labour, staff supervising time, rent, a portion of your overhead costs, photocopying, phone costs, office supplies etc. Don't inflate your request assuming the funder will cut it in half; most funders can spot what's real and what's needed.

Don't submit an unrealistic wish list, but do add whatever bells and whistles would make your project go along more easily. Sometimes it's helpful to describe how your effectiveness and scope will be reduced if you get partial funding.

If you ask for unnecessary funding, what will you do if you get it? Remember, more than one group has applied for seventeen grant staff members and then had to figure out where to put them.



## 5.2.9. After receiving the money

### Reporting

Some grant agencies ask for reports on the project when you're done. Ensure you fill these out, or the agency may refuse to pay the final grant installment, ask you to repay the money, or not fund you for the next few years. Either way, always write in your grant timelines when you need to file interim and final reports.

It's a good idea to review what information these reports require, so you can set up systems to keep track of this information during your work.

### Budgets

Funders often want to see budgets, and sometimes receipts, of where their money went. Be sure to provide them with this documentation.

### Lying

Lying to funders can get you in lots of trouble. This happens especially with grants where staff is only being paid minimum wage. Sometimes groups allow their staff people to work part-time and get another job. If you end up firing any of those staff people, they may tell the granting agency you're doing this. If your morals require you to pay people a decent salary, it might be worth considering topping up their wages yourself rather than ignoring the conditions of the grant.

If you've emphasized different portions of the project to different funders, make sure you haven't got incompatible images in play. Be honest, if inexact, and don't make promises you can't keep.

### Building your expertise

Every year you'll get better at writing grants. Keep organized files of the grants you've written, how much you've received, and new funding sources to which you may apply.

### Thank you letters

Always send thank you letters or notes to all donors, regardless of how much funding they have contributed to your organization. Be prompt -- a month is too long to wait before sending a letter. Letters make donors feel appreciated; they know that their contribution has been noticed and was welcomed. Letters give your donors a sense of loyalty and foster positive feelings towards your group, which helps you keep your donors and increase the size of their gifts.

Thank you cards also go over very well for people who donate time, whether they are your own volunteers or speakers at a special event. In the excitement of counting the money, we tend to overlook the people whose non-cash contributions made the fundraising happen. Certificates of appreciation and small gifts are very effective at showing how much you value your volunteers.



## 5.2.10 Definitions

<b>Charitable status</b>	A status granted by the government that allows people who donate to the designated group to get some of their money back through a tax deduction on the amount they donated.
<b>Deliverables</b>	What your group agrees to produce as part of a grant or project. When you receive funding, you define what will come out of the work that the funding makes possible (e.g. reports, written materials, a 50% increase in cycling in your co-op, a survey on community needs, etc.).
<b>Foundations</b>	A fund of money that is set aside for the purpose of making donations. Foundations are often started by wealthy individuals or corporations.
<b>Granting agency</b>	The organization that is giving money for a project or for your group.
<b>In-kind donations</b>	Donations that don't involve money but rather something else of value -- for example, your volunteers donate their time. You can work out the cash value of this donation by figuring out how much you'd have to pay for their labor if they weren't volunteering. Administrative support, phone access, space, equipment and supplies are other things that you may be receiving that can be counted as in-kind donations.
<b>Sponsors</b>	The organizations that are giving money, time or other support to a project or to your group. Any group that is involved in supporting a project should be credited or somehow mentioned on written materials, ads and announcements about the project.

