DonorPro™ Informational Series

Part 5: Effective Use of Funds, Appeals and Campaigns

August 2010

By Gina Davis, DonorPro Implementation Specialist, TowerCare Technologies, Inc.

Managing your personal budget… Balancing your checkbook… Paying taxes… Trying to save for something important... These are all unavoidable parts of personal finance and they can be more than a little frustrating. However, if you are organized and diligent it is not quite as painful - except the paying taxes part!

Just like with your personal finances, organizing the finances for your nonprofit is vital for maximizing your income, keeping your nonprofit running efficiently and furthering your mission. Best practices suggest that your monies be tracked over three categories - **Funds**, **Appeals** and **Campaigns**. This article will focus on the most meaningful way to use of Funds, Appeals and Campaigns. Putting these practices in place today will allow you to track the success and yes, sometimes failures, of your various fundraising efforts over time. You will quickly learn from the mistakes and be able to easily repeat what works best.

Think of **Funds** as the various accounts your organization has or uses. Limit your Funds to descriptions of where you will direct the money you raise or what the money you raise will be used for. Accurate Fund descriptions will help you see what your donors are interested in supporting. You can also give your donors the option to split their donations over several Funds. Remember that every donor is unique. Being able to accurately pinpoint his or her passions will help you more effectively target your messages to each individual. For example, you could have a Building Fund, where all money raised to support the construction of a new facility is directed. If you work for a Library Foundation, you might call this your Community Library Construction Fund. If you work for an animal care nonprofit, you might call this your State-of-the-Art Animal Facility Fund. A social service nonprofit dedicated to child literacy with a goal of raising money to buy books for children could have a General Supplies Fund or they could get more granular and have a fund called Books for Children Fund. A zoological nonprofit might have a more general Fund called Animal Rescue Fund where they direct all monies donated to support rescue of animals or they may have a more specific Fund called Save the Gulf Coast Sea Turtle Fund where money is directed only for the rescue of sea turtles affected by the recent oil spill.

Appeals are typically the name of the event or the description of the action you took (i.e. what you did) to generate the gift for your particular Fund. This could be a specific email or a particular direct mail piece that was sent to your prospects and donors. Make sure to track who receives each solicitation. Be sure you also track who responds to each solicitation. With this information, you can determine (1) whether you are focusing on the right individuals and/or organizations, (2) what type of solicitation garners the most support (for example, is it electronic via email or personal letters sent via regular mail), and (3) what type of messaging gets the most attention. You should also track effectiveness of your Appeals over time and determine if certain types of Appeals work better at certain times of the year. This is why it is important to include dates in the description of your Appeals, like these annual Walk-A-Thons – Summer Scurry 2010 and Tails on the Trails Fall 2010. When reporting on dollars raised, it is often more accurate to report by the Appeal rather than just by the Received Date. This way, you will be sure to accurately measure the success of each Appeal. Remember that donations related to a specific event may still come in even after that event is over.

A **Campaign** can best be defined as a time-limited effort to raise a significant amount of money. It has a beginning and ending date and can typically span several years. Think of Campaigns as the umbrella to your Appeals. Included within a Campaign are all kinds of Appeals like direct mailings, events, and even personal prospect cultivation. For example, you might have a 2010-2013 Capital Campaign that will be used to raise the money ($500,000 in needed capital) to support the building of a new facility (money goes to your Community Center Building Fund, or your New Shelter Fund, or your Build an Aquarium Fund, etc.) with construction slated to begin in three years. In this 2010-2013 Capital Campaign your Appeals might include a Major Donor Cultivation Program (where Board Members will be making personal visits, and personal requests, to high net worth individuals), a 2010 Winter Skating Event, a 2011 Spring Wine Tasting Event, a 2012 Summer Swim Party, a 2013 Fall Masquerade Ball, and a Buy-A-Brick Email Request. You might also launch an Awareness Campaign that will include Peer-to-Peer online fundraising (where your supporters will send appeals to their friends and family on your behalf) and quarterly educational newsletters to individuals and organizations in and around your community. With this Awareness Campaign, you might encourage donors to make contributions to any number of your specific Funds.

Make sure to keep reporting in mind when configuring your Funds, Campaigns and Appeals. First, think about the reports you would like to run and work backwards. Sometimes thinking about the end result first, like the reports that you want to present to your Board, will help to clarify the need for and direction of Funds, Campaigns and Appeals. Be sure to structure your reports so that you can easily track the effectiveness of your efforts over time. **Be personal and do what works.** And, if you keep your Funds, Campaigns and Appeals well organized, you will have more time to devote to fundraising and to your mission.

The right software can streamline assigning, tracking and analyzing your Funds, Campaigns and Appeals. Excel spreadsheets can only go so far! If you need tools for fundraising, organizing your finances, and reporting your progress, please check out DonorPro to see how we make this easy for our nonprofit clients. Sign up to join a free webinar or schedule a complimentary one-on-one demo.