



The Fundraiser's Guide to the  
**Annual Fund**



# Foreword

The annual fund is defined as an [organized effort to obtain gifts on a yearly basis to support, at least in part, general operations of a nonprofit organization](#). In other words, it's the foundation of your organization's fundraising efforts — the building blocks that allow your nonprofit to continue doing the important work that you do!

As the overarching framework of your organization's fundraising initiatives, the annual fund is also one of the most important revenue streams your nonprofit has. While it doesn't have the flash of a fancy gala or the concrete goals of a capital campaign, the annual fund is a consistent reminder of the importance of your mission. Developing a well thought out and multi-year approach to your annual fund will mean more donors and greater flexibility in your day to day work.

At [NeonCRM](#), we absolutely understand the importance of this important revenue stream and this eBook will cover the ins and outs of creating a winning annual fund for years to come. We'll cover concrete ways to turn your database into a lean, mean fundraising machine, with added tips and tricks on the most important things to consider.

If you have never undertaken an annual fund before or have limited experience, we'll walk you through a step-by-step process to planning a successful annual fund. If you're a bit more experienced, we'll provide some additional helpful tips to make your annual fund even more efficient. Be sure to read all the inserts and call-outs for the full experience!

Happy reading!  
Tim Sarrantonio



## 01

## Getting started with your annual fund

So what's the best thing you can do to get your annual fund rolling? Plan it from the end of the campaign to the beginning. That's right, start at the END!

Start with the goals of your annual fund. Not just the monetary goal, but why it exists in the first place. Conduct a [SWOT \(Strengths Weaknesses Opportunities Threats\) analysis](#) of your organization's overarching goals and objectives, involving all your major stakeholders — including your staff, board members, volunteers and the folks directly impacted by your work.

If you're new to annual fund planning, think with longevity in mind and build a base plan that can be repurposed year after year. Start with the year's goal then break that into quarterly and monthly goals. Work backwards, from the conclusion of the campaign up to the launch.

If you have more experience with an annual fund, take a critical lens to the plan you used last year. Is it accomplishing your goals? Apply insight from your SWOT analysis to see how you can tweak your current plan for better results. As an exercise, try starting over and creating the basis of an annual fund from scratch — how does what you came up with compare to the plan you already have?

Identify the major players in your annual fund. While I was overseeing the annual fund for a private school here in Chicago, one of the reasons we succeeded was our committee — we included members that touched on every stakeholder in our community. Try to draw from your own community and create a committee made up of folks who are not on your board of directors.

Once you've set your goals and assembled your team, identify the tools and resources you'll need to effectively roll out the annual fund. Will you be sending thank you acknowledgements with a special header or letterhead? Does your organization have a [gift acceptance policy](#) in place? Have you identified the people in your organization who are in charge of the day to day work of the annual fund? Make a checklist and identify benchmarks for success.

Finally, write down your plan! Make sure it's not a plan that sits on the shelf but a dynamic document that is revisited quarterly. Then you're ready to start the real work.

## Transactional vs. Relational Fundraising

**Transactional fundraising:** Emphasizes the transaction itself. Focuses on encouraging the donor to make a donation. Leads to donor attrition.

**Relational fundraising:** Emphasizes the relationship between the donor and the nonprofit. Focuses on building a relationship with each donor. Leads to donor retention and continued donations.





IMAGE: STACIE (FLICKR)

## 02

## Setting up your annual fund for success

We've already explored how to get ready for your annual fund, but how do you make sure it's a smashing success?

First and foremost, remember that your database is a tool and not the final solution to making your annual fund a success. Real success will come from proper planning and getting people excited about your mission.

But to make that success come easier, you'll need to turn your database into a lean, mean fundraising machine. This section will explore how to set up campaigns as an integral tool for your annual fund.

Campaigns are ways to aggregate revenue coming in specifically for the annual fund. There are two things to do to get your database ready for all the donations that will be coming in.

### Give your annual fund some children

Your main campaign is where you'll do all your reporting and primary solicitations for your annual fund, but creating child or sub-campaigns that flow into your main annual fund campaign will help with reporting and segmentation. These can also be considered appeals that are part of the larger annual fund.

You should always approach any campaign — annual fund or otherwise — with [multi-channel fundraising in mind](#). Being able to track where and when donations came in is absolutely critical for success. Creating child campaigns is an easy way to track this, and will help with donor follow-up, reporting and even next year's planning!

When combined with email and mail merging for thank you letters, you'll be able to track which campaigns are bringing in the most donations while also brainstorming ways to increase donations to another area of your annual fund. Think of these child campaigns as your overarching appeals process — each unique appeal should have its own child campaign.

Another important feature of any campaign is the ability to assign primary solicitation methods for further tracking, so if you have a phone-a-thon or want to hold a peer-to-peer fundraising campaign you should be able to track it. You should assign any campaign a corresponding fund to assist.

## Why development and finance don't speak the same language

While us fundraisers tend to think of revenue in terms of separate campaigns, your finance team is wired to think in terms of funds — meaning the [GL \(general ledger\) codes](#) that make accounting easier and more functional.

Each donation or payment receives a GL code, which identifies what type of transaction it is. For example, an online donation may have a different GL code than an in-kind donation for a silent auction — even if they both contribute to your annual fund.

At the onset of your annual fund, work with your finance team to translate your anticipated revenue streams into corresponding GL codes. You'll want to be broad enough to include different aspects of your campaign (events, asks, etc.), but specific enough to make it easy to report on and evaluate your annual fund performance.

## Showcase your mission with every campaign

People want to give to your mission. It's your job to tell them exactly what your donor's funds will be donations will go toward, so donors can see their impact. You should create a page for this information in a central location on your website.

Share's year-end appeal page does a great job of showing the organization's impact through the lens of individual storytelling.

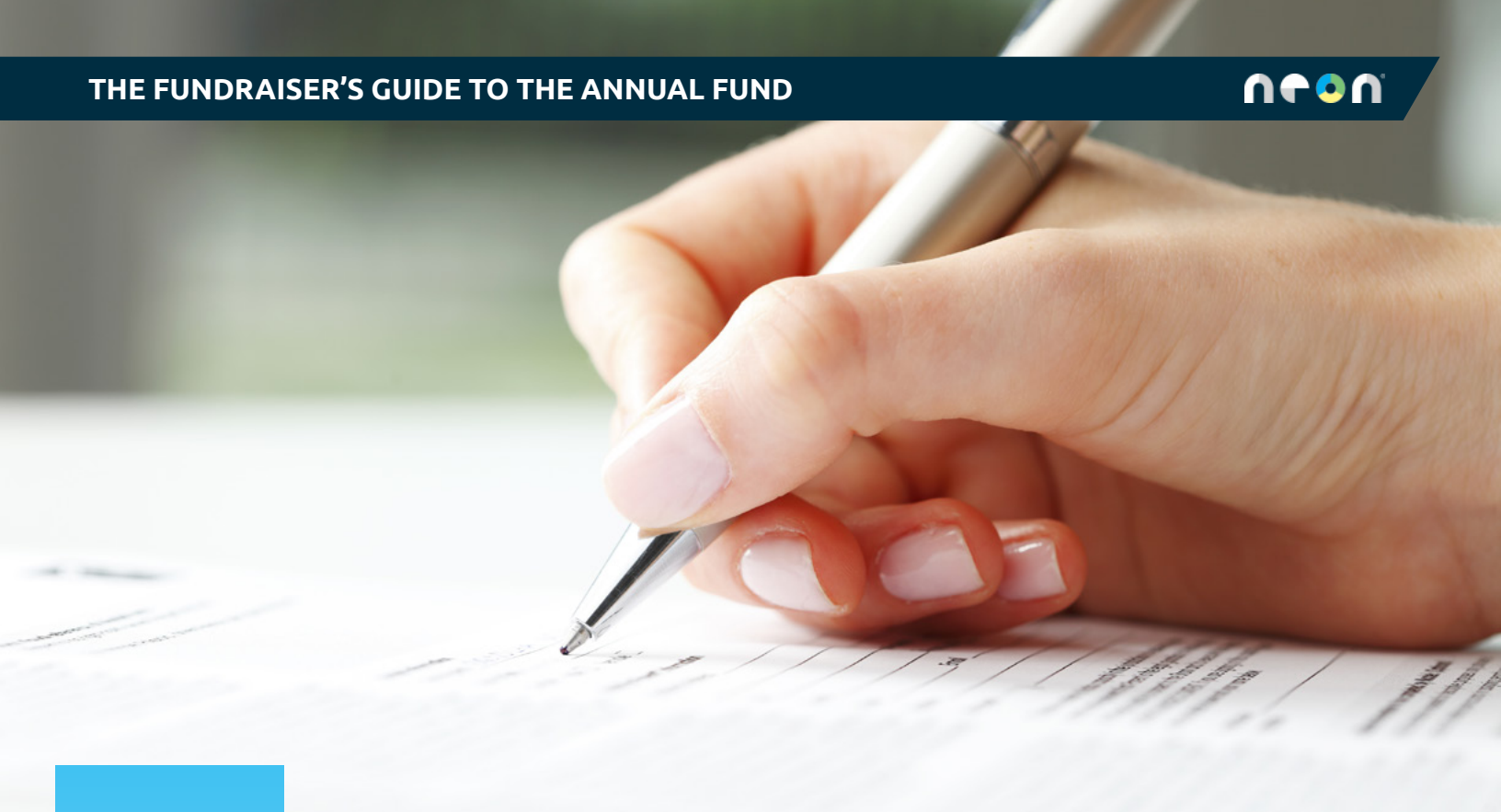
Click to expand.



Branding your giving levels for your annual fund can send a direct message to your supporters about their level of support. Consider creating giving societies to spread stewardship throughout your community. If a person donates at a specific level to your annual fund, why not give them exclusive access to a party at the end of the year to reward them for their gift? You should also create specialized stewardship correspondence based on these giving levels, but we'll cover that later.

Setting up your appeals process and campaign structure is important because it will dictate how you're going to present your annual fund to your potential donors. During your planning process, think about how sub-campaigns can be used to accomplish your goals and objectives. How will your committee and board of directors request reports detailing where your donations are coming from? How are you publicizing your annual fund? Have you added a fundraising success thermometer to your website?

When all of your materials are ready to go, it's time for the exciting part — making the ask!



## 03

## Making the perfect ask

If there's one thing you should take away from this eBook, it's this — even though annual fund donations will be used for general operation, your donors should never be treated generally.

The worst thing you can do is send out a generic letter that starts with “Dear Supporter” and has a boilerplate ask. You should be crafting your appeal emails and letters to target your constituents in a way that gives them a personal link to your mission.

The key to making the perfect ask is delving into who exactly you're communicating with. You should have a 360-degree view of your of your constituents, going beyond giving history to include volunteer hours, event registrations, membership registrations, survey results and other data specific to your organization.



So how can you set up your appeals process to target specific constituents, while crafting the perfect appeal letter to excite them to send that check or donate online? We'll explore two strategies to segment and communicate with your future donors.

### **Segmentation is the key to success**

As mentioned above, the worst strategy for appealing to folks is to create a "one size fits all" appeal for all your donors. Taking the time to create segmentations within your database is the key to maximizing success with your annual fund.

The first step in segmentation is identifying the type of person or organization that you'll be appealing to. Each record in your database should have a general identifier that can help in segmentation, letting you sort between individuals, households, and organizations. Broad identifiers provide a solid foundation for segmentation, while giving you the option to drill down deeper based on custom information or previous giving history.

Once you've created broad categories (e.g. major donors, board members, volunteers), then create segmented mailing or email blast lists. Save these lists to give your staff the ability to revisit your criteria and tweak it for future appeals. Ideally, you should create segmentations on previous donation history and other important fields in your database.

### **Segmentation is universal**

No matter what database you're using — or even if you don't have one — segmentation is key. Without the powerful reporting tools of a CRM database, segmenting within an Excel or Google spreadsheet is time-consuming, but worth the effort.

### **Craft a communications strategy**

So now you've created specialized email or letter campaigns based off your organization's criteria. Maybe you want to send an email to everyone who has given over \$500 and is a volunteer. Or to folks who have never donated directly to your organization but have attended your events.

Once you have created your lists, the next step is to actually communicate with them. When I raised nearly \$800,000 in one year for the last organization I worked for, we sent the physical mailing and then followed up with an email communication two or three weeks later.

Create a special letter or email for each segment, including letters written by your annual fund committee members (with their electronic or physical signature!). And remember, when you're sending these letters and/or emails out you need to [make your future donors feel personally connected to your mission](#).

Your annual fund is competing with dozens of sources for your future donor — you want to create concrete reasons why they should give, but never treat your donor solely as a debit account for donations. Your ask should clearly illustrate why your cause deserves their attention and resources. Have your committee members write the letters themselves, tweaking it to include information from your database. That's why segmentation can make or break your campaign!

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*"I got up in front of an assembly of 500 organizers from around the country and I did a donor ask. That organization had never publicly asked its general membership for money. I got up in front of 500 people and I had a check that I'd written for \$100. I made the ask in my not so perfect Spanish and everyone, especially the workers, were so happy to pull out their wallets. Whether they gave a dollar or \$20, everybody in that room gave money. It just felt really good."*

— Christy Lubin, Centro Laboral de Graton / Graton Day Labor Center, Treasurer of the National Day Labor Organizing Network

October 12, 2015

Dear Hector,

Perhaps you can also remember the first time you asked someone, face to face, to give money to a cause you care about. Do you remember how nervous you felt, if your heart was racing? Do you remember feelings of excitement from the possibility of hearing "yes"? Or the fear of being turned down?

**When we dare to give or ask for support, we take back our power and give our communities the chance to join our collective efforts to make the world a better place.**

**Will you donate today to equip organizers like Christy and Rosa (pictured) with the resources and tools they need to raise money from within their own communities? Together, we can keep the power of giving in our own hands as we build people-powered movements!**

*"#LAMAFundraiser because I believe we can fund our movements."  
 Rosa Yadira Ortiz, GIFT Supporter*

Thanks to your support, GIFT is returning to Baltimore to offer "Grassroots Fundraising for Organizers and Activists," a three-day training institute. With priority given to Black-led organizations, fundraisers of color, and Baltimore groups, we are excited to welcome our 25+ fundraisers in training from across the country.

Because of you, GIFT will provide this dedicated group of organizers with fundraising skills, tools and practice to build a fundraising team and make one-to-one donor "asks."

When you give to GIFT, you invest in broad-based movements for social justice. **Every dollar you give helps expand the base of social justice fundraisers**, fundraisers organizing to combat police violence, protect workers' rights, address climate change, and to build power in LGBTQ and immigrant communities. More than ever, movements such as these need solid grassroots fundraising programs if they are to not only survive, but thrive.

*The Audre Lorde Project just turned 20 and in order to sustain our future, I will use what skills I learn from GIFT to assure our future is a bright one.*

— Ms. Tanya Walker, Upcoming GIFT training participant and Audre Lorde Project board member

**Hector, will you donate \$35 today to support groups such as the Audre Lorde Project in gaining the tools and skills they need to be successful grassroots fundraisers?**

Whether you're a fearless fundraiser, dedicated donor, or a fundraising novice, you know we all need support to take care of ourselves and our movements. Through our training institutes, *Grassroots Fundraising Journal* or Money for Our Movements Conference, GIFT puts your money to hard work building support for people mobilizing resources for social justice.

We can't do this important work without you, and we are so grateful for your continued support! Please make your gift today!

On behalf of the GIFT board and staff,

José Dominguez  
 GIFT Board Chair

**P.S. Thank you for your gift of \$15 on 9/17/2014!**

**P.P.S. Give by October 31<sup>st</sup> and DOUBLE your impact! Up to \$5,000 in gifts will be matched by a generous team of GIFT donors! Please donate today!**

Sample appeal letter from the [Grassroots Institute for Fundraising Training](#). Click to expand.



Thank  
You!

## 04

## Great stewardship from day one

Stewardship is a fundraising buzzword, and we need to explore it further.

At its core, it is the management of your donors to ensure they feel rewarded for their donations. When a donor feels acknowledged, they are more likely to donate again and tell others about their donation — laying the foundation for donor retention. Your database can automate responses for the immediate needs of stewardship, plus give you tools to follow up in a way that fits within your overall annual fund plan.

Thanking your donors falls into two categories: tax receipts and personal satisfaction with your organization. Many folks donate due to the [tax deductions they receive](#) for supporting your organization. Others donate due to a personal connection or support they feel for your cause. Effective stewardship can cover both of these groups in one fell swoop.

You should thank your donors immediately and accurately. You can also encourage them to manage their donations over time, make recurring donations, or to make bigger donations immediately. Either way, you should be crafting thank you acknowledgements that reinforce your mission and remind the donor about why they made their commitment in the first place.

### **Thank your donors immediately**

You should be thanking your donors the moment they hit submit on your donation forms. The more automated you make your donation processing and response, the less time you'll spend doing paperwork catch up. But the more personalized your donation thank you emails are, the greater the chance that you'll stand out from the crowd.

I'm involved with a comic books and literacy organization called [Reading With Pictures](#) and we've crafted our thank you emails to include donation information, our mission statement, and information that can double as a tax receipt. Your organization should aim to create automated emails that decrease the workload of your development personnel.

**“Your annual fund should never be treated as a one-off donation, but as a way to continually engage the folks most engaged with your mission.”**

### **Snail Mail made easy**

When I raised funds for a private school, our donation thank you process had a policy that all gifts would have a written letter from the head of our school within 48 hours. That meant we needed to generate mail merges the day of a donation. A best practice is to process, track, and follow up on all your donations from a physical mailing standpoint as quickly as possible.

Ensuring that your donors are properly thanked is a great way to encourage them to come back, year after year. Your annual fund should never be treated as a one-off donation, but as a way to continually engage the folks most engaged with your mission. A physical mailing is a great way to do this, since you can add personalized notes that an automated email won't be able to express.

**Call them, but not maybe**

There is no better way to thank your donors than an actual conversation. While we'll be covering your major donors in another chapter, you can start the immediate stewardship process by creating a contact report on major donors that includes phone numbers, total donation amount and last donation amount.

That way your development-focused staff members or members of your committee can make calls based on up-to-date donation history to express a sincere "Thank You."

**"There is no better way to thank your donors than an actual conversation."**

While at the private school I was raising funds for, we had a policy to call any donor over \$1,000. Why not dive into your data to generate a report to see those donations and try to match it up with the annual fund committee member who helped obtain the donation? This can help you to track the progress, timing and history of these important phone calls.







IMAGE: BEATE MEIER (FLICKR)

## 05

## Explaining the year-end appeals process

Nearly [one third](#) of all donations are made in December, with about [12%](#) of all donations happening on the last three days of the year.

This is because many individuals save their donations to ensure they are counted in that tax year once they know how much they have leftover to give. While an annual fund may run from July to June, taxes do not. In this chapter we'll explore ways you can maximize these trends to your advantage.

### Get ready early

If you are putting together your end of the year appeal in mid-December, your organization has already missed valuable planning time to maximize the return on your appeal.

Your strategy should already be in place when you [first start planning your annual fund](#), but the day-to-day work should begin no later than November 1. This way you have enough time to plan all your mailings, email appeal timings, social media engagement, and other strategies that can be leveraged to get donors in the door. For perspective, the majority of nonprofits start planning their [year-end appeals](#) in October.

### **Make it special, make it count, and make it happen many times**

If you have planned well for your end of the year appeal, you've already started segmenting based on your donors' giving and organizational engagement history. The easiest thing you can do is make a mass appeal aimed at everyone, but it is far from ideal to treat all your donors the same — and could actually hurt your fundraising efforts.

Create emails and mailings that are targeted to how donors identify with your organization. Consider segmenting based off of how much they donate, when they donate, how many times they donate, how they first engaged with your organization and other important factors. The more you can speak to them as a person, the more impact your message will have.

Recruit heavily involved volunteers or annual fund committee members to write a letter on why they have invested so much of their time and talent toward your organization. Shore up major donor support by bringing in your most influential board member (sometimes it's not the president) and having them make personal appeals.

## **Take the time to make it count**

- Talk about what the funds go toward
- Share a story to show the impact a donation can make
- Celebrate your heroes (donors, people you serve) instead of focusing on your organization's accomplishments
- Motivate and inspire your donors, don't bore them with stats and achievements. This is a call to action!

Also, spread out your end of the year appeal over a few weeks or days. Have the physical mailing go out in the beginning of the month and finish it with a targeted email appeal. If you've created your mailing lists to filter out folks who might have donated between your "asks," then you won't need to worry about double dipping your donors.

### **Thank your donors – again!**

Make sure to have a powerful thank you message folded into your end of the year appeal strategy. Depending on organizational resources, consider making a special video or including a photo/picture for donors that you can include in an email. Consider writing a special letter and/or email for people who have already donated to update them on your annual fund's success and, more importantly, how it's helped your mission the past year.

The overall point is to thank your donors for their commitment to your organization! The more you thank them, the more you've reminded them that they are special and that you rely on their generosity for your mission.

And don't forget to prepare for your own success! You might have a ton of emails informing you of donations made on December 31 or a stack of checks sitting in your mailbox. Get your letterhead ready, format those reports for the new calendar year, and start thinking about your annual report.



IMAGE: TAX CREDITS (FLICKR)

## 06

## Getting and retaining major donors

Any donation to your annual fund is an affirmation of the work you do, but there's a special joy that fundraisers receive from those big checks.

All donors should be treated with a baseline level of respect and stewardship, but there are effective strategies to obtain and maintain major donors. While others have [outlined some great strategies for thanking](#) (and thanking again) your donors, we'll explore some ways that you can utilize your database to help too.

### Get as much data as possible

The single most important thing that your organization can do in regards to major donors is to [collect as much data as possible to properly gauge your ask](#). When we talk about data we are referring to the information collected about your donors.



## You should at least know your major donor's:

- Giving history
- Nicknames
- Preferred method of solicitation
- Preferred address for mailings

Some people like to be contacted by email at work, while others prefer a phone call or letter at home. Some donors also have preferred times of the year they give (e.g. [bonus time at work](#)). All of this data can be collected using historical data in your database, online forms, mailed in forms, or gathered from personal communications.

You should also collect information about your donor's household relationships, friends, employment history, and organizational connections all in one database. The more information you give your development staff and solicitors to work with, the higher the likelihood that your message will stand out above the rest once those asks are being made.

### **Track your organization's interactions**

One of the most embarrassing things that can happen with major donors is having several staff members doing the same prospecting, which can lead to multiple asks that might confuse or turn off the potential donor. Tracking your interactions with donors in all forms is key, so ensure that each and every email, phone call, mailing, and meeting is stored in your CRM.

Create a solicitation plan with your annual fund committee to track who is going to actually make the ask when the time comes. Use your database to assign staff members, board members, volunteers, and fundraisers to every one of your major donors. Database fields can be used to track different stages of the "Ask," and activities can be used to track each interaction. Proper planning and making sure personal attention is paid to the future donor is the key to success.



**Give early, give often**

When making your primary asks at the beginning of your annual fund, stress that recurring gifts are a feature that your organization offers. There is a [growing amount of research](#) that shows that donors — especially [millennials](#) — are turning toward recurring gifts on a timeline comfortable to them. Make sure that your donors know that this is an option, perhaps creating a special appeal aimed at encouraging recurring giving or adding a recurring giving option on all solicitation materials and donation forms.

**“There is a growing amount of research that shows that donors...are turning toward recurring gifts.”**

**Establish a giving society**

At a certain level of giving, donors expect recognition that goes beyond being listed in the annual report. One great way to do this is establishing a giving society that can be based on giving over a certain amount in one year or have multiple levels with branded names for each. When developing your giving levels for online forms, keep the idea of a giving society at the forefront of this discussion. It isn't simply an amount that people will donate, but a special level of recognition. Make sure to include an area on your website, perhaps on your campaign page, that explains the giving society.

Another great way to entice higher donations is to stress that [matching gifts](#) from a donor's company can be included as a way to get them to the next level of a giving society. A nice touch to the giving society might be to throw an annual fund party at the conclusion of the year to celebrate members of the giving society.

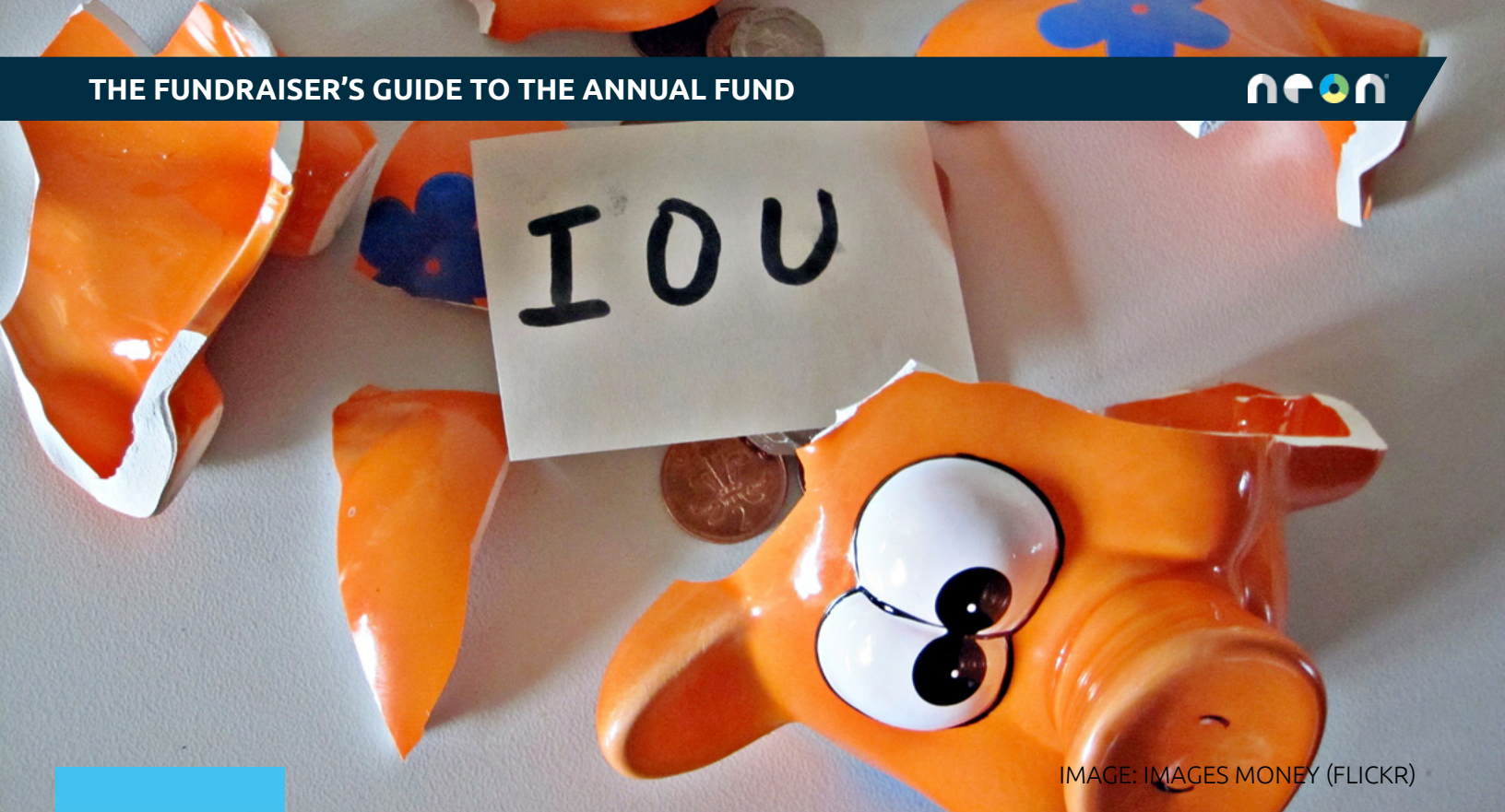


IMAGE: IMAGES MONEY (FLICKR)

## 07

## Pledges: investing in your organization's success

Sometimes your donors have an absolute intention of giving, but they just can't do it at the time of your ask.

This typically happens most often in the initial push of your annual fund process. Setting yourself up to not only track but also acknowledge and follow up on pledges throughout the year will lead you to success.

We've talked a lot about stewardship, but there are [never enough ways to say thank you to a future donor](#). The key to pledges is that they are an intent to give and you should treat your future donors with the same level of stewardship that donations in the door receive.

### **Structure your annual fund to handle pledges**

When creating materials for your annual fund, make sure to include an area where folks can pledge their intent to give. You should also write copy for an acknowledgement letter specifically for these pledges, so when you do your mail merge or email follow-up you'll be able to quickly generate these communications. The future donor should have an easy way to fulfill their pledge, so make sure to include a return envelope and a donation link to your online annual fund campaign page in any correspondence you're sending out.

## **Know your audience**

**If you don't have many physical addresses, mailings may not make sense. Still, try to handle intents to give even if online — try following up via phone, email and even social media posts.**

### **Have a strategy to get pledge commitments early**

The earlier you receive a pledge, the more time you'll have to fold these donors into your overall benchmark strategy for your annual fund. At the private school where I used to work, we had a phone-a-thon that utilized volunteers to make calls on behalf of the annual fund. A large number of people contacted would opt to pledge future money as opposed to giving an outright gift immediately. Coordinate your initial mailing to your possible future donors with a phone-based follow up ask. A great tip I learned is to make your giving community well aware that you'll be doing a phone-a-thon and give them opportunities to donate to your annual fund ahead of time so they're not called the night of.

A major part of your strategy should be [providing as much information as possible](#) about your prospective donors to the folks who are doing the ask. It is a good practice for board members or dedicated volunteers to know previous giving history or special notes and activities about a possible donor before reaching out to them. This is also a two way street – sometimes your solicitors might gather a piece of information you didn't previously have in your database! Make sure this new information gets entered as soon as possible.

### Schedule follow up time on pledges

While you should have sent out an acknowledgement of the pledge the moment it is received, you'll also need to follow up with your outstanding pledges throughout the year. When laying out these asks, make sure that outstanding pledges are treated differently than folks who haven't indicated a willingness to give. Create a different letter that includes the pledge information in the letter, to remind them of their previously committed gift or even ask them to consider increasing their commitment. Many times you can integrate this into an email campaign as well, segmenting out your annual fund's unfulfilled donors.

### Sustain that donation

Cultivating a culture of recurring giving is something that more and more nonprofits are doing. Instead of one large gift given upfront, [many donors are turning toward monthly giving](#) and spreading this donation out over the course of a year. Make sure to provide recurring donation options online with your annual fund donation page, and offer this as an option when reaching out by phone. Recurring donations are something you should actively encourage since it's a form of sustained pledging that may continue for many years, if not forever.

Plus, there's research to show that monthly giving programs are popular, especially among younger donors. [52% of millennials](#) say they'd be interested in a monthly giving program. Smaller, more frequent gifts can be easier budget for younger donors who want to contribute regularly but can't afford large, one-time asks.

## Should you book pledges into your finances?

Although the development team should treat pledges as donations yet to arrive, the accounting team can choose to enter them in their books or wait until received.

While it is a best practice to book multi-year pledges into both your fundraising and accounting system, there's a pretty big debate in the nonprofit community about annual fund pledges being booked for your accounting. The concern is that annual fund pledges tend to be unfulfilled at a higher rate when compared to major donor gifts and this can make a finance director tear their hair out.

Regardless, the development team should track everyone's intent to give. But check with your accounting team to find out how they want to track pledges.



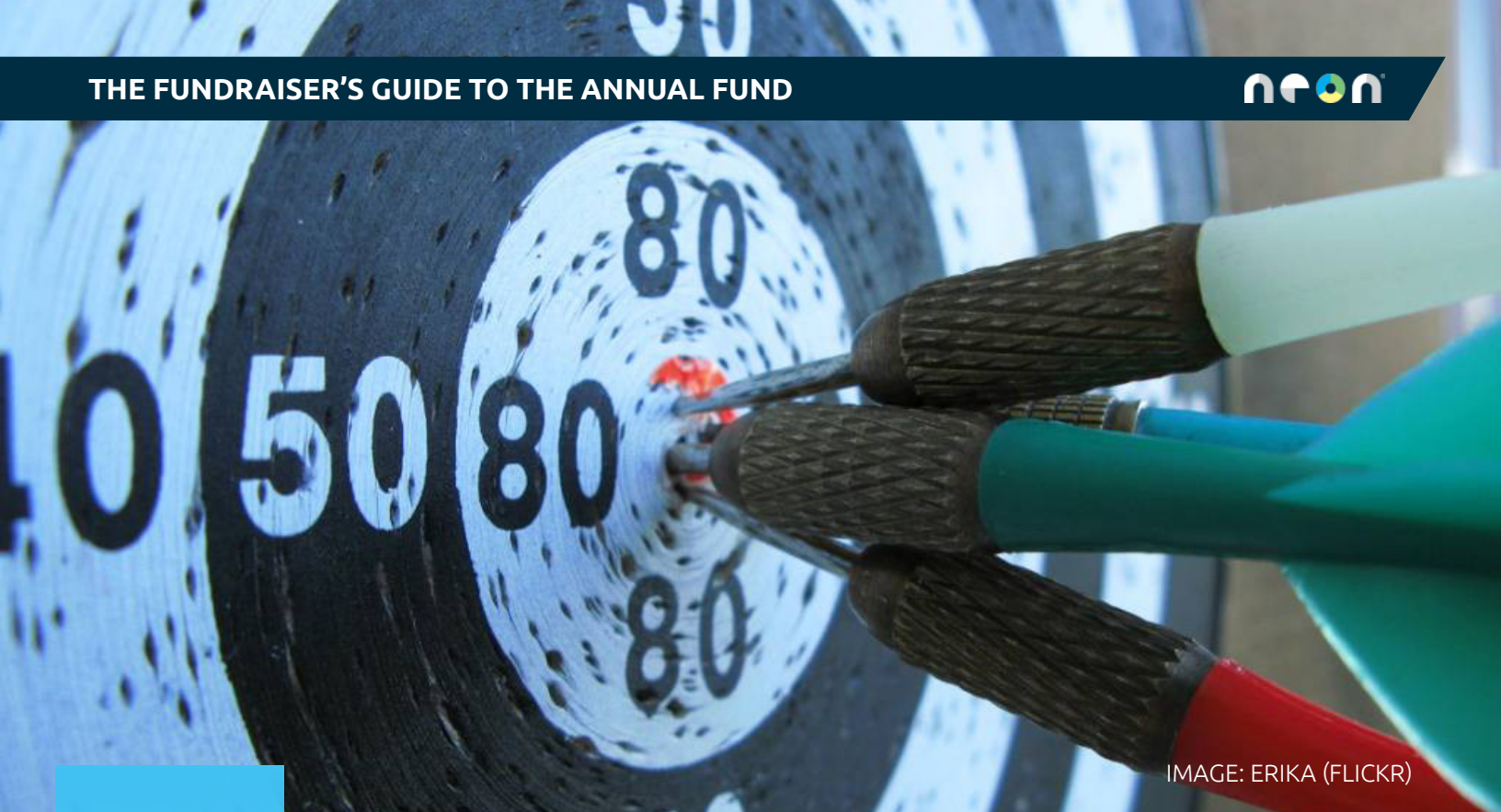


IMAGE: ERIKA (FLICKR)

## 08

## Now what? Managing your annual fund

You've done your work and the donations have rolled in from your year-end push.

While you should pause and congratulate yourself and your committee on their hard work, the real test is making sure that everything is accurate and your donors are properly thanked. We'll cover some strategies to ensure that you're not overwhelmed with all the work that comes with a successful annual fund wrap-up.

### **Thank your donors and thank them often**

We've already touched on some things you can do to start the [stewardship process](#) from the moment they donate to your annual fund, but part of the initial work should be crafting well thought out thank you acknowledgements. Write the copy, editing it to focus on mission and stewardship, and keeping it clean and concise. You should revisit and update your thank you letters each year.



Your organization should create a workflow for stewardship. While a best practice is to thank your donors with an automated email thank you receipt, you might consider having a physical letter as a follow up within a few days. [Make sure it's a good letter](#) that makes the donor really feel well thanked for their relationship to your organization and not just for the money itself.

If your organization can't do physical mailings, try to build in a strategy that thanks the donor again in another way. Some alternatives include having a thank-a-thon in which callers communicate their appreciation of the donor's commitment to your annual fund; or ensuring that a staff or board member calls or meets with donors of a certain giving level and above.

### **IRS-friendly stewardship made easy**

The moment a gift comes in, you should enter it into your database. With online donations, the entire process can be automated so the donor is immediately thanked, and your organization can cut down on manual entry, mail merges, stamps, etc. If the donation comes in by check or other tax-deductible format then enter this into your database system as quickly as possible.

## **Donation receipts: Best practices**

[Technically, it's the donor's responsibility to obtain an acknowledgement for gifts of \\$250 or more](#), but this does not make for good stewardship. You'll want to **make sure this information is easily accessible for donors** — here are a few ideas to simplify the process:

- Give donors access to a secure giving portal where they can view their personal donation history
- Prepare itemized receipts that are included with a special thank you letter
- Reiterate giving levels in your annual report, keeping in mind anonymous giving requests

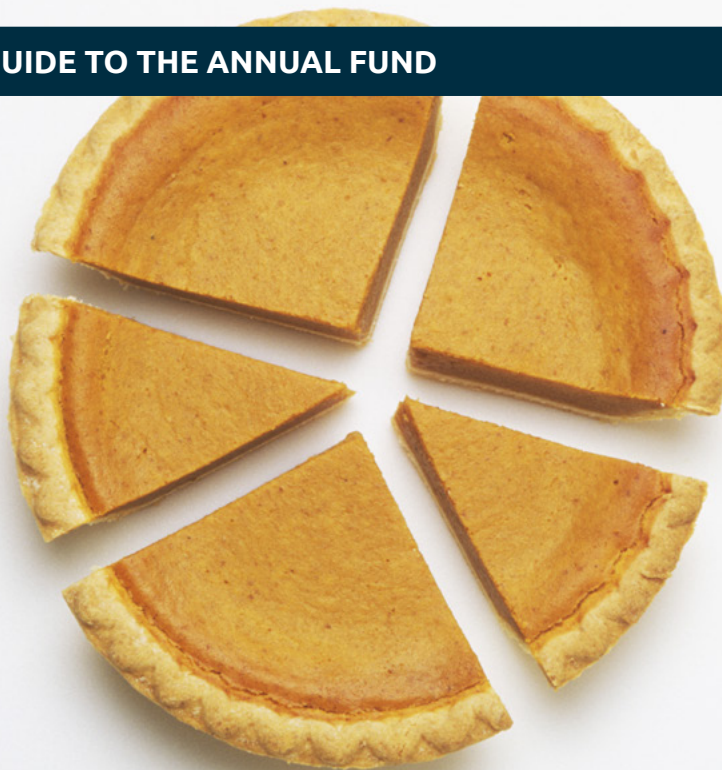
### Prepare for staff turnover

[The biggest momentum killer in the nonprofit industry is staff turnover.](#)

The last thing your organization needs is the staffer who has been overseeing your annual fund leave at this critical moment without any explanation concerning how your database works for your annual fund. If possible, spend time with the person “in the know” about the database to craft a smooth transition plan and to review any best practices and internal procedures that have been implemented.

First, do not write a gift procedures guide — such as a “how to enter a donation” guide. Many vendors such as NeonCRM already have guides on how to use the system. [Your internal database procedures guide](#) exists to tell people how someone should use it the way that works for your organization, including any custom fields or unique uses your organization has.

Second, establish a training program for any new employees who will be using your database. Create a timeline for their understanding of your database, provide time to answer any outstanding questions, and be open to their ideas on how to improve your processes. Also consider examining free or (hopefully!) reasonably priced training and consultation options from your vendor to bring new and old staff members up to speed on your database.



## 09

## Beyond the pie: reporting on your annual fund

Many fundraisers focus on presentation of their data and don't spend time analyzing the story the data is telling.

One of the biggest issues that nonprofits have is inaccurate or spotty reporting. All that math to calculate! Ugh! But since you've [already laid out benchmarks for success](#), your organization will want to see how well you're doing in comparison to your internal standards.

In fact, many experts point to the fact that [nonprofits collect a lot of data but just aren't using it well](#). So when it comes to reporting on how your annual fund is doing, take a critical approach by asking hard questions:

- Is a particular appeal doing better or worse than expected?
- Can you modify your appeal language to make it snappier or more concise?
- Can your organization be more detailed in its communications?

### \* Fundraising versus Financial Reporting

Remember, taking time to coordinate with accounting on GL codes (Chapter 2) when you first start will help you avoid problems here.

When approaching reporting, organizations need to understand the difference between fundraising reporting and financial reporting. There may be times that the development department and the finance department aren't even speaking the same language!

So when your organization is developing reports for analysis of your annual fund campaign, make sure that everyone is on the same page in terms of goals. There are [many questions that come up](#) while processing donations and this will extend to the reporting side.

Use your accounting software to quantify your annual fund, but use your donation CRM to ensure that you are qualifying your revenue.

### Beyond the pie chart

Visualization of data is important to many nonprofits and there are [tons of strategies](#) to integrate graphs, charts, and other visual representations of your data. Many CRMs have some charts and graphs built into their software as well, but the most important approach to understanding data is to identify the story that it is telling.

The ultimate goal of data visualization is to tell a story of how your organization's annual fund is doing. Which donors increased their giving? Which donors didn't give this year but did last year? Is there a specific segmentation or appeal that did better this year? Pie charts can assist in telling a story, but asking the right questions first will ensure that your organization can grow its revenue for years to come.

## Free data visualization resources

We know — [good data visualization](#) is hard. But these free resources can help you make accurate graphics that communicate your impact, no matter your skill level.

- [Canva](#). Free online design software that lets you create simple infographics. This is a great option for orgs without a designer on staff.
- [Visual.ly](#). Similar to Canva, this site lets you create simple infographics. It's also a great place to go for inspiration, as they display a wide range of infographics on their site.
- [Adobe Color](#). Great for picking color themes and groups for design projects.
- [The Noun Project](#). This website has an icon for any word or idea you can think of. Since humans process images faster than words, it's a great idea to include icons in your nonprofit data visualization to make it easier to understand. Most icons are free if you give credit.





## 10

## How to avoid donor fatigue

We've all experienced it. The sense that we're starting to ask our donors for too much, too often.

Multi-channel fundraising can become a double-edged sword — more effective, but can feel more repetitive. So what can we do to avoid donor fatigue and ensure that our donors won't feel nickel and dimed?

There are a few strategies that we'll explore below to do just that. We'll touch on creating a strategy for your solicitations, social media usage for fundraising, and the always-important area of making sure your donors feel appreciated.

### **Create a strategy for your appeals process**

Many organizations have several projects and events occurring at the same time with their own budgetary needs, which can create confusion for donors. Where should they apply their contribution? Where can their gift make the most impact?

## Yes, donor fatigue is real

Donor retention is a more efficient way to fundraise, but it means we have to rely on the same donors to give again and again. Although a strong commitment to a shared mission can inspire donors, you need to ensure that each contribution is tied to concrete results that will encourage them to keep giving.

Be sure to identify these donors and find out ways to keep them engaged and involved in your mission. In general, keep asks to a moderate level and avoid a “thask” (a thank you, combined with an ask for more) at all costs.

Formulating a plan for how your organization solicits donations is important for every nonprofit. The ability to brand individual campaigns and events while tying it back to your broader mission will give donors a streamlined understanding of where their contributions will be going. Some things to keep in mind:

- Spread out your asks to ensure donors have breathing room to gauge how much and when they can give
- Give donors options on how to contribute to your organization, such as smaller recurring donations or in-kind gifts for your fundraising events
- Some donors prefer the public recognition that an event sponsorship brings as opposed to the less flashy (yet more flexible) goals of your annual fund

Regardless, your organization should turn to your database to ensure you have the most up-to-date donor information. At the very least, you should know the last campaign or event they have contributed to. This ensures that donors feel appreciated for their previous gifts and lets your staff create a detailed portrait of your constituents — beyond just their pocketbook.

### **Use social media sparingly**

The allure of platforms like Facebook and Twitter can be deceiving. Even though many of your supporters may be active on social media, a successful fundraising campaign on social media takes a lot of work! The key to success is engaging your followers with engaging storytelling that lets your mission shine.

Are we discouraging you from using social media for your fundraising efforts? No way! However, [your organization should be at the point where you've built up a sense of trust and engagement with your followers](#), giving them great content that focuses on your mission and your impact.

Social media donation appeals should have their own strategy, as opposed to just linking to your website's donation page and expecting the money to roll in. Consider creating a special video for your followers with a [link to a campaign designed for social media](#). Or maybe recruiting your volunteers to "take over" your social media platforms for a day to explain why your mission resonates with them. Craft a messaging strategy that combines mission with the appeals process.

### **Have we mentioned you should thank your donors?**

The best way to ensure your donors don't feel like an ATM is to create a strategy for thanking them. We've [touched on this](#) before but it can never be said enough – thank your donors and thank them again!

Then thank them one more time. Make sure they've gotten the basic tax receipt information they'll need and then build upon that. Organizations of any size should set aside the time to ensure their supporters feel that the mission they've given to is worthy of their time and talent.

In my previous position, I ran an annual fund that aimed to bring in nearly \$1 million over the course of 365 days. Around the second month of the new fiscal year, our team would reflect on successes, failures, and ways to improve our processes. Next chapter, we'll discuss creating a proper wrap-up of your annual fund and looking to the future.

## 11

# Looking back, moving forward: reflecting on your annual fund

What did you do right? What can you do better next year?

Look back to the [original plan](#) you put together, and start with your SWOT analysis. Did you play to your organization's strengths and mitigate your weaknesses? Did you capitalize on opportunities and neutralize any potential threats to your success?

This is the time to celebrate, but with a healthy dose of skepticism. Create a framework to build on year to year. [Be constructive in criticism](#) and use that to make your annual fund even better.

## Revitalize and reward the team

The annual fund that I helped run cycled out the chair and vice-chair every year. The chair would get a nice send-off at the celebratory party at the conclusion of the annual fund, and the vice-chair would be elevated to the leadership role for the coming year.

IMAGE: OPENSOURCE.COM (FLICKR)



While you don't need to use this exact same model for your organization, be on the lookout for [signs of burnout](#) for your committee members and other stakeholders. Keeping the team excited is absolutely vital for your success. Otherwise, who will help stuff those envelopes and do those phone calls?

Remember when I mentioned the celebratory party a few times? Make sure to have one of those! Use it to celebrate major donors, committee members, volunteers, and of course your own work. Annual funds aren't on the same marketing level as galas and other flashy events, so adding a little pizzazz once it's over will make folks excited for the coming year. What will you do next year?

There are parts of your annual fund structure and plan that will work year after year, but every year your organization should take stock (literally and figuratively) of what will help you for the coming year.

## Evaluating your annual fund structure

A few guiding questions to keep in mind:

- Where does your annual fund fit in with your calendar year annual report in terms of donor stewardship?
- Is your letterhead reusable? If not, can you find a better vendor or deal?
- Are there any major donors that can be softened up for an appeal early on? Consider a dinner to thank them for their previous year's support and avoid an ask for now.
- What impact did the previous year's annual fund have on your mission? Quantify AND qualify.

# #GIINGTUESDAY™

# 12

## **Bonus: What about #GivingTuesday?**

An increasingly important component of donor engagement is the idea of #GivingTuesday: a worldwide day of giving that can be extremely successful for your organization — if it's done right.

The inaugural #GivingTuesday was held in 2012 as the charitable cousin of retail “holidays” Black Friday (the day after Thanksgiving) and Cyber Monday (the Monday after Thanksgiving). #GivingTuesday is growing every year, and 2015's event saw donations totalling hundreds of millions of dollars from more than 1 million donors. The ability to leverage this growing tradition to support the fundraising efforts for your annual fund is not only important, but necessary.

While some worry that participating in #GivingTuesday can dilute your nonprofit's brand or cannibalize your year-end fundraising, the movement is gaining more support from the nonprofit sector — and the public — every year. The amount of donations and number of participating organizations are growing quickly, and it's likely the event will continue growing to have an even bigger impact in the future.

So how can you get in on #GivingTuesday and jumpstart your year-end giving without sacrificing your annual fund?

### **Register as an official #GivingTuesday partner**

Any registered 501(c)(3) can become an official #GivingTuesday partner by [registering here](#). As a nonprofit partner, information about your organization and how to donate will be listed in #GivingTuesday's online directory. You'll also receive a "partner kit," which includes templates for spreading the word about #GivingTuesday.

### **Make a plan**

To be successful, you'll need to do more than write a Facebook post declaring your intent to be part of #GivingTuesday. Given the timing, #GivingTuesday could serve as a great way to kick off your year-end campaign — but is that right for your organization? Is there a specific population that you want target, or a certain segment of donors? Do you have a goal for how much you want to raise? Think of your #GivingTuesday plan as a miniature version of everything we have just covered in the annual fund.

## **How to make the most of your campaign**

- Create a #GivingTuesday donation page
- Encourage social giving
- Reach out to invested donors for buy in
- Identify a matching donor
- Develop a multi-media plan
- Create a detailed retention plan

**Make it unique**

#GivingTuesday should never interfere with the implementation of your annual fund. It's important to make a unique plan so your #GivingTuesday campaign doesn't cannibalize your end of year donations, which are right around the corner. Your organization can do many things to set it apart from your annual fund and major giving programs.

**Hype it up**

Perhaps #GivingTuesday's greatest strength is its reputation on social media. The [#GivingTuesday Twitter hashtag](#) is popular year-round and huge on the day itself. If you're not already using social media, this is a great time to start. If you are, make sure you use the #GivingTuesday hashtag and post about your plans for #GivingTuesday on Facebook, your website, and any other social streams. Depending on your constituent base, it may be useful to communicate both online and offline, perhaps with a postcard or even a phone call. Invite them to join the #GivingTuesday conversation and contribute to your cause.

**Don't let your #GivingTuesday donors disappear**

You're likely to get some new donors on #GivingTuesday, especially as the movement becomes a larger philanthropic tradition. Remember that these donors just like any other donor, and they need to be [appropriately acknowledged and stewarded](#). Make sure that they receive your fundraising materials, and consider sending a targeted e-blast to them later in December to update them on how much you raised on #GivingTuesday with their help.

#GivingTuesday is a fantastic opportunity to reengage your current and lapsed donors, bring on new donors through social media and other channels, and harness the collective power of the nonprofit sector.





IMAGE: LUKE JONES (FLICKR)

## 13

## Bonus: What about your big event?

One of the questions that fundraisers face is how much effort to put into each type of revenue generation channel.

Perhaps the largest issue is that “big event” that your organization may organize each year. How do you balance your annual fund’s solicitation strategy with the labor and marketing needs of your high-profile event?

Sophisticated approaches to the annual fund will clearly separate way that donors may engage with your mission. Your organization will likely leverage [outreach to corporate prospects for high-profile assistance with your event](#). That’s great!

However, a balance must exist between the outreach to high-profile donors and the goals of any revenue generation strategy. Here are some questions to ask before deciding if the majority of your energy should go toward solicitations for your annual fund or your big event:

- What is the giving history of the donor?
- Does the donor prefer public recognition for their gift or is the gift's impact enough?
- If the donor prefers recognition, how do they prefer to be recognized?

Let's develop two scenarios that will help illustrate where to focus your energy for both the annual fund and the event. It should also be noted that while you want to avoid donor fatigue, some donors are going to fall into both the annual fund and big event categories.

### **Scenario One**

Your prospective donor is new to your mission but extremely excited to help. They work for a large corporation that has a matching gift program as well as a "community partnership" program for things like events. In discussions with them, you come to understand that they are highly interested the impact that your mission has on helping others.

Possible Strategy:

Approach the donor with an open mind, but it appears they are going to be more interested in an annual fund donation with a low level of acknowledgement for not only themselves but also their workplace. Aim for the matching gift that will be earmarked to the annual fund, since that will have the greatest immediate impact on the mission.

## **Know your ROI**

Events can be a powerful tool for your fundraising, but only if the revenue balances out the costs. Expenses should never be more than about 15% of your gross. [Calculate your ROI here.](#)

### Scenario Two

Your prospective donor has been a consistent low to mid-level donor to the annual fund. However, you see that they have attended your big event for several years and have always bought a table for their friends. The friends also have a great time and actively participate in your auctions.

#### Possible Strategy:

Several months before your big event, try to speak to this donor about where their interest in giving lies. Many donors may simply like giving money at an event as opposed to writing a check where their impact isn't immediately known. While you can demonstrate impact of the annual fund, a donor may enjoy the recognition they receive from their friends for getting them to come to the event itself.

As you can see, both approaches are nuanced and depend upon the wishes of the donor themselves. Some donors simply want to see their name in the program or want a high-profile way to showcase their business. Other donors may prefer to stay out of the spotlight or know the importance of general operations giving as opposed to the cost of the event versus the revenue it generates.

The biggest consideration your organization should take is communication about your event and how it fits into your annual fund. Never cease annual fund solicitation, but perhaps take it down a notch in the six weeks leading up to your event. The ability to articulate the impact of an event on general mission is one of the most critical and difficult components of fundraising, since your goal should always be to [avoid transactional fundraising](#).

Recognize that your organization will never fully be able to develop a 100% relational fundraising strategy. However, you should aim for as mission-focused a campaign as possible.

## About the Author: Tim Sarrantonio



Tim Sarrantonio is a team member at NeonCRM with more than ten years of experience working for and volunteering with nonprofits. He has raised over \$1.5 million for various causes, engaged and enhanced databases of all sizes, procured multiple successful grants, and formulated engaging communications and fundraising campaigns for several nonprofits. He currently serves on the board of directors of both the award-winning theater The Neo-Futurists and internationally recognized comic books and literacy nonprofit Reading With Pictures.

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