



Council Fundraising A Workshop

Purpose: To present and discuss fundraising principles and introduce ideas for sources of council funds.

Learning Objectives:

1. To understand the basic elements of asking for money from individuals and business organizations in your community.
2. To identify the options available for raising funds in your community.
3. To identify planned giving strategies for long-term council financing needs.
4. To share successful ideas used by other councils to raise money for council operations.
5. To develop an action plan for improving fundraising in your council.

- Agenda:**
1. Discuss the basic elements of fundraising in a council, including the responsibility of the Council Board for planning, goal setting and tracking results.
 2. Present information on types of fundraising activities used by councils.
 3. Discuss planned giving programs and the type of council funding projects that might benefit from these strategies.
 4. Share success stories.
 5. Finalize action plans.

Limit: 1 Hour

Overview

The Council Board of Directors is responsible for preparing a reasonable budget annually and **determining the source of funds**. Fundraising activities must be planned if the council cannot meet their budget from **member rebates alone**. An aggressive recruiting campaign can increase the flow of rebate funds, but most councils would like to increase their activities and thus may want to raise additional funds. One partial solution is to **assess council dues**, but local dues can create a new set of problems: How does your council promote the "value added" of paying council dues? How and when do you collect the local council dues (annually, or at membership renewal)? What does your council do with those members who refuse to pay?

This workshop introduces a planning process for raising additional funds and presents various sources of funds that may be included in the plan. Let's start with your ideas. **First**, what are some programs your council has used to successfully raise money for council activities? List them below as "Successful Programs" and rank them. **Next**, think of programs your council used to attempt to raise money that didn't work. List them below as "Programs that Didn't Work" and list the reasons you think they were not successful. Complete the list working by yourself, then we will share our results.

<u>Successful Programs</u>	<u>Rank</u>	<u>Programs that Didn't Work</u>	<u>Why?</u>

Generally, councils that do not successfully raise money find that their efforts *lacked adequate planning* or had *resource constraints* (time, money, expertise). In this workshop we will present strategies to address each of these issues.

Council Operating Funds

Many councils are financed by their member rebates, council dues and some minor fundraising activities (for example, charging an "add on" to meal costs to pay for guests and holding a "50-50" raffle at every meeting). This approach, however, provides limited funds for activities beyond routine administration of the council. Programs intended to meet the Navy League's **four goals**, such as *community education* programs (for example, holding seminars, providing *Sea Power* subscriptions to libraries and schools, providing honorary membership for community and active duty leaders), supporting sailors and Marines through an aggressive ship and/or unit adoption program, family support efforts (for example, supporting the families of recalled reservists in the community), and sponsoring youth groups require additional funding sources. Your Council Board of Directors must decide how many programs and activities to support and then determine how to fund them.

Fundraising Sources

Additional council funds may be obtained from many sources. Here is a discussion of some (excluding council dues) of these sources.

Membership. Increasing membership is a proven method for raising funds *incrementally*. Unfortunately, increasing membership is often linked to increasing the scope of activities your council supports - more activities = more members! Generally, your council needs more funds to have more activities, so how do you get started? One inexpensive and effective method of increasing membership and significantly increasing your rebate income is to start a ***Community Affiliate Recruiting Program***. Each Community Affiliate (business) member includes three individual members and an annual rebate of \$200 (\$66.67 per individual member), a *substantial* increase in rebates (normally \$10 per member). Community Affiliate members often contribute additional funds or resources to support council programs and activities (for example, sponsoring individual sailor/Marine awards, or supporting a youth group program). Starting a Community Affiliate Recruiting Program is explained in detail in the "Recruiting Community Affiliate Members" Workshop, which can be scheduled by calling the Director of Regional Activities.

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Donations. Many people will donate money to programs or activities they believe in. A prime example of this motivation is the donations many councils get to support their Naval Sea Cadet Corps units. In general, donations are made to support causes and/or programs. Therefore, the Council Board should assess whether the council supports programs or activities that are in the community interest and therefore might draw donations. *Programs supporting the Navy League's four goals generally meet the criteria!* New programs may even be proposed and the community asked to fund them before starting the program.

The greatest challenge in asking for donations is deciding *who* to ask, *when* to ask and *how* to ask. The following items are elements of a donation campaign:

- Determine the **theme** or message of the donation campaign - why are you asking people to donate? The theme may be to support an event (for example a ship commissioning ceremony), a new program or activity, or to recover from an unanticipated event that consumed significant council funds (for example, damage to property owned by the council).
- Select a **team of volunteers** who will contact prospects and request donations. Not everyone is comfortable asking others for money! Members of the Council Board of Directors should all be expected to participate in fundraising activities, since fundraising is a primary accountability for membership on most non-profit boards.
- Develop a **prospect list**. The Council Board of Directors is the most valuable resource for developing this list, since they are experienced members who often have knowledge about individual donors and who in the business community might support the theme. In general, there are three types of individual prospects: people who have given in the past, people who are close to someone in the organization, and people associated with the cause (for example, parents who support starting a youth group).
- Complete **prospect research**, which identifies three things:
 1. Linkage - Evidence that the prospect is connected with someone in the Navy League or a supported group, so you can establish contact;
 2. Ability - Evidence that the person has the ability to make a gift of the size you want; and
 3. Interest - Evidence that the person believes in the Navy League's goals, program or theme, which should include evidence of donations to similar organizations and/or programs.

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Sophisticated software programs are used by organizations conducting major gift campaigns, including the Navy League Development Department at HQ. Councils have to do the research the hard way - by gathering data from the collective knowledge of your membership to determine a prospect's giving potential, linkage and interest.

- Establish the **administrative details** of the campaign. Examples include:
 1. Will you solicit pledges or only cash donations? Pledges add to the administrative workload of the council.
 2. Are you interested in a matching gift program? Matching gifts may be used to encourage many donations of smaller gifts. Matching gifts also add to the administrative burden.
 3. Will donations be solicited from the business community?
 4. How will the follow-up activities be handled? Funds must be tracked (including pledges), thank you letters must be written, and tax letters issued for gifts over \$250, for example.
- Conduct **training** for the volunteer fundraisers. There are training courses available to teach volunteers how to ask for money, or one can be developed that is Navy League specific if there is enough council interest.
- **Assign prospects** to each volunteer fundraiser, preferably based on their relationship with the prospect or their council contact. A suggested gift number should be assigned to each prospect, since many will ask "how much do you want?" The quality of the prospect research will show when you are attempting to set a suggested gift number!
- **Initiate fundraising activities and track results.** During a major campaign the results should be reviewed at every Board meeting so adjustments can be made in the plan.

Events. Special events can be a source of significant funds for a council if thoroughly planned, promoted and executed! Events can be *internal* (hosting a Navy League National Meeting) or *external* (involving the public). Examples of external events are Air Shows, Fleet Week Celebrations, Ship Commissioning Ceremonies, Symposia (for example a Homeland Security Symposium co-sponsored with a local college or university), Sea Service Family Appreciation Events, or Automobile Sales for active duty service personnel (both San Diego Council and Hampton Roads Council hold these sales). Event Planning requires a dedicated team of volunteers and some planning guidance. Your council can

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order an Event Planning Guide and/or the Hosting National Meetings Guide from the Director of Regional Activities.

Grants. Some councils have been successful in getting grants to support their Sea Cadet units. To learn more about obtaining grants, contact the Director of Regional Activities, who will put you in contact with a council that has received a grant.

Planned Giving. Navy League members may be willing to provide funds for specific purposes in their estate plan or upon their death. These gifts may be given to the Navy League or to a Navy League council. These type of gifts generally fall into one of the following categories:

- Bequest - a gift that is made by naming the Navy League or your council as a beneficiary in the member's will.
- Life Income Gift - The member may irrevocably transfer assets (for example their home) to the Navy League and retain the use of (or income from) the asset for the rest of their life and/or their spouse's life.
- Gift of Life Insurance - members often have policies they no longer need (or that are causing estate tax issues) and are willing to donate them to the Navy League. Examples are Veterans Life policies or policies purchased to provide for their children or spouse.
- Pooled Income Fund - a gift of money and/or securities are pooled with donations from other donors.
- Charitable Lead Trust - used by individuals with large estates desiring to benefit the Navy League while passing the principle to family members with little or no tax consequences.
- Charitable Remainder Trust - Assets transferred to a charitable remainder trust provide life income to the beneficiary and leave the remainder to the Navy League. Gifts of Retirement Plans (self-funded retirement plans - IRA, 401(k), 403(b), etc.) can be placed in this type of trust to reduce taxes.

As the name implies, a planned gift will require the services of planning specialists in most cases. Support in establishing these gifts can be obtained from the Director of Development at NLUS Headquarters.

Other Methods. The following list includes some of the methods used by councils to raise money:

- Auctions - members donate items to auction. The auction may be *live*, *silent*, or *electronic* (Ebay).

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- "No Meeting" meeting - a council meeting is scheduled, paid for, but not held! The meeting registration funds are then available for council activities.
- Raffles - the most common raffle is the "50-50". One suggestion is to raffle prizes or gifts, rather than return funds received to the winner. Community Affiliate members will often donate gifts and/or prizes for both raffles and auctions.
- Council Store - Navy League merchandise is sold to members. There may be tax consequences from this type of activity, so consult your accountant to learn the IRS rules!
- Miscellaneous - the ***Grassroots Fundraising Journal*** published an article entitled "55 Ways for Board Members to Raise \$500", which is attached for your consideration. Also enclosed is a flyer called "Fundraising Ideas" that includes some creative ways to get noticed and raise money.

Planning for Fundraising

Planning was discussed earlier in the Donation section. The activities of the Board of Directors in deciding how to raise money for the council is the focus of this material. Considerations include:

- The Board needs to establish the scope of fundraising activities. Decisions to be made include what types of activities to sponsor, how many activities or themes to use, how much money will be raised, and what is the involvement of the community.
- Should the Board prepare the fundraising plan and try to manage the program, or should a Fundraising Committee be formed and charged to create and execute the plan? In either case, the Board retains accountability for approval and tracking of the plan.
- Who should lead the fundraising effort? A Board member or the Chair of the Fundraising Committee? This individual needs to be selected carefully to assure your efforts are handled professionally. A council does not want their fundraising to create ill will among Navy League members or the community at large!
- Lead by example. Board members should be willing to set the example by making a contribution, volunteering to raise funds from others

Some additional articles on non-profit fundraising are included to assist your Board of Directors in planning.

Exercise

Purpose: *To start planning for your council's fundraising Activities. This exercise should be completed by the Council Board of Directors.*

- Action:**
1. *Discuss need for additional funding in your Council. Establish the scope of fundraising desired.*
 2. *Review the types of fundraising activities presented in this workshop. The Board should determine program funding and set fundraising goals for each activity.*
 3. *Establish accountability for development of the fundraising plan. If a Fundraising Committee is used, committee members should chosen from the Board as well as interested members. Members with fundraising experience are particularly desired for this committee. Record-keeping experience is also valuable.*
 4. *Select candidates for Chairman (or select the Board member accountable for the plan if a committee is not used). The Board should interview candidates for Committee Chair to ensure goal congruence, especially that the chairman is well-regarded in the community.*
 4. *Prepare an action plan to complete the plan and set a schedule.*

What action is needed?	Who will complete this action?	Is Board involvement required?	When will action be completed?	Remarks

Limit: *This exercise should take 30 minutes.*

The End!