

# *Annual Fund*

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*President A Direct Solution*



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Philanthropy Day of 2009

# Overview

- Why the Annual Fund is so important?
- How do you start?
- How do you grow?
- Trends and Statistics
- Examples
- Questions and Answers



# Key Message

- If you remember one thing of today's presentation it is that:

Keep feeding the Annual Fund through a planned and consistent approach is crucial to maintain and grow your organization's revenue.



# *Why do people give?*

1. Someone I know asked me to give, and I want to help
2. I felt emotionally moved by someone's story
3. I want to feel I'm not powerless in the face of need and can help (this is especially true during disasters)
4. I want to feel I'm changing someone's life
5. I feel a sense of closeness to a community or group
6. I need a tax deduction
7. I want to memorialize someone



# *What is the Annual Fund?*

- A campaign conducted each and every year for the purpose of raising money to assist in paying a non-profit organization's regular, ongoing, unrestricted expenses.
- Every non-profit organization with a need to raise contributed income should have an annual campaign which it conducts every year.

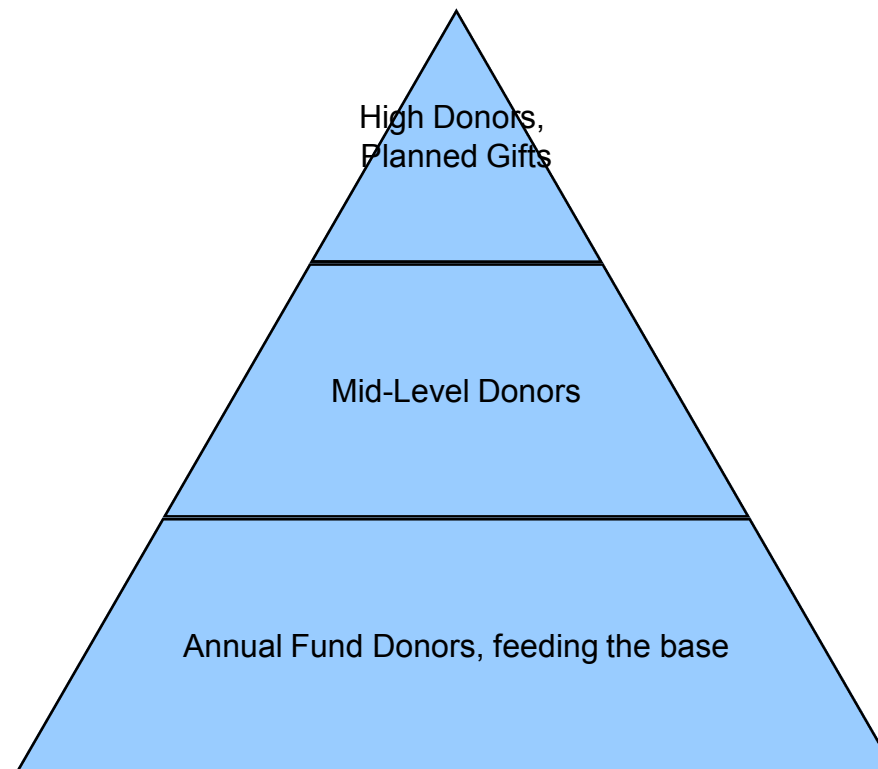


# *Why the Annual Fund is Crucial*

- An annual campaign allows an organization to build a **predictable** base of support and provides a pool of proven **donors** for other fund-raising efforts.
- The vast majority of individual donors give their first contribution to an organization through its annual campaign.
- Repeat contributors to annual campaigns become an identified group of loyal and established givers --- a constituency.



# *Feeding the Donor Pyramid*



# DM is Typical Annual Fund Appeal

- Most donors are still older
- Most donors love getting letters
- Most donors still like writing checks
- We'd all love to get more funds via email/online, but...
- We found it works great for support but not to raise money (yet)



## 2 Simple Strategies

- Add new donors
- Get more money from existing donors
  - Upgrade gifts
  - Get money more often



# *Key Information*

- How much do you need to raise?
- How many donors do you already have?
- What is their source?
- How much do they give?
- How are you maintaining your data?
- Do you have email addresses?
- Do you have other sources of names?



# *Start with an Annual Plan*

- Set realistic expectations, look at past results
- Number of pieces planned
- Number of responses expected
- Revenue expected
- Expected expenses
- Make a plan for the year and adjust during the year based on results
- Include other activities to see impact on overall



# Does Annual Fund Mean Mail Once?

Year	# mailed	# donations	Gross raised	Cost	Net raised
2005	10,438	713	\$57,943	\$6,717	\$51,227
2008	23,230	1,050	\$83,743	\$16,144	\$67,590
			Increase		<b>32%</b>



# *Tracking Results*

- Compare against plan
- Have donor and prospect codes
- Evaluate cost and revenue
- Re-evaluate next appeals
- Formulate next appeal



# 4 Decisions

1. Target group (lists, donors, members)
2. Offer and Ask Amounts
3. Creative (especially the letter)
4. Other



# Simple and Cheap Still Works!

*"Mary and Joseph in Bethlehem without shelter."  
"The Good Samaritan helping the beaten, robbed man."  
These stories repeat themselves every day,  
right here on Cape Cod.  
But, you can make a difference!*

March 2008

Dear Friend,

John has happy family memories. "We enjoyed festive family holidays and fishing excursions at Nickerson State Park." Sadly, when John's brother (his guardian) died a few years ago, John had to leave the home he knew for 28 years. Since moving to CHAMP Homes, he has adjusted well. He likes meeting new people and now works as a dishwasher and in the CHAMP Recycling Center.

*"CHAMP Homes is very human and delightful. We live together as a family and the small staff helps us with any problems we have, whether it's our healthcare or finding jobs."*

It could happen to you, me or a loved one in a blink of an eye. A family member gets into an accident, is all of a sudden without a job and can't continue to pay his bills and loses his house.

That's what CHAMP Homes, founded in 1991, is all about. For orphans, widows, young and old, male and female. For those who need life long care to those just needing a jump start for a short stay. Homeless and in need of a safe, supportive and affordable place to call home.

My name is Paul Hebert, together with my wife Carolyn as founder and Co-Director of CHAMP Homes, I am writing to ask you for your support.

We're one of the biggest suppliers of supportive housing to adults in the region but we receive no government contracts. In the past 16 years we have been blessed to be able to help more than 1,200 people who graced our doorways, thanks to someone like you: caring and loving. (see the article on the back).

We just opened CHAMP Home IV, the *Bayside Cottage*, with beds for four women, but the need continues. It takes about \$40 a day to support a resident, less than many other programs in the area.

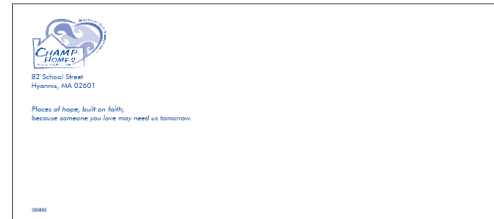
You can help keep people safe, stop their plunge into despair, turn lives around and see hope grow by faith and trust into new lives of promise and service. We need you today, because someone you love may need us tomorrow.

May you and your family continue to show the glow of peace for helping others. Thank you for your prayers and support.

Paul and Carolyn Hebert, Co-Directors

P.S.: You can help keep the promise to our broken brothers and sisters that we as a community will be there in times of need. Thank you for your special gift today.

Note: In the interest of privacy we changed the name of the one in need of Champ Homes. We do not exchange or sell our mailing list. Thank you to Type Design and Midnight Mail for donating part of this mailing. L0802A



*The Giver's Prayer*  
Thank you, Lord, that my special gift can honor both my loved one  
and care for my brothers and sisters at CHAMP Homes.  
A French proverb claims that when we give to the poor and needy,  
we make a loan to God.  
Oh Lord, you are so generous in the repayment of this loan  
in this world and the next.  
Amen.  
By Paul Hebert

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Thank you!



PLEASE  
PLACE  
STAMP  
HERE



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# Simple look works



Yes, I will do my part and help provide people on Cape Cod and the Islands with essential emergency rescue services, and the training they need to help themselves when trouble strikes. Here is my gift of:

\$5    \$10    \$25    \$50    Other \$ \_\_\_\_\_

Please respond by: February 29<sup>th</sup>

My check, payable to American Red Cross, Cape Cod and Islands Chapter is enclosed, or  
 I would like to charge my gift: (see reverse side)

A0801 3476  
John D Sample  
6201 E. 43rd St.  
Tulsa, OK 74135-2907

Thank you for your support!

**American Red Cross**  
Cape Cod and Islands Chapter  
286 South Street  
Hyannis, Massachusetts 02601  
Tel: (508) 775-1546  
Toll Free: (800) 762-1926  
www.amaerredcross.org

Please complete and return this coupon with your payment. For other ways to support the Cape Cod and Islands Chapter of the American Red Cross, please turn back.

86463   Please make any corrections if needed

Thank you

PLACE STAMP HERE

**American Red Cross**  
CAPE COD AND ISLANDS CHAPTER  
286 SOUTH STREET  
HYANNIS, MA 02601-3997

There's No such thing as a Free Lunch!

Dear Friend,

I am sending you this lunch bag to make an important point.

We depend on contributions from people like you, to help us continue to respond to fires, hurricanes, winter storms, blackouts, a drowning, a plane crash or even a pandemic or terrorist attack.

Your Cape Cod and Islands Chapter of the American Red Cross does not receive any government money.

We do not charge a penny for emergency and disaster relief services.

So, it's up to you and me. Are you willing to do your part?

Please look inside this bag for your donation slip and send it back with a special gift. As little as \$5 or \$10 per household - the cost of one healthy snack or a small lunch - will help the Cape Cod and Islands Chapter continue to be prepared when the next emergency strikes.

Just like you saw with the recent Noel storm, emergency managers will open shelters and your Red Cross Chapter is expected to support them, with trained volunteers and supplies for you and your family.

In addition to emergency relief we provide assistance to families with members serving in the armed forces and offer community life saving skills training in every neighborhood throughout Cape Cod, Martha's Vineyard and Nantucket.

Your support will stay right here, on Cape Cod and the Islands.

Thank you,

*Sharon H. Donegan*  
Sharon Donegan, Board Chair

P.S. You know that there's no such thing as a free lunch, but yet all of our emergency relief services are free to those who need it. Did you also know that the Red Cross needs your help to stay strong and prepared for our community? No other organization does what we do. With your support, we will always be here for Cape Cod and the Islands. Thanks again.



# *About the Economy*

- Organizations who stuck to their direct mail, annual fund plans did well!
- Keep asking, stay the course
  - Keep building new donors
  - Keep asking for more money from existing donors



# General Benchmarks

- 1% is still a typical response rate for acquisition but it depends on gift level
- 5 to 10% are still typical response rates for donor appeals with exceptions higher/lower
- Response rate and average gift are directly related
- Getting that second gift is crucial



# *The Pressure is on Cost!*

- Postage keeps going up, so...
- Production prices must come down
- Find simpler ways to produce without sacrificing results
- Or print for the year...
- Personalization does not have to be more expensive, but if you have to make a choice: Personalize the reply form



# *Fundraising DM Resources*

- Add yourself as donor to other organizations
- Direct Marketing Fundraisers Association
- DMA Nonprofit Federation
- Nonprofit Times
- Fundraising Success Magazine
- Target Analytics
- Conferences, peers and consultants ...



*And, always say Thank You!*



*Special Olympics*

*Thank You!*

*Thank you!*

*Thank You!*

*Thank You!*

*Thank you*

*Thank You*



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# Questions and Answers

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