

Strategic Fundraising For a Nonprofit Startup

A Report Prepared for the Hakan Group

**Kyler McMahan, Sophie Stout &
Samantha Turner**



**Dr. Jesus Valero
PADMN 6570**

**Master of Public
Administration
Program**

Spring 2022

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Executive Summary

The Hakan Group is a nonprofit startup looking to become a more established entity. The organization's executive director is interested in learning more about successful fundraising strategies. Our team devised specific steps to achieve this goal through extensive literature research, interviews with executives at local nonprofits, and creating and distributing a survey questionnaire. The first critical step includes designing a unique and specific mission statement. The mission statement will help determine if it makes sense to join an existing nonprofit with similar goals or continue establishing a new nonprofit. Suppose The Hakan Group decides to proceed with forming their nonprofit organization. In that case, successful fundraising strategies include:

- Setting up a board of directors.
- Creating a more active presence on social media platforms.
- Applying for grants.
- Utilizing a board of directors.
- Developing genuine relationships with potential donors.

Introduction

Many startup nonprofits struggle with increasing brand and mission awareness and securing funding. This report seeks to help The Hakan Group strategically approach these potential barriers. Due to the nature of nonprofits, they source funding from outside supporters rather than generating their profit. Through extensive research, several key themes regarding approaching fundraising were identified: the importance of a mission statement, a board of directors' role in fundraising and support, how to obtain funds and grants through government, corporations, or individuals, and donor stewardship. To secure funding, these key elements should be observed and implemented.

Design

This report was compiled by educational research, industry research, interviews with nonprofit leaders, and survey and data distribution. Along with industry research, scholarly articles, journals, and evaluation of similar websites, one-on-one interviews were crucial in learning about fundraising in the nonprofit industry. Jenny Zemp, the development director for Gifted Music School (GMS), provided great insight into creating fundraising success and the importance of grant writing. Jenny has been with Gifted Music School since 2017, when she started as a board member. She was later hired full-time in 2020. Their example provided great insight into essential strategies regarding program growth and fundraising.

Andrea Bott, the development director for Friends of the Children - Utah, was interviewed due to her expertise in mission statement development, utilizing board members, and sourcing funders. Bott has worked for several nonprofits, including the Loveland Aquarium and the Refugee and Immigrant Center - Asian Association of Utah.

She's been the development director at Friends of the Children - Utah for just over a year. Her contributions have maintained the Friends of the Children fundraising goals for three years. Our last interview was with Chris Conard.

Chris comes from an extensive background in the nonprofit industry. He was Executive Director for Playworks for ten years and currently is the Board Chair of Voices for Utah Children and the Chair of the Philanthropy Committee for Community Foundation of Utah. These interviewees were selected due to their connection to nonprofits in the arts, education, and child development sectors. Their input provided great insight into the nonprofit industry. However, questions surrounding individual donation behavior remained. As a result, we created a survey aimed to learn more about the donation habits of individuals. The survey reached 96 individuals in the social sphere of the report writers. The survey was multiple choice and a max of 5 questions long depending on how the individual responded.

Literature Review

The Role of an Organization's Mission

Each nonprofit organization should establish a mission or mission statement that productively represents who they are and what they do. A mission statement concisely explains the organization's reason for existence. It describes the organization's purpose and its overall intention. A nonprofit without a mission statement does not have a strong foundation. Understanding an organization's purpose can help the community, donors, and employees understand what the organization does and whether they want to support or get involved. Similarly, an effective mission statement plays a prominent role in sourcing donors.

Many for-profit institutions have mission statements that help their organizations.

Since nonprofits are not motivated by turning a profit, mission statements are even more crucial to adopt; it helps establish and articulate their purpose. Furthermore, a mission statement's rhetoric signals the organization's legitimacy to external constituencies, particularly government agencies (Kirk, 2010). A mission is a single criterion by which organizational decisions and processes should be measured. It will guide programs, financial resources, and hopes and dreams of the organization (Panas, 2014). Missions are pertinent because nonprofits suffer substantial financial obstacles without the support of external stakeholders.

Similarly, every grant application and IRS application requires the organization's mission to be explained. They use that information to evaluate whether they will provide funding to the nonprofit. Overall, missions are a helpful mechanism for nonprofit organizations because they communicate their purpose to constituents, signal organizational legitimacy, and allow external parties to evaluate the organization's relevance to their philanthropic priorities (Kirk, 2010).

A formal mission statement needs to be clear and compelling. Since the mission serves as a long-term objective of the organization, it should motivate internally and externally. "A well-written statement about a well-focused mission can be a nonprofit organization's most useful tool. It can concentrate board and staff efforts, describe funding rationale, invigorate volunteers, catalyze public support, and prepare an organization for the future" (Glasrud, 2001). Furthermore, when writing your mission statement, it should have a vision. When crafting a mission, seek to do the following: illuminate rather than describe, guide rather than decree, and motivate rather than state (Glasrud, 2001). Along with expressing the purpose and vision of your organization, critical components of a mission statement should include language free of jargon,

proactive verbs, and a statement that is short enough that anyone can repeat it (Radtke, 1998).

Fulfilling your mission should be your organization's top priority, rather than profitability or shareholder wealth (McDonald, 2007). When donors approach organizations with offers, they tend to have stipulations within their proposals. Be sure to evaluate each donor's request and ensure that it aligns with the nonprofit's mission. A compromised mission is a compromised organization. Lastly, a mission's clarity can help sustain employee and volunteer commitment; leaning on the nonprofit's mission provides direction for the organization. If individuals connect with an organization's mission, they will give their time, support, and energy to the cause.

A Board's Role in Fundraising

Board members play a crucial role in sharing the nonprofit's mission and increasing fundraising. An organization should choose board members drawn to the organization due to the mission. The longer they serve, the more ingrained the mission becomes in their leadership and networking (Panas, 2014). Great board members exemplify the mission of their organization which, in turn, attracts donors and their networks to the nonprofit. The responsibility of fundraising does not lie on board members alone, but they can be tremendous assets. For example, Lizette Graden and Tom O'dell analyzed board governance and fundraising of 98 Swiss Museums. Through several regression analyses, they concluded that the inclusion of donors and business professionals on their board brought significant success in fundraising for Swiss museums (Betzler, 2013).

Unfortunately, many nonprofits do not take advantage of the fundraising opportunities that board members can and want to bring to the organization they serve.

"53% of Executive Directors see fundraising as the number one most important area for board improvement, and 54% of board members agree" (Walker, 2012, p. 3). The Executive Director's job is to ensure board membership expectations are clear. Board members span outside organizational boundaries and need to serve as a conduit for significant contributions. Whether from their donations or the connections they have in their personal and professional lives, they serve as a resource for spreading its mission and vision and gaining funding support (Hager, 2002). There are four strategic reasons why board members should help fundraise:

1. The board has a fiduciary responsibility to the organization.
2. The board is ultimately responsible for seeing that the organization has the resources it needs to meet its mission.
3. The board sets the pace for fundraising through their giving.
4. The board sets the tone for the broader community's view of the nonprofit. Their level of commitment, engagement in, and passion for the nonprofit are significant factors in attracting others to support the organization (Walker, 2012, p. 5).

Data from the BoardSource Nonprofit Governance Index Survey provides information on several board practices regarding external action. Results indicate that when board members understand their roles and responsibilities, board performance increases dramatically. Strategic reasons for participating in fundraising should be clearly outlined to board members to do the best work possible. The better board members understand their potential, expectations, and responsibility of supporting fundraising, the better they will perform and follow through on the outcome.

Funding Sources

There are many recommendations regarding identifying funding sources for a nonprofit organization. These recommendations are funneled into three categories: governmental funding, online support, and individual contributors through physical means. Unless otherwise stated, many of the recommendations assume the entity is registered with the IRS as a 501(c)3 organization and consider the donors will have the tax advantages of donating to an official charitable organization. Sourcing funding is vital because studies show that during a recession or economic hardship, nonprofits in the arts and humanities sector tend to lose funding, unlike nonprofits in the healthcare sector, which tend to see an increase in funding. It is essential for organizations in the arts to be prepared financially with savings in an account set aside for these times (Lee & Shon, 2018).

Government Funding

Governments at the national, state and municipal levels offer many grants to support nonprofit organizations. These grants are often earmarked for specific purposes, and to this end, every article advises having a particular mission statement prepared. This statement can quickly identify who you are, what your organization does, who the beneficiaries are, and why it deserves the funding (Landau, H. 2010), (Brophy and Daly, 2012). After establishing your straightforward, clear statement of the organization's purpose, it is time to research the opportunities available to your group at each level. The website [grants.gov](https://www.grants.gov) is a great starting place for grant-seeking on a national and state level. It is easy to search for grants using keywords that align with your purpose. Grants can also have availability based on location, sector, and beneficiaries. Grants have varying ranges of financial awards and have the potential to provide significant funding. However, there are many factors to consider when deciding

to fund through grants. First, applying for a grant is an intense process, and an organization should strongly consider hiring a dedicated member of their staff for this purpose. Many grants require specific in-depth accountability for activities done and their impact on communities. Evaluate whether the nonprofit has the capacity to monitor the aspects of the grant needed for accountability before applying for a grant. While you can apply for some grants while starting, some grants require reporting going back several months or up to a year.

For example, a grant allocated for cultural preservation, including dance medium, requires concept notes to be filed four months before the final close date for the grant application. The application for the grant requires a report of concepts, resumes, maintenance plans, detailed project budgets, budget narratives, etc. (“Find, Apply, Succeed”). It can be helpful to look at grant requirements. Even if the organization is not ready to apply for the grant, researching requirements can help the nonprofit prepare for future opportunities.

Winning grants is time-consuming and complex. They are usually awarded to nonprofits with experience on their side, through many years of trial and error, or with professional assistance (Landau, 2010). There are grants available to nonprofits that are not registered with the IRS; however, having the official 501(c)3 designation opens the opportunity for more grants.

In addition to federal grants, State grants are available. State grants can be found on utah.grantwatch.com, a website dedicated to listing grants available in Utah. Like federal grants, these will require a lot of time and preparation to be awarded the money. Finally, municipal grants are also available. These grants are typically smaller amounts of funding; for Orem, the largest grants cap out at \$10,000 (“Cultural Arts &

Recreation Enrichment (CARE)"). According to Farrel et al., there is some evidence that having a relationship with city council members will increase the chances of winning the grants. Hull seconded this, who asserts that "People give to people, not causes" (Hull, 2008). Many nonprofit organizations will be vying for the same pool of money. It is important to set yourself apart by creating relationships with the deciders of who wins which grants.

Social Media

Social media can be a powerful tool to garner funding. It is recommended to establish a website and a social media account for your nonprofit. It is essential to make sure your website looks presentable to garner as many donations as possible. It is important to list the organization's mission, have media that shows what you do (whether through pictures or video), and document what sets you apart from similar organizations (Brophy & Daly, 2012). If the organization can garner traction through social media platforms, it will be more likely to raise funds.

For example, friends asking friends to donate increases the likelihood that one may donate and increases the gift amount. Social media is a great medium to do this. (Bekkars, 2010) Social media may be a great cost-effective way to increase revenue and engagement. Increasing engagement will create attention, creating possible donors, thus an additional revenue source. A study by *Blog Fundly* reinforces this line of thinking:

First, donors are willing to share their charitable acts and solicit others without incentives. Across the two message types, we find that the probability that a person posts a message if simply asked is 4.4%. Second, it is costly for donors to engage in fundraising. Posts to FB increase to 12.6% if a donor is

compensated with a \$1 extra donation in his name and to 16.9% if compensated with a \$5 extra donation. All these differences are statistically significantly different from each other.⁴ Third, donors care about making generalized requests versus individualized ones. Over 14% of donors asked to post information on their FB wall do it while 8.4% of donors asked to send a personal message to a friend do so.⁵ Fourth, nuisance costs or donor heterogeneity could be important. The overall take-up rate of those already logged into FB at checkout is 26.3% while that of those not logged into FB is 11.6%.

Thus, reducing nuisance costs and making it easier to donate will increase the likelihoods of donations. (Fundly, 2010) The Association of Fundraising Professionals builds on this topic by suggesting that nonprofits focus their efforts on building relations with young donors. "Young donors may not have funds, but they can donate with their time. Increasing social media engagement increases funds if a clear, easy-to-access payment process is involved." When you build robust relationships with your donors, you are, in a way, investing in them and their passion for your mission. They become your advocates, your spokespeople, and your public face. Donors can become more potent than your CEO (Assoc of Fundraising, 2022).

Finally, frequent posting and interacting with followers/friends is vital to keep the organization continuing to appear in feeds. Content creation is an important part of maintaining an authentic online presence, and the organization may consider hiring a designated person to handle the accounts (Bhati, McDonnell, 2020).

Online Support

The literature about utilizing online resources for financial support of nonprofits spoke to several different techniques. The consensus was that it is an avenue to get

creative with ideas, and there is no limit, legal or otherwise, to how many online sources can be utilized for your cause. Three possible ways nonprofits can earn money through online resources are through affiliate partnerships, online donations, and information products distributed online (Hoefer).

1. Affiliate partnerships can take two forms: the first way is to advertise specific products relevant to your organization on your website. To keep on the right side of unrelated business income tax (a requirement to stay in good standing as a 501(c)3 organization), there needs to be a solid relationship between your company's mission and the product. The second avenue is to become an affiliate partner with Amazon through their AmazonSmile program. All you need is your organization's EIN or TIN, to register through the website, and any amazon user can shop through your AmazonSmile link by selecting your charity. After they make a purchase, AmazonSmile will donate .5% of the total purchase price directly to your organization's bank account. There are no fees or costs to the charity. The charity must be registered as a 501(c)3 organization with the IRS (*Amazonsmile Org Central: Customers shop. Amazon gives*).
2. Online donations. Nonprofits should add a direct link to donate online through the organization's website. This can be completed via direct deposits to the organization's PayPal account or by using a third-party company to facilitate online donations. However, sometimes third-party companies will charge an additional fee at the end of the process, leaving the donor feeling caught off-guard or offended by a donation fee. Next, consider setting up a membership program through the online website. This can facilitate monthly or quarterly automatic donations so the donor can make regular contributions in exchange

for certain benefits from the organization. For example, a base-level membership could ask for a specific dollar amount, and in exchange, the donor will receive complimentary tickets to one performance per year. Perhaps a higher-level donation could include a ticket, plus a meet and greet dinner for members only. Feel free to get creative with this model and design it to cater to the desires of your funder base.

3. Information Products. This is an opportunity to monetize your intellectual property through online distribution. Is there knowledge that the organization possesses that would be worth buying? For instance, you could create and sell material that another would find helpful in their organization. Extensive premarket research should be conducted to ensure the product will be worth making. If it's deemed worthy, this can be distributed via pdf, video file, or even through physical material. (Hoefler, 2012).

Individual Contributors

The final area of sourcing funders can be through individual contributors via physical events or foundations. Fundraising events, such as raffles, dinner events, or galas, all involve physical interaction with prospective individual donors. These events allow face-to-face interaction, which can prove valuable when developing relationships with donors. Events are an excellent atmosphere for donors to understand your passion for the organization and for you to answer any questions they may have before contributing. Raffles and silent auctions are great ways to raise money without asking directly for donations. The literature states this can be very effective if the prizes are the right balance of value to a bidder and reasonable cost to the organization (Duncan, 2002).

Next, Foundations exist for the sole purpose of giving money to organizations in need. Similar to government grants, these foundations have a proposal process, and networking with the right people can be very beneficial to winning these awards. Hull recommends approaching a local Rotary Club or checking if there is a Kiwanis Club in the area (Hull, 2008). Furthermore, foundationsearch.com shows the active Foundations in Utah. Individuals can view Foundations and sort them based on the service area on this website. Viewers can see the Foundations 990 and see whom they've given to in the past. Use that information to your advantage and search for Foundations that have donated to similar organizations in the past.

Establishing 501(c)3 Status

There are many details to consider when determining whether or not your nonprofit should register with the IRS as a 501(c)3 organization. The pros of having this designation include being eligible for specific grants from the government, income or donations earned by the organization is non-taxable, and donors to the organization can write off any contributions as a tax deduction. These components make the organization appealing to donate to because the action will benefit the donor and the entity. Many donors, particularly those donating large sums of money, might expect to utilize the tax write-off of donating to a nonprofit or charity. They will only get this benefit if the organization is properly registered and compliant as a 501(c)3 organization. While it is perfectly legal to solicit donations without being registered with the IRS, your donors may fail to contribute repeatedly if part of their motivation for supporting organizations financially is tax write-offs.

To determine if registering with the IRS is the best route to take when forming your nonprofit business, an essential first step is to develop a business plan. Evaluate

the nonprofit's mission, core activities, potential supporters, targeted beneficiaries, and potential allies and competitors. What is a projected multi-year budget? Forming a business plan will help outline these important considerations and give realistic expectations of how to be successful (Takagi & Chan, 2009). Understand that a board of directors runs a nonprofit organization and that any financial gain must be situated back into the organization.

A nonprofit organization is very similar to a for-profit business. To survive, it must be financially prepared to be successful. Other considerations include having startup capital, an initial governing body, marketing strategies, and having targets in mind for ongoing support (Takagi & Chan, 2009).

An alternative to forming a new organization or nonprofit is to join forces with an existing nonprofit organization. Is there an organization that has similar goals to yours? Could an arrangement be made to combine efforts, and where they lack, you step in and vice versa? There are several pros to combining with an existing organization: no need for startup costs, there is increased efficiency in furthering both missions, the new group can gain experience and expertise, and can utilize existing resources and connections. Both groups stand to be strengthened through a partnership (Takagi & Chan, 2009).

Fundraising Strategies

One of the most critical fundraising roles is to build long-term and strategic relationships with donors. These relationships can be with individuals, or with corporations. In both scenarios, the importance of building trust cannot be understated. Trust in an organization, and an understanding of their purpose can motivate individual donors to contribute time and time again to nonprofits that they identify with. Cultivating

individual relationships will help your organization build a valuable and diverse network of financial support.

Corporations typically have larger budgets for charitable contributions than individuals. Relationships with corporate donors are best cultivated and maintained by networking, follow-up, and providing financial transparency. In most cases, donors don't give purely on altruistic motives (Andreoni 1989, 1988.). Corporate sponsorships benefit both the nonprofit and its sponsor. These benefits for the corporation include tax write offs and public recognition, which can improve the company's reputation ("Corporate Sponsorships", 2020). However, as with individual donors, corporations like being informed about where their donation is going, and that it is appreciated. A simple task such as a thank you letter can make a big difference (Meer 2011).

According to The Harvard business review, Corporations are far more advanced and willing to donate than individuals. Individual donors rarely have the time or expertise to undertake serious due diligence. Foundations are far more expert than individuals, but they have limited staff. On the other hand, corporations are well-positioned to undertake such research.

Whether through their operations or those of their suppliers and customers.

Corporations often have a presence in many communities across a country or around the world. This can provide significant local knowledge and the ability to examine and compare the operation of nonprofits firsthand (Porter 2002).

Reaching out to corporations may yield more lucrative results. It could also result in cultural connections. Corporations are far more interconnected than individuals and have more resources to help. Regardless of the kind of donor, it is wise to know about the entity you are asking for a donation. Building a system of trust and feedback is an

effective way to develop these relationships.

Best Practices

Mission Impact

While there is no outlined formula for fundraising success, several practices have proven to be impactful depending on the organization. First, establish a clear and concise mission and vision for your nonprofit organization. Ninety individuals ranging from 23 to 83 years old were surveyed on their nonprofit donation habits. 95% of the participants reported that they were prompted to donate because they agreed with the nonprofit's mission and wanted to support it. Whether small or large, donors need to understand your organization's goal and how you plan on accomplishing that goal. They are more likely to support you if they connect to what you offer (Cultural Preservation Group, 2022). An organization's mission statement should roll off the tongue, making it easy for any volunteer, board member, or staff member to share what the organization does. It should be 2-3 sentences that say, "we solve x by doing y" (Conard, 2022).

Friends of the Children - Utah's mission is "Impacting generational poverty by empowering youth who are facing the greatest obstacles through relationships with professional mentors – 12+ years, no matter what." In this short mission, you learn that they solve generational poverty by empowering youth with long-term mentor relationships. Playwork's mission is to "Improve children's health and well-being by implementing safe and healthy play." Their organization's mission is short and to the point. Chris Conard was the Executive Director for Playworks for 14 years. He advised that your mission and conversations with donors should be able to answer the question, "So what?" Why should I care about this? What tangible, measurable

differences are current outcomes of your organization's work or what you hope to accomplish? Once you find that outcome, let it be your guiding star in funding and organizational outcomes.

For example, Friends of the Children has their outcomes clearly stated on their website: 92% of youth go on to enroll in post-secondary education, serve our country or enter the workforce, 93% of youth remain free from the juvenile justice system, 98% of youth wait to parent until after their teen years. These outcomes clearly show the impacts of the organization and motivate donors to contribute because they know it is working. One way to measure your organization's impact is by doing a randomized statistical analysis. Playworks conducted a study, and they went from thinking their only outcome was increasing children's physical activity to learning that their organization showed statistical significance in decreasing bullying, increasing the emotional safety of children at school, and increasing teaching time. What outcomes could your organization produce? How can you use that as leverage and credibility?

Next, use your mission as a springboard for story-telling. Friends of the Children – Utah's Development Director, Andrea Bott, uses this tactic regularly. As mentioned, their organization is working on breaking the cycle of intergenerational poverty. They use their head and heart when attracting donors. First, they research where the donor gave before and why they gave before. If they've donated to child support efforts or poverty alleviation efforts, that is a good sign that they will contribute to their organization. Next, they share the experiences of a child whom the organization has impacted so the donor can see how their mission is at work, that individual lives are changing, and that their donation could have an impact. 94% of our survey participants either donated or would if they had the means. People want to give, so show them why

they should provide to you.

Building an Impactful Board

The next element of creating funding success is utilizing and building an impactful board. These relationships can be transformative to an organization. Each board composition looks a little different. However, researching how a similar organization's board is structured can be a useful starting point. The Ngoma y'Africa Cultural Center (NACC) is a Utah nonprofit established in 2016. They are dedicated to teaching the community about the African culture by engaging individuals of all ages in various classes and workshops on African history, languages, dance, and drumming, organizing stage performances, and establishing a safe environment where different cultures come together to participate in activities that will create a support network for African descendants from across the world. Their board consists of 7 individuals: Board President/Founder, a Board Chair, Co-Chair, Treasurer & Finance Director, Resources Development Director, Finance Committee Chair, and a Public Relations Director.

The board is responsible for the organization's financial success, so splitting roles and responsibilities within a board is crucial. A board should also be representative of the community they serve. The NACC board includes several African Immigrants, those who have lived in Africa and since moved to the states, those who study and teach African Studies, and more. These experiences keep the board in line with what their constituents need.

Friends of the Children – Utah, Playworks, Community Foundation of Utah, and Voices for Utah Children all use their board for fundraising. Board members are encouraged to contribute and use their network for fundraising opportunities (Bott, 2022) (Conard, 2022). Voices for Utah Children holds training for board members to

teach them how to fundraise, engage their network, and ask for money. Many board members come from sales, and they still get nervous asking for money/donations. This is common. Communicate regularly with your board and train them to have funding conversations so they can be some of your greatest advocates (Conard, 2022).

A Study of the Gifted Music School

The development director of a nonprofit called Gifted Music School (GMS) provided great insight into creating fundraising success. Findings from this interview list these important best practices: create a mission statement, form a strategic board of directors, enroll in a grant writing course, and develop meaningful relationships with potential donors. Jenny Zemp has been with GMS for almost seven years; she has overseen the budget, fundraising, and development of key investors in the organization. She started as a volunteer in this role, and two years ago, GMS was able to fund her as a full-time member of the organization.

She has facilitated the growth of the operating budget, which started at \$750k to a little over \$1.5 million during her tenure. GMS has many similarities to the Hakan Group. GMS began as an orchestra program with dreams of expanding into a school for children to access musical education at a very high level. This is a similar trajectory that the Hakan Group envisions: starting as a dance troupe, but one day growing to become a school that can teach cultural dances to future generations and educate about Ecuadorian heritage. They also would like to have a traveling component to share dances around the country, first starting in Arizona, where a relationship currently exists with another Ecuadorian group.

To make these dreams a reality, fund development is imperative. GMS operates on two-thirds fundraised income and one-third earned income. The School has three

divisions: the top program, GMS Conservatory, designed to teach serious musicians who wish to pursue music professionally; the Preparatory School, which includes music lessons for students who want to pursue music more recreationally; and the GRIT program, an in-the-schools division that gives free music lessons to children attending Title 1 schools. Of these three divisions, only the Preparatory School charges a tuition fee, representing the one-third portion of their earned income. The other two divisions are free. This tuition fee only covers the cost of teacher salaries, as the School wants to keep everything as affordable as possible. Its mission statement includes access to high-quality music education for everyone, where financial standing is not a barrier to entry. This economic operating model was developed to stay true to their mission statement and core values. Having a mission statement/core values written out is a crucial step to forming a nonprofit, as they can guide even the financial organization of the business.

The other two-thirds of income is wholly fundraised. This portion covers administrative salaries, fundraising events, and other overhead from year to year. At GMS, they have found that 90% of this income is given by 10% of their donors. Relationships within their top ten percent have been developed over many years and have exclusively come from friends of members of their board of directors. A best practice is to create a board that is passionate about your organization and to include people of influence in this sector. Jenny is a member of the board of GMS herself, another example of utilizing board expertise to assist with the nonprofit. She volunteered her time during the first few years of fundraising for the School in her position as head of the fundraising committee. When asked what the most challenging aspect of fundraising is, Jenny said asking potential large donors for money. Her advice

was to remember that they already are interested in your cause and want to be a part of it. If you have cultivated a genuine relationship, they will be eager to help the organization succeed if they have also caught the vision.

The other 10% of fundraised income comes from various activities. Some of these activities include mailers sent annually during Christmas time, as the giving season is when smaller donors are more inclined to donate. Furthermore, another portion of funds comes from an annual Gala Concert fundraiser in the spring, serving as an avenue to grow relationships with larger donors.

GMS is funded by one federal grant every year, typically about \$200k, and primarily funds their GRIT program. They also apply for local grants every year. Jenny calls grant money 'easy money' and highly encourages taking advantage of this resource. When asked about the difficulty of winning grants, Jenny said winning grants in the arts/humanities sector is not as difficult as winning them in other sectors, like healthcare. She has found that while the application process can be time-consuming, it does not require as much technical data and experimentation as other research grants. This makes the overall process much more attainable for someone with little grant writing experience. Jenny took a grant writing course through Salt Lake Community College several years ago, and the information has greatly benefited her. She felt prepared to take over grant writing professionally after only about 8 hours into the course and would recommend something similar for an inexperienced startup.

To conclude, Jenny emphasized the importance of cultivating a strong community of people who care about your organization. The School has been able to create a much larger vision that excites people outside of the musical world as well. For example, their GRIT program speaks to the benefit of after-school programs in keeping

children from dropping out of high School. Their conservatory program teaches youth to work hard at developing a skill. While they may not go to music conservatories for college, students develop into people that want to contribute as global citizens and pursue degrees in other worthwhile fields. These values resonate with a wide breadth of donors, and because of this, the Gifted Music School's network is much broader than just musically talented individuals.

Cultivate Donor Relationships

Effective nonprofits cultivate long-term relationships with their donors. After initial donations are made, continual effort should be made to keep past contributors interested and engaged in what the organization is doing, and to show how their contributions are being used. Frequent expressions of appreciation will help to strengthen these relationships. Donor acknowledgment can be done publicly or privately. By having genuine friendships with your donors, you should be able to discern which avenue they would prefer.

Public displays of appreciation may include acknowledging a donor and their donation through social media. The nonprofit, NeverThirst sends out a mass appreciation post and shares what the donations are doing to support. However, before sharing individual donor contributions and information, be sure to get consent from the donor. Next, nonprofit leaders can acknowledge donor contributions throughout the organization. For example, highlight a section on the website for top contributors to the organization, provide a plaque with their name, or name a tangible item after them. Many hospitals and universities have rooms or plaques dedicated to donors. Staff should be educated on who major donors are and how they impact the organizations so when they see them at events or other gatherings, they can be fully

aware of their donations and thank them (Bott, 2022).

Private appreciation can also increase rapport and stimulate donor relations. Writing a personal letter to the donor is an excellent way of showing appreciation. The business Cotopaxi sends a handwritten note to every individual purchasing from them. Furthermore, successful political campaigns will have a thank you letter privately addressed to the donor, thanking them for their contribution. Nonprofits should share how the donor's contribution has furthered the organization's mission and created goodness. Sending frequent emails to potential and former donors with updates on how their contribution is making a difference can be a great way to share this news.

Lastly, holding events to appreciate donors can be instrumental. Friends of the Children - Utah hosts an event each year called Dinner with Friends for major organization donors. The purpose of the event is to give back to the donor. Donations can be made at the event, but the primary focus is to celebrate the nonprofit "wins" of the year due to each donor's gifts. They share the impact of funding and share gratitude towards donors. Donors can bring a friend or a potential future donor, eat a catered dinner, participate in an awards ceremony, and enjoy provided entertainment. This event has been very successful and has been a strategic way for Friends of the Children - Utah to continue stewardship and relationship-building with donors (Bott, 2022).

Individual Donation Habits

A survey was created, distributed, and analyzed to understand donation habits. The survey was distributed to family, friends, social media followers, and coworkers. 96 responses were recorded. It was up to individuals to interpret what "nonprofit organizations" meant because the nonprofit was not specified. More than half of the

responses were women. Most respondents were between the ages of 23-30 and a quarter of respondents were older ages (36-83). More than 70% said they had donated to a nonprofit or charity before. Remember that due to the concentrated demographic of survey respondents, this survey is not representative of the general public and has possible confirmation bias.

Most respondents stated that they donated several times. The survey options included "once or twice" or "several times." This is helpful information because it allows repeated actions to be analyzed. Furthermore, it could indicate that if an individual donates once, they may donate again. We provided no timeline for when people donated or whether they donated to the same organization several times. However, it is fair to assume that people donate at least once in their life. Similarly, if an individual has donated to a different organization, they may be open to donating to your organization.

Individuals are more likely to donate in small amounts. Around 40 respondents stated they donated \$1-25 on average. 27 respondents said they donated \$26-50 on average. 17 respondents indicated that they donated \$100 or more. Interestingly, the \$50-100 category had the lowest number of respondents at 7. Based on the data, people are much more likely to donate smaller amounts (\$1-50) while a reasonable amount of people donate higher amounts (\$100+).

These responses indicate an all-or-nothing approach.

When asked, "What prompts you to donate?" 82 respondents stated that they would donate if they "Agree with the nonprofit/charity's mission and want to support." The second-highest response, "Supporting a friend/family member that the organization serves" had 48 respondents. Based on these findings, people feel prompted to donate when they agree with the mission or know it will benefit someone they care for.

A surprising shift happens if respondents were given the means to donate hypothetically. "Supporting a friend/family member that the organization serves" was the highest at 44%. In contrast, 33% of respondents stated they would feel prompted if they "agree[d] with the nonprofit/charity's mission and want[ed] to support." This is significant because it shows that most people would donate to a cause that impacts someone close to them if given the opportunity. People who do not have the means are more likely to donate because they agree with the nonprofit's mission.

Overall this survey shows that individual contributions can be a viable option for fundraising if your nonprofit has an impactful mission. It could be useful to source donations from individuals who are connected to the people your organization serves. The survey portrays that individual donation habits are motivated by a high sense of care for others. Individuals will either donate in small amounts (\$1-25) or large quantities (\$100+), leaving little room for medium-sized contributions (\$50-100). When given the option to support a nonprofit's mission or a family/friend, individuals will favor the former; however, it will be the latter if given means.

Professional Recommendations

Based on our training in the Public Administration program, findings in the published literature regarding nonprofit fundraising, and our analysis of best practices in the field, these are eight actionable recommendations that the Hakan Group can implement to further its development as a nonprofit organization. We recommend that these steps be taken in the listed order for best success.

1. Establish a mission statement and craft a vision for your organization in writing.
2. Evaluate which sector your organization fits in the nonprofit world. We believe the Hakan Group would be best categorized in the Arts/Humanities

sphere based on our understanding.

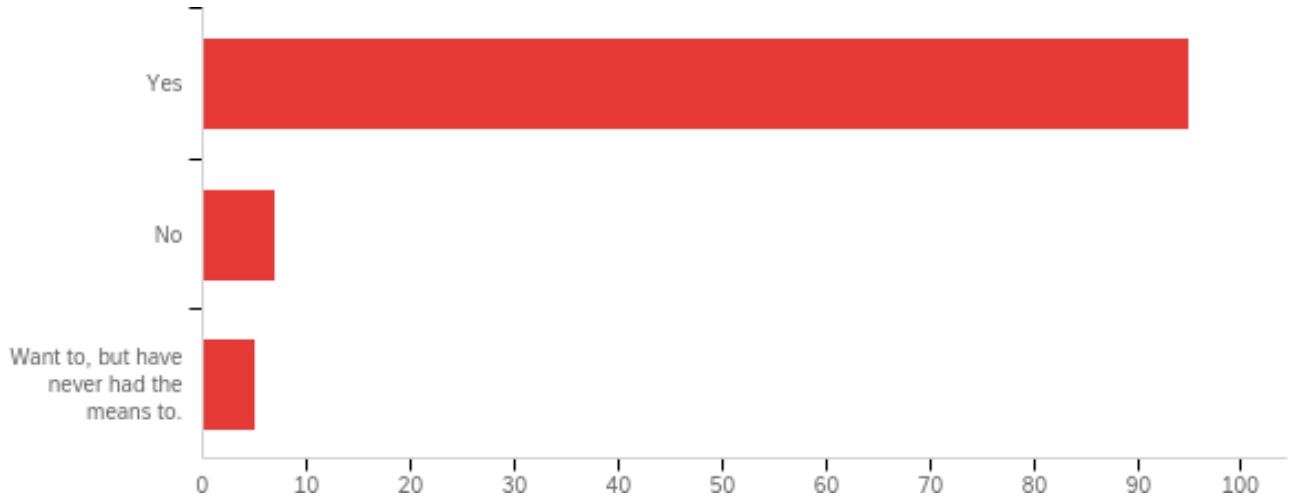
3. Research nonprofits with similar missions and services in the area. Consider if joining them as a new program or subsidiary is a viable option. If you decide to be housed in an existing nonprofit organization, steps 4-8 are optional, and you should work together with the larger organization to coordinate these efforts
4. Develop a board of directors for your organization
5. Increase social media presence. Create accounts on multiple social media platforms, and create a website that will succinctly explain your organization's mission and purpose
6. Decide whether or not you would like to file with the IRS formally as a 501(c)3 organization.
7. Apply for grants, foundation money, and/or corporate sponsorships
8. Identify potential donors who are passionate about your mission. Cultivate these relationships, especially the donors who could contribute significant amounts of money to your organization.

We believe that by thoughtfully engaging with each of these steps, the Hakan Group will be prepared to grow as an organization and achieve their goals.

Appendix

Nonprofit Donations Survey Results
 April 16th 2022, 10:44 am MDT

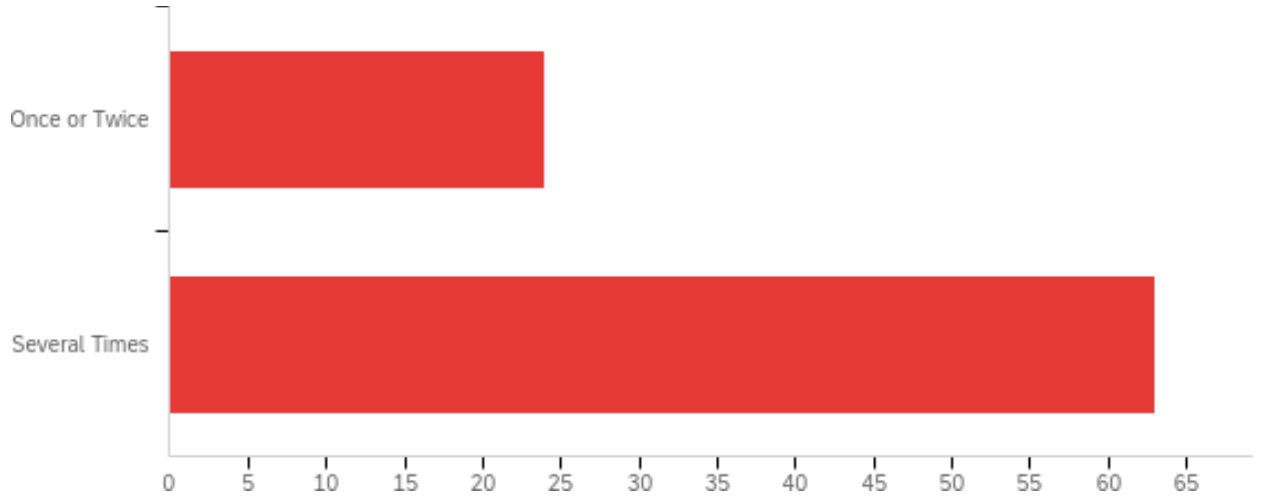
Q4 - 1. Have you ever donated to a nonprofit/charity before?



#	Field	Minimum	Maximum	Mean	Standard Deviation	Variance	Count
1	1. Have you ever donated to a nonprofit/charity before?	1.00	3.00	1.16	0.48	0.23	107

#	Answer	%	Count
1	Yes	88.79%	95
2	No	6.54%	7
3	Want to, but have never had the means to.	4.67%	5
	Total	100%	107

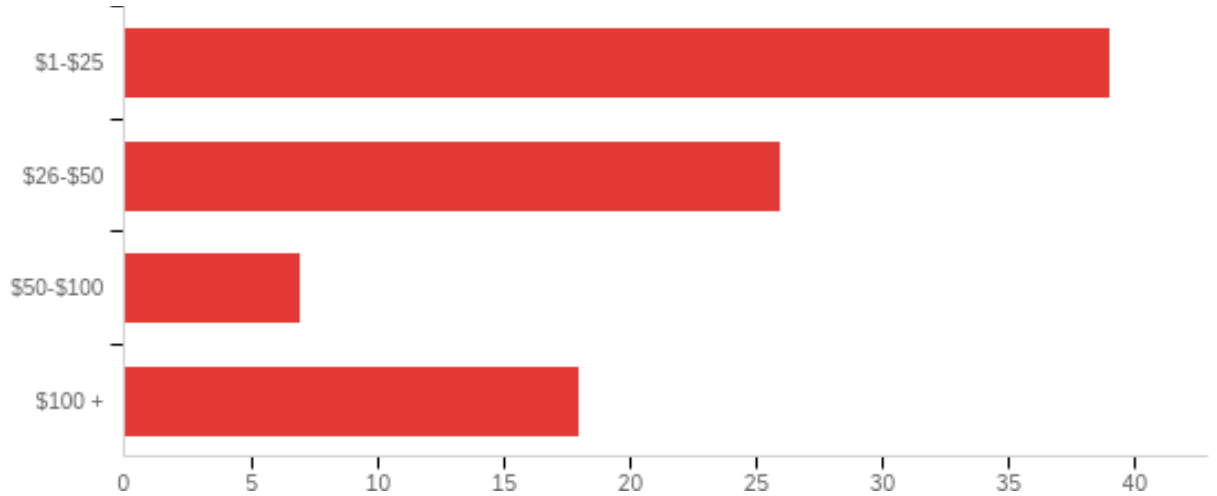
Q6 - How often have you donated to nonprofit organizations?



#	Field	Minimum	Maximum	Mean	Standard Deviation	Variance	Count
1	How often have you donated to nonprofit organizations?	1.00	2.00	1.72	0.45	0.20	87

#	Answer	%	Count
1	Once or Twice	27.59%	24
2	Several Times	72.41%	63
	Total	100%	87

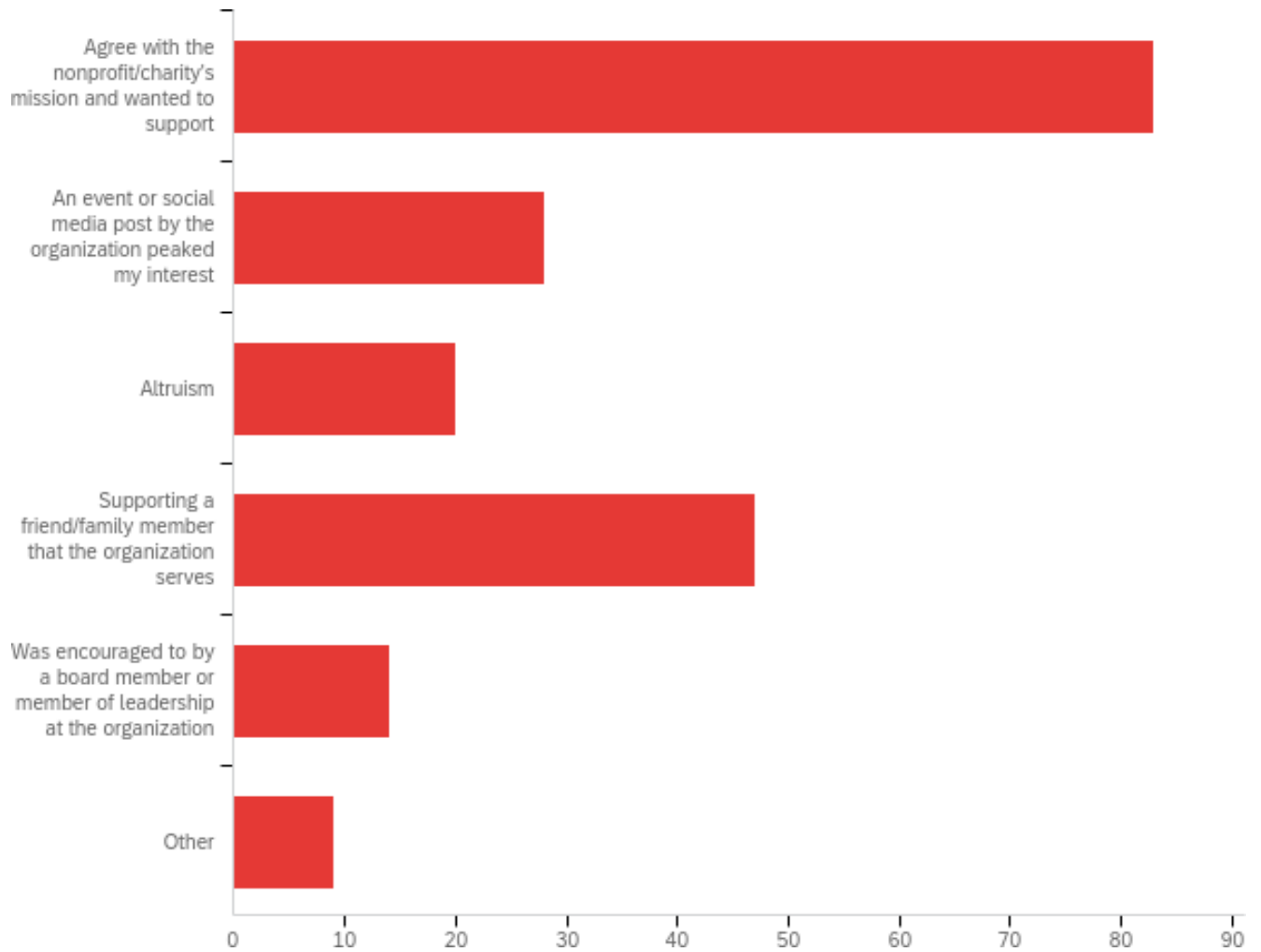
Q7 - How much do you donate on average?



#	Field	Minimum	Maximum	Mean	Standard Deviation	Variance	Count
1	How much do you donate on average?	1.00	4.00	2.04	1.14	1.31	90

#	Answer	%	Count
1	\$1-\$25	43.33%	39
2	\$26-\$50	28.89%	26
3	\$50-\$100	7.78%	7
4	\$100 +	20.00%	18
	Total	100%	90

Q8 - What prompts you to donate? (Select all that apply)



#	Answer	%	Count
1	Agree with the nonprofit/charity's mission and wanted to support	41.29%	83
2	An event or social media post by the organization peaked my interest	13.93%	28
3	Altruism	9.95%	20
4	Supporting a friend/family member that the organization serves	23.38%	47
5	Was encouraged to by a board member or member of leadership at the organization	6.97%	14
6	Other	4.48%	9
	Total	100%	201

Q9 - You selected "Other," what has prompted you to donate?

You selected "Other," what has prompted you to donate?

Church

Once you donate you get all kinds of mail from different places. Family tells me.

Selfishly see it as making my life better.

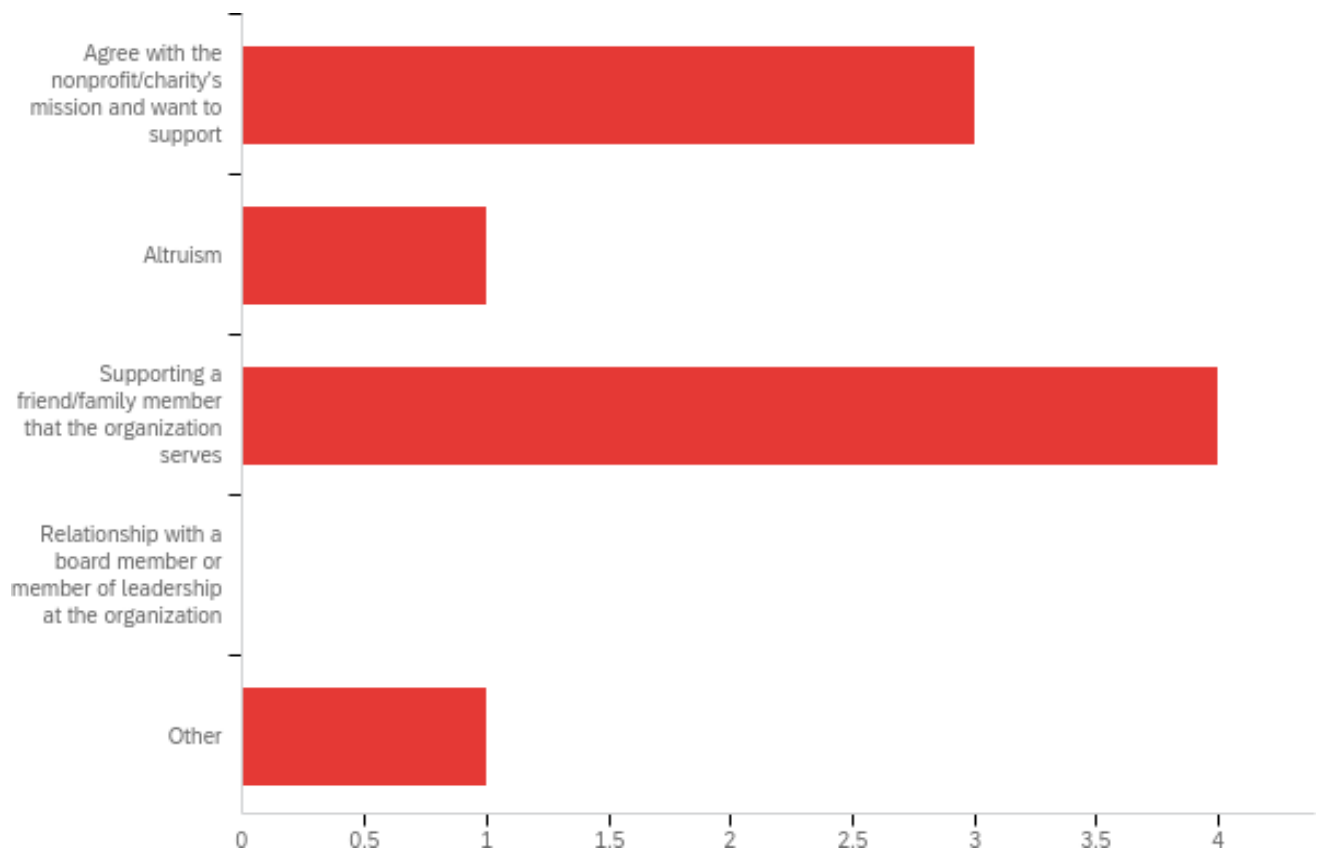
Donations to my church

My love for the sick children.

Church

Religious beliefs

Q10 - If you had the means, what would prompt you to donate? (Select all that apply)



#	Answer	%	Count
1	Agree with the nonprofit/charity's mission and want to support	33.33%	3
3	Altruism	11.11%	1
4	Supporting a friend/family member that the organization serves	44.44%	4
5	Relationship with a board member or member of leadership at the organization	0.00%	0
6	Other	11.11%	1
	Total	100%	9

Q11 - You selected "Other," what has prompted you to donate?

You selected "Other," what has prompted you to donate?

Q5 - Are there any circumstances you would to donate to a nonprofit? If so, what would those be?

Are there any circumstances you would to donate to a nonprofit? If so, what would those be?

Yes! I would if I felt strongly about it and was able to financially

ldk, i dont trust most bon-profits so it would have to have an amazing reputation. Also if i was richer

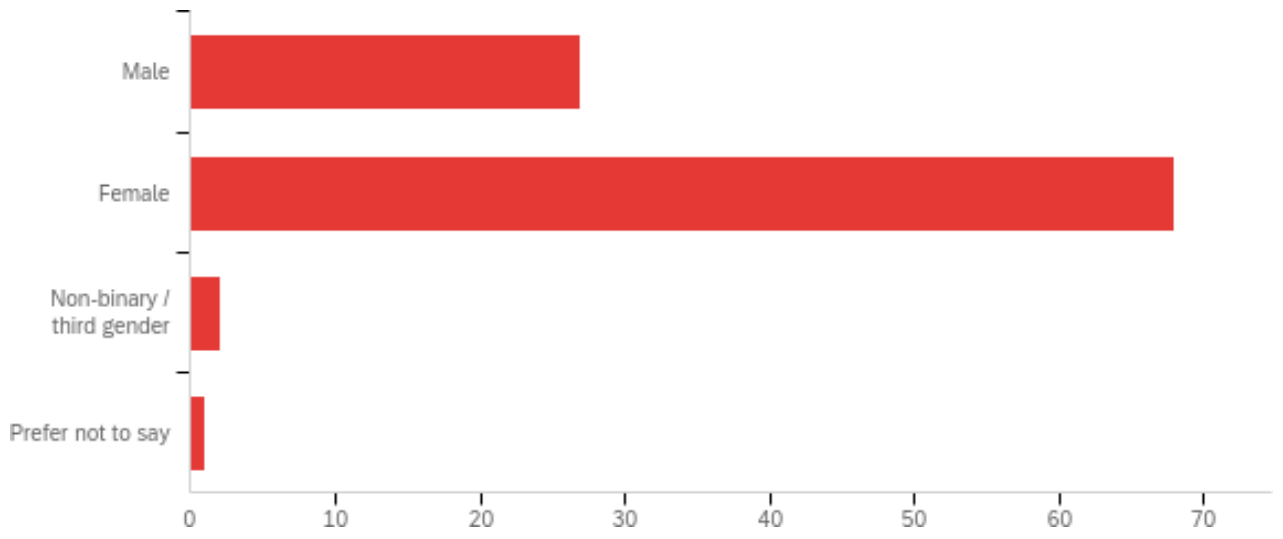
Haven't given it extensive thought.

If I had the extra money and I knew it was a legit organization.

No

If it was something I cared about

Q2 - Gender



#	Field	Minimum	Maximum	Mean	Std Deviation	Variance	Count
1	Gender	1.00	4.00	1.77	0.53	0.28	98
#	Answer	%	Count				
1	Male	27.55%	27				
2	Female	69.39%	68				
3	Non-binary / third gender	2.04%	2				
4	Prefer not to say	1.02%	1				
	Total	100%	98				

Q3 - Age

Age
26
27
30
27
27

25

26

27

25

26

27

81

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62

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