

PA 747: Fund Development

Nonprofit organizations have been forced to become more sophisticated in their fund development over the past few years due to the increasing number of nonprofits and with that the intense competition in raising funds for their organizations. The organizations that were profiled discuss the importance of diversification of funds especially through changing past practices of raising money for organizations. Organizations have also become responsive to the needs of diversification by hiring experienced and dedicated individuals to lead their development departments and focusing on strong boards of governance for this support.

Diversification of Funds

Many organizations have had to adapt to changes in where they have previously received their funding from. Some organizations like San Francisco AIDS Foundation and Women's Initiative have diversified their funding due to losses of government contracts or grants. Federal, state, and local governments have become important funding institutions for nonprofit organizations due to the heavy devolution of Federal spending in the early 1980's. This led to nonprofit organizations becoming very dependent on government funding for their organization. However, because of the growth in the number of nonprofit organizations and cuts in federal government funding nonprofit organizations have had to become less dependent on that source.

For example, Elizondo (2007) examined Women's Initiative and stated that "almost all their funds from Government Grants. However, after a Government deficit occurred six years ago, the organization realized that it couldn't rely solely on the Government money". Dalton (2007) provides a quote from the SFAF "As government funding continues to shrink and the number of people living with the disease continues to grow, private giving is more important than ever before." Some organizations choose all together not to accept government funding

such as Room to Read because they do not want to feel pressured by government restrictions in what they do.

In order for these organizations to accommodate these changes with government funding, they have relied on increases in individual and corporate funding. For example, organizations such as Jumpstart and United Way of Bay Area have focused significant time and energy into developing plans for increasing individual giving to their organizations. Individual giving to organizations has “always been the major facet of American philanthropy” (Maxwell, 2003). Individuals have been one of the most important sources of revenue for charitable giving since the beginning of this sector in the United States. Individual giving is important for organizations because there is a lot of wealth.

Furthermore, nonprofit organizations looking to strengthen their individual donations must make strong personal connections to those that they seek as sources of funding (Maxwell, 2003). By creating a connection between the prospect donor and the organization they are able to create a way in which people feel good about the mission of the organization. Church Divinity of the Pacific receives most of their fundraising dollars from individuals and feels as though they have created strong relationships to receive those funds. Red Cross of the Bay Area has historically been very dependent on the need for individual funding and has experienced first hand the problems associated with creating those trustful relationships with a decrease in funding after Red Cross controversies following September 11th.

Corporate giving for many of the organizations profiled as become an important revenue source for both dollars and in-kind donations. Corporate support of nonprofit organizations according to Burlingame has decreased from 1986 to 2001 though many of the nonprofit organizations seek to use these continued sources of available funds. The First Place Fund for Youth, Room to Read, and Red Cross of Bay Area all discuss corporate giving to their organizations as instrumental to their success in fund development. For

example, Room to Read uses close partnerships with corporations such as Microsoft and Boeing, while the First Place Fund has created a unique project with IKEA. Red Cross of Bay Area has hired three full time staff members to help with corporate fundraising.

The Fundraisers

Many of the organizations profiled site the staff that support the fund development as one of the reasons for their continued success in receiving funds for the organizations. Almost all of the organizations profiled have hired new members for development positions to help secure more funds for the organization. This is a trend across the nonprofit sector as many organizations look to hire new people to bring in more money for the organization. However, it is extremely important for the organization to investigate prior whether the organization can afford the new staff members and at what cost well they bring to the organization and how much revenue will be received on account of hiring someone new.

Leadership amongst these staff members is key to establishing strong development plans in organization. Organizations such as the Seminary and Greenlining Foundation depend heavily on the strong leadership skills of their development team. “Strong leadership on an on an ongoing basis is needed to attract other strong board members and volunteers, to recruit the best administrative, program and development managers, and to create increasingly loyal networks of community supporters, donors, and volunteers to sustain nonprofits” (Grace, 2003).

Not only is strong leadership necessary in the fund development of an organization but it affects the entire organization both current and future. This will allow the organization the ability to create a strong presence in the community that they serve which will hopefully lead to the increase in donations by foundations, individuals and governments serving those communities.

Each organization profiled provided a different view into the aspects of fund

development. Not one organization relied on one source of funding, nor did any organization not discuss having a diverse source of funding whether a community foundation, church or organization focused on micro enterprise. This assignment was essential in understanding the variety of challenges that nonprofit organizations face.

Resources

Rosso, H. (2003). *Achieving excellence in fund raising, second edition* (E. R. Tempel, Ed.).
San Francisco: Jossey-Bass.

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