

# PREPARING TO FUND YOUR CAPITAL PROJECT IN ALASKA AND BEYOND

*By The Foraker Group*

APRIL 2015  
REVISED, JUNE 2015

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# FOREWORD

Raising funds for a capital project may be one of the biggest tasks that an organization undertakes. It's never been an easy process – but with the change in Alaska's funding climate, it is becoming even more challenging. The old way of securing national, state, and local government funding or a large grant from a single private source is over.

A quick review of data gathered in the latest report by The Foraker Group on the impact of the nonprofit sector on Alaska's economy reveals some significant insights. According to the report:

*Funding from the federal government to all sectors in Alaska, not just the nonprofit sector, is declining – and all indications are that it will continue to decline. **With the exception of direct payments, all categories of funding are down, with total revenue to Alaska declining from \$8.3 billion in 2009 to just \$5 billion in 2013.***

(The full report – *Alaska's Nonprofit Sector: Generating Economic Impact* – is available at [www.forakergroup.org](http://www.forakergroup.org).)

The report also demonstrates that the funding landscape has changed. To successfully finance a project, a more strategic and integrated approach is needed now. Organizations must look for more community financial support. And they must be realistic about what they need, what they can afford, and what they can reasonably expect to raise.

Assuring that a project is the appropriate size to meet the needs of the community begins with initial conversations and continues through the ribbon cutting. At every step, organizations should ask themselves “what is the least amount we can fix, build, or buy to achieve the greatest community impact?” This question is a new way of framing a capital project in Alaska, but it is the key to our collective success. It will ensure that we build the appropriately sized building, and it will keep us all grounded in the true needs of our communities. Exploring charitable financial support for capital projects is also a new conversation for too many groups in Alaska. This guide, along with other Foraker services, is a tool to help your organization prepare for raising more charitable funds.

Additionally, each of our organizations has made substantial contributions to capital projects in Alaska. We view these contributions as investments in the communities where the projects are developed. We want to be sure our investments are used wisely and in a way that meets important community needs. To that end, in 2006 we came together to launch the Pre-Development Program, which is managed by The Foraker Group.

Pre-Development (Pre-D) through Foraker offers expert guidance, training, and technical resources for planning new facilities in Alaska, or for renovating or expanding existing ones. While not every project will use the Pre-D program, we strongly recommend that every organization take the slow and necessary steps to fully understand the feasibility for each project. We assist nonprofit, municipal, and tribal organizations to determine the likelihood of success for a project and develop the documentation needed to jumpstart a project. We are focused on planning for sustainable capital projects, which we define as projects that contribute to the long-term viability of the organization and the community it serves. We believe that successful projects occur when planning begins early and considers community needs, potential collaboration, organizational capacity, and sustainability.

We encourage organizations that are considering a capital project to explore the Pre-D program on the Foraker website – [www.forakergroup.org](http://www.forakergroup.org) – click on Pre-Development under Shared Services.

## THE FUNDERS OF THE FORAKER PRE-DEVELOPMENT PROGRAM





# INTRODUCTION

Building a new facility for your organization – or remodeling or renovating a current structure – is a major undertaking. In many cases, it’s a journey into a world filled with terminology, infrastructure, and decisions that are new to many staff and board members. As with other types of fundraising, securing the money needed for a major capital project is managed by a certain set of rules, vocabulary, and timelines. More often than not, you do not have all the training and experience you need to feel comfortable on this venture. That’s okay.

The intent of this guide is not to compile all the wisdom and rules of fundraising for a capital project. Instead, it provides an overview of funding options that are available so that your board and staff can begin a strategic conversation on what’s appropriate for your organization and how you move forward once you’ve decided. The guide is divided into several sections.

The first presents the various ways a capital project can secure financial resources, with a heavy emphasis on raising substantial funds through a capital campaign. The second section shares perspectives and words of advice from foundation and corporate funders who help finance capital projects in Alaska. And, finally, case studies of capital projects are provided that help demonstrate what has worked for other organizations, and what didn’t. At the end of this guide you will find tools, references, and other information to help make this job easier for you.

Various authors have contributed to this guide. It is structured as an anthology, with each writer addressing her particular area of expertise. The lead authors are:

- Laurie Wolf, MNPL, CFRE – Laurie is vice president and COO of The Foraker Group.
- Chris Kowalczewski, MPH, MArch – Chris is the manager of the Foraker Pre-Development Program.
- Joan McCoy – Joan is a Foraker consultant who specializes in strategic philanthropy.
- Suzanne Lagoni – Suzanne is Foraker’s communication consultant and editor of this guide.

Congratulations on your willingness to jump into the world of fundraising on behalf of your organization. It needs your energy and commitment.

# CHAPTER 1

## DEVELOPING A PLAN OF FINANCE

*By Laurie Wolf, MNPL, CFRE and  
Chris Kowalczewski, MPA, MArch*

Congratulations, you have completed the planning for your capital project. You have determined that a capital project is necessary to best meet specific community needs. And most importantly, you have determined through sound analysis and planning that your organization can both afford to build, and to operate your facility. You have a clear concept for the project and a realistic understanding of the cost. Now it's time to determine who you need to partner with to secure money, which is known as your **plan of finance**. The plan outlines the various categories of revenue, how much will be raised from each, and which entities in each category will be approached to secure support.

The process for developing a plan of finance should begin as soon as the project cost has been identified. It is a key aspect for determining the feasibility of a project. Typically, staff will research options and advise the board on possible sources of funding. In some organizations, consultants may be brought in to help advise on the plan. In others, committees that include members of the community may help. Ultimately, the board of directors has the final responsibility for approving a realistic plan of finance. At this point, keep in mind the plan is an estimate – as sources of funds are confirmed, or not, the plan will need to be adjusted.

What are the possible sources of funding that should be considered in a plan of finance? The

categories include equity, debt, government grants, local taxation in the form of bonding, and charitable contributions from individuals, private foundations, and corporations. Each has its own advantages and disadvantages, requirements, timelines, and potential for success. They are all addressed in detail later in this guide.

Each plan is different for each capital project. Some plans may rely heavily on government financing, others on corporate or foundation support. Virtually all will have a component of community charitable giving.

How do you find out what mixture of funding sources will work for your project? Here are some specific areas of research that will help answer that question:

- Review your organization's financial statements to determine your ability to self-fund a project or borrow the necessary funds.
- Talk to state legislators about their willingness and ability to support your project and the reasonable amount you might request given the current economic climate.
- Talk to staff of the congressional delegation about the possibility of federal funding, which has become more difficult to secure.
- Talk to local government officials about land grants or other donations and the possibility of a local taxation bond in a future election cycle.
- Research guidelines for foundation and corporate donors.
- Evaluate your current organizational infrastructure and expertise in raising significant individual charitable gifts. (This includes gathering a clear understanding

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**The plan of finance is not a “decision document” that lays out the reasons for taking on a project. That decision is made before the plan is formulated and is based on research that should answer these questions:**

- 1 Will the project further the mission of our organization? Are we building a new facility for the sake of the building or to enhance our ability to perform more efficiently on our mission?
- 2 Do we know the true price of the project? Have all costs been carefully documented? These include not just construction, but design, administration, furnishings, equipment, moving expenses, and the cost of raising funds.
- 3 Is the building or renovation exactly what we need – can we do with a smaller, less costly option – or do we need something larger to accommodate future needs?
- 4 Is it the right time to take on the project? Is the organization ready to devote the time and energy to accomplishing it? Does the community support it, especially as the project is viewed next to other community funding priorities?
- 5 And, finally, is the project sustainable? Much more needs to be considered than just the cost of the building. Can the organization afford to maintain it for years to come? (See Appendix One for a detailed explanation of a sustainable capital project.)

from your board on whether or not to engage in charitable campaign activities.)

- Survey your community to see who has received capital funds recently – how much and from where.

When you have gathered all the information you can find on funding sources, it's time to make a well-educated estimate of how you will distribute

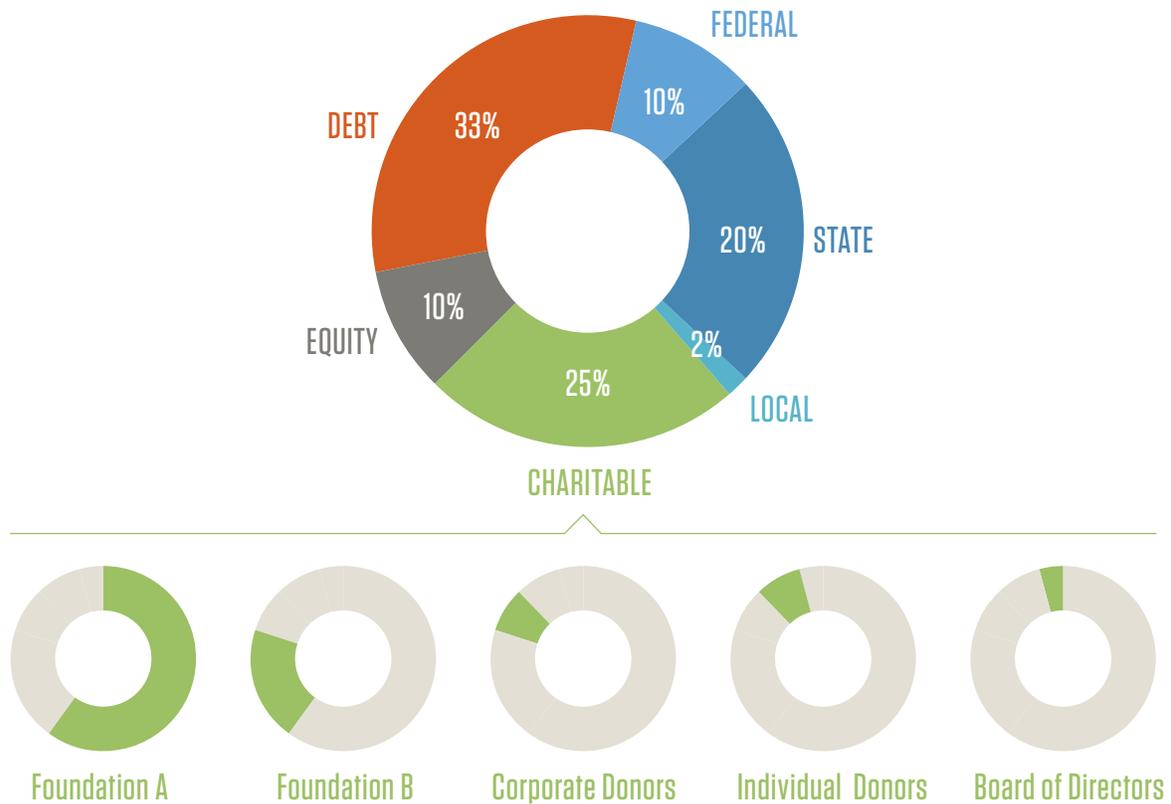
funding goals across the sources that are available to you. Your plan of finance will likely be broken into these broad categories, clearly stating the proportion of the total project cost that will be raised from each source. Once your plan has been developed, the board should vote to approve this overall strategy to assure alignment within the organization and a clear understanding of their future commitments of time, energy and money.

Finally, what's the timeline for each category? This should not be an after-thought. We can safely say that all this will take longer than you

anticipate. Be very generous in allotting enough time to accomplish the tasks that are part of securing funds from each source.

The plan of finance must be completed before approaching any potential funder to assess interest, especially banks, corporate, and foundation funders. Note, though, that this is not the time to ask for funds. Use this stage in the journey to help significant donors, including foundation and corporate program officers, to understand the total picture of how you're going to raise the money for this project. This is an opportunity to

ONE EXAMPLE OF A PLAN OF FINANCE



test your ideas and it is a necessary step before a funder will invite a proposal. Significant investors of all types, including government funders and other financial institutions, will especially want to see what other organizations you are considering approaching in each category and how much you will request.

Program officers frequently talk with one another and with local government leaders about the large projects in which they've been asked to invest. It's critical that you have a professional and consistent plan of finance that you share with them. While the more detailed version of how and when you will ask for charitable funds will be outlined in the capital campaign plan for your internal use, the plan of finance is a document for external sharing. Therefore, it is critical that you keep this overview up-to-date, indicating when funds have been secured, along with requests that have been submitted. The more you can demonstrate success and progress toward your goal, the more likely you will be to convince funders of all types to invest in your project when the time is right.



## Capital Campaign Plans

The charitable contributions segment of your overall funding plan is likely to be the most complex and should have its own plan – commonly referred to as a capital campaign plan (see Chapter Four.)

In Alaska, charitable contributions (including, corporate, foundation and individual giving) traditionally have comprised a smaller portion of the plan of finance than in the Lower-48. That's because state and federal grants have dominated funding for projects for many years. Those times in Alaska have passed. Successful capital funding today must emphasize charitable giving.

Organizations are cautioned to be aware that capital projects of the future will have to include a larger percentage of funds from individual gifts – and this will require more time and effort, and a focus on developing donor and funder relationships that may not have been required in the past.

# CHAPTER 2

## USING EQUITY AND DEBT FINANCING TO FUND A PROJECT

*By Chris Kowalczewski, MPA, MArch*

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### Organizations, like individuals, have four ways of funding a capital project:

1. Funding from current income
2. Funding from reserves
3. Funding from grants and donations
4. Funding from borrowed money

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The simplest way to fund a capital project is through current income or cash reserves. If your organization has unrestricted funds that can be dedicated to the project – without having a negative impact on the operating budget – then you will save time, effort, and money. However, it is a rare Alaska organization that has the cash to cover anything other than the smallest of capital projects. In addition, what may be simple may not be wise. Even if you can afford to forgo seeking outside partnerships to fund the project, there may be a greater opportunity to raise awareness of the mission, generate a broader base of community backing, or connect with new service delivery partners if the organization embarks on a process of securing additional financial support.

Grants and charitable contributions are the most widely used sources of funding in Alaska. We more fully discuss charitable contributions and grants in Chapter Four. As for government

grants, Alaska has been fortunate in the past to have ready access to federal and state grants. As noted elsewhere in this guide, this situation is changing and the government component of project financing is less available for the foreseeable future.

So what happens when the organization's cash and available grants and donations are not enough to fund a project? Elsewhere in the country a fourth way of funding projects – financing with borrowed money or debt financing – plays a major role. The changing funding climate in Alaska may make it more common here as well. The remainder of this section will further explore this option.

Not every nonprofit is appropriately capitalized to consider debt, and those that can often are reluctant to consider it. Boards are typically fiscally conservative and may be uncomfortable using the organization's assets as collateral for a loan. In addition, thin operating margins make it difficult to add debt service to the budget. These are legitimate concerns and must be addressed in an analysis of the benefits and risks of borrowing money.

Let's start with the basic question: is your organization in a position to borrow money? The answer depends largely on the strength of your financial position. Do you have sound and effective financial systems and diversified income streams? Can you produce financial reports for the last three-to-five years showing a strong ratio of assets to liabilities? Have you prepared income and expense projections for the next several years showing a positive balance? Do you have available unrestricted cash flow to service the debt? Lenders will want to see all this information to determine your creditworthiness. Just as important, this information will help determine the confidence level of your board before considering a loan.

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## The situation in Alaska

Recently, some organizations have accrued debt with the hope that individual contributions would increase to pay that debt. Some organizations hope that rental income will provide a sustainable revenue source. If either plan is considered, then clear attention must be given to the current rental market and organizational expertise and capacity to successfully implement these strategies.

So how much can you afford to borrow? The amount may vary from lender to lender. Typically, the ratio between liabilities and net worth should not exceed 2:1 on your balance sheet, although you may be able to borrow additional funds depending on the cash flow generated by your project.

When a project is financed with positive cash flow, the lender may attach a lien to the project to serve as collateral for the loan. When considering the addition of an income producing project to your balance sheet, the net cash flow after payment of the project's operating expenses should be 120% or greater than the debt service. The higher the ratio, the more likely you are to find agreeable financing.

The kinds of debt used in connection with capital projects include short-to-medium term borrowing and permanent financing. Short-term loans can be used to move a project forward while a capital campaign is underway, with the expectation that funds raised in the campaign will re-pay the debt. If this is your intention, make sure you discuss it ahead of time with your funders. Most foundation, government, and corporate funders do not want to repay debt. Short-term loans are also used for the construction period of your project. Another source of repayment for short-term debt is permanent financing for the project when it is completed.

Permanent financing is more long term and is expected to be paid back through the operating budget. This will require unrestricted dollars, or a project that generates a positive cash flow. If your organization is largely funded through grants, check the language of the grant to see if debt repayment on a capital project is an eligible expense.

Loans are available from a variety of sources including banks, Community Development Financial Institutions (CDFIs), state housing finance agencies, tax-exempt bond issuers and other conventional and non-conventional sources. Government agencies such as USDA and HUD offer low interest loans to qualified borrowers for specific types of projects. Private foundations will sometimes offer Program Related Investment loans (PRIs) at low or no interest. Obtaining the lowest cost and most flexible source of debt financing can greatly ease the financial burden that capital projects impose on an organization's operations.

As in borrowing money to purchase a house, the amount that you are qualified to borrow may not be an amount that you feel comfortable borrowing. Your board should carefully evaluate the impact of loan payments on the operating budget to make sure you maintain an adequate operating reserve. If that can be accomplished, a loan may be the best (or only) option for completing a plan of finance for your project.

## **PROGRAM RELATED INVESTMENTS (PRIs)**

Foundations and some other types of organizations will sometimes make mission or social investments to achieve their philanthropic goals. These investments may take the form of below market loans, loan guarantees, cash deposits, or equity investments. The difference between grants and PRIs is that the latter are expected to be repaid. The repayments allow the funds to be re-invested in other projects.

Local sources of PRIs are the Rasmuson Foundation, The Alaska Mental Health Trust Authority, and the Mat-Su Health Foundation. Community foundations may also provide PRIs. Some banks – such as Wells Fargo – also set up similar programs to provide loans to organizations that do not qualify for conventional loans. In all cases, the intent of the lender is to further mission rather than make a financial return.

More information about PRIs can be found at [www.missioninvestors.org/tools/answers-to-the-10-most-asked-questions-about-pris](http://www.missioninvestors.org/tools/answers-to-the-10-most-asked-questions-about-pris).



# CHAPTER 3

## USING GOVERNMENT SOURCES TO FUND A CAPITAL PROJECT

*By Chris Kowalczewski, MPA, MArch*

### FEDERAL FUNDING

One of the first sources of funding Alaska organizations consider for capital projects is a government grant. In the good old days – when an Alaska senator chaired the Senate Appropriations Committee and “earmarks” were the norm – federal money was the primary source of funding for many Alaska projects. Unfortunately, that is no longer the case. For example, the Denali Commission’s budget has dropped from a high of \$160 million annually to less than \$10 million, and the types of projects they fund are now restricted primarily to energy infrastructure. The other major federal agencies that fund capital projects – USDA and HUD – also have less funding, and they now are more likely to offer a loan than a grant.

**USDA:** The U.S. Department of Agriculture has a wide variety of programs that support housing, community facilities, and infrastructure development in rural areas. The program of interest to most nonprofits is the Community Facilities Program in Rural Development. It provides loans, loan guarantees, and grants for the construction, acquisition, or renovation of community facilities. Grant funding is very limited and is usually packaged with a loan. The process to obtain funding from USDA can be lengthy, so start early. Contact a program officer to find out what is available, when you can apply, and what the requirements will be. For more information go to [www.rd.usda.gov/ak](http://www.rd.usda.gov/ak).

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**A centralized source of information  
about available federal grants is listed at  
[www.grants.gov](http://www.grants.gov).**

**HUD:** The mission of the Department of Housing and Urban Development is to create strong, inclusive communities and quality affordable homes, through a wide variety of programs. Those of most interest to Alaskans include:

- **Community Development Block Grants:** These are competitive grants for projects that provide housing, healthy living environments, and expanded economic opportunities. Funds are allocated by formula on an annual basis to Anchorage directly, and to the rest of the state through the Alaska Department of Commerce, Community and Economic Development. Grant activities must benefit low to moderate income persons or meet urgent community needs. For more information see [www.hudexchange.info/cdbg-state/](http://www.hudexchange.info/cdbg-state/).
- **Indian Housing Block Grant and Title VI Loan Guarantee Programs:** The two programs authorized for Indian tribes or Tribally Designated Housing Entities (TDHEs) under NAHASDA are the Indian Housing Block Grant (IHBG), which is a formula-based grant program, and Title VI Loan Guarantee, which provides financing guarantees to Indian tribes for private market loans to develop affordable housing for low to moderate income Native families. IHBG funding can be used for a variety of activities including new construction, rehabilitation, acquisition, housing services, and crime prevention. The Title VI loan guarantee program can be used to leverage all the above activities with a private market loan. Funding is provided annually and tribes and TDHEs administer their own programs. Alaska recipients received \$94,588,589 statewide in FY 2015 for the Indian Housing Block Grant program. For more information, contact the

Alaska Office of Native American Programs, William Zachares, Administrator – 907-677-9860 or [bill.zachares@hud.gov](mailto:bill.zachares@hud.gov).

- **HUD** also provides funding for public housing, multi-family and single family housing, and fair housing through a variety of grant, loan, and mortgage insurance programs. Many of these programs are made available to Alaskans through the Alaska Housing Finance Corporation. Find out more at [www.ahfc.us](http://www.ahfc.us) and [portal.hud.gov/hudportal/HUD?src=/states/alaska](http://portal.hud.gov/hudportal/HUD?src=/states/alaska).

A relatively new form of federal support for capital projects is tax credits. Established by Congress, these programs provide tax credits to private investors for specific types of projects. One of the first was the Low Income Housing Tax Credit. It is a dollar-for-dollar tax credit for investments in affordable housing. Another program, the New Markets Tax Credit, provides a credit equal to 39% of the investment made in projects in low-income and impoverished communities. A similar program exists for private investments in educational programs. These programs are complicated and competitive. The average nonprofit requires assistance in putting together investors and submitting successful applications. Sources of assistance include local housing authorities, banks, and corporations such as Alaska Growth Capital.

## STATE AND LOCAL FUNDING

With the decline of federal funding, the State of Alaska became a larger player in nonprofit capital projects. For a few years, appropriations from the Alaska legislature became a significant portion of capital project funding. Then, with the concerns over declining oil revenues, the legislature

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**Check the website for each department of state government to find out what grants are currently available.**

became more frugal in its appropriations. The funding that is available is usually directed at a specific sector. The state also manages some federally funded programs such as Community Development Block Grants (Department of Commerce, Community and Economic Development), housing subsidies (Alaska Housing Finance Corporation), and energy grants (Alaska Energy Authority).

The third source of possible government support is at the local level – municipal, borough, and tribal governments. They may have pass-through funds from the federal or state governments or from revenue sharing, but these are not usually a significant source of funding for nonprofits. More likely contributions will be made in the form of political support, donations of land, and/or waiver of fees. Another option might be a tax-supported bond. Municipal bonds are issued by government entities below the state level. They are attractive to investors because they provide exemptions from federal and local taxes.

There are two basic types of municipal bonds – general obligation bonds that are supported by the issuer’s taxing authority, and revenue bonds, which are secured by revenue (tolls, rents) from the facility built by the bond issued. A bond measure is an initiative to sell bonds – it is put up for a vote in general elections. Bonds are usually issued for government owned facilities such as schools, libraries, fire stations, and hospitals but other privately owned facilities that provide public benefit may be eligible. Check with your local governing body to see if your organization would qualify for this type of support and – just as importantly – whether they think it would be politically successful.

## RECOMMENDATIONS FOR OBTAINING GOVERNMENT FUNDING

Keeping the following points in mind as you consider government funding will give you a better chance for securing grants or other types of assistance:

- Start early. Government grants usually require a lengthy application process and opportunities may happen infrequently.
- Establish relationships with elected officials and government staff before asking them for money. Educate them about your project and how it benefits their constituents. Listen to their feedback.
- Talk to local leaders about opportunities for in-kind contributions – be creative.
- Monitor websites and newsletters that provide notices of grants.
- Consider the schedule for government funding when planning your project. There is usually a typical cycle with applications due several months prior to an award.
- For state legislative funding, contact your local representative for access to the CAPSIS website. This is the official process for applying for funding through the legislature.
- If possible, get your project into your local community priority plan – it will help when you seek state support. In rural communities, it’s also helpful for your project to be viewed as a priority by the tribe. The more support you can show from the region through the borough assembly, from local government, and from the tribes, the better your chance for success.

You may wish to consider the help of a lobbyist in accomplishing these tasks.

## ALASKA'S CAPITAL BUDGETING PROCESS

Organizations often have many questions about how to engage the state as an investor in a particular project. Answers to these questions often end up generating more questions about how the state process works. As the questions funnel down, the final question is: “How do I get my project into the state’s budget?” Knowing the process for capital budgeting is one component of successfully securing state investment.

Building the state budget takes roughly one year from start to finish. The state has four types of budgets every year:

1. **Operating budget** – Simply stated, the operating budget describes where the money will come from and where it will be spent on state programs. The operating budget is considered short-term because it covers dollars spent in one fiscal year. For the state, the fiscal year runs from July 1 to June 30. For the nonprofit sector, the operating budget can contain dollars that will be distributed through grant programs or programs that are funded by fee-for-service or contractual relationships to offer state services.
2. **Capital budget** – The capital budget is long term, meaning it describes long-term revenue and spending on capital projects – generally on projects with a life of more than one year. A capital project can be anything from a new piece of equipment, such as a delivery van or refrigerator for the local food bank, to a new computer system for a local nonprofit, to a \$100,000 remodel or renovation, to a multi-million dollar new construction project.

3. **Supplemental budget** – During the course of a fiscal year there are generally unanticipated expenditures that need to be covered. This is done through a supplemental budget, which may contain some small capital items.
4. **The Alaska Mental Health Trust Authority budget** – the AMHTA is a quasi-governmental agency whose annual budget is determined by the Alaska legislature. AMHTA is a state corporation that administers the Alaska Mental Health Trust, a perpetual trust to improve the lives of beneficiaries. The trust operates much like a private foundation, using its resources to ensure that Alaska has a comprehensive integrated mental health program. Very limited capital funding is available but the trust can work with nonprofits on operational sustainability through its partnership with the Alaska Department of Health and Social Services and other funding resources. For more information see the following: [mhtrust.org/grants/designated-grants-partnerships/](http://mhtrust.org/grants/designated-grants-partnerships/).

Knowing the budget process is important for those who are asking the state to invest in their capital project. The following is an explanation of each step in that process. Note that it begins with the various state departments and ends with a final budget submitted by the legislature and approved by the governor. It is important to work with both the legislature and the administration to ensure that a project gets funded.

### Typical Alaska State Budget timeline (in a non-gubernatorial election year)

- **May to September:** Executive departments develop their own operating and capital

budget proposals, which they forward to the Office of Management and Budget (OMB) to include in the full state budget request. OMB makes sure the budgets are aligned with the governor's priorities. At this time, you would work with department personnel to include your request in the department's submission to OMB. Submission at this stage indicates that the department supports your particular project as a way to improve programs or services for Alaskans. This is a good time to meet with legislators who have returned home from Juneau. They will have more time to focus on your request and you can get a better idea of whether your project can secure the support it needs. Invite the governor and legislators to visit your current facility and meet your board of directors.

- **October to November:** OMB reviews the submissions from each department, primarily for format and accuracy, and prepares operating and capital budget recommendations, which they then forward to the governor for review. OMB makes additions and deletions primarily based on the governor's priorities. Of all of the steps in the process, this is the one where you will likely have minimal influence.
- **November to December:** During this time the governor and staff review the budget recommendations from OMB and adjust the budgets for each department by size and priority. This is a part of the process where you can potentially have significant influence to add a capital project that was not included in a department recommendation. But you should not wait. If your capital request is not in the department request, you should be talking to the governor's staff before this

time. The governor has policy advisors for each department, and if you are interested in including a capital project in the budget, ideally you have already had conversations with the staff in your policy area. Check to see if someone on your board or a major donor has a relationship with the governor or department heads and would be willing to talk to them about your project. These conversations can happen throughout the summer and early fall – you don't have to wait.

This is also the time you should let your legislator know about your project and your interest in state funding. The legislature uses an on-line application process (CAPSIS) that can only be accessed through an invitation from a legislator. It does not need to be a legislator from your district. The CAPSIS program is usually open for applications in December.

- **December 15:** The governor submits the capital and operating budget proposals to the legislature. Ideally, the governor has added your project to the capital budget. Remember, the governor proposes and the legislature disposes. That means that once the governor puts in the recommendation, it is formally out of his or her hands and moves to the legislature for passage. Legislators can make any changes they see fit to the proposal and can in fact start all over. If your project has not been included in the department recommendation, and did not make it into the governor's proposal, your next sphere of influence is the legislature. Don't think, however, that the governor's influence ends here – in fact, it just changes. The governor moves more to an advocacy position for the projects that were forwarded in his or her budget.

- **Beginning of the legislative session:** CAPSIS requests are usually due by the end of January. Don't leave it until it's too late and you miss the deadline. The legislature will generally not consider funding a project that has not been submitted through CAPSIS. (Actually that is not completely true, but you don't want to risk trying to get the project introduced later in the session unless there is a compelling reason for not going through CAPSIS).
- **Day 4 of the session:** On the fourth day of the legislative session (which lasts 90 days according to state law) the senate and house rules committees submit the official budget bills, which are then assigned bill numbers. Budget bills are pieces of legislation, meaning that when they are passed they become law. The budget bill is the number you can track throughout the session to see how your capital request is faring. You can do this online at [www.legis.state.ak.us/basis/start.asp](http://www.legis.state.ak.us/basis/start.asp).
- **January to April:** The legislature is in session. This is your opportunity to work with lawmakers on budget recommendations – first through the budget sub-committees. During this time the legislature is reviewing the governor's proposal, making additions and deletions, through the house and senate finance sub-committees, and reviewing CAPSIS requests. Sub-committees deliberate budgets and hold hearings for each department, and they submit their recommendations to their full finance committee. Before submission to the full finance committee, you can potentially have influence over the sub-committee for your department area. Each capital request is associated with a particular department.
- **March to April:** About two-thirds of the way through the legislative session, the senate finance committee finalizes the capital budget draft, which then goes to the full house, then to the full senate. Differences in the versions are worked out in a conference committee.
- **April:** Generally, both the operating and capital budget requests are among the last bills approved by the legislature, near the very last day. Keeping a capital budget request in the budget near the end of the session requires constant vigilance. Watchwords during this part of the legislative session are “politics,” and “you never know what can happen in the closing days of the session.” There is really no recipe for those last few days.  
  
If your capital request does not make it into the final capital budget approved by the legislature, it is time to begin the whole process again – frustrating, yes – reality, yes.
- **May:** After the house and senate pass the budget bills, they send them to the governor who has 20 working days to take action. If your request is in the capital budget, the next step is to work to make sure that the governor does not veto it.
- **July 1:** Once signed by the governor, the budget bills become law, and on July 1 the new fiscal year begins, using the just-passed budget. This is your opportunity to circle back to your legislators and thank them for their interest in the project – whether you get the money or not. The goal is to maintain a healthy relationship that is focused on achieving the greatest positive impact in your community.

# CHAPTER 4

## USING A CAPITAL CAMPAIGN TO FUND A PROJECT

By Laurie Wolf, MNPL, CFRE

### WHAT IS A CAPITAL CAMPAIGN?

*“A capital campaign is an intensive fund raising effort designed to raise a specified sum of money within a defined time period to meet the varied asset-building needs of an organization. These needs can include the construction of new buildings, renovation or enlargement of existing buildings, purchase or improvement of land, acquisition of furnishings or equipment, and additions to endowment. All of these are asset-building objectives. All can have a place in developing a goal for capital fund raising.”*

— Robert Pierpont, The Fund Raising School  
at Indiana University’s Lilly Family School  
of Philanthropy

To clarify, we are talking about a specific time in the life of an organization when charitable (corporate, foundation and individual) money is raised for a specific purpose. These efforts are in addition to and complement all the other revenue that the organization will raise or generate during the same time period for annual operations and other special areas of focus. It will also supplement all the other sources of revenue that will be generated for the capital project. Those sources will be outlined in your plan of finance.

A capital campaign speaks only to the charitable resources that will be generated. Those sources can include individual financial gifts, and grants from businesses, foundations, and civic institutions.

*Note: for the purpose of this discussion the words donor and prospect will be used to denote individual, corporate, and foundation involvement in the campaign.*

As was mentioned earlier, the decision to engage in a capital campaign starts with the board after a thorough review and acceptance of the plan of finance.

This chapter provides an overview of a typical campaign with an emphasis on planning and preparation for it. We hope it will help your team decide if your organization is truly ready to take this step to secure funds for your project.

The opportunity and the challenge of a capital campaign is that it has clear starting and ending dates. It is what happens between those dates that the organization must be ready for to successfully raise funds, maintain donor relationships, and not exhaust board, staff, and volunteers. Simultaneously, your team needs to avoid the trap of believing that your existing fundraising for annual operating support or any of your regularly scheduled mission activities can lag behind during a campaign. Indeed, you must be prepared to do it all. Given that the board and staff still have their annual priorities and roles, and the annual budget must be met, a simultaneous capital campaign can generate tremendous pressure on an organization. Those

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## The situation in Alaska

The definition of an Alaska capital campaign should not be different from any other definition of a capital campaign. However, because there is a high probability that government funding is part of the financial strategy to build a facility, government funding must be fully understood before a capital campaign is undertaken. It is critical to understand the opportunities and challenges of government funding on any charitable effort. The timing of government funds and the sheer high dollar impact can make or break many Alaska projects. In the planning phase, it is necessary to understand the role government funding is expected to play in a project and examine all possible scenarios. For example, many organizations wait to launch their capital campaign until government funds are secured, or at least until they know with some certainty that other sources of funds from bonds, loans, or equity will be forthcoming.

that view the campaign as an opportunity to increase capacity, and to connect with donors in a meaningful way, will experience the greatest long-term success. Organizations that take a strategic approach will likely experience more donor commitment when the campaign is over. There are plenty of stories of organizations that did not adequately plan for a campaign and found themselves with disgruntled donors, low staff and board moral, and sometimes the inability to meet financial goals, leaving it with unplanned debt. Our intent in this chapter is to help you avoid those unpleasant results.

## CAMPAIGN PHASES

For organizations to be fully prepared for a capital campaign, it helps to think of the project in six phases:

- Planning
- Solicitation
- Building
- Donor cultivation
- Pledge or gift fulfillment
- Recognition and stewardship

We will devote most of our time in this guide to the planning stage. However, it's helpful to go over the other phases to help set the context for planning.

*The donor (corporation, foundation, individual) cultivation stage* requires the organization to focus on specific prospective donors or groups of prospective donors to ensure a relationship is in place between donors and the mission of the organization. This is the stage when the organization answers questions from donors and potential donors (or prospects) and generates excitement about the campaign. The tools for this work should include all of the traditional communication tactics the organization uses with a specific focus on clarifying the need for the campaign from the donor's perspective.

*The solicitation phase* uses a set of specific rules that look very different from the way most annual fundraising is implemented. The strategies for raising major gifts during the capital campaign are different from those employed during an annual effort to raise charitable money. The reason is rooted in the need to raise much larger gifts from fewer and more committed donors. Notably, the majority of successful requests will be done face-to-face. This can be a big shift in the process for many organizations that are used to asking for contributions in a more generic way and with greater distance between the asker and the donor. To that end, Figure 1 below shows a few of the differences between capital campaigns and typical annual fundraising techniques – highlighting the need for a clear plan that focuses the campaign committee and staff.

*Figure 1* ANNUAL VERSUS CAPITAL FUNDRAISING STRATEGIES

- Capital campaigns rarely raise money from events (auctions, walks, golf etc.). If events are used they are at the end of the campaign to celebrate community engagement.
- Capital campaigns rarely raise money from gaming.
- Capital campaigns focus on large gifts first that are secured through appropriations, written proposals, or face-to-face solicitations.
- Campaign contributors typically have a history with the organization. For example, the organization has received a grant from the funder in the past for a smaller amount than will be requested in the campaign, or the individual contributor is a regular annual contributor to the organization.

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## The situation in Alaska

Going against the traditional rules of capital campaigns, many Alaska nonprofits jump into charitable giving for the first significant time by doing a capital campaign. While this is certainly a harder path to follow, there are examples of organizations that have used their campaigns – especially the community phase of the campaign – as a springboard to creating donor infrastructure and expertise to successfully build long-term donor relationships. If this is your organization, then remember that this is an intense process often requiring you to build internal structure while implementing the campaign. We have found that campaign consultants who don't understand this Alaska phenomenon may pre-judge your ability to succeed. The most important thing you can do to support your mission is to approach this work as a true springboard – understanding that the donors will stay with the mission far past the campaign if you are committed to stewarding the relationship past the ribbon-cutting ceremony.

### Three other significant differences exist between annual fundraising and a capital campaign:

1. In an effort to keep the existing board from being overly distracted by the campaign, and to remain realistic about everyone's time commitment, more people with specific responsibilities are involved in the fundraising team than is typical in annual fundraising efforts. Specifically, there is a role for what is commonly called a campaign cabinet. The cabinet is a strategically formed group of volunteers who will take on the majority of work during a campaign. They will be supported by existing board and staff and by potentially new staff as well as outside consultants to achieve success. The role of all of these people is more fully explained in this guide.
2. There is a preferred order as to who is asked first, and then next, etc. Capital campaign solicitation starts by securing a 100% commitment from board members through a face-to-face solicitation. Then the campaign cabinet of volunteers is solicited face-to-face. Next the top tiers of donors, often known as leadership donors, are asked either through written proposals or through face-to-face solicitations. By this point 50-60% of the funds are raised or secured. Major gift donors are asked next and these, too, are personalized "asks," one donor at a time either through face-to-face meetings or a combination of personal phone calls and personal letters. If foundations or corporations or businesses are in this category, they are solicited with a formal proposal as outlined in their grant guidelines. This phase raises or secures 90% of the total goal. The last donors to be solicited are classified as community gifts. These generally constitute the last 10% of the goal and are a way to generate broader community support for the project. This is typically when an organization might hold a celebration event and provide incentives for giving with additional recognition opportunities like "selling named bricks."
3. There is a "quiet" and a "public" phase to each campaign. The quiet phase refers to the strategy of asking one donor at a time. It is not a secret that the campaign is occurring. In fact, you want your community to be excited about the possibilities of more mission that will result, but the community at large is not being asked for funds in the quiet phase, nor are any efforts being made for large-scale solicitation. Asking is happening very strategically, one donor at a time, until at least 50-60% is secured.

The major gift phase is also likely to be carried out one-on-one with donors. It may make use of small group gatherings (like a house party), which is why it falls into the public component of the campaign, along with community solicitations.

There are a variety of reasons why an organization would want to use both the quiet and public approaches to solicitation. One is that donors become more motivated. Community donors who want to give \$500 to a \$6 million dollar campaign are going to feel far more invested and engaged when their gift helps push the organization over the goal. They know that they have joined with others to do something bigger than any one of them could have done alone. And likewise, a \$500,000 dollar donor often feels more motivated to pledge or give a gift at the beginning or middle of a campaign so that it can be leveraged as a match or challenge to the community funds. In fact, there are stories of organizations that did not follow this approach and are many years into their campaign having only “sold the bricks” without ever getting close to the true funding goal that would allow for a new facility. This latter approach creates donor fatigue and, even worse, can create the impression that the organization will never deliver on its promises and commitments.

*Figure 2* CAMPAIGN PHASES

**Phase 1 – Solicitation/quiet phase**

- Secure 100% board and cabinet participation
- Secure the top one or two gifts needed to succeed in the campaign
- Achieve approximately 50-60% of the goal prior to public announcement of the campaign
- “Ask” strategies:
  - Face-to-face solicitation (personal, customized approach)
  - Proposals (customized with relationship process)

**Phase 2 – Solicitation/major gifts**

- Secure major gifts using your cabinet
- Achieve 80-90% of goal
- “Ask” strategies:
  - Face-to-face solicitation (personal, customized approach)
  - Personal approach through mail and/or phone
  - Proposals (customized with relationship process)

**Phase 3 – Solicitation/community**

- Secure remaining 10-20% of goal from a broader base of campaign donors
- Celebrate success — engage the community
- “Ask” strategies:
  - Strategic mail and/or phone
  - Strategic campaign events — sell the bricks

*The pledge or gift fulfillment phase* involves either the acceptance of outright gifts including grants, gifts of cash or cash equivalents, or involves a pledge process in which donors (mostly individuals) make a quarterly or yearly pledge. The pledge-based program requires a specific solicitation strategy and is a sound move for both the organization and the donor. The organization is assured of a larger donation and the donor can typically invest more in the organization they care about because they have a longer time to make the gift. This strategy is also used in annual fundraising. However, in a capital campaign a gift can be based on years rather than months.

This strategy is generally used for individual donors because foundations and corporations are less likely to give multi-year commitments. (Alaska note: Since 2009, very few Alaska-based funders have been willing to make multi-year commitments to capital projects.) Nevertheless, it is an attractive offering for individual major donors if the organization has the capacity for great donor communication, stewardship, and follow-through. Some campaigns offer five-year pledges. However, the longer the time given for a donor to fulfill the pledge, the more risk exists for a change in the economy – resulting in greater attrition. While a written pledge is legally enforceable, you can expect some attrition during the fulfillment phase and that should be accounted for in the budget. Three-year pledges are more common, and even then there can be a 10-15% attrition rate. Plan carefully so you are sure you will meet the campaign goal, not just in pledges but also with resulting cash contributions.

*The building phase* is a bit of a grey area in terms of timing because your organization will likely break ground when 90% of the money is either pledged or secured and the construction continues from that point on. However, we include this phase in a capital campaign because it is a terrific time to communicate and engage donors who have already given and to excite and motivate the last 10% of donors to participate. This is the time when your relationship and communication skills can shine. Consider ways to help donors feel connected. If your building included government funds or tax dollars, consider reaching beyond the donor community and find ways to keep the public informed and energized about the ultimate impact of the new space. There are lots of activities to consider beyond written communication strategies. For example, you can invite donors for a hard-hat tour. Ultimately, it is helpful to think about your donors and what would motivate them. Put them at the center of your engagement decisions.

*The recognition and stewardship phase* is sometimes neglected – and that’s a mistake. While some organizations remember to thank donors when they pledge and make their gifts, too often that important step of recognition is forgotten. There are too many stories of “that organization” that never talked to their capital donors after the ribbon cutting ceremony or worse, forgot to invite them. Ensure that your recognition plan is fully implemented throughout the building phase and beyond. For example, invite donors to the groundbreaking (after checking their schedule to be sure they’re available), engage them with progress photos, and share stories of how mission will be delivered when the new space is up and running. Better yet, invite them to tell their stories of mission impact. You worked hard to cultivate and connect to the donors who invested in the space. What will you do to keep them connected? The organizations that ask and answer that question in the planning phase keep their donors for a lifetime. There is much more to say about this important topic so we have devoted a section at the end of this chapter to it. This might be the most important aspect of a campaign to get right.

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*“Successful campaigns are implemented step by step in accordance with sound fundraising principles. The process is tried and true, and the sequencing of activities has a powerful internal logic. Each step positively or negatively impacts subsequent steps. Each step can either be done more quickly than anticipated or take longer than anticipated, depending on numerous, often external, variables. While you should work collaboratively to complete each step as quickly as possible, you invite substandard and perhaps disastrous results if you jump ahead of yourself by attempting subsequent steps prematurely. The best way to advance progress at any given time is to focus on successfully completing the immediate task at hand so you can legitimately move to the next step.”*

From Mark Bergethon,  
*7 Fundamental Principles of Major Capital Campaigns*,  
[www.fundraisingsuccessmag.com](http://www.fundraisingsuccessmag.com)

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## THE PLANNING PHASE

The planning phase of a capital campaign is based on four primary considerations:

1. Methodical internal housekeeping: policies, planning, budget, and tracking
  2. Strategic and significant engagement of the board, staff and volunteers
  3. Accurate and compelling language: clarifying the key messages or the language in the case statement for the campaign
  4. Instilled commitment to donor relationships before, during, and after the campaign
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### *Phase 1 – Methodical internal housekeeping: policies, planning, budget and tracking*

Organizations that have facilities will typically engage in a capital project every 7-10 years. How much time it takes to plan for a capital project depends greatly on the complexity of the project, the size of the campaign goal, and the current capacity of the organization. To be successful, the typical capital campaign generally requires 1-3 years of planning and internal work. Generally, the organization that has few communication and philanthropic policies and procedures in place, no current fundraising plan, and/or no current board, volunteer or staff leadership experienced in fundraising should plan on three years. These organizations are just beginning the conversation about why a campaign is important. Equally true is that an organization requiring three years or longer to plan is one that is very complex and will be creating a public space with multiple stakeholders, possible local taxation, significant major donor involvement, and a large financial campaign goal. The one-year time horizon can be appropriate for an organization that already has strong board and staff leadership, along with an internal culture of philanthropy, a strong major giving infrastructure, and sound policies and procedures in fund development and communication. It also is for an organization whose campaigns do not require a large number of donors or a great deal of community engagement. At a minimum, campaign planning should start no less than one year before the first gift is requested, but not before a fixed goal is determined for the campaign as designated in the plan of finance.

During the initial stages, internal housekeeping should be the focus, including the following key items:

- Solidifying the **budget** for the campaign, for the overall project, and for the operations of the organization once the doors are open in the new or renewed space
- Writing a campaign **fundraising plan based on solid fundraising science** that complements and does not diffuse the annual funding efforts

- Ratifying or clarifying the gift acceptance **policy** and other funding policies as necessary
- Tuning up the **donor database** to ensure accurate donor history and contact information

There are many steps within each one of these tasks, so initially having at least one staff member to shepherd these activities is advised.

## BUDGET

We know that many of you will have a variety of sources of revenue in your overall project budget. That budget should be communicated to your funders. However, a capital campaign goal and accompanying budget reflect only the amount you will raise from charitable sources, along with the cost of raising that money. For example, the total cost of your project is \$10,000,000. Of that amount, \$4,000,000 will be generated from charitable sources and the rest from a combination of government support, earned income, and savings. Therefore, the total amount of the capital campaign is \$4,000,000. All your project funders will need to see the overall budget of \$10,000,000, which will include your campaign goal of \$4,000,000 and your other sources for financing the remaining \$6,000,000.

If you have been following the typical steps as outlined in this document, then the campaign number comes from your plan of finance. However, there is a temptation at this stage to increase the charitable goal believing that fundraising will make-up the difference in any budget shortfalls that may have arisen. This strategy is a sure way to set the campaign up for challenge and possible failure.

Don't forget to budget appropriately for this work. It is common to include the amount of money you will need to spend into the total goal of what you need to raise. For example, if you have a \$1 million dollar project and the campaign costs are \$100,000, then your public fundraising goal is \$1.1 million. Capital campaign expenses generally can be calculated at 10-20% of the total campaign goal. The expenses during a campaign include internal set-up costs for hardware, software, staffing requirements, communication material, and donor cultivation, solicitation and recognition. Your choice in staffing, which could include either in-house staff or consultants will drive the budget, as will your external communication materials. Another large expense is recognition, which in a capital campaign is generally artistic in nature and a very visible part of the overall building. Don't forget to have the building committee or architects create a space for whichever form of public recognition you choose.

## FUNDRAISING PLAN

The complexity of the capital campaign plan will depend on how much money is needed and from how many sources. In general, a campaign plan is written well in advance of any individual, corporate, or foundation donor cultivation or solicitation. The plan must focus on more than the solicitation strategy and instead should embrace the full relationship cycle including research to identify donors and appropriate messaging; relationship building that focuses on two-way communication and connection to mission; request or donor solicitation and recognition; and on-going donor stewardship. Ideally your plan focuses on this full relationship cycle and not just on the strategies and tactics of the donor request. A donor-centered plan focuses on the relationship, not just on the money.

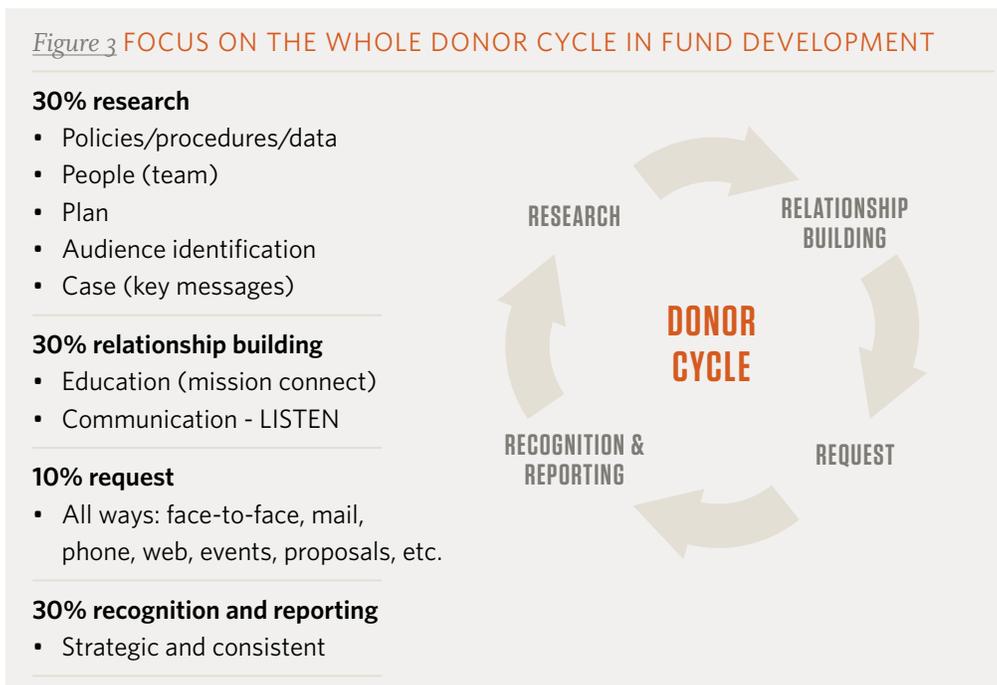
To ensure your organization is focusing overall on the relationship and not just the donor request,

## The situation in Alaska

All too often organizations focus only on donor solicitation. Rather than spending the recommended 10% of the organization's time on the "request," the board and staff have focused 90% of their time in this area. This emphasis on the money often leaves donors feeling like "walking checkbooks" or ATM machines, rather than whole people or institutions that care about the mission and desire a meaningful connection to the organization and use of their funds. The first way to ensure that your organization is not focused on just "the ask" is a well-crafted fundraising plan. The second place is to ensure your board and staff receive the training they need to change their practice from just asking to donor-centered strategies.

on this step because they have not done the necessary work in advance. This creates a number of challenges both for the organization and the donor. Truly what makes the relationship enduring is your focus on recognition and donor stewardship. This phase is more fully outlined in this guide. A development plan clearly connects the process of raising charitable money to the mission and

a helpful guideline is to spend 30% of time on getting prepared to build the right relationships at the right time. This effort includes all the steps in this guide. The organization should then focus outward on donors and perspective donors. Spending 30% of your time in this area ensures you are not asking strangers for money and that you have provided the necessary information to the donor to develop a trusting relationship. Note that this is not just a matter of pushing information out, but slowing down enough to listen to the donor's interests, questions, and stories about why they care about the organization and the project. If your organization is strategic and focused in your planning and relationships, then the "request" should only take 10% of your time. Many organizations spend more time



values of the organization and the ultimate goals outlined in the strategic plan, in this case the capital project. Specifically, a fundraising plan is a written narrative and a tactical document that identifies your charitable goals, activities, and outcomes associated with each donor group. Overall, it guides your organization by incorporating your communication and fundraising in a donor-focused, relationship-building effort.

The most successful organizations will have a strong culture of philanthropy, which is noted among other characteristics by an emphasis on donor relationships rather than just the organization's goals. A team approach including board, staff, and volunteers in building relationships and securing gifts is also paramount. It will include a set of policies, procedures, and beliefs that fundraising is an integral part of the organization, not an isolated activity devoid of mission and values. Building this culture takes time and attention from the whole team.

To get started with a capital fund development plan, the organization needs a clear understanding of

*Figure 4* TIPS FOR A SUCCESSFUL PLAN

- 1 Make it easy for the donor and manageable for the organization - use the gift chart to map your plan
- 2 Make it meaningful to each donor by tying each activity to the mission and values of the organization - customize your approach
- 3 Make it time limited - don't just ask all the time
- 4 Know your next step internally and with the donor - include the whole relationship cycle
- 5 Start "at home" - inside the organization, and work out into the community - donors before prospects
- 6 Synchronize with the annual fund plan
- 7 Tie to a communication plan
- 8 Write it down - put your plan in as many forms as necessary to keep everyone on track and make it a "living document," which means that it adapts as lessons are learned and that it guides people in the campaign rather than collecting dust on a shelf.
- 9 Have FUN!

the charitable financial goal. From there, the plan will segment the financial goals by donor source and method of relationship building, request, and recognition. The basis for the financial aspect of the plan should be first articulated in a gift chart, which is the mathematical equation of how you will raise the charitable dollars needed to meet your goals. It will also ensure a strategic approach for a specific type and number of donors.

The gift chart estimates the lead gift amount and the range of all subsequent gifts. It also tallies how

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### **Definition - A Prospect**

A potential donor (*individual, corporate, foundation etc.*) that has **ALL three things** in common with your organization:

- 1 The first is “linkage,” which means there is a human connection between someone in your organization and the potential donor. This rule will keep you from asking strangers for money.
- 2 The second is a “demonstrated interest” - even minimally - in your project and mission. This can be as simple as a note in the funder’s giving history or guidelines that they fund capital projects and your type of mission, or an individual who receives your newsletter, participates in or has a connection to someone who participates in your mission or has expressed interest through conversation.
- 3 The third is the “ability” and “willingness” of the potential donor to give the gift in the amount that is requested. Just because someone has the ability to invest doesn’t mean they are willing to invest in your project or mission.

will calculate a gift chart based on your fundraising goal. This information is only a starting point and will not yield accurate planning information unless the gift ranges represent your organization. Take the time to write a plan that meets your needs. In order to construct an accurate gift chart you will need to know several numbers in the following order:

- The total goal for charitable gifts including funds from corporations, businesses, civic groups, foundations and individuals.
- The biggest gift you can request based on your track record, experience, and relationships. Since you are engaged in a capital project and one that is requesting multi-year funding, this number should constitute a realistic stretch from the standard requests your organization makes. The general rule is that a truly committed annual individual donor to your organization has the potential to give between five and ten times that amount in a capital campaign when provided a pledge opportunity. Stretch gift estimates for corporate and foundation grants should reflect their donation history to other organizations and projects like yours and their past investment in your organization. You should also consider the level of interest the organization has expressed in your project in advance of setting your goal.
- The average smallest gift your organization wants to strategize about during the campaign. Generally

many donors and prospects are needed for each gift amount in order to reach the desired funding goal. Each gift chart must be crafted for each particular campaign. However, there are some fundamental rules in creating a gift chart that should be applied to your work. The first is what is called “the 90/10 rule” which states that 90% of the money in a capital campaign will generally come from 10% of the donors. This is different from an annual fund where the rule is 80/20. Your gift chart should use this accepted principle. A gift chart that leaves out this calculation will not provide the necessary insight the organization needs to move forward successfully. From time to time, Alaska organizations include government funds in their gift chart. If this is your strategy then it might be more accurate to use a 95/5 rule showing that 95% of the funds will come from 5% of the donors.

Gift charts should be tailored to your specific organization. Appendix Two includes a worksheet on gift charts. There are websites that

campaign gifts are no less than \$250. Some grassroots campaigns or community-based campaigns will plan for gifts of \$100 or less at the end of the campaign. This is not to say that smaller gifts won't be given during the community phase of your campaign. The point of this plan is to decide where you and your team will put your energy. All gifts should be welcomed, appreciated, and recognized with the donor. The other reason why smaller gifts are generally not included in a campaign is that they often represent your base of solid donors who you would like to continue giving to the mission on an annual basis. If given a choice to support your annual efforts or the campaign, donors should continue their connection to the annual effort to impact mission.

- An understanding of the number of prospects you need to be successful in securing the right number of gifts in each category. The general rule for calculation is that leadership and major donors will generally follow a 3-to-1 ratio, which means you will have to know three prospects because only one is likely to say “yes” to your request. The remaining prospects in your chart will follow a 2-to-1 ratio. If your organization is new to charitable giving and new to donor relations, you should increase this ratio to 5:1 or 4:1 for leadership and major gifts depending on your current funding relationships. As a reminder, the key definitions of a prospect includes only those potential funders or donors who have a strong human “link,” a demonstrated “interest,” and the “ability” and “willingness” to give a requested gift.

The gift chart is an internal tracking and planning document. In some cases, a donor who is supporting your organization with a match or challenge may ask to see your gift chart as proof that you have a plan to meet your goals. If they don't ask for it literally, they will ask questions that you will only be able to answer if you have completed this tool. Along with your case statement, the gift chart is used to assess the feasibility of your campaign both with your internal team and with potential donors identified in the chart. Not all organizations undergo an external feasibility study, but at a minimum the gift chart should be one of the first opportunities for the board, staff, and volunteer team to seriously judge the likelihood of success.

*Figure 5* THE GIFT CHART AS A BASIS FOR YOUR PLAN

- Define your donors and prospects
- Narrow your prospect pool
- Focus your energy
- Start with your most committed donors

A quick internal feasibility test can be the effort to name all the prospects at the leadership and major gift levels of the gift chart. If the organization cannot name the prospects in the gift chart, then it is likely that the overall goal is too high. As stated earlier, it is not feasible or advisable to make a campaign goal

with smaller gifts – leadership and major gifts are critical to a successful campaign. You can also test your messages from your case (as described later in this document) by gathering small groups of stakeholders and sharing your messages to gain feedback and insights to how they resonate. These internal steps can save your organization a lot of wasted time, money, and effort early in your planning.

*Figure 6* **SAMPLE GIFT CHART FOR A \$1 MILLION CAMPAIGN**

	<b>Gift Range \$</b>	<b># of Gifts</b>	<b># of Prospects</b>	<b>\$ per Range</b>
Leadership gifts	\$300,000	1	3	\$ 300,000
	\$ 150,000	2	6	\$ 300,000
	\$ 75,000	4	12	\$ 300,000
	<b>10% of donors</b>	<b>7</b>	<b>90% of goal</b>	<b>\$ 900,000</b>
Major gifts	\$ 10,000	4	8	\$ 40,000
	\$ 5,000	6	12	\$ 30,000
	\$ 1,000	15	30	\$ 15,000
Community gifts	\$ 500	17	34	\$ 8,500
	\$ 250	26	52	\$ 6,500
	<b>90% of donors</b>	<b>68</b>	<b>10% of goal</b>	<b>\$ 100,000</b>

The other planning lesson that a gift chart provides is an understanding about how and when to leverage **challenge and matching gifts**. It is typical for foundations or corporations to issue a match or challenge requirement during a campaign. Leveraging occurs when you use one funding source to help stimulate interest from another source. There is some compelling evidence that offering a 1:1 match will stimulate more giving from individual donors than no match at all. Additionally, some grant makers or major donors are motivated by a leveraging opportunity because they prefer to share the “risk” of investing in your project. Others simply take your project more seriously if you have already received a gift from another well-known and respected funder, and still others want to clearly see that your community is investing in the project before they make their own investment. Different funders have different guidelines or preferences for how and when they will make a grant toward the total project cost. Preferences can include:

- Providing the first grant for your project
- Providing matching grants – giving the money on the condition that you raise a certain amount from other sources
- Providing challenge grants – similar to a matching grant but you only get the money **after** you have successfully met the prearranged conditions
- Giving a gap grant – providing the money necessary to complete a project after initial funding has been secured
- Avoiding the position of first funder or largest funder



### The situation in Alaska

As mentioned earlier, some organizations are truly engaging in philanthropy for the first time during their capital campaign. For this reason, and because many Alaska corporate and foundation donors want to see the community support, the campaign may be larger than what is typical. This can be a successful strategy if the organization has the ability to do it well but should not be done to the detriment of securing the top gifts or jeopardizing annual financial support.

Leveraging can be a powerful way of funding your total project from a variety of sources. A funder often chooses to pursue challenge or matching requirements for several reasons including:

- Ensuring diversity of revenue for a project or organization
- Encouraging the organization to continue or better connect to stakeholders
- Fostering a greater sense of financial sustainability by focusing on individual donors as the preferred source of revenue
- Expanding or strengthening the internal capacity of the organization by encouraging better communication materials and delivery, shoring up internal operations which in turn creates better accountability to donors.

When leveraging is possible, the order in which you approach a particular funder is critical. Research the funder guidelines, specifically the deadlines for submissions.

### POLICY

Any organization accepting charitable money for annual, capital, or endowment purposes should have a few policies in place. The first is a **gift acceptance** policy, which focuses on the rules for engagement with a donor, on the philosophy regarding donor relationships and philanthropy, and on the responsibilities of those accepting gifts on behalf of the organization. Sample policies exist that organizations can look to for design and examples of content. However, like any policy, it must reflect the organizational culture and values in order to be useful and relevant to decision making. This type of policy document provides a framework for what type of gifts the organization will accept. While there's no question you will accept gifts of cash, will you also accept appreciated stock or gifts of land? How about a vehicle or a boat? Your policies will further explain how the value of these items will be determined and what you will do with them once you have them. Will you sell them immediately as is the standard practice, or not? Your policies outline your intent and the major steps your organization will take in each instance. There is no reason to make this policy complex if you do not intend to take complicated gifts.

Additionally, gift acceptance policies usually state the position of the organization on accepting donations that might be considered controversial to your supporters or community. For example, if you were an organization focused on substance abuse, would you accept a gift from an alcohol related business? Or if you were a social justice group, would you take money from a company with an opposing position? No single answer exists to these questions that would be correct for every organization. Some organizations are perfectly fine with all money going toward mission solutions. For this reason, the board has a critical role in determining the right answer for the organization it governs. The board should focus not on a specific issue but rather on how the organization would handle gifts that require

deviating from mission or those that require recognition that the organization is either not equipped to give or might be inappropriate. It is far easier for the organization to determine its position on these topics before a gift is offered than when a gift is pending.

Another policy your organization should consider creating or reviewing if it already exists is your **donor database policy**, which protects access to donor data or assures that inappropriate data is not kept. There are two questions to consider when defining what is appropriate information to keep on a donor: (1) If donors saw the information about them, would they understand? (2) Am I keeping this piece of donor information because it will help the organization forge a better relationship or help the donor feel more connected to mission? If your answer is “yes,” to these questions than you are likely on the right track. The policy also addresses access to the data for internal use. For example: who can see it, use it, and literally gain access. Your position should focus on maintaining appropriate safe guards for donor information and no access should be granted for purposes that aren’t related to mission.

The other policy that should be in place is a code of conduct that will include a conflict of interest and a confidentiality statement. It can also include reference to other policies that are germane including the Association of Fundraising Professionals Code of Ethical Standards and the Donor Bill of Rights. (These documents can be found in Appendix Two.) This policy should apply throughout the organization. Copies of these documents are available on the Association of Fundraising Professionals website – [www.afpnet.org](http://www.afpnet.org).

A special note for those using a fiscal agent, a community foundation, or an intermediary to accept gifts on behalf of the campaign: If this defines the structure you intend to use, then your organization and donors are beholden to the policies of the 501(c)(3) organization that is accepting the money. Be sure you not only agree with these policies before partnering on your project, but also that you understand them enough that you can answer basic questions for a donor.

## THE DONOR DATABASE

It is virtually impossible to have a commitment to donor relationships without a proper donor tracking system. As a donor steward, you have truly succeeded in your job if the donor sticks with the organization and its mission long after you have completed your time there. To that end, there must be an institutional record of the donor’s interest and commitment so that the people coming after you can continue to steward the relationship. In this age of technology, there is no reason not to have an off-the-shelf donor relations database. The cost is now low and the software is easily accessible. These databases are built with the express intention of managing donor history, connections, interests, and interpersonal connections. Think of how powerful it would be for your organization’s fundraising efforts to know at the click of a button the donor’s first gift, last gift, largest gift, and their program interests. Imagine if you could communicate with a person or institution based on their interests rather than based on what the organization wanted? Imagine meeting with a funder for the first time already knowing past connections with your organization?

We have already established that your most typical capital campaign donor will be one who already has an existing relationship with you. If you don't have this data, you should allow for additional preparation time prior to launching a campaign to update your existing data or recreate relevant historical donor information. All too often nonprofit organizations say that donors are important, but there is no infrastructure to back up this statement – no database, no policies, no recognition plan. Just as often, organizations use an excel spreadsheet or a database that was hand-made. These systems can be incredibly time consuming to access and will only serve to frustrate the staff, board, and volunteers who will need accurate and timely information to appropriately focus on donors during your campaign. A note of caution: there must be a person who is willing and able to consistently and accurately manage the system. As with any database, the quality of the data that goes in determines the quality of information that comes out.

If the campaign is your organization's first opportunity to build a database of donors and potential donors, then additional counsel is advisable.

### *Phase 2 – Strategic and significant engagement of board, staff, and volunteers*

#### **ROLE OF THE BOARD MEMBER**

There are many expectations of the board throughout a successful campaign. During the planning and initial phases of a campaign, the board should confirm that a campaign is truly necessary to meet the desired outcome. As noted in earlier chapters, not every capital project requires a capital campaign. In determining the need for a campaign, the board will determine the plan of finance and the overall budget requirements for the campaign itself. The board maintains its fiscal and legal responsibility throughout the campaign, and has the ultimate responsibility for the budget. It will need to allocate the income and expense parameters to the campaign cabinet at the beginning of the effort. Because the governing board will continue to have a role in raising annual charitable money, its role in the campaign will be specific and not all encompassing of their time and energy. For this reason, much of the hands-on work will be done with staff and/or consultants and a committee of the board and volunteers often referred to as a campaign cabinet.

A requirement of the board as the campaign starts is 100% financial giving not only to the annual efforts of the organization but also to the campaign itself. A critical question that funders will ask when reviewing your application or major individual donors might ask is: "Why should we fund this organization if the board does not believe in the cause enough to fund it first?" This valid question is one that your board should answer before submitting a proposal or looking to the community for funding. Many organizations struggle with this discussion and its outcome. We strongly encourage you to take an appropriate amount of time to have this discussion. It might be helpful to note if your board finds itself debating "how much" it has to give because it is likely they are moving the conversation in a direction that is not achieving the overall intent. While making a meaningful and significant financial contribution is important, board giving is about expressing trust, commitment, and investment in the

organization and its goals. It is about leading by example as the governing body and financial stewards of the organization. The amount of money should feel good to the board member who is giving the gift and not an arbitrary or token gift to satisfy a funder's requirement.

Another goal for the board during the capital campaign is 100% participation in building donor relationships. This participation can involve helping with research and planning, communicating with donors and perspective donors as an ambassador for the organization, meeting with funders during site visits, and being part of both solicitation and recognition teams as directed by the campaign committee. A well-orchestrated campaign plan will signal to each board member when his or her participation is necessary or required. However, the board should be comfortable with this expectation from the beginning of the campaign.

*Figure 7* THE BOARD AND CABINET ROLE IN CHARITABLE GIVING

**Goal: 100% board giving**

- Be prepared at the beginning of the campaign to make a meaningful and significant gift to both the annual operations and an additional gift to the capital campaign.
- If the board and volunteer leadership are not behind the campaign, it will fail.
- The board models behavior for other donors.
- If you ask, you must give.

**Goal: 100% participation in raising money**

- There is a role for everyone in the process.

## ROLE OF VOLUNTEERS AND THE CAMPAIGN CABINET

For the board to maintain its focus on strategic governance, it is customary to form a separate campaign cabinet or committee. The cabinet typically engages no less than one year before any funds are raised and maintains its commitment through the completion of the project. This structure lessens the burden on the governing board and provides the staff a group to work with during the campaign. Unlike other board committees, the campaign cabinet is generally not chaired by a board member, but instead one or two board members may be members of the cabinet. The chair is generally someone well known in the community who brings credibility to the project and is a terrific ambassador for the cause. The chair generally has name recognition for the majority of the donors and brings the ability to connect to that audience in a clear and compelling way. Some campaigns have co-chairs and some have honorary chairs. Which model you choose should be rooted in your campaign goals and organizational culture. The other cabinet members provide additional leadership – they are true believers in the cause, willing to focus on relationship building and donor solicitation, and are keenly interested in the overall strategy and

implementation of the campaign. Additionally, they are willing to make a significant personal financial gift to the campaign.

Depending on the team involved with planning the campaign, it is typical that a staff person and/or a paid consultant working with staff will draft the campaign funding plan. The plan will be vetted through the campaign committee for approval. Organizational culture will dictate how much involvement there is in creating the campaign within the cabinet. If no staff or consultants are involved, then this function must be accomplished by a cabinet member with fundraising experience. It is unlikely that the whole cabinet will write the plan but they can all contribute ideas and comments and participate in its delivery.

*Figure 8* **CAMPAIGN CABINET FRAMEWORK**

**Liaison to the board**

- The board maintains its legal status as the strategic decision maker.
- The cabinet is a trusted advisor to the board.

**Campaign chair**

- Lends credibility (leadership and motivation)
- Makes a personal gift
- Makes selected personal calls to significant donors

**The cabinet**

- Leadership staff, interested board members, invested volunteers, donors
- True believers in the cause
- Excited or willing to make it fun
- Lends credibility - makes a personal gift - is willing to ask
- Determined to be donor focused

## **ROLE OF STAFF**

A significant challenge to any organization is implementing a campaign with only existing staff. At a minimum, we suggest that an organization increase staff capacity to include an additional administrative support person to handle all the logistics of a campaign such as coordinating meetings, donor research, and event logistics. This minimal addition works when there is already internal staffing dedicated to managing the donor database and ideally a fund development professional or executive director or key consultant who will be primarily leading the staff effort of the campaign. Some campaigns are very small in size and complexity and it is possible to not need as much staff support. Still, regardless of how small the effort, the volunteer cabinet and board will need to be supported during their efforts. It is unlikely that an all-volunteer team, operating without staff or consultant support, will successfully complete a campaign without significant delays, high burnout, and lost donor opportunities.

The **executive director** should be prepared to spend a significant portion of her or his time on the campaign regardless of other staffing and consultant support. The executive director is the primary spokesperson and provides credibility and trust to the effort. He or she will need to be available for prospect and donor relationship building, donor requests, and donor recognition efforts and must play a significant role in keeping the board and the cabinet informed and engaged. Again, if there is other professional development staff or a lead consultant, then the executive director will have considerable support and may be able to spend less time on the logistics and more time on donor relationships.

*Figure 9* **ADDITIONAL STAFF ROLES DURING A CAPITAL CAMPAIGN**

- Configure the development program to track success and growth – develop a fundraising plan
- Consider and implement staffing, hardware and software requirements
- Create communication material to connect donors to the campaign – promote positive visibility – draft the case statement
- Staff the volunteers (board and campaign cabinet)
- Draft necessary policies for board review and approval
- Support recruitment efforts for campaign cabinet and other volunteers as needed
- Hire and oversee consultants

## **ROLE OF CONSULTANTS**

Judging whether or not you have the capacity to adequately plan and implement a strong campaign is an important step in the planning phase. You want to be sure you have the best people available – board, staff, and volunteers. Often it is worth the extra expense to hire a consultant who has the skills and track record to lead the campaign team. Consultants who specialize in capital campaigns generally charge a large fee for their services, which vary widely from one consultant to another. We strongly encourage you to ask a lot of questions before hiring a consultant to complement your existing team.

We also encourage you to follow the Association of Fundraising Professionals International Code of Ethical Standards which demands that consultants are paid based on a set scope of work or hourly rate and not on commission or bonuses based on how much money they raise. The latter is highly unethical and should be a red flag to any organization that is searching for the right consultant to support the campaign. A guide for hiring consultants is available in Appendix Two.

*Phase 3 – Accurate and compelling language: clarifying the key messages or the language in the case statement for the campaign*

A campaign is an opportunity to clarify for your donors and campaign stakeholders your key messages about the impact in the community of your mission and the capital project. It is a chance to tell a compelling story about how, by participating in the campaign, donors can be a part of something greater than anything they could do by themselves. There is a typical temptation in a capital campaign to focus on the building itself as the core of each message. However, the building is only a mechanism to do more or better mission. Therefore, messages must connect mission impact to the reason the building matters. The other challenge is remembering that the message must be developed from the point of view of donors, not the organization. This requires researching the audience and testing messages before they are used.

Generally in capital projects an overarching theme emerges that captures the campaign messages and provides an easy reference point for donors, volunteers, and staff when referring to the project. Don't miss the opportunity to use your theme to make a complicated project accessible and simple to understand. A complicated story is hard to talk about and harder to fund. Donors and prospective donors need to understand why the campaign is important – your theme can offer them their first opportunity to engage at an emotional level. Below are a few examples:

- The Anchorage Museum at Rasmuson Center defined its most recent capital campaign with the theme “Because a Mind Needs Room to Grow.” This theme managed to take a very large campaign of \$110 million, along with the merging of two local organizations and the partnership of one national entity, and pull it all into one.
- An Anchorage youth homeless shelter called its campaign “Our House is Full” – emphasizing that the need for an expanded shelter was about building a home, rather than a facility.
- Two rural Alaska library projects focused on long overdue services to meet the expectations of their communities with one calling its campaign “It’s Time,” and the other “Living. Learning. Growing.”

Once you have determined your theme, then the rest of the written materials will connect to this core emotional context.



### **The situation in Alaska**

We have few independent consultants or firms who specialize in capital campaigns beyond grant research and writing. If you want to hire an Alaska consultant, be sure to ask about his or her record for success and experience with the type of campaign you anticipate. Even if the consultant does not have all the experience you're seeking, be sure the person at a minimum keeps your organization in the lead in defining the plan and building donor relationships. There are plenty of strategic and tactical logistics in a campaign to keep a consultant busy. Whether you hire a consultant or not, it is likely your campaign team will need additional training and support that can be secured from Alaska or national sources.

Figure 10 DEFINING A CAMPAIGN THEME

**A campaign theme:**

- Provides the ability to articulate in positive language why you are raising funds
- Keeps mission and values in front and connects directly to the ultimate goal you are striving for with the building
- Builds momentum and excitement
- Creates a consistent message
- Helps your staff, board, and cabinet become effective ambassadors
- Defines the difference between capital and annual funding efforts

We recommend that you establish a single author for your campaign materials. However, the role of this author is to maximize brainstorming opportunities with your board, staff, cabinet, and donors so that their voices are considered and aligned in the final documents. Including stakeholders in crafting the ideas and theme of your campaign will yield a greater investment in the overall campaign and the mission of the organization long after the campaign is complete.

Once your theme is determined, the next internal document to create is one that clarifies the organization's story, key messages, and the merits of support – it is called a **case statement**. Some nonprofits already have a written case for support about the whole organization and why it matters and what difference it makes. However, for a capital campaign we encourage you to focus on the specific project in what is defined as a case statement.

In its First Course Training Manual, the Association of Fundraising Professionals sums up the purpose of a case in this way:

- Clearly communicate the organization's purpose, mission and goals
- Explain the current programs and services and give supporting examples of positive results
- Describe how the new programs will further enrich and benefit the community
- Present impressive examples that support the organization's positive impact on the community
- Inspire and motivate donors, volunteers and the community to continue to support the cause and programs

The case is an internal written document that once vetted by the campaign cabinet and board of directors becomes the basis for every message and every written and verbal explanation of the campaign. Your case should tell a compelling story that captures both the emotion and intellect of the campaign. Your statement should be clear and easily understood by your audience. The length of a case statement varies depending on the depth of the project and the amount of money requested. The goal is not brevity as much as answering the questions about why your organization is critical to solving a problem or serving a need in your community. It should also discuss why donors care about the project, and what difference it would make to your constituents. Drafting your case statement is an excellent way to encourage engagement with your key stakeholders.

*Figure 11* YOUR CASE ALLOWS EVERYONE TO TELL THE STORY

- Why you? (the organization, the cause)
- Why now? (It can't be a crisis.)
- Why them? (the donor, be specific)
- What difference will the money make? (mission impact)
- What are the opportunities to participate?

Remember to connect to your campaign theme

At its core, a case answers five critical questions: Why you? Why now? Why them? What difference will the project make? And what are the opportunities to participate? A few things to keep in mind when answering these questions:

- “Why you?” requires the organization to position itself within the context of your community and the project. The answers to this question focus on why your organization is doing this project – it is not about “the other guy.” It is highly likely that if your funders or donors are passionate about your mission they are funding “the other guy” and it doesn’t do anyone any good to say bad things about them. Stay positive and focused on your organization and the impact you create through your mission and through this campaign.
- “Why now?” speaks to the urgency of the project. Another way to ask this question is: “Why can’t this wait?” Please use caution here because there is a clear difference between urgency and crisis. Your goal in this part of your message is to express urgency by showing that your community is asking for more services, or the environment is such that waiting is not a viable option, or that your partners and structure are aligned in a way that allows for this project to move forward now. A thought to keep in mind is that while your community or environment may be in crisis, your organization must position itself as a solid institution that is ready to respond to the needs.

- As noted earlier, when answering the question: “What difference will the project make?” it is necessary to focus on the impact of the building you are creating or renovating and not the building itself. Explain how the structure will make a bigger impact on mission for your stakeholders.
- Another way to ask “why them?” is “who cares?” Answering “who cares?” is your opportunity to demonstrate that you truly are listening to your stakeholders and you know who they are and how they want to connect to the efforts.
- And finally, your case, while **not** a direct solicitation mechanism is a place to show the opportunities for participation in your campaign. Many case statements include the donor recognition opportunities and highlight the place for donors in the efforts to achieve mission. Remember that donors want to emotionally and sometimes physically engage with mission, not just give money for your idea.

## KEY QUESTIONS TO ADDRESS IN YOUR CASE

The outline below provides you with more detail on what to include in your case statement

### Why you? (The organization)

- Who are you?
  - Mission (core purpose, answers to “Why do we exist?”)
  - Core values (your organizational driving principles)
  - Overall organizational goals
  - History (founding story, track record of success, position in the community and cause)
- Why do you exist? What is the problem or social need that is central to your concern?
  - Dramatically show the institution’s impact on the community economically, socially, artistically, spiritually, and historically for today and tomorrow
  - Programs and services
  - Facilities or mechanics of service delivery (This section is especially important to highlight in a capital campaign.)
  - Goals of the campaign and key objectives to meet the goals
- Why is your organization qualified to solve the problem?
  - How will the capital project facilitate your response?
  - What special service or programs do you offer to respond to this need?
  - What is your track record for solving problems?
- Who are the people associated with the organization: staff, key volunteers, trustees, or directors?
  - Governance
  - Staffing
- What are the costs? Over what period of time?
  - Budget for the organization
  - Budget for the campaign
  - Budget for the whole project (plan of finance)
- Philanthropic support required
  - Explains the role of philanthropy in achieving organizational goals

////////////////////////////////////  
"The case for fundraising, should aim high, provide perspective, arouse a sense of history and continuity, convey a feeling of importance, relevance and urgency, and have whatever stuff is needed to warm the heart and stir the mind."

Harold J. Seymour, in *Designs for Fund Raising*

#### Why now? (At this point in history, year, and time)

- Why is the problem and service important?
- What opportunity is presenting itself through the capital campaign?
- What is your plan to capture this opportunity?

#### Why them? (The donor)

- Who should support the organization?
- Who are your stakeholders?

#### What difference will it make? (Impact, outcomes)

- How will you accomplish the solution with the donor's help?
- How will you manage the donor's money?
- How will you sustain the program, project, or organization over time?

#### What are the opportunities to participate?

- How can the donor become involved?
- What are the ways you will seek support?
- How can they participate? (Ways to give)
- What type of gifts are you requesting?
- What will the recognition opportunities be for the donor?
  - This is a place to include your gift chart and your donor recognition plan

After your team has completed the written case it is time to create the external version called a **case summary**. This visual handout often takes the form of a booklet, a pamphlet, or a single page handout depending on the audience and complexity of the campaign. Its intent is to simply and beautifully highlight the campaign theme, key messages, and donor opportunities. Generally this version is more pictures and testimonials than copious narrative. This document should leave the donor feeling inspired and wanting more engagement and information. Again, this piece is NOT a solicitation in and of itself but could accompany a specific written solicitation or face-to-face meeting, or be used as an attachment to a proposal, or as a piece to generate interest in the project during initial meetings or presentations with prospects. A variation of the case summary can also be created with the local voting citizens as the focused audience to discuss the impact of a bond or tax initiative they are considering to fund part of the project. (See Appendix Four for a sample capital campaign case summary.)

#### Phase 4 – Commitment to donor relationships before, during and after the campaign

Campaigns present many opportunities to come face-to-face with donors and prospects – tours of the current facilities, site visits with private funders, ground breaking, hard hat tours, ribbon cutting celebrations, to name just a few. The key to keeping donor relationships (aka donor retention) is to know what happens to all that engagement once the ribbon is cut and the doors are open for mission.

Committing to donor relationships means that your organizational culture, not just you, must commit to the importance of these relationships. In the field of philanthropy this culture is referred to as a culture of philanthropy. This, at its heart, means that donors are valued for more than their money and more than the organization's interests must be considered. Philanthropy is mutually beneficial — it is good for the mission and good for the donor. Each donor, and more broadly, each donor type will define what is mutually beneficial differently so the task is to listen — to slow down and focus outward on the donor and potential donor rather than simply looking inward at your organization and your needs.

Building a culture of philanthropy takes time and energy. It starts with the board and includes the staff. It demands infrastructure to support it like the tools we have discussed in this guide: such as a plan, a database, and policies — and most importantly a desire for everyone who is actively raising money to know that this effort is not about them but about the donor and the impact of mission.

To engage with donors as whole people and institutions who care about the cause and feel a connection to the mission and outcomes of the organization is exhilarating. Donors like the fact that you want to make an investment in something that they care about not because the organization said it was a good idea but because they believe in their heart and in their head that it is a good idea. There are certainly best practices in building donor relationships that last beyond a single gift. Boards, staff and campaign cabinet members are advised to spend time getting the necessary training in donor development to be successful – this is a science and an art and the science must be learned. Equally important is creating time as a team to talk about how the organization's core values will drive the decisions of the campaign effort. How will donors be treated? How will they be cultivated, solicited and recognized? What will

*Figure 12* RECOGNITION FOR CAPITAL CAMPAIGNS

- Weave it throughout the campaign and ALWAYS connect back to mission
- Test your ideas with trusted donors to ensure alignment before finalizing your ideas – make sure the impact is meaningful
- Ensure it is unique from annual recognition – an opportunity to show long-term community interest and commitment
- Create naming opportunities – determine in advance and get appropriate permissions
- Build recognition into the budget
- Sell your version of “bricks” at the end of the campaign as a piece of the community celebration
- Engage the full team
- Plan to extend beyond the ribbon cutting with a clear commitment to donor engagement and stewardship

happen to the relationship after the campaign is over? How will they stay connected and what is the organization's commitment to that relationship? These questions should be asked and answered by the team well in advance of any donor contact. It may be necessary to create internal policies and procedures to ensure that the donor relationship is honored and carried forward after the campaign. It is certainly required that a donor database be well managed to capture the critical information during a campaign and beyond.

We strongly encourage you to write down your **donor recognition plan** as part of your overall campaign plan. This plan will likely take an internal and an external approach. The internal approach will focus on the implementation process of acknowledgment including answering the key questions of who, when, what, and how of donor recognition. It will also set out the philosophy of how the organization will approach recognition. We advise you to focus on your organizational values, mission and key messages when designing your external approach because donors will want to feel those connections in your efforts to say thank you. It may be helpful to remember when designing your plan that recognition is an opportunity to connect the donor back to the mission and impact of their gift – it is a chance to help them feel even more connected

to the organization by seeing that together you are achieving mission. All too often recognition is one sided. The form letters say something about how great the organization is and then thank the donor for their money. Imagine instead a letter that includes the donor as an integral part of mission rather than just a source of cash – together you do great things.

There are some general rules in recognition that can be included in your plan. One is “thank before you bank.” This quip reminds us again that the donor is more important than their money. Our job is to say thank you immediately and sincerely after we receive a gift. What that looks like for each of you will be different based on how many people are on your team, but the gold standard is that the first meaningful recognition gets to the donor within 24 to 48 hours of receiving the gift. Another standard in the field is “thank seven times.” This might sound overwhelming at first until you stop to think about all the ways



## The situation in Alaska

In Alaska the greatest challenge we notice with organizations is their inability to focus on the whole donor cycle of relationships. A clear example comes at the final moments of a capital project. In this moment the organization is planning the ribbon-cutting event and, let's face it, the team is tired. There is a desire to celebrate certainly, but what falls through the cracks is appropriate recognition. Sure the donor wall is listed in the space and, yes, the political figures have been invited, but where are your private funders? Did you remember to give them plenty of notice so they could join you? Did you check their schedules in advance of setting the date? It is likely that you knew the event date many months ago – did you wait until a few weeks before the event to let them know? If you are like many organizations in Alaska, the answer is yes. The disappointment is not just for private funders who have given their financial investment and energy to this project, but it is felt subtly in the community gathering itself. Remembering that the relationship cycle should be strengthened through this process and not seen as a one-time experience for the organization and the donor can guide your process away from this common mistake.

you have to connect donors to mission in a year. This does not mean that you send the same form letter seven times for a single gift, but rather that you send one formal letter (preferably with some personal touches in it) and then the other acknowledgements are both invitations to participate in mission and more casual connections using organizational communication tools throughout the year. It can also include any naming opportunities that are available during your campaign.

Capital projects provide unique opportunities for public naming recognition in ways that are very different from annual fund development. **Named gift opportunities** are offered as symbolic or commemorative gestures of appreciation for gifts of a predetermined amount. Naming opportunities are common practice and can include an artistic expression in a main space of the building, or named rooms, or pieces of a building and perhaps even the building itself. In general, naming is hierarchical based on the size of a gift, but careful consideration is necessary to align any recognition plan to the values of the organization and to that of the donors and the community.

Determining the right levels requires careful consideration because the amount to acquire a certain naming right need not literally offset the expense associated with what is to be named. For example, naming rights to a classroom would not necessarily be the exact cost of construction. Absolutely, there are greater intangible benefits to naming than the true construction price. Don't think of the levels as an option to "buy" a room but rather a symbol of the donor's interest. It's not a "price," it's a level of giving that reflects the donors desire to connect to mission. In addition, you are also offering the donor your mission credibility. Set the bar high and donors will very likely join you in this symbolic and commemorative opportunity.

There can be wonderful ways to tie the core messages and theme of the campaign into the recognition plan and the whole plan can be woven into the overall fundraising plan to ensure consistency and fairness throughout the campaign. Generally in a project that includes a community or grassroots component, the naming opportunities will be available for both mid-sized gift donors and smaller gift donors. This is often referred to as the "bricks" stage of the campaign as many recognition opportunities include the selling of bricks for the building or their equivalent. This effort comes at the very end of the capital project as we discussed earlier. It is a wonderful way to celebrate your community's connection to the new space and create a long lasting sense of commitment to the mission of the organization.

### **ARE YOU READY?**

On many teams there is a person who is ready to jump straight to asking for money, discounting all the preparation. Edward Schumacher, a noted national expert on capital campaigns, offers us these questions to slow us down to the appropriate speed.

1. Are we a respected, successful organization?
2. Is the project a good idea?
3. Can the project be easily explained?

4. Are there major gift prospects?
5. Are there individuals who will lead the campaign?

Ed further advises that you ask everyone these questions, particularly those who are important to the organization. Do this internally and externally to find consistent answers to each question. If everyone answers “yes” to each one – then you have a good chance of succeeding.

Preparing for a capital campaign is a unique experience based on organizational culture, human capacity of board, staff, and volunteers, and the size and scope of the campaign. No two campaigns are alike, but all can be made just a little bit easier by following the basic tenants of the fundraising profession. This guide has outlined many of those tenants. The intent is to set your organization up for long-term success not just success for the campaign. We have covered a lot of ground. There is infrastructure to secure and conversations to have with your team. Embrace the notion of “go slow to go fast,” which means giving yourself and your organization the time and space to set up for success so that when it is time to launch your campaign and connect with donors you will be ready with confidence.

### COMMIT TO SUCCESS

If you have this basic infrastructure in place, your campaign and your organization will have the greatest opportunity for success:

*Figure 13* INFRASTRUCTURE FOR GREATEST SUCCESS

- 1 A fundraising plan (strategic and tactical)
- 2 A budget (goal amount and money to spend)
- 3 Appropriate human capacity (board, staff, volunteers)
- 4 Appropriate written materials (mission, values, and goals driven - compelling - clear audience - clear call to action)
5. A donor tracking database (relational)
6. A donor recognition plan (written and “alive”)
7. A stewardship communication plan (for after the gift)

**Good luck and have fun!**

# CHAPTER 5

## UNDERSTANDING THE PERSPECTIVE OF ALASKA FUNDERS

*By Joan McCoy and Laurie Wolf, MNPL, CFRE*

Throughout the capital campaign section, we offer suggestions on working with corporate and foundation funders in general – ALL of those rules apply to Alaska funders. This section is based on a series of interviews with Alaska funders and highlights their additional advice for helping your capital project succeed. Alaska funders want what every funder wants – to support a quality project that is the right size, at the right price, and that will serve the community in the right way. They want to know that you have done your homework and that you have a realistic plan for performing on your mission inside any building that is constructed or refurbished. And they want to know you have thoughtfully considered all the aspects of sustainability – and you are ready.

Funders in Alaska are well aware of the importance of the nonprofit sector. They are committed to investing in those nonprofits that are making a difference in the lives of Alaskans. Most Alaska funders have relationships with those they fund. While that can be said of funders everywhere, especially when it comes to capital projects, Alaska funders tend to have long-term relationships before and after the project. These relationships aren't cultivated with only funding in mind – together funders and the nonprofit sector work together to create healthy Alaska communities.

Community support is very important to funders. The more diverse the support, the more likely the funder will participate.

One issue that should concern both the donor community and the nonprofit sector is the new funding environment facing Alaska. Corporate and foundation philanthropy cannot fill the gap that reduced government funding will create. Alaska funders understand and have been encouraging nonprofits to embrace earned income models and grow individual philanthropy as ways to diversify their funding for both operations and capital improvements. Each type of funding takes infrastructure, time, and energy to develop. Staying clear with your funders about how your organization is diversifying revenue streams and how the funder fits into your overall plan, including your plan for capital funding, is essential. Equally essential is fine-tuning your projects and requests to what is realistic – don't over-build or under-build. Projects must be the right size to meet actual needs and appropriately serve the community.

#### WHAT WE HEARD FROM FUNDERS ABOUT THE IMPORTANCE OF RESEARCH

Overall, Alaska funders believe that nonprofits “do their homework” when it comes to applying for a capital project. Most organizations understand what the funders are looking for and how to approach them. For those who are new to this process, though, we strongly urge you to use the information in this chapter to better understand funders, their processes, and their priorities.

Some basic factors are present when it comes to funding capital projects. Most funders have focus areas that they are dedicated to supporting. If capital isn't included in their funding areas, then the likelihood of them funding a capital project is small. Also, funders work within a budget just like your organization does. Just because a funder

“could” fund your project, that doesn't mean they “will” – especially if your proposal exceeds their budget. Ultimately, funders get more proposals, even in their focus areas, than they can possibly support. So even if your project meets a funder's guidelines, they still might not be able to give to it.

Most funders have internal criteria to assess proposals that meet their guidelines. Before approaching a funder, find out what those policies are and how you can work within them. For example, does the funder require that the organization has volunteer and individual donor support from their employees before they will consider a corporate gift, or does the funder only consider larger capital requests after smaller grants from them have been successfully concluded? These factors and many others could make a difference in a funder's decision.

Spend time, a lot of time, doing your research. Go to funders' websites, talk to other grantees, talk with peers – learn all you can to decide if you, your project, and the funder are potentially a good fit. Honor your new and existing relationships with funders by doing your own work first before you start asking questions – and certainly before you submit a request.

When asked how to best contact a funder, the response was the same from funder to funder. Most funders have a website with their areas of interest listed. Funders suggested that when an organization is thinking about applying for a capital project, their website should be the first stop for learning more about the funder and their priorities. However, funders do want that personal contact and most are willing to talk with nonprofits about funding a capital project. However, before

Remember that the framework for relationship building is the same for corporate and foundation funders as it is for individual donors. Applying the cycle of relationships model (Figure 3, page 30) to the messages we heard in our interviews can help you plan your most effective strategies.

you reach out, make sure the funder supports the type of project you are proposing.

Also consider the constraints that apply to funders. Nonprofits certainly understand the concept of oversight. They have boards, staff, volunteers, and donors to whom they are accountable. Funders are no different, especially those at foundations and corporations. Foundation boards want to assure that resources are being used effectively, and more and more corporations are being held accountable by their shareholders. It's important to be sensitive to that situation when working on a large capital request. You must demonstrate that your project will provide positive returns to the community if you expect funders to invest their resources.

### WHAT WE HEARD ABOUT BUILDING RELATIONSHIPS

After you identify those funders that have an interest in your capital project, and the money to fund it, it's crucial to start developing a long-lasting strategic partnership. There are four essential ingredients in this process:

- Partnerships depend on a relationship that fosters mutual benefit. Both the funder and the nonprofit must have outcomes in mind, and the partnership must show tangible results for both. There has to be a win-win for both parties. So it's important for the nonprofit to understand the desires of the funder and the funder to grasp the needs of the nonprofit.

- Partnerships depend on internal champions who like, respect, and trust each other. Trust is perhaps the single most important ingredient since it's a judgment we make about each other based on our past interactions. It is centered on our believing several things about each other – that is, each partner behaves with honesty, reliability, competence, and accountability.
- Partnerships depend on shared decision-making. They can't exist when the funder lays down all the rules and just expects the nonprofit to comply. Nor can they exist in an environment where the nonprofit believes that the only role of the funder is to provide the money. Both the funder and the nonprofit need a clear understanding of the wants and needs of each other. That happens only through sharing ideas, information and advice.
- Finally, strategic partnerships require that both parties share a long-term goal. Both the funder and the nonprofit should want to make a lasting investment in their community.

In talking with several funders who support capital projects in Alaska, the overwhelming theme they stress is having a positive relationship with the nonprofit. Funders want to know not only about the organization and its mission, but also about the people who are involved with the nonprofit. A great way to put a face on a nonprofit is to invite the funder to visit your organization. It's an opportunity for the nonprofit staff, as well as the board, to interact with the funder and let them see how well a nonprofit accomplishes its mission. Funders actually like to do site visits,

but most nonprofits don't invite them as much as they should.

An added benefit of living in Alaska is that our funding community – those within the state and those that fund here – are very connected to each other, to government leaders, and to other funders in the Lower 48. It is highly likely that if a local funder is interested in your project, he or she will help you maximize other relationships by providing introductions or offering connections or advice. At times, these gifts of connection can amount to an even greater impact on your campaign than money alone.

### WHAT WE HEARD ABOUT PREPARING YOUR FUNDING REQUEST

Funders like to know about capital projects from the very beginning. In many respects Alaska is a small state, so don't wait for the grapevine to provide the "news" about your project. However, just because a funder wants to know about a project early, that doesn't necessarily mean they want to be the first gift to it, even if their gift is the largest. It's important for the nonprofit to understand – and accept – the funder's philosophy about where they want to fit into the funding process. Many want to make sure the capital project "has legs" before they commit. They don't want to be the only one underwriting a capital project.

When asked about the most important things that Alaska funders look for in a capital project application, they responded with the following:

- **Organizational strength** – They want to make sure the organization has a strong board, experienced and knowledgeable staff, adequate financial resources, and community support.
- **Board leadership** – They want to see a committed board where members are

*You can benefit from looking at other sources besides this guide, which are noted in Appendix Three. We especially recommend that you review the Alaska Funding Guide, which can help you narrow your search for funders who invest in capital projects.*

engaged in the organization and display appropriate oversight.

- **Staff stability** – They don't like to see staff turnover. However, turnover is inevitable, so if an organization has had changes in staff, especially in key positions, make sure that it is addressed with the funder.
- **Long-term goals** – Funders want nonprofits to have a vision of where they are going. So nonprofits need to have not only short-term strategies, but also longer term plans.
- **Funding plan** – Nonprofits should have a separate funding plan for a capital project. Funders want to make sure that organizations are realistic about what they need to raise and won't be relying on operational monies if their capital campaign falls short.
- **Overall finances** – Funders don't only look at the financial plan for the capital project, they also want to understand the financial health of the entire organization. Nonprofits need to make sure their financials are current and sound. A sloppy or unclear financial statement, or a nonprofit that can't quickly explain their finances with confidence, risks the potential of losing support from a funder.
- **Sustainability** – Funders are very concerned about a nonprofit's ability to maintain the capital project once it's completed. Sustainability is more than just having the money to build it, it is critically important to demonstrate that mission-based programs and services as well as the maintenance and up-keep of the building can be maintained.

Don't expect a funder to just "believe" that a nonprofit will figure out later how to get the funds to operate. It will be one of the first issues a funder will want addressed. For many organizations, the document to capture this information in is the business plan. (See Appendix One for the definition of a business plan and for an explanation of what funders are looking for in a sustainable capital project.)

While this list outlines the elements of a solid organizational structure, it's just as important to show how you will provide benefits to the community. The project can't just be a good idea no matter how solid the organization may be – it must also meet a demonstrated community need. In addition to the points above, funders also provided insight on the mistakes that nonprofits make when applying for a capital project:

- **Overestimating what they can accomplish** – It is common to miscalculate everything from how much money can be raised to how quickly a project can be completed. It's important for a nonprofit to always take a realistic approach to how much they can get done. Funders don't want you to hurry through a process. They want you to get it right.
- **Unrealistic timelines** – The old saying is true: if you think it's going to take you ten hours to complete something, double it. Usually, things happen that are out of your control, so make sure your timelines incorporate all the areas that could be delayed.
- **Lack of planning** – Funders want to see solid, well-conceived plans that address all aspects of a capital project and how the organization will operate once the project is complete. And even if an organization has

a good plan, it needs to be monitored and updated as the project proceeds. If the plan changes substantially, it is important that the nonprofit discuss it with the funder.

- **Asking for too much money** – Funders want nonprofits to be realistic about the amount of money they request. Before asking for money, a nonprofit should talk to the funder about a dollar range. Asking for an unrealistic amount could leave the funder with a negative impression of the organization.

## WHAT YOU SHOULD REMEMBER ABOUT RECOGNITION

Funders need and or may require recognition, which is great because as we have discussed, there are many opportunities to do this both during and after a campaign. Remember that at the end of a capital project, your organization has something tangible, such as a building or new equipment, to show for everyone's efforts. Funders need to show actual results, too. Short of having a building with the funder's name on it, find ways to recognize funders long after the project is completed.

Fortunately, Alaska funders have the ability to interact with your project – don't miss the chance to welcome them into the space early and often. They helped make the space available, don't leave them standing at the door. Recognition is also beneficial to your organization because it helps the public learn more about your good work. Working with your donors, incorporate appropriate recognition into your plan, budget for it if necessary, and look for opportunities that provide a "win" on several levels – acknowledgment of funders' support, attention to the mission of your organization, and benefit to the community.

## FINAL THOUGHTS ON WORKING WITH ALASKA FUNDERS

It's important to understand that funders in Alaska are connected to our state at a deep level. They know the smallest villages and the largest urban centers. They know the issues, the people, and the potential for great impact. And they care. The best approach with any Alaska funder is to start with this understanding – to know that just like you, they will do their homework. They will conduct site visits, they will ask lots of questions, and they will want to be involved in various ways. For the most part, local funders would like to know about your project well before you request funds. Do yourself a favor by building relationships early while respecting each funder's time and interest. The checklist in Figure 14 will help you stay on track.

### *Figure 14* REMINDERS FOR YOUR APPROACH TO ALASKA FUNDERS

- Understand the funder's mission
- Cultivate meaningful relationships – foundations are staffed by people who care about Alaska and you still need to take time to bring them into your world
- Keep funders informed as the project progresses
- Be upfront and honest
- Ask questions
- Invest in a business plan – be realistic about what it means to sustain what you build
- Start your capital campaign early
- Know that your application will take time – between 6 -18 months – and plan accordingly
- Thank, thank, and thank again





# APPENDIX

Appendix One: DEFINITIONS

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Appendix Two: TOOLS YOU CAN USE

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Appendix Three: ADDITIONAL  
REFERENCES AND RESOURCES

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Appendix Four: CASE STUDIES

### **What is the Pre-Development Program?**

The Pre-Development Program – a service provided by The Foraker Group in collaboration with the Alaska Mental Health Trust Authority, Denali Commission, Mat-Su Health Foundation, and Rasmuson Foundation – offers guidance and technical resources for planning new facilities and renovating or expanding existing ones.

Pre-D assists nonprofit, municipal and tribal organizations to determine the feasibility of their projects and develop the documentation needed for funding applications.

Pre-D's core purpose is planning sustainable capital projects, which are defined as projects that contribute to the long-term viability of the organization and the community it serves.

We believe that successful projects occur when planning begins early and considers community needs, potential collaboration, organizational capacity and sustainability. For more on the Pre-Development Program, please go to [www.forakergroup.org](http://www.forakergroup.org) and click on Shared Services, then Pre-Development.

### **What is a sustainable capital project?**

Foraker's Nonprofit Sustainability Model focuses on the elements that support the successful operation and longevity of an organization. Pre-D works with sustainable organizations to develop appropriate facilities. The right capital project can contribute to the sustainability of an organization while the wrong project can threaten it.

So what is a sustainable project? There are several elements. The first is establishing that the project is, in fact, needed. Is more space needed to house new or expanded programs – programs with a documented need and long-term operational funding? Or, can your organization's space needs be accommodated through more efficient use of existing facilities?

The project should also be consistent with strategic and community plans. The organization's plan must reflect the reality of the community's growth and development. Many communities in Alaska are experiencing significant population shifts, which can impact the need for an organization's services and the size of the facility to deliver them.

One of the results of accurately determining an organization's space requirements is making sure the building is the right size for its purpose. If it is too large, it will waste resources – if too small, it will diminish staff productivity and limit service delivery.

The larger the building the more it will cost to construct and operate. A sustainable project balances the size of the facility with the ability to raise the funds to build and the availability of operating funds. On the other hand, not building enough space may lead to the need for a costly addition before the organization has fully settled in to its new facility. Getting the balance of space, construction cost, and operating funds right may require multiple iterations of the planning process and some targeted technical assistance.

In terms of design, a sustainable project is one that minimizes operating expenses through the choice of long lasting, low maintenance materials and energy efficient systems. The design of a well-insulated building with natural ventilation, low flow water fixtures, and maximum daylight, can substantially reduce utility costs. There is also a broader context in which sustainable design can contribute to the long-term survival of our communities and the planet.

The Pre-Development Program encourages all organizations planning capital projects to consider how a focus on sustainability will benefit not only their own organization but also the nonprofit sector and the communities they support as well.

### **How is charitable giving defined?**

Charitable giving constitutes all individual, corporate, for-profit, and nonprofit business and foundation giving generally to a 501(c)(3) organization or tribe that is considered by the IRS to be tax-deductible to the extent allowed by law.

All too often, the term “grants” is used to suggest that all funds are created and managed in the same way. Government funds secured by grants or contracts are not charitable and therefore are managed differently from corporate or foundation grants. A place you will notice this distinction is in the organization’s planning documents. Government funding will be managed almost entirely in the business plan while corporate and foundation support will be more fully outlined in a fund development plan. If you choose to pursue charitable contributions, you should develop a fund development plan that charts your process.

### **What is a business plan?**

While different types of business plans exist in the nonprofit sector – for a program, a facility or an organization – benefits are similar, including the opportunity to:

- Address all the factors of sustainability, not just the financial pieces
- Create an overall process to implement the strategic direction
- Balance the double-bottom line of mission and money
- Address how specific programs contribute – or not – to the financial health of the organization
- Identify where funding strengths can help mitigate weaknesses, for instance whether certain programs can and should be subsidized by other revenue sources

- Analyze the marketplace and determine the organization’s best position based on its unique values and competitive advantage
- Clarify the human, infrastructure, and governance capacity necessary to successfully meet the organization’s goals, and ultimately to achieve mission

The business plan is aligned with the organization’s strategic plan and other operational plans like a fund development plan or a marketing/communication plan. All are important for sustainable operations.

### **What is a fund development (fundraising) plan?**

The fund development plan connects the process of raising charitable money to the mission and values of the organization and the ultimate goals outlined in the strategic plan. Specifically, it’s a written document that identifies your charitable goals, activities, and outcomes that are associated with each donor group. Overall, it guides your organization by incorporating your marketing and fundraising in a donor-focused, relationship building effort.

The most successful plans come from organizations whose board, leadership and program staff understand that fund development does not exist in a silo. It is woven into the organization’s culture – only then can true relationship based fund development occur for the donor and the organization.

Below are the key elements contained in a fund development plan:

- Overall philosophy for philanthropy
- Mission, values, and annual programmatic goals and objectives
- Annual operating budget/capital campaign budget

- Non-financial goals, i.e. volunteer training, administration
- Financial goals by source and method
  - Identification of target markets
  - Development of solicitation strategies
- Cultivation, acknowledgment and recognition strategies
- Human resources needed to implement the plan
- Time line
- Criteria for evaluating effectiveness

## EXERCISE: GIFT RANGE CHART

Type of Campaign:    Annual    Capital    Special                      Total goal: \$

GIFT RANGE IN \$	# OF GIFTS	# OF PROSPECTS	\$ PER RANGE
\$ *		_____ (3:1)	\$
\$		_____ (3:1)	\$
\$ **		_____ (3:1)	\$
\$		_____ (2:1)	\$
\$		_____ (2:1)	\$
\$ ***		_____ (2:1)	\$
<b>20% of donors – Annual 10% of donors – Capital</b>		<b>80% of goal – Annual 90% of goal – Capital</b>	
\$		_____ (2:1)	\$
\$		_____ (2:1)	\$
\$		_____ (2:1)	\$
\$		_____ (2:1)	\$
\$		_____ (2:1)	\$
\$		_____ (2:1)	\$
\$		_____ (2:1)	\$
\$ ****		_____ (2:1)	\$
<b>80% of donors – Annual 90% of donors – Capital</b>		<b>20% of goal – Annual 10% of goal – Capital</b>	

- \*            This number represents a stretch but realistic gift that you can ask for. It can come from individuals, corporations, foundations, government.
- \*\*          This number represents the current top gift(s) in your organization.
- \*\*\*        This number represents your lowest gift of a major gift (usually between \$500 and \$100).
- \*\*\*\*       This number represents your entry-level gifts.



# CODE OF ETHICAL STANDARDS

## ETHICAL STANDARDS (Adopted 1964; amended Oct 2014)

The Association of Fundraising Professionals believes that ethical behavior fosters the development and growth of fundraising professionals and the fundraising profession and enhances philanthropy and volunteerism. AFP Members recognize their responsibility to ethically generate or support ethical generation of philanthropic support. Violation of the standards may subject the member to disciplinary sanctions as provided in the AFP Ethics Enforcement Procedures. AFP members, both individual and business, agree to abide (and ensure, to the best of their ability, that all members of their staff abide) by the AFP standards.

### PUBLIC TRUST, TRANSPARENCY & CONFLICTS OF INTEREST

**Members shall:**

- 1 not engage in activities that harm the members' organizations, clients or profession or knowingly bring the profession into disrepute.
- 2 not engage in activities that conflict with their fiduciary, ethical and legal obligations to their organizations, clients or profession.
- 3 effectively disclose all potential and actual conflicts of interest; such disclosure does not preclude or imply ethical impropriety.
- 4 not exploit any relationship with a donor, prospect, volunteer, client or employee for the benefit of the members or the members' organizations.
- 5 comply with all applicable local, state, provincial and federal civil and criminal laws.
- 6 recognize their individual boundaries of professional competence.
- 7 present and supply products and/or services honestly and without misrepresentation.
- 8 establish the nature and purpose of any contractual relationship at the outset and be responsive and available to parties before, during and after any sale of materials and/or services.
- 9 never knowingly infringe the intellectual property rights of other parties.
- 10 protect the confidentiality of all privileged information relating to the provider/client relationships.
- 11 never disparage competitors untruthfully.

### SOLICITATION & STEWARDSHIP OF PHILANTHROPIC FUNDS

**Members shall:**

- 12 ensure that all solicitation and communication materials are accurate and correctly reflect their organization's mission and use of solicited funds.
- 13 ensure that donors receive informed, accurate and ethical advice about the value and tax implications of contributions.

- 14 ensure that contributions are used in accordance with donors' intentions.
- 15 ensure proper stewardship of all revenue sources, including timely reports on the use and management of such funds.
- 16 obtain explicit consent by donors before altering the conditions of financial transactions.

### TREATMENT OF CONFIDENTIAL & PROPRIETARY INFORMATION

**Members shall:**

- 17 not disclose privileged or confidential information to unauthorized parties.
- 18 adhere to the principle that all donor and prospect information created by, or on behalf of, an organization or a client is the property of that organization or client.
- 19 give donors and clients the opportunity to have their names removed from lists that are sold to, rented to or exchanged with other organizations.
- 20 when stating fundraising results, use accurate and consistent accounting methods that conform to the relevant guidelines adopted by the appropriate authority.

### COMPENSATION, BONUSSES & FINDER'S FEES

**Members shall:**

- 21 not accept compensation or enter into a contract that is based on a percentage of contributions; nor shall members accept finder's fees or contingent fees.
- 22 be permitted to accept performance-based compensation, such as bonuses, only if such bonuses are in accord with prevailing practices within the members' own organizations and are not based on a percentage of contributions.
- 23 neither offer nor accept payments or special considerations for the purpose of influencing the selection of products or services.
- 24 not pay finder's fees, commissions or percentage compensation based on contributions.
- 25 meet the legal requirements for the disbursement of funds if they receive funds on behalf of a donor or client.

A DONOR BILL OF RIGHTS

PHILANTHROPY is based on voluntary action for the common good. It is a tradition of giving and sharing that is primary to the quality of life. To ensure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the not-for-profit organizations and causes they are asked to support, we declare that all donors have these rights:

I.

To be informed of the organization’s mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.

II.

To be informed of the identity of those serving on the organization’s governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities.

III.

To have access to the organization’s most recent financial statements.

IV.

To be assured their gifts will be used for the purposes for which they were given.

V.

To receive appropriate acknowledgment and recognition.

VI.

To be assured that information about their donations is handled with respect and with confidentiality to the extent provided by law.

VII.

To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.

VIII.

To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.

IX.

To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.

X.

To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.

DEVELOPED BY

Association of Fundraising Professionals (AFP)  
Association for Healthcare Philanthropy (AHP)  
Council for Advancement and Support of Education (CASE)  
Giving Institute: Leading Consultants to Non-Profits

ENDORSED BY (information)

Independent Sector  
National Catholic Development Conference (NCDC)  
National Committee on Planned Giving (NCPG)  
Council for Resource Development (CRD)  
United Way of America

## TIPS ON HIRING AND USING CONSULTANTS EFFECTIVELY

The following questions and considerations are intended to help nonprofit organizations evaluate whether or not to hire an outside consultant. If organizations do their “due diligence” first, it increases the probability that this will be an effective and productive relationship. We hope the following is useful as a three-step process for creating beneficial relationships between consultants and nonprofit organizations.

### 1. ASSESS THE NEED

- Decide if you need a consultant, or have enough workload to hire an employee. Familiarize yourself with the state wage and hour rules on contractors and consultants. The IRS has a publication that outlines the differences between a contractor and an employee at [www.irs.gov](http://www.irs.gov).
- Define the outcome or product you are seeking through consultation. Ensure that staff and board are “on the same page” with these needs. Some organizations have used a team of 2-3 people within the organization to develop the RFP, job description or contract, and then to evaluate the responses.
- Designate a contact person and a back up for contract implementation and management who knows the organization, readily has access to information and is committed to the outcome.
- Articulate the skills, qualifications and experience you are seeking.
- Identify the budget, timeline and deliverables for the potential contract.
- Provide clear information on how to submit bids or responses to your request.
- Review your past experience with consultants. What made those partnerships positive and what areas needed to be improved? Consider elements of the contracting process that can be changed to avoid the mistakes.
- Talk to other organizations with similar needs to find qualified consultants.

### 2. NEGOTIATE THE RELATIONSHIP

Understand that a consultant works most effectively with organizations when the relationship is equal. The consultant brings skills that the organization needs, and the organization provides timely information and guidance to the consultant. When this relationship is successful, there is a strong sense of mutual satisfaction in a job well done.

As you review bids or responses to your RFP, consider the following:

- Does this person have the skills or experience needed to achieve your objectives?
- How can the consultant add to the existing capacity of the organization?
- Does the consultant have certifications, appropriate licenses (including a federal Tax ID number) and insurance?

- Will the consultant's services be more efficient and effective than having an in-house person complete the same tasks?
- Has the person provided references or work samples? What is the quality?
- Does the consultant have a confidentiality policy?
- Does the proposed scope of work resonate with your needs, outcomes, budget and timeline?
- What are your expectations of the consultant? Is the consultant aware of these?
- Is the "fit" and chemistry right for your organization? Can this person listen to your needs and develop an appropriate response?
- Has the person lived and/or worked in your community?
- Is the consultant familiar with the issues of your community environment?
- What is the consultant's track record of success?

### **3. DEVELOP THE CONTRACT AND ENGAGE THE PRACTITIONER**

Contracts are, by far, one of the most important elements of a successful consulting relationship. If the arrangement is long-term, you may wish to develop a shorter-term contract in the beginning of the relationship with specific benchmarks for evaluation.

Other key issues to consider are:

- Who is providing supervision to the consultant and is there a reporting process in place?
- Who "owns" the final product or data generated through the contract?
- What is the preferred method of communication with the consultant? How often does the person need to be in your office, if at all?
- What will happen if the scope, timeline, budget or staffing for the contract change?
- What are the terms of payment for the completion of the contract?
- Are the expectations outlined and agreed upon between the organization and the consultant?
- What are the benchmarks, or reporting systems for meeting the objectives?

This information is a short primer on effective consulting relationships. We hope it helps create an effective partnership that will aid you in meeting your mission. Consulting relationships, when managed effectively, can bring targeted expertise and creative opportunities to nonprofits, in addition to building their internal capacity.

## 10 CRITICAL QUESTIONS ORGANIZATIONS SHOULD ASK THEMSELVES BEFORE REQUESTING FUNDS FOR A CAPITAL PROJECT

Several years ago, The Foraker Group addressed staff of the Alaska Legislature on the funding of capital projects. The title of the presentation from the Foraker Pre-Development Program was “The 10 Most Important Questions to Ask About a Capital Project.” The idea was that the state should consider the same qualities in a project as other funders do when making decisions about which projects to support. Much of the information came from a review of what private funders and federal agencies look for in grant applications.

The following questions are based on that presentation and provide a convenient checklist to evaluate projects and their readiness for funding.

- 1 Is our organization sustainable and does it have the capacity to manage a capital project?**

  - To assure its sustainability, the organization should operate in accordance with The Foraker Nonprofit Sustainability Model – that is, it should be well established and focused on its mission, with a stable and engaged staff and board of directors, adequate unrestricted funding to carry out its mission and partnerships that help it operate more efficiently.
  - If no in-house capacity exists to manage a construction project, a plan exists to acquire project management services.

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- 2 Does the project meet a documented public need?**

  - The project should provide some public benefit beyond meeting the internal needs of the organization.
  - There should be hard data demonstrating the need for the project.

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- 3 Is the project part of our organization’s strategic plan and consistent with the community’s development?**

  - The organization’s strategic plan should indicate how the project fits into its mission and overall facilities planning.
  - The project should fit within community development plans and reflect community priorities.

---

- 4 Have opportunities for partnerships been explored?**

  - Opportunities for co-location, shared programming or shared administrative functions have been investigated to ensure the best facility is developed to meet the community’s needs.

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- 5 Is the project the right size?**

  - The project’s space requirements have been professionally evaluated to meet the organization’s needs and the total size is affordable.

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**6 Has site control been established on a suitable site?**

- A site for the project has been selected that meets the space requirements, is in an appropriate land use zone, has no insurmountable environmental issues, and projects reasonable development costs.
- The organization has ownership of the site, a legal agreement to purchase, or a long-term lease agreement.

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**7 Is there a valid project cost estimate?**

- A professional cost estimator, contractor, or experienced project manager prepared the cost estimate.
- The project cost estimate includes not only construction costs but also all associated “soft” costs – usually 30% to 50% of construction costs.

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**8 Is there a realistic plan of capital funding?**

- A plan exists that identifies realistic sources of funding for the project, including local contributions and other non-state sources. This plan should be appropriate to the human capacity and infrastructure of the organization and should ensure that it does not jeopardize current operational funding.

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**9 Is there a business plan for sustainable operation of the facility?**

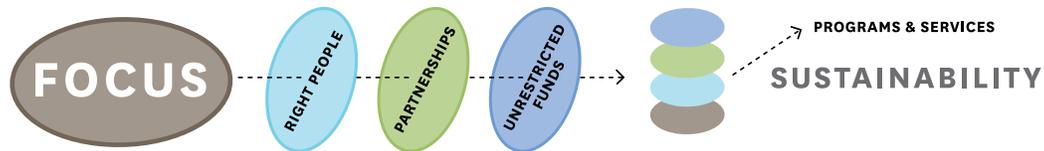
- The cost of operating the programs to be housed in the facility and operational costs of the facility itself are known and adequate revenue identified to cover them on a sustainable basis.

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**10 Is there a realistic schedule and development plan?**

- A plan has been established for procuring design and construction services in accordance with funding requirements.
- The project schedule realistically reflects the time required for design and construction.

## THE FORAKER NONPROFIT SUSTAINABILITY MODEL



Our model proposes that sustainability is an organization's journey, not its destination. This diagram shows how the factors are inter-related and how they move from the focal point that we call **focus**. The factors, like lenses, help us reflect on sustainability.

Founding purpose and values are part of **focus**. In a sustainable nonprofit, they don't change – they are absolute, almost sacred. **Focus** reflects the passion of the founders, defining both the core purpose and the core values that drive and motivate the whole organization. It's the anchor for everything the organization does and answers the fundamental question, "Who are we?"

The other part of **focus** is flexible – it helps us stay relevant and answers the question, "Where are we going?" That direction is under consistent review. As the external environment changes, it must be adjusted so the organization continues to move in the right direction and has the greatest impact. Together, the founding purpose and values, along with a clear direction, provide a **focus** that is both true to the founders' intent and relevant to today's community.

Moving from **focus**, the next lenses also are constant in their underlying principles while remaining flexible as each adapts to current conditions. Organizations that use the lenses as a way to view their actions become more resilient and are able to:

- **Focus** on founding principles, making strategic decisions and looking ahead
- Recruit and retain the **right board and staff** and work together effectively as partners
- Seek and nurture strategic **partnerships** to maximize impact
- Assure sufficient **unrestricted funds** to take advantage of opportunities and handle emergencies

Using the lenses, you can begin to understand the dynamics of sustainability. Then, and only then, is it time to develop programs and services. That's why they are presented at the other end of the diagram.

Programs and services are flexible – they are not sacred activities. One simple way to understand this is, "what you do is not who you are." The strategic organization modifies programs and services, drops them, or adds new ones as it adjusts to the needs in its community – always influenced first by the factors of sustainability.

***Breaking Ground: A Comprehensive Planning Guide for Health Center Capital Projects***, a manual developed by the NCB Development Corporation and underwritten by the Annie E. Casey Foundation. Available on the Pre-Development page at [www.forakergroup.org](http://www.forakergroup.org).

***Focus on Sustainability: A Nonprofit's Journey***, by Dennis McMillian, President and CEO of The Foraker Group, available at [www.amazon.com](http://www.amazon.com).

***Getting Ready for a Capital Campaign***, part of the Ready Reference Series on the AFP (Association of Fundraising Professionals) website at [www.afpnet.org](http://www.afpnet.org).

***Stand for Your Mission - Creating Positive Change through Board Advocacy*** at [www.standforyourmission.org](http://www.standforyourmission.org).

***Strategic Grantsmanship: When to Try and How to Succeed***, 2nd edition, written by The Foraker Group, available at [www.forakergroup.org](http://www.forakergroup.org).

***The Alaska Funding Guide***, by The Foraker Group, a comprehensive directory providing information on a wide variety of grantmakers with an interest in funding Alaska nonprofit goals, available by subscription at [www.forakergroup.org](http://www.forakergroup.org).

***The Capital Campaign Survival Guide***, by Edward Schumacher

***The Foraker Pre-Development Program*** at [www.forakergroup.org/index.cfm/Shared-Services/Pre-Development](http://www.forakergroup.org/index.cfm/Shared-Services/Pre-Development).

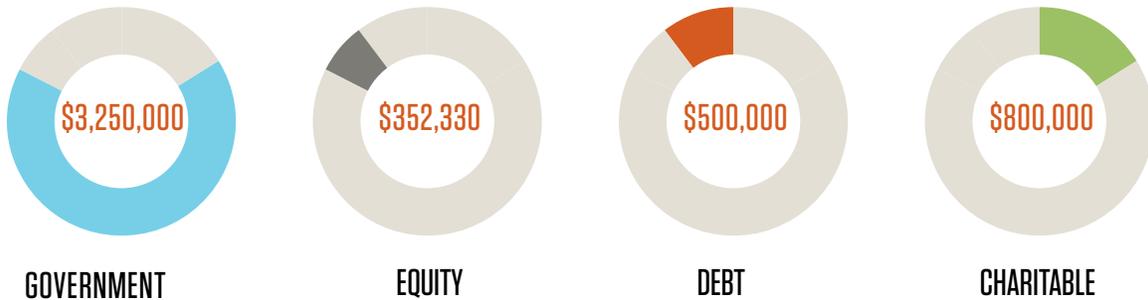
# APPENDIX FOUR – CASE STUDIES

Compiled by Chris Kowalczewski, MPH, MArch

## ACCESS ALASKA OFFICE RELOCATION

Location: Anchorage, Alaska

### FUNDING SOURCE: TOTAL FUNDS RAISED - \$4,902,330



Access Alaska had occupied leased office space for several years before deciding to expand and purchase its own building. An opportunity arose when the Anchorage Neighborhood Health Center put its facility on the market. According to Executive Director, Jim Beck, in addition to partially funding the project through its reserves, they "took a strategic legislative approach for this particular property." Beck explained: "We knew we would be unable to pursue this particular property without significant legislative capital funding because the renovation costs were going to be so high. We also knew that the building was in Sen. Ellis's district and that he had spearheaded legislative funding to assist the previous (current at the time) owners to relocate to a new facility and in so doing had made promises to the community council that he would help find a good owner for the building."

In addition to the support of Sen. Ellis to secure a state capital appropriation, Access Alaska engaged the services of a lobbyist who shopped the proposal and lined up supporters. This expense was \$10,000, but according to Beck was well worth it. With the assistance of the lobbyist, Beck was required to travel to Juneau only one time to meet with legislators about the request. He also says that because the project was in Anchorage, there were a greater number of legislators who understood and supported it.

Beck describes the capital expansion experience as straightforward given that the organization had a good grasp on the project from its work with the Foraker Pre-Development Program and that made approaching funders a smooth process. Through a strategic process of meeting with potential funders to gauge their interest and appropriateness of the project under their guidelines, Access Alaska was able to secure charitable support from the Rasmuson Foundation, the Alaska Mental Health Trust Authority, and the M.J. Murdock Charitable Trust.

Funding Sources	Requested Amount	Award Amount
State of Alaska capital appropriation	\$3,250,000	\$3,250,000
Rasmuson Foundation	\$500,000	\$500,000
Rasmuson Foundation: PRI	\$500,000	\$500,000
M.J. Murdock Charitable Trust	\$364,500	\$200,000
Alaska Mental Health Trust Authority	\$100,000	\$100,000
Access Alaska funds		\$352,330
<b>TOTAL</b>	<b>\$4,714,500</b>	<b>\$4,902,330</b>

# APPENDIX FOUR – CASE STUDIES

Compiled by Chris Kowalczewski, MPH, MArch

## COVENANT HOUSE

Location: Anchorage, Alaska

FUNDING SOURCE: TOTAL FUNDS RAISED - \$24,678,995



GOVERNMENT



NEW MARKET TAX CREDITS



CHARITABLE

Covenant House Alaska has provided emergency shelter and other services to Alaska’s at-risk youth since 1988. About ten years ago it became clear that the existing shelter on 6th Avenue in downtown Anchorage was inadequate to meet the growing need for beds and support services. Planning began for a replacement facility.

Acquiring an appropriate site in the downtown area was a lengthy process. Once that was completed, initial designs were developed in 2007 for a 60-bed facility with support spaces and program areas. The estimated cost of the 42,000 square foot project was \$21 million. Covenant House pursued an active fundraising campaign over the next four years. This was a period when federal funding declined and early plans had to be modified to reflect this new reality. As a result, Covenant House became one of the first organizations in Alaska to take advantage of the New Market Tax Credit program.

Construction began in 2011 and was completed in 2013. Since the amount raised was in excess to the cost of construction, the additional funds were used for an endowment, a deferred maintenance account, and program expansion.

Funding Sources	Plan of Finance	Award Amount
State of Alaska capital appropriation	\$10,000,000	\$10,133,000
Federal Appropriation	\$4,000,000	\$1,692,180
New Market Tax Credit		\$3,800,000
Anchorage CDBG	\$1,875,148	\$981,824
Private Donors	\$5,500,000	\$8,071,991
Corporations (\$4,620,000)		
Foundations (\$2,840,000)		
Individuals (\$611,991)		
<b>TOTAL</b>	<b>\$21,375,148</b>	<b>\$24,678,995</b>

## TUNDRA WOMEN'S COALITION

Location: Bethel, Alaska

### FUNDING SOURCE: TOTAL FUNDS RAISED - \$9,883,705



**GOVERNMENT**



**CHARITABLE**

The Tundra Women’s Coalition (TWC) is a domestic violence and sexual assault shelter and outreach program that serves Bethel and the surrounding communities. Its first facility opened in 1979 and a larger one was acquired in 1983. Twenty years later this shelter needed major repair and expansion. A structural analysis determined that it would be more cost effective to replace the building, and the board began a planning process in 2004 that finally resulted in a new facility in 2010.

An early element of this planning process was successful stakeholder engagement. TWC worked with potential funders early and received commitments from the Denali Commission and Rasmuson Foundation for almost \$6 million. The total project cost was initially estimated at \$10,463,500. Rapidly increasing construction costs during this period drove up the cost to the point that the Children’s Advocacy Center had to be cut from the project.

TWC actively pursued funding from multiple sources. In the end, bids came in lower than expected and – with some additional fundraising – TWC was able to put the Children’s Advocacy Center back in the project.

Challenges for this project included the changing project scope (from a renovation to new construction) and the large increases in construction costs in rural Alaska during this period. Obtaining the large number of funding sources took significant administrative time. A clear lesson from this process was the length of time it can take to plan and execute an evolving project, the role a good project manager can play in helping to manage a successful project and the importance of funder, staff, stakeholder and community engagement in this type of project.

Funding Sources	Plan of Finance	Award Amount
Denali Commission	\$4,908,500	\$5,096,818
State of Alaska	\$2,100,000	\$2,100,000
ICDBG	\$600,000	\$0
Rasmuson Foundation	\$1,000,000	\$1,000,000
City of Bethel CDBG	\$850,000	\$830,000
M.J. Murdock Charitable Trust	\$450,000	\$0
HUD EDI	\$500,000	\$487,000
Paul G. Allen Foundation		\$200,000
Bethel Community Services Foundation	\$30,000	\$30,000
Individual Donors	\$25,000	\$81,877
Federal Stimulus Funding (VOCA)		\$58,010
<b>TOTAL</b>	<b>\$10,463,500</b>	<b>\$9,883,705</b>

## CAMP FIRE ALASKA – CAMP K PROJECT

Location: Cooper Landing, Alaska

### FUNDING SOURCE: TOTAL FUNDS RAISED, INCLUDING IN-KIND - \$3,878,555



**GOVERNMENT**



**CHARITABLE**

Camp K provides an opportunity for disadvantaged and other youth to enjoy summer camp activities on the shores of Lake Kenai. The campsite is owned by the state and leased to Camp Fire Alaska. In 2007, the state notified Camp Fire that the buildings needed to be moved from the waterfront and the pit toilets replaced by plumbed toilets or the camp would be shut down. Many of the facilities were in serious disrepair so Camp Fire was faced with major re-development of the camp.

In May 2008, Camp Fire launched the “Campaign to Make it Possible,” with a fundraising goal of \$5 million. The campaign was stalled by the economic crash that occurred in October of that year. Here is how Camp Fire CEO Barb Dubovich described the situation: “Corporate, foundation and individual donor prospects were no longer able to commit to multi-year gifts – a significant component of our fund development plan. However, Camp Fire’s board of directors made the decision to keep moving forward, and complete redevelopment of Camp K in phases as funds were raised; thus stretching out the project longer than planned. While this was at times challenging, the journey was well worth the effort. Through the longer than planned fundraising period, we strengthened our relationship with current funders, and gained many new donors and friends.”

In addition to the original goals of re-locating some of the existing structures and providing plumbed toilets, this project resulted in two new cabins, an activity play field, a community hall, and a health center/shower house. In-kind contributions were a significant part of this project and allowed for more work to be accomplished than originally planned – such as having the community hall walls and roof insulated, boardwalks installed, and additional storage added. More than 30 firms contributed professional services, materials, and labor, for a total value of \$652,138.

Construction was completed in May 2013, in time to provide summer camp experiences for even more youth, including those with special needs.

<b>Funding Sources</b>	<b>Goal</b>	<b>Cash &amp; Pledges</b>	<b>In-Kind</b>
Board and Key Staff	\$85,000	\$77,000	
Foundations	\$1,500,000	\$1,320,592	
Corporations	\$1,774,500	\$692,900	\$652,138
Individuals	\$915,000	\$305,925	
Government	\$850,000	\$830,000	
<b>TOTAL</b>	<b>\$5,124,500</b>	<b>\$3,226,417</b>	<b>\$652,138</b>

# The New Kodiak Public Library

*“Living, Learning & Growing”*

**Size:** 16,000 SF

**Cost:** \$12.5 Million

**Site:** “The Barn Site”

## IT’S TIME TO BUILD OUR NEW LIBRARY!

*Join us in creating a gathering place that will lead our community into a thriving, vibrant future.*



*Conceptual Design Rendering of the new Kodiak Public Library, MRV Architects*



*“Going to the Library gives me pleasure because I love reading.”*

*- Romeo Arquiza, Kodiak Resident*

*“The Library should be a welcoming space for all community members and visitors.”*

*- Pamela Dupras, Kodiak Resident*

**To take a virtual tour of the New Library go to [www.livinglearninggrowing.org](http://www.livinglearninggrowing.org) click on ‘What’s New’, “News & Updates” then click on “Come Fly with Us!”**

# “A Gathering Place for Living, Learning and Growing”

## Project Need

The A. Holmes Johnson Library is almost 50 years old. Generations of families have loved and used it well, but due to limited space and changes in technology, the facility can no longer serve Kodiak adequately. The new library will be purpose-built to support the needs of many different users.

## The New Kodiak Library Will Foster:

- learning and imagination
- volunteerism
- equal access to knowledge and technology
- appreciation of the arts
- life-long learning
- student collaboration
- multi-cultural interaction
- creative thinking and self-starters
- youth engagement in the community



Kodiak Library



## Project Funding

**\$12,290,786 has been raised toward our goal of \$12,500,000!**

Your support is the keystone for our future. You are invited to invest in the legacy of “Living, Learning & Growing” for Kodiak Island through your contribution to our capital campaign. Our community capital campaign goal of \$750,000 will help us achieve our final funding need. *Looking for information on donating, gift recognition and naming opportunities?* The Capital Campaign Cabinet would love to hear from you!

## Donor Levels

An artful donor recognition venue will be prominently displayed in the new library and will include names of all donors that wish to have their gift publicly recognized. Donor recognition at giving levels of Collector and above present naming opportunities within the library as listed below:

### **Visionary: \$150,000 and Above**

- Entrance Lobby
- Multi-Purpose Meeting Room
- Children’s Room and Collection (RESERVED)

### **Founder: \$100,000 to \$149,999**

- Young Adult Area and Collection
- Alaska Reference and Rare Book Collection
- Central Fireplace

### **Laureate: \$50,000 to \$99,999**

- Group Study Room, 3 available (1 RESERVED)

### **Author’s Circle: \$25,000 to \$49,999**

- Craft Room (RESERVED)
- Entrepreneur and Business Center (RESERVED)
- Circulation Desk
- New Release Book Shelves
- South Porch Area
- Covered Bike Rack
- Raingarden

### **Curator: \$10,000 to \$24,999**

- Public Computer Station, 14 available
- General Collection Book Shelves, 13 Available
- Welcoming Bench (RESERVED)
- Resting Bench, 2 (2 RESERVED)

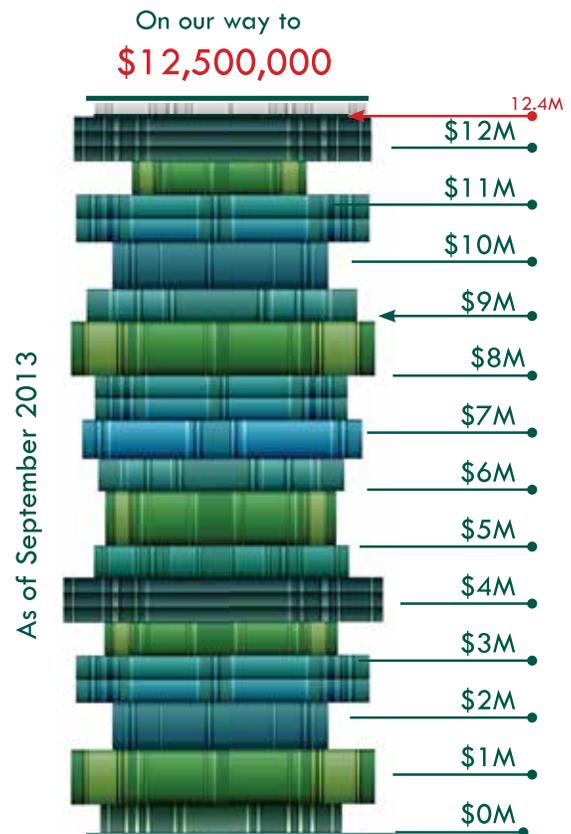
### **Collector: \$5,000 to \$9,999**

- Reading Nooks (RESERVED)
- Community Showcases (RESERVED)
- Periodical Shelving (RESERVED)
- Reference Shelving
- Media Shelving (RESERVED)

### **Director’s Circle: \$1,000 to \$4,999 &**

### **Book Club: Up to \$999**

- Donor names will be listed on artful donor recognition venue



## Capital Campaign Cabinet

Roy and Linda Madsen, Honorary Co-Chairs

Julie Bonney, 907-486-3033

Pat Branson, 907-486-3641

Leslie Leyland Fields, 907-317-4303

Linda Kozak, 907-486-4167

Tia Leber, 907-481-7285

Dan Ogg, 907-486-4711

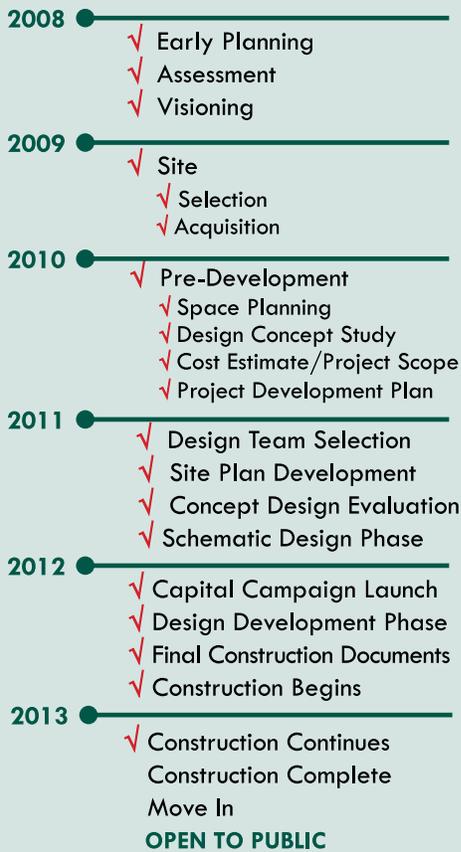
Katie Oliver, 907-942-3195

# Donor Q&A

## What will a new library do for the Kodiak Community?

A new public library will serve as a community gathering place--a home for ideas, learning, culture, art, and imagination. A new facility will also improve the ways the public uses the public library in Kodiak, by providing a safe, welcoming, beautiful space for living, learning and growing. Based on the experiences of communities like ours around Alaska that have built new libraries in recent years, we expect usership to increase dramatically, with particular growth in youth and children use (strongly complemented in Kodiak's case by our location adjacent to the school complex). We also expect the nature of how we use our library to change, as the new facility is being designed to accommodate many public interests, including those for small and large public gatherings. The design of the new library includes the infrastructure to support the greater delivery of information technology.

### Project Schedule



### How will my contribution be used?

Your contribution will provide the final vital funding to ensure that the new library is suitable, beautiful, and ready for public use. As part of the community campaign, your gift will help underwrite portions of construction, furniture, fixtures, equipment and procurement of local art for the new library.

### How does my gift contribute to the future of library service in Kodiak?

Your gift to the new Kodiak Public Library will help revitalize and transform library use in our community. Your gift will not only help provide a home for the collections of our library, but also serve as a community gathering space, designed for comfortable, accessible use by many different users. Your gift helps us re-envision this place of culture, arts and learning in Kodiak, and ensures that our library is suited to the passions of our residents for generations to come.

### How will my contribution be held while the building is being built?

Your gift will be held in a Kodiak Public Library Association (KPLA) interest bearing account that is separate from all other KPLA funds. Per an official Memorandum of Understanding with the City of Kodiak, KPLA will remand funds to the City only as project milestones are reached that ensure your intent as a donor is met. The KPLA, a 501(c)(3) charitable organization, is the steward of campaign funds. Your gift is tax deductible.

### Project Funding

<b><u>\$6,900,000</u></b>	<b><u>\$4,226,057</u></b>
<b>STATE OF ALASKA</b>	<b>CITY OF KODIAK</b>
<b><u>\$750,000</u></b>	<b><u>\$20,000</u></b>
<b>COMMUNITY CAPITAL CAMPAIGN</b>	<b>KODIAK PUBLIC LIBRARY ASSOCIATION</b>
<b><u>\$52,000</u></b>	<b><u>\$500,000</u></b>
<b>THE FORAKER GROUP</b>	<b>RASMUSON FOUNDATION</b>









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