

Brief - Fund Raising Considerations

When you get right down to it, your neighborhood association will need money. How much will depend completely on what the funds are needed for. There are a variety of methods for raising funds: grant writing, membership drives, admission to special events, mail solicitation, and annual campaigns asking for donations. Whichever method(s) you use, you will need to have a clear understanding of what the funds will be used for and how much needs to be raised. The following list identifies elements of the fund-raising “experience.”

If you are incorporated as a IRC 501.c.4 non-profit corporation, then donations are not tax deductible for the donor.

Elements of Fund-Raising

- **Feasibility Study:** Your group may want to do a feasibility study that asks businesses and individuals “Would you be willing to give to this project?” In other words, it might save time and money to test the waters before jumping in.
- **Strong Commitment:** The neighborhood association needs to be strongly committed to the project/program being undertaken. The board organizes the fund-raising effort and recruits volunteers.
- **Case Statement:** Develop a one to two page summary of the purpose of your organization and its credentials, what the problem is and how it can be solved, and how much volunteer time is needed to accomplish the task(s). The group can use this case statement when soliciting donations from businesses, individuals, churches, and corporations. They can send a more detailed statement as a grant proposal to larger foundations and corporate foundations.
- **Donors:** Make a list of prospective donors – residents, adjacent neighborhood residents, local businesses, churches, service clubs, local government programs, sympathetic businesses and corporations, banks and lenders, civic organizations, etc.
- **Volunteers:** The board members will need to recruit volunteers who can help with the fundraising. Assign volunteers to prospective donors, taking into account a volunteer’s abilities, talents or interests that may be more effective with particular donors. Each fund raiser should have the case statement memorized.
- **Methods of Approach:** Explore the methods of approaching prospective donors and select the method that will work best for your group. Besides the methods already mentioned, consider these: telethons, direct mail appeals, door-to door campaigns, and sales (i.e., Honey Sunday or Girl Scout Cookies).
- **Schedule:** Set a kick off date and a completion date for the fund-raising effort.
- **Implementation:** Using the method(s) you selected, go raise funds.

- **Appreciation:** Thank the donors and the volunteers.
- **Evaluation:** How well did it work? What worked well, what could be improved?
- **Announcement:** After accomplishing the project's objectives, be sure to publicize what you did with the money you raised.

Neighborhood associations need to raise funds for regular operations and special events and projects. The ways that a group raises funds are limited only by the members' imaginations. Funds can be raised by the group itself, private donations, or private and government grants.

A fund raising committee should be selected to prepare a budget and to oversee projects. Often people who are well known and liked in the community are successful project leaders. This person should also have good contacts in your local business area. Most importantly, the person should have the time to dedicate for the fundraising. Here are some examples of fundraising that has worked well for other neighborhood associations:

Types of Fund Raising Activities

A. Rummage/ Garage Sales

This fundraiser is a simple event to have. It will have a large variety of items since several different group members can donate items.

1. Form a committee of people responsible for the event.
2. Saturdays and Sundays are the best days to hold the sale. Have the sale in the garage of someone who lives on a corner or near a main street.
3. Decide beforehand what percentage of the profits will go to the association and to the individuals who gave items for the sale.
4. Try to have a good variety of items. Televisions, dinette sets, dressers, and beds draw great crowds. Keep junk items to a minimum. Include knickknacks, glassware, dolls, and children's clothes.
5. Advertise with cardboard signs. Use black enamel paint (for rain proofing.) Make sure your signs are no smaller than 24" square or no one will be able to see them. Post them on main streets leading to the sale. If you can, invest in an ad in the local free paper as well as the daily.

B. Raffle

Raffles are successful if plenty of tickets are sold and the prizes are either donated or acquired inexpensively. Good sources of donated prizes are local merchants or group members. If prizes need to be purchased, your profits will diminish greatly.

1. Keep costs down by mimeographing tickets. Use a maximum number of people to sell tickets.
2. Keep track of persons selling tickets. Allow plenty of time for tickets to be sold. Ticket prices should not exceed \$.50 or \$1.00, unless the prizes are excellent.

NOTE: You do not need a permit to sell raffle tickets if you are nonprofit. Do not pay any of the helpers and do not sell more than \$5,000 worth of tickets.

C. Local Merchants

Many local merchants will readily help a neighborhood group with either merchandise or a cash contribution. Assess merchants according to the size of their business. Remember these points when soliciting for contributions:

- A good customer is the best person to approach a merchant.
- Do not solicit a merchant at the beginning or the end of the business day or during peak business hours.
- Bring a letter from your organization (preferably on letterhead) introducing you as the member who is authorized to solicit contributions.

D. Dues

Many organizations have membership dues to help pay for some of the activities and common costs of running an organization, such as paper, copying, etc. As membership increases and becomes more involved in association events, having dues will not necessarily be a hardship for some members because they will want to help out.

E. Government Funding

There are a few federally funded programs available to neighborhood groups. For a complete listing, the Community Development Department has several copies of a pamphlet entitled, *Neighborhood Oriented Programs of the Federal Government*. Stop by and pick up a copy at the Community Development office located at 903 Texas Avenue.

F. Community Development Block Grant

On the local level, the Community Development Department serves as a conduit for Department of Housing and Urban Development Funds. Funds must be used for low- to mid-income persons, but any group can apply. For a list of eligible activities, contact the department at 764-3778.