



CREATING OPPORTUNITIES FOR FAMILIES THROUGH RESIDENT SERVICES: A PRACTITIONER'S MANUAL

Volume One: Implementing a Basic Resident Services Program
Revised and Expanded Edition

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PUBLIC AND PRIVATE FUNDING

Resident services coordinators who have a solid understanding of the basics of fundraising can ensure that their work remains funded.

INTRODUCTION TO PUBLIC FUNDING

This funding section is divided into two subsections, the first focuses on public funding and the second on private fundraising, which require different processes to identify potential resources and to apply for funds.

Members of the National Resident Services Collaborative have supported impact research on and outcomes tracking by service providers in affordable housing residents. The Collaborative members believe that without positive proof of the impact of resident services on families and property financial performance, it will be impossible to obtain meaningful public funding specifically for resident services in family affordable housing. Toward that end, Enterprise Community Partners and NeighborWorks America and service coordinators and managers of a dozen nonprofit affordable housing owners worked in partnership with the Pangea Foundation to develop outcomes tracking software that aggregates data nationally, while protecting the confidentiality of people, properties and organizations. Nearly 50,000 families who received services were tracked with this software, FamilyMetrics™, in 2009. As nonprofit resident services staff become acclimated and more proficient in using FamilyMetrics, The National Resident Services Collaborative hopes to have convincing data for policymakers and funders to invest in the affordable housing enriched with services model. Up-to-date information on FamilyMetrics and standard outcomes data may be found at <http://www.PangeaFoundation.org> and <http://www.residentservices.org> respectively.

Federal public funding opportunities are announced in the *Federal Register*, which is available daily online. They may also be announced on the websites of various federal agencies. Organizations interested in public funding should identify which federal agencies have programs that would be appropriate with respect to their missions and operations and monitor announcements related to that program. Once a request for proposals (RFP) is published, organizations will have to review these RFPs to determine whether they are eligible grantees and whether their projects or activities are eligible for grant funding in the time frames provided. Applying for federal funds may consume both time and resources so it is important to identify adequate staff, partner and financial resources for the effort.

States and local governments have their own similar systems for disbursing their respective revenues, and it is important to research these processes well before an RFP is expected.

The resources found in the public funding subsection include:

1. **Costs of Resident Services and Accessing Federal Services Dollars:** This resource summarizes cost considerations for various components of resident services in affordable housing. It also highlights federal

funding sources that affordable housing owners have accessed in the past for components of their programs.

2. **Federal Funding for After-School Programs:** This document describes how AHC Inc. in Arlington, Virginia has successfully accessed federal 21st Century Learning Centers funds for its after-school education enrichment programs for children. It also provides advice to practitioners to replicate their success.
3. **Options for Achieving Sustainable Public Funding:** This document suggests more research, outcome measurement and a number of policy options at the federal, state and local level that might lead to more government support for more resources and incentives for resident services in affordable housing.

COSTS OF RESIDENT SERVICES AND ACCESSING FEDERAL SERVICES DOLLARS

A reasonable estimate of the cost of basic, housing-based service coordination (designed to promote housing stability) and enhanced services (designed to build personal and financial assets) in affordable housing is estimated to be from \$500 to \$1,000+ per unit per year. The actual cost is highly dependent on the needs and goals of residents, the level and types of services desired, the size and location of affordable housing developments and the availability of quality services accessible in the community.

To clarify the types of services referred to in this section, readers should review the standard outcome measures and framework outlining levels of resident services that were adopted by the National Resident Services Collaborative. The two documents can be found elsewhere in this manual and on the Collaborative's website at <http://www.residentservices.org>.

Emergency rental assistance, financial literacy education, child care and health referral, access to computers, transportation and job assistance are common elements of the basic service level that leads to housing stability and homeless prevention for families. This set of services can also lead to cost savings in legal fees, bad debts and vacancy losses for the properties.¹ In effect, the basic services result in savings that help pay for much of the cost of basic service coordination. This contributes to the reasoning that basic resident services should be included in property operating budgets or “above the line.”

Research by Enterprise and Mercy Housing showed that properties with services experienced cost savings in 2005 and 2006 of \$225 and \$356 respectively in legal fees, bad debts and vacancy losses. Additional research funded by NeighborWorks America had similar results and also showed that intentional eviction prevention counseling produced even better outcomes in property financial performance. There is anecdotal evidence that education enhancement and other programs for youth, as well as community-building activities reduce property maintenance and security costs. The barrier thus far to conducting research on this issue is the lack of differentiation and consistent record keeping on repair costs due to vandalism or normal wear and tear. Similarly, security costs might be reduced if residents organize around community safety and/or youth are positively engaged in education, recreation or community services, but most property owners are not tracking this information. Additional studies are warranted to determine whether enhanced services save funds. However, there is clearly a limit to how much property income can be used for services, and

¹ These property outcomes are the focus of the Enterprise-Mercy Housing study on the impact of family resident services on property financial performance that showed savings of \$225 per unit per year in 2005 and \$356 per unit per year in 2006 in legal fees, bad debts and vacancy losses. Several other research projects are underway on this topic in 2008 and will include additional indicators of savings.

additional sources must be explored for covering the costs of these enhanced services.

Enhanced services in affordable housing are defined by the National Resident Services Collaborative as those which help families and individuals build personal and financial assets with the goal of moving to financial self-sufficiency in market rate rental or homeownership. These services help people with banking and increasing savings, access to computers, adult education (GED, English as a second language, job training and higher education), job placement and retention support. They also include programs after school and in the summer to help children and older youth succeed in school and move on to higher education or good jobs. Enhanced resident services are typically funded through a blend of property income, organizational income, public and private grants and individual contributions.

There is no silver bullet for solving the dearth of funds for housing-based resident services. Some resources are available now, such as the federal services dollars, but are not widely used by low-income housing owners.

INCREASING ACCESS TO FEDERAL SERVICES FUNDS

Housing-based programs are eligible for many federal services funds that pass through state and local jurisdictions for asset-building programs, but ease of access to the funds varies by state or local jurisdictions. If affordable housing owners and stakeholders, as well as government, work together, they may be able to improve access to these funds for services in an affordable housing setting. These programs include:

- 21st Century Learning Center funding for after-school programs is provided through the U.S. Department of Education and funneled through state governments.
- Housing and community development block grants, Community Development Block Grants, CDBG, are granted through states (for rural areas and small communities), large cities and urban counties, and 15 percent may be used for services.
- AmeriCorps funding is largely passed from the federal Corporation for National Service through to the states for distribution for organizations to hire AmeriCorps volunteers.
- Workforce development funds from the U.S. Department of Labor are allocated pursuant to the Workforce Investment Act through states and One-Stop Career Centers. These funds support job training, adult education and other workforce development services including supported work. Nevertheless, they are difficult to access in many communities because of the complexity of rules governing funding. Community nonprofit leaders are eligible to serve on Workforce Investment Boards that govern the activities of the One-Stops.

- The Department of Health and Human Services has a funding program to support Individual development accounts (IDAs).
- The Department of Justice has funds for juvenile drug use and delinquency prevention.

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FEDERAL FUNDING FOR AFTER-SCHOOL PROGRAMS

Affordable housing-based family resident services with access to community space often offer after-school programs for youth, but typically must raise funds from foundations or other contributors to be able to hire education staff and supplies for this purpose.

The federal 21st Century Learning Centers program supports the creation of community learning centers that provide academic enrichment opportunities during non-school hours for children who generally attend high-poverty and low-performing schools. Although nonprofit community organizations are eligible recipients of these funds, most nonprofit housing owners have not been aware or tried to access this valuable resource for after-school programs.

While the application process for this grant takes time, it offers both large amounts of money and multi-year funding.

APPLY FOR FUNDING

The federal government awards 21st Century Learning Centers funding to each state's education department, which, in turn, awards funds through a competitive process to local school districts and nonprofit organizations.

- Begin your funding search by visiting <http://grants.gov> and <http://www.ed.gov/21stcclc> to learn about the grant program.
- Find a local school to partner with you. Having a school partner is required for the funding.
- Create a plan for how you will use the funding. The application requires a plan that shows how the money will be allocated between the partnering organizations, how the partnership will work and makes a strong case for why the partnership really needs the money and its plan to put it to use to better the educational opportunities for students.

Application processes may vary from state to state. It is important to begin preparing your program well in advance of the application process and allow plenty of time for building school partnerships and to complete applications. Even though 21st Century grants are awarded in three-year blocks, grantees must apply for recertification each year.

CHALLENGES

Applying for these grants is becoming increasingly competitive. It is also incredibly time intensive to both build working relationships with local school systems in addition to planning and designing your grant application with all working partners. If your relationship with the local school is not strong, it becomes much more difficult to create any cohesion between the school programs and the programs offered in your after-school care. In addition, accessing

important information about your residents from their school records becomes much more difficult.

To overcome these challenges, start early, find a strong contact at your local school and work to cultivate this relationship.

PROFILE: AHC

AHC in Arlington, VA, has been successful in partnering with local schools and receiving 21st Century funding from 2003 through 2008 when it was the recipient of two grants – each in partnership with a different local school. Virginia’s 21st Century grants account for 13 percent of AHC’s yearly resident services budget.

The program offers large grants—as much as \$200,000 per grant—that are available over multiple years. These grants fund after-school programs that offer youth residents education enrichment and support that they wouldn’t otherwise be able to receive and broadens their access to other academic resources.

One of the largest challenges AHC faced was finding the time to really work with its partners to lay out their program plan in the detail required by the grant application. AHC was fortunate in that they had preexisting relationships with local schools that were both positive and strong. This made their first application process smoother.

AHC uses their grant money in several ways:

- Increase its staffing in the after-school programs
- Increase tutor and staff salaries
- Purchase supplies for the programs and pay for transportation when necessary.

AHC offers programs such as English as a second language (ESL), literacy programs, and math tutoring. The programs are run at AHC and at the partnering local school to students in kindergarten through 5th grade.

AHC asks parents to pay \$50 per year in two installments for their children to participate in after-school programs. This fee helps pay for overhead and other costs. However, AHC also offers a scholarship program if residents are unable to afford this fee. In AHC’s experience, residents don’t mind paying the fee as they recognize the value of the program for their children.

AHC functions as the head agency and fiscal agent in its school partnerships; it is responsible for the majority of the program reporting.

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OPTIONS FOR ACHIEVING SUSTAINABLE PUBLIC FUNDING

The following options are a starting point for affordable housing stakeholders interested in new and sustainable funding for resident services in affordable family housing. The three-year, research and policy agenda of the National Resident Services Collaborative contains additional ideas for consideration and can be found at <http://www.residentservices.org>. These options, however, should not be considered to be an exhaustive list of possibilities for creating sustainable funding options:

1. Improving State Tax Credit Incentives and Requirements to Ensure More Affordable Housing for Families with Services

Forty-four states¹ provide incentives for affordable housing developed or rehabilitated through the federal Low Income Housing Tax Credit to include basic services focused on housing stability and/or enhanced services for helping families build financial assets. These incentives are sometimes limited by requirements that they only apply to large or homeless families. The incentives vary widely in relative priority from low advantages to mandated services in affordable housing. Some examples of these incentives are:

- Low Income Housing Tax Credit threshold requirements that all new affordable housing include basic services (resident services coordination) in property operating budgets (Maine and New Hampshire)
- Set-asides for family properties with services in the allocation of tax credits (Nebraska and New Jersey plus California which has a 'recommended' family set-aside)
- Scoring points for basic and enhanced services in competitive review of applications for Low Income Housing Tax Credit applications (36 states), the most common incentive used by the states for affordable family housing development with services.

Each state system requires individual analysis to determine whether the scoring incentives are significant enough to encourage quality service-enriched housing for families. For example, states have a wide range of total points for evaluating applications for tax credit allocations — so 20 points may be significant in a state with a total of 100 points but less so in a state with 300 or more total points. Or, states may have points for family properties with resident services, but don't follow up to see that services are provided and effective, and as a result, some developers may not comply. In these cases, policy makers may wish to increase tax credit services scoring incentives, set-asides and/or other incentives as well as adding stronger reporting and monitoring requirements.

¹ *State Leadership in Encouraging Family Housing Enriched with Resident Services: An Assessment of 2007 Housing Credit Allocation Policies* 2007 by James Tassos, 2007.

There may be a number of reasons why owners did not provide the services they committed to in their tax credit applications -- perhaps because of the lack of adequate and continuous services funding and/or partnerships or perhaps because raising funds or building partnerships was not a high enough priority. In many other situations, services are provided and participation tracked, but actual outcomes are not tracked, leaving no way to determine if services are successful. Solutions to these issues may include:

- Requiring outcomes tracking and outcomes reporting for service coordination and onsite services related to the impact of services on the success of adults and children. (See list of recommended resident services outcomes elsewhere in the Service Referral, Partnerships and Outcomes Management section of this manual.)
- Monitoring of tax credit developments to ensure services are provided and having consequences for failure to comply with services commitments in the consideration of new tax credit allocations in subsequent allocation rounds.
- Requiring or allowing service coordination and/or other services in property operating budgets.
- Requiring owners with resident services to report outcomes through common, Web-based software that would help standardize tracking and outcomes measurement in the industry. It would also enable states and local jurisdictions to aggregate outcomes among affordable housing owners they support so the impact of public and private investment can be clearly understood. FamilyMetrics was developed for this purpose by the Pangea Foundation in collaboration with Enterprise, NeighborWorks and other members of the National Resident Services Collaborative. The Pennsylvania Housing Finance Agency has purchased Family Metrics for dozens of nonprofit, state-financed, family affordable housing providers so they can report outcomes in a similar manner to the agency.

2. State and Local Funding for Housing-Based Services

Some state housing agencies provide funding specifically for services in affordable housing. These include:

- Rhode Island's housing finance agency makes grants available for children and youth programs.
- Pennsylvania's housing agency provides 50 percent matching funds for escrow accounts for family resident services.
- Oregon provides tax credits for private contributions to programs managing individual development accounts, for which the savings and matching contributions may be used for asset-building purposes such as further education or homeownership.
- The City of Portland, Ore, now provides funds for resident services in affordable housing.

- Lower-interest and/or deferred loans from state and local governments can be linked to the provision of resident services.
- States and cities may use general revenues or a portion of Community Development Block Grants for funding services in affordable housing.

3. Ideas for New Funding or Other Incentives to Improve Services Partnerships with Affordable Housing Owners

Although many nonprofit housing owners are looking to partner with social service agencies and are motivated to do so by their organizational missions and by their commitments to state tax credit agencies or other funders, there are few if any incentives or requirements for local services agencies to partner with affordable housing owners to deliver asset-building services to residents. Some ideas for motivating services agencies to partner with affordable housing owners are:

- Provide bonus funding for agencies that serve a high percentage of residents of affordable housing in their service areas.
- Provide bonus funding for agencies with successful outcomes for families in affordable housing in their service areas.
- Provide additional funding to agencies to track whether clients living in affordable housing with a service coordinator or coach have better outcomes than clients living in private housing in the community.
- Require reporting by service agencies on how many partnerships they develop with affordable housing owners to deliver services to residents, number of residents served and number of residents successful. For example:
 - For adults: completing job training, earning GED or post-secondary degree and obtaining good job with career and living wage potential
 - For children: number maintaining good grades or improving grades, number of youth completing high school, number of youth pursuing post-secondary education or going on to good jobs

The government could include requirements in funding contracts with social services agencies that services be sited at or adjacent to affordable housing (health services, preschool or after-school programs) or that residents of specific affordable housing developments be identified, contacted and served.

In another approach, one state housing finance agency mapped locations of low-income families, affordable housing developments and local social services agencies to help persuade state agencies to relocate their services closer to where concentrations of low-income, eligible families actually live.

4. More Research May Be Needed to Bring About Policy and Systems Change

Although there is evidence from Commonwealth of Pennsylvania data² and Mercy Housing data³ that resident services benefit properties' financial performance as well as families' success, some policy makers may need more convincing evidence of these impacts through a large, academically rigorous evaluation.

Until such time as a significant source or sources of funding can be identified for such a large evaluation, members of the National Resident Services Collaborative⁴ are recommending that affordable housing owners with large portfolios consider conducting research on the impact of services on their own properties. They can access and use methodology similar to the Enterprise-Mercy study involving existing data available through common property management software like YARDI. For example, they could look at the financial impacts related to eviction prevention (legal fees, bad debt and vacancy losses) and financial impacts related to effective children and youth services offered (reduced maintenance and security costs).

2 The aggregate performance of Pennsylvania's Family Resource Center Initiative developments was compared with a similar group of 17 PHFA developments without aggressive service programs, consisting of 602 units. Three of the four service-related indicators were better for FRCI developments than for the comparison group.

Per Unit Costs	Legal Expenses		NSF and Late Fees		Bad Debts		Unit Turnover	
	2005	2006	2005	2006	2005	2006	2005	2006
FRCI Developments	\$31*	\$34*	\$44	\$40	\$90*	\$125*	18%*	16%*
Comparison Group	\$60	\$84	\$31	\$33	\$134	\$166	33%	23%

*Asset management indicator is better for FRCI Developments than for Comparison Group.

3 Enterprise-Mercy housing study results demonstrate cost savings in properties with resident services. The Mercy property performance research consists of a review of selected property performance data with obvious correlations with resident behavior in 36 properties totaling 1,787 units of family housing. Similar properties with resident services were compared to properties without services. Initial findings demonstrated that services provided to families by resident services staff reduced property vacancy losses, legal fees and bad debts.

Vacancy Loss Per Unit

FY 2005: Properties with RS out-performed those without resident services by 24%.

FY 2006: Properties with RS out-performed those without resident services by 42%.

Cost of Legal Fees Per Unit

FY 2005: Properties with RS out-performed those without resident services by 40%.

FY 2006: Properties with RS out-performed those without resident services by 76%.

Cost of Bad Debt Per Unit

FY 2005: Properties with RS out-performed those without resident services by 44%.

FY 2006: Properties with RS out-performed those without resident services by 17%.

In this case, the cost differences were \$225 per unit and \$356 per unit in two recent consecutive years.

4 The National Resident Services Collaborative is comprised of the American Association of Service Coordinators, Enterprise Community Partners, The Housing Partnership Network, NeighborWorks America, Stewards for Affordable Housing for the Future, Volunteers of America, Alamo Area Mutual Housing Association, The Community Builders, Community Preservation and Development Corporation; Mercy Housing, National Church Residences, Preservation of Affordable Housing, REACH CDC and The Neighborhood Partnership Fund.

As mentioned in the introduction to public funding at the beginning of this section, members of the National Resident Services Collaborative and their service coordinators worked with the Pangea Foundation beginning in 2007 to develop inexpensive, easy-to-use, resident services outcomes tracking software. Called FamilyMetrics, the software supports the everyday practices of coordinators and produces quality aggregate reports and charts to convey information on services and outcomes to funders and other stakeholders.

Funders and policy makers may also want to support research on the impact of effective housing-based service coordination and onsite services on families' success, and compare those outcomes to overall outcomes rates of those services or comparable families' outcomes in the community.

5. Statewide or Local Task Forces Have Potential to Jump-Start Systems Change

Affordable housing owners concerned about funding for resident services can create a state and/or local task force to 1) review barriers to financing family resident services and barriers to bringing community-based social services to affordable housing residents and 2) make recommendations to state and local governments for overcoming these barriers.

For example, in Portland, Ore., diverse affordable housing stakeholders met regularly for one year to map all the resources that flow to nonprofit housing developers through housing development activities and grants. They learned that the nonprofits were required to provide services to very low-income and special needs populations with neither onsite service dollars nor adequate dollars to even connect them to effective services in the community. The results of this "resource mapping" effort was an agreement by all stakeholders to allow part of the cost of resident services to be included in housing development operating budgets.

A number of states have shown success in developing partnerships between state housing and state services agencies to bring services to special needs populations. States should consider similar partnerships for low-income families in affordable housing developments.

6. Grant Makers Can Also Catalyze State and Local Systems Change

Grant makers could support the efforts of state or regional affordable housing and services task force to consider how foundations and corporations could support systems change through a number of options. For example:

- Funding research and/or demonstrations to show the value of resident services to the success of families' asset building and property financial performance.
- Support efforts of nonprofit housing organizations to acquire inexpensive outcomes tracking software, such as FamilyMetrics, that produce outcomes data and reports for all residents participating in services including referral to community-based services agencies. The software

can also aggregate data by county, state, region or nationally to help support advocacy for better resident services policies.

- Support research that would compare service outcomes for housing-based family services and services provided in the community to find out which services have more impact if provided on site.
- Support professional development of resident services staff through the new coaching training model developed by TRIBE Coaching, with support from the Annie E. Casey Foundation, that focuses on residents envisioning goals for themselves and their families and overcoming core beliefs that prevent them from achieving their goals.
- Support other capacity building of nonprofit housing owners to evaluate and connect with quality services and fill services gaps through on-site programs.
- Support state and local task forces that are addressing solutions to the shortage of funding for resident services as well as any reports they may issue.

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INTRODUCTION TO PRIVATE FUNDRAISING

Unlike the buildings that house them, resident services programs usually lack dedicated or reliable funding sources, leaving service coordinators scrambling to find the necessary money to support their offerings. However, while funding for these programs may not be as prevalent as funding for housing, there is money available. And the resident services coordinators who have a solid understanding of the basics of fundraising can ensure that their work remains funded.

The following information and model documents are based on Enterprise's publications *The Fund-Raising Process* and *Organizing Your Office and Staff for Your Fund-Raising Efforts*. Both can be downloaded from the Enterprise Resource Database™ at: <http://www.enterprisecommunity.org/resources>. Also, the NeighborWorks Learning Center Consortium's publication, *Funding Strategies for Sustainable Resident Services*, documents several organizations' methods for funding service programs and is available for download at www.nw.org/network/neighborworksprogs/multifamily/learningcenters/lchome.asp

RESOURCES AVAILABLE IN THIS SECTION:

1. **The Fundamentals of Private Fundraising:** This document serves as an introduction to resource development, providing information about the different types of grants and donors. It also describes ways to establish contacts and garner more widespread support for an organization.
2. **Understanding the Fundraising Process:** The five basic steps of fundraising are described here. Each step includes a brief description, providing you with a chance to gain a basic understanding of the process. A flow-chart of the five steps and how they interact is also included.
3. **Sample Profiles for Tracking Your Donors:** These documents help to identify and track potential donors and come in three varieties: individual profile, foundation profile and corporate profile. They can be used to provide quick reference information on all of your prospects.
4. **Sample Forms for Tracking Donor Visits and Phone Calls:** Included in this piece are sample documents used for summarizing pertinent information from meetings and phone calls with prospective donors. Moreover, these documents allow you to plan for future contact with and cultivation of the prospective donor.
5. **Sample Letters for Soliciting and Thanking Donors:** This document contains a series of five sample letters for a variety of circumstances. Though it is best to tailor letters to your specific organization and needs, those included here can provide a foundation for your work. The letters cover five topics, including introducing yourself, showing appreciation for a meeting and acknowledging a donation.
6. **Additional Fundraising Resources:** There are several sources for prospective donors listed in this document. It provides information on how to learn about various corporate, individual and foundation prospects.

THE FUNDAMENTALS OF PRIVATE FUNDRAISING

Fundraising is essential to your organization's ability to provide services and further its mission. It is also an ongoing process that, if approached with persistence, will create opportunities for additional resources, ultimately helping more people in your community. This document details the issues to consider when designing your organization's fundraising strategy, the different forms of support available and potential funding sources for your organization.

POINTS TO CONSIDER

Here are some important points to consider when designing and implementing your organization's fundraising strategy:

- **People give to people, not organizations.** Fundraising success is built on your ability to develop relationships with key individuals and to know what their priorities and goals are so that you can meet them.
- **Donors make a difference.** Giving money or resources is an opportunity for the donor to make an investment in something worthwhile—to make a difference. Focus on this point when you are making your case to a potential funder.
- **Clarity is key.** Your case must demonstrate clarity and strength of purpose. Be prepared to make your case by substantiating a compelling need and establishing your organization's capability.
- **Success happens over time.** Resource development is an ongoing process. You need to continually work on building new relationships and nurturing existing ones. Continuity is important.
- **Good resource development requires good information.** Be creative and do your homework about your potential and current donors. This will enable you to tailor and personalize your pitch accordingly.
- **Follow-through and accountability matter.** Your organization needs to responsibly use the resources it is given, and you need to make sure that your funders are aware that you are doing so.

FORMS OF SUPPORT

Support for your organization may come in several forms, including:

- **Unrestricted grants:** The funds can be used for any purpose, which often makes unrestricted funds the most difficult to obtain.
- **Restricted grants:** Restricted funds are limited to specific purposes as outlined in the proposal or otherwise specified by the donor. Examples include program or project grants, seed money for start-up projects, capital grants and endowments.

- **Challenge (matching) grants:** Restricted or unrestricted grants may come in the form of a challenge to the organization to raise an equal or specified amount from other sources. The grant is contingent upon the matching funds being raised.
- **In-kind support:** No cash is given with in-kind support. Instead, donors provide your organization with products or services that you need to do business.

FUNDING SOURCES

There are a number of potential funding sources for your organization to tap into, including:

- **Individuals:** Collectively, individuals give more money annually than any other type of donor. Personal relationships are crucial to successfully securing money from individuals. One of the biggest challenges is to identify the right individuals. Prioritizing and screening your potential donors will be critical.
- **Small businesses:** Small, local businesses can be good supporters of nonprofit organizations. Because they do not usually have a lot of cash to give, however, small businesses often contribute in-kind products and services or buy ad space in newsletters or event programs. A personal relationship is very helpful in working with these donors.
- **Large corporations:** Big businesses with local branches or plants or headquarters in your community may give cash, supplies, equipment or products or volunteer employee time. Though big businesses can make large gifts, they may not give many of them. View large corporations as partners and give them opportunities to demonstrate their goodwill in the community.
- **Foundations:** The main purpose of foundations is to support nonprofit work. There are three types of grant-making foundations: private, family and community. Private foundations often fund through intermediaries and give support to local organizations usually as part of a long-term program initiated by the foundation. Family foundations typically have one or two specific grant interests. Community foundations, on the other hand, pool contributions from a variety of sources and then make grants to smaller, younger and more community-based organizations.
- **Federated fundraising organizations:** These nonprofits are usually structured along geographical lines for the purpose of raising charitable contributions and distributing them to locally designated nonprofits. Their beneficiaries usually reflect the values and beliefs of the organization's governing bodies.
- **Faith-based, civic and service organizations:** These groups often provide nonprofits with volunteers, cash and, sometimes, space or sup-

plies. Non-cash support is often much more available on the local level. Members decide what these groups will support.

- **Government:** Developing good relationships with politicians is often a necessary part of building and maintaining a successful organization. Government grants or contracts will be hastened through strong political ties with important decision makers. Understanding how the levers of power work in the jurisdiction you target will help you determine what to ask for from representatives.

It is important to remember that donors, depending on their types, will respond differently to your solicitations. For instance, while individual donors may respond to a pamphlet mailed directly to them, it is highly unlikely that anyone in a large corporation will even notice such a tactic. Accordingly, it is important to use a variety of methods for fundraising, including direct mail, events, networking and personal interaction with representatives of large corporate donors.

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UNDERSTANDING THE FUNDRAISING PROCESS

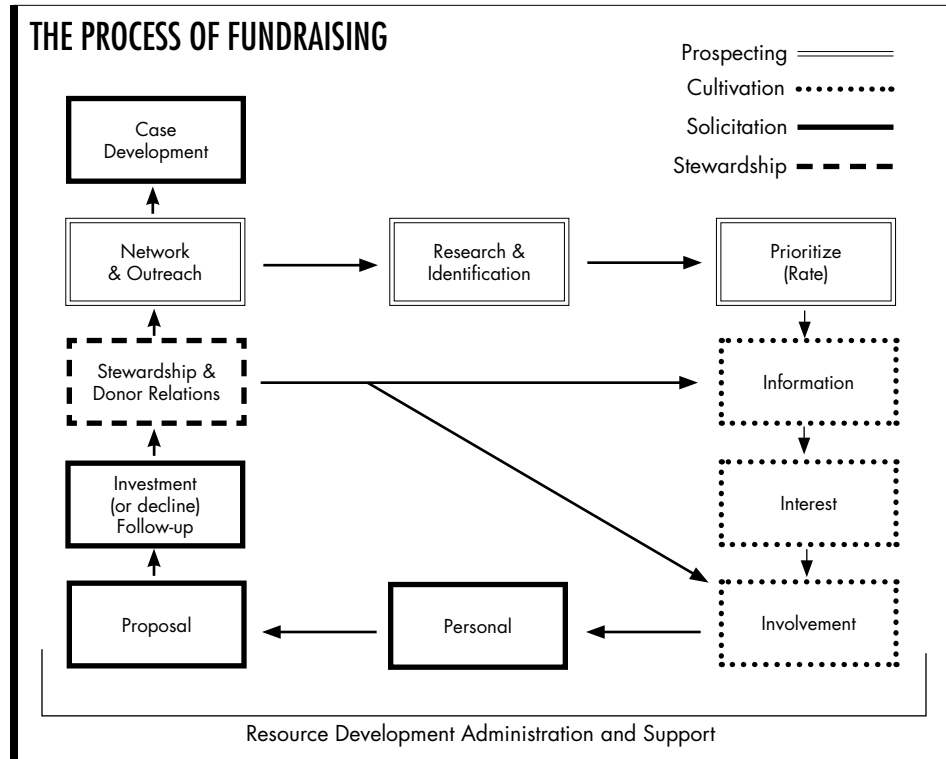
There are few quick fixes or instant answers to your fundraising needs. However, by following the process described in this document, you will have the tools you need to find support for your organization. To achieve success, carefully craft your strategic fundraising plan to meet the goals outlined in your business plan.

The following information is taken from Enterprise's publication, *The Fundraising Process: A Step-by-Step Guide to Generating Resources for Community Development Organizations*. You can download the publication in its entirety from the Enterprise Resource Database™ at: <http://www.enterprisecommunity.org/resources>.

Regardless of who your donors are, there are five steps that you need to take as part of the fundraising process: case development, prospecting, cultivation, solicitation and stewardship.

1. **Case Development:** This is always the first step in fundraising. People are more inclined to support organizations with a clearly defined and compelling rationale for existence. Your case starts with a mission statement that highlights the worthiness of your efforts. It is the cornerstone of your fundraising efforts.
2. **Prospecting:** Next, you need to stop and look for potential partners (prospects) who have an interest in your work and have resources you need, either in cash or non-cash. Prospecting involves networking with peers, identifying the right group to approach and prioritizing your options. It is critical that you identify a diverse set of prospects; you never know when any one source will dry up.
3. **Cultivation:** Once you have identified potential donors, you need to cultivate your prospects so they will want to be involved. Offer them opportunities to get to know you and your organization. Supplying potential donors with information may pique interest in your group, and helping them get involved will foster a sense of connection to your efforts. Cold approaches for resources, without prior relationships or involvement, are rarely successful.
4. **Solicitation:** Now you are ready to ask for support. Once prospects show interest, encourage them to make a specific investment in your organization. This solicitation process involves making personal contact, writing a proposal and following up.
5. **Stewardship:** You have asked for and gotten your resources. But once prospects become donors, you cannot forget about them. You need to continue informing them about your organization and how you are using their resources. If you continue cultivating the relationship, the donors will continue to support your work.

Ultimately, fundraising is about developing and maintaining relationships. Understanding this dynamic is essential to effective resource development. Here is a flow chart that graphically represents the fundraising process:



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SAMPLE PROFILES FOR TRACKING YOUR DONORS

The following three sample documents provide templates for donor profiles that you can create based on the type of donor: individual, foundation or corporate. Each profile contains space for all of the vital information you will need about a particular donor, providing you with quick and easy-to-read snapshots of your contacts.

INDIVIDUAL PROFILE

Name: _____ Office phone: _____
Title: _____ Fax: _____
Business address: _____ Home telephone: _____

Web site: _____ Email: _____
Preferred address: business home
Family information: _____
Spouse has separate donor report? yes no
Spouse's name: _____
Children: _____
Relationships: _____
Home address: _____
Telephone & email: _____
Salutation: _____
Secretary's or assistant's name: _____
Significant relationships: _____
Education: _____
Connections to organization: _____
Community involvement: _____
Religion/congregation: _____
Political: _____
Personal interests: _____
Known philanthropic interests: _____
Other _____
Giving summary: as of (date) _____

Comments: note anything of interest — "hot spots," possible contacts, preferences that may be important for preparing a proposal or setting up a meeting.

Prepared by: _____
Date: _____

FOUNDATION PROFILE

Name: _____ Contact name: _____

Address: _____ Title: _____

Phone: _____ Fax: _____

Web site: _____ Email: _____

Classification:

Family foundation

Independent foundation

Community foundation

Other

Financial data: *(See hint below)*

Year	Assets	Total grant \$\$\$	# Grants
------	--------	--------------------	----------

Areas of interest: *(See hint below)*

Connection to officers & trustees:

(See hint below)

CEO: _____

COO: _____

Trustees: _____

Known connections to your organization:

Relevant recipients/amounts: *(See hint below)*

Prepared by: _____

Date: _____

Hint: It may be easier to photocopy information from a foundation directory and attach.

CORPORATE PROFILE

Name: _____ Contact name: _____

Address: _____ Title: _____

Phone: _____ Fax: _____

Email: _____ Website: _____

Type of Business: _____

Philanthropy done through:

- Corporate foundation
- Corporate department *(identify)*

Do they publish guidelines? Yes No Copy attached? Yes No

Areas of interest: *(See hint below)*

Connection to officers & trustees:

(See hint below)

CEO: _____

COO: _____

Trustees: _____

Known connections to your organization:

Relevant recipients/amounts: *(See hint below)*

Prepared by: _____

Date: _____

Hint: It may be easier to photocopy information from a foundation directory and attach.

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SAMPLE FORMS FOR TRACKING DONOR VISITS AND PHONE CALLS

Keeping track of the contact you have with your prospective donors enables you to always know where you are in the fundraising process with each prospect. You can use the two forms provided here to keep detailed notes on your contact. Use the form entitled “Sample Donor/Prospect Visit Report” to record information about personal meetings and the form “Sample Telephone Contact Record” for telephone conversations.

DONOR/PROSPECT VISIT REPORT

Donor/Prospect Name: _____

Phone: _____

Contact: (if donor/prospect is a corporation or foundation)

Name: _____ Title: _____

Meeting Location: _____

Attendees: _____

Notes On Meeting:

Date: _____ Time: _____ Approx. Length: _____

Comments: _____

Materials Left With Donor/Prospect: _____

Follow-up Action:

	Responsibility	Target Date	Date Completed
Letter	_____	_____	_____
Phone	_____	_____	_____
Meeting	_____	_____	_____
Proposal	_____	_____	_____
Other	_____	_____	_____
Next Action	_____	_____	_____

TELEPHONE CONTACT RECORD

Prospect Or Donor Name: _____

Contact: _____

Date: _____

Contact Initiated By: (Your Organization Or Prospect Or Donor)

Nature Of Call: _____

Follow-up Needed? Yes No

If Yes, Describe: _____

Completed By: _____

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SAMPLE LETTERS FOR SOLICITING AND THANKING DONORS

There are a number of different types of letters to both thank current donors and solicit funds or services from prospective donors. This document contains templates that you can use for everything from introducing your organization to thanking a donor for a gift. Each letter should be tailored to describe your organization's unique attributes.

DOOR OPENER

As the name implies, this letter introduces your organization and its mission to a prospective donor and requests a meeting. It is usually sent by an organization at the suggestion of a board member or other person with a connection to the potential donor. It is even better if the person opening the door sends the letter on his or her company letterhead, making a personal request for the potential donor to meet with your organization's leadership.

Dear *(name of prospect)*,

I am writing you at the suggestion of *(name, title and affiliation of your referring contact person)*.

For the past *(number)* years, *(your nonprofit's name)* has been working *(or, if appropriate, working in partnership)* with *(names of key local partners)* to assist local community development organizations revitalize *(name of city)*'s neighborhoods. Our primary objective is to *(paraphrase your organization's mission)*.

To date, we have *(fill in with a brief summary of successful projects)*. We are committed to building on these accomplishments to improve the quality of life in the greater *(name of city)* area.

One of the cornerstones of our success has been our ability to build partnerships. As a leader in the *(corporate or foundation, etc.)* community, your insight into how we might best share our story with others in the *(corporate or foundation)* sector and involve them in our efforts would be invaluable. I *(we)* would appreciate the opportunity to talk with you about *(your nonprofit's name)*.

I will call you *(specify a time frame)* to arrange a meeting at your convenience. In the meantime, I am sending you some information about *(your nonprofit's name)*.

Sincerely,

THANK-YOU LETTER FOLLOWING A MEETING (MORE INFORMATION)

This letter is an appropriate response following a meeting during which the prospective donor requested more information about your organization. Be sure to send this letter along with any written information that you have on your organization, including brochures, press releases, news clippings and your most recent annual report.

Dear *(prospect's name)*,

Thank you for taking the time to meet with me and *(names of other participants on your team)* to discuss the work of *(name of your nonprofit)*. We appreciate your interest.

As you requested, I am sending additional information about *(our work and the specific project)*, including *(itemize what you are sending)*. If you have questions about any of this material, please give me a call.

I will follow up with you in *(specify a time—maybe in a few weeks to give them time to read what you sent)* to further discuss *(your [if the prospect is an individual] or the name of their organization)* joining us as a partner in *(our work or the specific project)*.

Again, thank you for your time and consideration.

Sincerely,

THANK-YOU LETTER FOLLOWING A MEETING (PROPOSAL)

If a prospective donor asks during your initial meeting that you send a specific proposal, keep in mind that it will take you at least a week (and probably longer) to put together a good one. In the meantime, you need to thank the prospect for the meeting. Use this letter to provide information on the proposal that you are putting together.

Dear *(prospect's name)*,

Thank you for taking the time to meet with me and *(names of other participants on your team)* to discuss the work of *(name of your nonprofit)*. We appreciate your willingness to consider an investment in the future of our city through the work of *(name of your nonprofit)*.

As you requested, we are preparing a formal proposal for your review and consideration, which you will receive no later than *(date)*. In the interim, if you have any further questions or requests, please do not hesitate to contact me.

Again, many thanks for your time and interest in furthering the mission of *(name of your nonprofit)*.

Sincerely,

THANK-YOU LETTER FOLLOWING A MEETING (COMMITMENT MADE)

If you receive an immediate commitment during a meeting, send a letter of thanks for the meeting and a pledge from the executive director. This could also follow written notification of an intent to make a contribution (without reference to any meeting). Tax language need not be included in the letter because you are thanking for the pledge or commitment prior to actual receipt of the check. Use the following template to craft your thank-you letter.

Dear *(name of prospect)*,

Thank you for meeting with *(names of participants)* and for *(your [if the prospect is an individual] or the name of funding organization)*'s pledge of *\$(amount pledged)* to further the mission of *(name of your nonprofit)*.

As the *(your title)* of *(name of your nonprofit)*, I welcome your partnership in our efforts to make a difference in *(name of neighborhood or target area)*. By *(paraphrase your mission)*, our work benefits the entire community. Together, we can and will make a difference.

If you have any questions regarding fulfillment of your pledge or about our work, do not hesitate to call me.

Again, please accept my sincere appreciation for your commitment to the goals and mission of *(name of your nonprofit)*.

Sincerely,

ACKNOWLEDGMENT OF RECEIPT

You should send the following letter upon receipt of the actual gift. This letter should be used after the "Thank-You Letter Following a Meeting (Commitment Made)." If the letter serves as a receipt, you should include language in conjunction with IRS requirements. Consult your legal counsel or tax consultant for appropriate language for your organization.

Dear *(name of prospect)*:

We gratefully acknowledge receipt of your check in the amount of *\$(amount received)* to support the work of *(name of your nonprofit)*.

Your generosity will help *(name of your nonprofit) (summarize mission)*. *[If they have funded a specific program, make a brief reference to it here.]* We look forward to reporting to you on our progress.

Again, thank you for your commitment to bringing this spirit of change to our neighborhood.

Sincerely,

(Name of your nonprofit) is a 501(c)(3) nonprofit organization and acknowledges that no goods or services were provided to you in return for your contribution. This letter is your receipt and should be kept with your tax credit records. The charitable deduction may be disallowed if you are unable to provide this acknowledgment to the Internal Revenue Service upon request.

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ADDITIONAL FUNDRAISING RESOURCES

The following organizations can provide you with helpful reference materials for researching corporate, foundation and individual donor prospects.

THE FOUNDATION CENTER

The Foundation Center is a national organization that serves as an authoritative source of information on foundation and corporate giving. Its publications include *The Foundation Directory*; *Securing Your Organization's Future: A Complete Guide to Fundraising Strategies*; and individual guides on specific grant topics and regional grant makers. The Foundation Center's reference collections (in New York, San Francisco, Washington, D.C., Atlanta and Cleveland) offer a variety of services and comprehensive collections of information. In addition, many public libraries throughout the country participate in the Foundation Center's Cooperating Collections, which are free funding-information centers in libraries, community foundations, and other nonprofit resource centers that provide a core collection of Foundation Center publications and a variety of supplementary materials and services useful to grant seekers. For further information, call 800.424.9836 or visit the center's website at: <http://www.fdncenter.org>.

THE TAFT GROUP

The Taft Group publishes the *Corporate Giving Directory*. This directory provides comprehensive profiles on the United States' major corporate foundations and corporate charitable giving programs. Indexes allow researchers to quickly find information on donors by company name, location, recipient type or officers' and directors' names. The Taft Group also publishes the *Guide to Private Fortunes*, which contains descriptions and profiles of the wealthiest and most philanthropic individuals and families. Finally, *Who Knows Who* is a helpful resource with several indexes for networking through corporate boards. Contact the Taft Group at 800.877.TAFT, or <http://www.gale.com/taft.htm>.

STATE AND REGIONAL FOUNDATION DIRECTORIES

State and regional foundation directories are published by a variety of sources, including private publishers, associations of area grant makers, community foundations, volunteer centers, junior leagues and offices of the (state) attorney general. Contact one of these sources for more information.

GOVERNMENT DIRECTORIES

The *Catalog of Federal Domestic Assistance* is published by the U.S. General Services Administration and provides information on all types of federal grants. The catalog includes listings of all federal programs available to state and local governments and provides information on eligibility and application requirements for the various programs. In addition to the print guide, the catalog is available online with several different search options. Cost: \$53. For more information, call 202.512.0000. <http://www.cfda.gov>.

The *Federal Register* is the official daily publication for rules, proposed rules, and notices of federal agencies and organizations. Included in this publication is information about new federal grants and programs or significant changes to existing programs. It is viewable online, and the website allows for downloading in several formats, as well as interactive searching. It is published daily by Office of the Federal Register of the National Archives and Records Administration and available online at <http://www.gpoaccess.gov/fr/>.

LEADERSHIP DIRECTORIES

The Leadership Directories are a series known as the “Yellow Books,” published quarterly by Leadership Directories, Inc. They include timely and accurate listings of key executives, officers and board members of major organizations within the sectors covered by the series. For example, the *Corporate Yellow Book* includes leading U.S. manufacturers, service businesses and utilities. Other recommended directories include the *Financial Yellow Book* and the *Law Firms Yellow Book*. Leadership Directories, Inc. has offices in New York and Washington, D.C. To order, call 212.627.4140. <http://www.leadershipdirectories.com>.

PUBLIC LIBRARIES

Most public libraries have online services as well as reference collections on private industry. The Business Dateline is one online service that catalogs abstracts of corporate press releases. These press releases contain valuable financial information as well as names of officers and current business trends. Periodicals are another online service providing abstracts from newspapers and magazines. Searching for specific information on individuals and corporations through these services can provide excellent and timely information on prospects. For more information about Business Dateline, visit ProQuest at <http://www.proquest.com>.

The Standard & Poor’s *Stock Exchange Reports* are an up-to-date source of financial information on publicly traded companies. Dunn & Bradstreet publishes reference books that contain parent company and subsidiary information on private companies. These reference books also list officers and board members. *The Ward’s Business Directory of U.S. Private and Public Companies* provides financial information for hard-to-research privately held companies. *Hoover’s Guide to Private Companies* and *Notable Corporate Chronologies*, published by Gale Research, are two additional reference books available at public libraries. Martindale & Hubbell publishes directories profiling prominent lawyers and *Who’s Who in America* gives descriptions of individuals and their families. Most public libraries will have all of these publications available for you to use, but not to checkout.

PERIODICALS AND OTHER PUBLICATIONS

In addition to local newspapers and magazines, periodicals, such as *Forbes*, *Fortune*, *Wall Street Journal*, *New York Times*, *Chronicle of Philanthropy*, *Corporate Giving Watch*, and *Foundation & Corporate Grants Alert*, are but a few of the

many publications containing valuable information for grant seekers. Specific information about several of these is listed below.

Bibliography: A Guide to Development Research Resources, published by Bentz Whaley Flessner & Associates, Inc., is an inexpensive (\$50), comprehensive bibliography listing resources for prospect research. It includes a section on on-line prospect research resources. For purchasing information, call 612.921.0111. Also available online at <http://www.bwf.com> where it can be downloaded after registration.

Children & Youth Funding Report, published by CD Publications, contains coverage of federal, foundation, and private grant opportunities for programs in the areas of public assistance, child welfare, juvenile justice, education, mental health, job training, disability services and other youth and family related areas. Annual Subscription: \$419. Published twice monthly. 301.588.6380. <http://www.cdpublications.com>

The prominent news source of the nonprofit community, *The Chronicle of Philanthropy* is published biweekly and includes information for nonprofit leaders, fund raisers, grant makers and others involved in philanthropy. It is published by the Chronicle of Higher Education in Washington, D.C. Annual subscription: \$72. 800.728.2819. <http://www.philanthropy.com>

The *Federal Assistance Monitor* offers a review of federal funding announcements, private grants and legislative actions affecting community programs, including education, economic development, housing, children and youth services, substance abuse and health care. For foundations, it indicates areas of interest and projected grant awards, as well as funding priorities for both national and regional organizations. Published twice monthly by CD Publications, an annual subscription costs \$419. 301.588.6380. <http://www.cdpublications.com>

The Grantsmanship Center Magazine, published by The Grantsmanship Center in Los Angeles, provides information on how to plan, manage, staff and fund the programs of nonprofit organizations and government agencies. Subscription is free to nonprofit and government agencies. 213.482.9860. <http://www.tgci.com>

The NonProfit Times offers valuable information on fundraising, directing and financial management for managers of nonprofits in 24 issues each year. 973.734.1700. <http://www.nptimes.com>

INTERNAL REVENUE SERVICE (IRS) FORMS

All private foundations must file a tax return with the IRS, which then becomes public information. Form 990 provides valuable information on private foundations, including: assets, grants paid, officers, application information and grants approved for future payment. Complete or regional sets of IRS forms are available at The Foundation Center's collection locations, through district IRS of-

fices, and, in some states, through the state attorney general's office or secretary of state. You can also access 990s online at <http://www.guidestar.org>.

ANNUAL REPORTS

Once you have targeted a corporation or foundation as a prospect, read its annual report. These are available online or mailed free of charge and contain mission statements, business trends, financial information and listings of officers, directors and trustees. Larger corporations typically produce a for-profit annual report as well as a philanthropic annual report. Each provides the type of information that can be used to match donors to recipients. Annual reports give details on who is being funded, what programs are receiving money and where the donor is concentrating philanthropic efforts.

PHONE CALLS

The public relations or investor relations departments of many companies will fax you current press releases on mergers and acquisitions, biographies and current business trends. Privately held companies are not as forthcoming with information, but in some cases they will provide basic information. Phone numbers and addresses can be found in the previously recommended Yellow Books listed under "Leadership Directories."

ELECTRONIC PROSPECTING TOOLS

The *Chronicle of Philanthropy Guide to Grants* is available online or in print, and provides access to all of the corporate and foundation grants listed in *The Chronicle of Philanthropy*. The online version of the guide allows searching of a grants database by grant maker, keyword or recipient, and will notify a subscriber of new grants in a particular category as they become available. Subscriptions start at \$29. For more information, visit <http://philanthropy.com/grants/>.

The Foundation Center's online tool, the *Foundation Directory*, provides users with listings of thousands of funding prospects, with detailed information on various foundations and other grant makers. It is searchable and is available in a variety of formats depending on the needs of a particular organization. Subscriptions start at \$195 per year. <http://fdncenter.org/>

Prospector's Choice is a CD-ROM published by The Taft Group. It presents financial information on corporate and foundation giving programs relevant to the nonprofit community. Also, it contains comprehensive data on nearly 10,000 foundations and corporate giving programs, providing data on up to 50 grants per profile. \$1,045. <http://www.gale.cengage.com/taft.htm>

ONLINE RESOURCES

Consult the Web Resources section of Enterprise MoneyNet™ for links to useful online resources at <http://www.enterprisecommunity.org/resources>.

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