



The Annual Fund

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The annual fund is the major building block for fundraising. It is important to lay the foundation for fundraising as you begin a fundraising program or as you grow your current fundraising program. The Annual fund develops your broad base of support of donors from whom you grow major gifts for special projects, capital campaigns and planned giving.

The objectives of the Annual fund are to:

- Get the gift
- Get it repeated
- Get it upgraded
- Develop a donor base
- Raise annual money
- Inform and involve donors and potential donors
- Bond the constituency
- Identify potential large donors
- Promote giving habits to encourage capital and planned gifts
- Be accountable through annual reports

According to Kent Dove, Jeffrey Lindauer and Carolyn Madvig, a good annual campaign has three major aspects:

1. A personal touch
2. A focus on prospect and donor interests
3. A solid overall plan that includes feedback, good judgement and extensive research

Putting these three aspects with the objectives for the annual fund allows an organization to begin to build its broad base of support the right way. Looking at donor interests and adding a personal touch will help the fundraiser get the gift, get it repeated or get it upgraded. The structure and implementation of the annual fund campaign helps develop the donor base.

Connecting and soliciting donors and potential donors during the annual fund campaign typically involves direct mail, telemarketing/phonathons, special events as well as face-to-face solicitation. Each of these techniques will raise money for the organization if it is done correctly. It does, however, involve training callers, spending money on postage, stationery, visiting potential donors and planning and implementing an event. All of these techniques requires time, effort and money if done correctly. The idea, however, is to acquire more donors, retain current donors and upgrade current donors where possible.

No matter how people give to the annual fund, it is important to make that giving as easy as possible. Providing postage paid envelopes for returning a gift, giving the donor options of how they pay their contributions, i.e credit cards, automatic bank withdrawals, online, etc., is helpful in reaching a variety of people at different age levels.

Stewardship of each donor is also important. Each gift made to the Annual fund should be thanked with the appropriate letter and receipt.

Donor development is very important in the annual fund, but it is not always about the numbers in today's world. Most donors:

- Select only a handful of favorite charities
- “Switch” charities based on their life-stage
- Who are “small” donors are not committed enough to stick around
- Who are “loyal” are wonderful, but they won't upgrade unless motivated
- Who “lapse” seldom come back
- Tend to acquire “us” rather than the opposite¹

These are important factors to consider and an organization develops its annual fund plan. The objectives suggested earlier in this chapter are very important, but one must also consider donors in today's world and what “motivates” them to want to help an organization.

PSI may help you by additional consulting in regard to setting up and reigniting your Annual fund.

¹ Karla A. Williams, M.A., ACFRE, *Cutting Edge Approaches For Annual Donors, Part 2*, 10th Conference on Philanthropy & Leadership Symposium, The Seventh-Day Adventist Church, July 2004, The Williams Group, Charlotte, NC.