

SOURCES OF FUNDING

Given limited resources your fundraising should be strategic. But how do you decide what to do (and not do). This template will help you consider the sources of funding available to you.

The table below shows lists of traditional income streams which you may choose to develop or introduce. Some will not be relevant to your organisation. Remove these. The columns list the pros and cons, expectations of a typical donor and common requirements for the source of funding. The columns filled in green are for you to fill out.

1. List your current/recent activity for each source of funding. Include the amount pa, quantity, resourcing (staff, volunteer, outsourced) and trends.
2. Consider how suitable the source of funding is to your organisation and level of risk – low, medium, high. This may depend on time and cost involved. It must be noted that an activity rated high, like the capital appeal, should not be automatically dismissed on that basis.
3. Outline the main actions your organisation will need to consider in order to deliver this source of funding.



FUNDING →

Sources of Funding	Current Activity	Pros	Cons	Typical Donor?	Methods	Suitability and risk	Actions for your organisation
Legacy Giving		<p>Often large gifts</p> <p>Unrestricted</p> <p>Tax effective</p>	<p>Hard to plan for</p> <p>Unexpected</p> <p>Can take 3 – 5 years to start to see legacy gifts</p> <p>Wills can change over time.</p>	<p>Could be any one but often that person will have given more than once so they are engaged and this is their chance to make the difference that they couldn't make in their lifetime.</p>	<p>Your legacy donors are likely known to you. Get to know your volunteers.</p> <p>Case for support – tailored for in memorial giving for use on website, in a legacy leaflet. Will writing events with local solicitors. Leaflets in undertaker offices.</p> <p>Consider a legacy campaign.</p>		
Major Donors		<p>A smaller number of larger gifts can achieve target.</p> <p>Can lead to other opportunities through networks.</p> <p>Good stewardship can often lead to a second gift.</p> <p>Can be easier to obtain second gift than generating money from cold prospects.</p>	<p>Takes 18 months + to secure a gift from a 'cold' prospect.</p> <p>Needs commitment from senior staff to ensure proper stewardship.</p> <p>Can be difficult to identify. Research can be costly.</p>	<p>More likely to be very committed and wanting to build relationship with charity.</p> <p>Expects value for money</p> <p>Affinity to cause</p> <p>Likely to be older or the height of their career, no more school fees, children married and left home. Less unknown financial commitments</p>	<p>Research</p> <p>Structured cultivation plan</p> <p>Consistency to build relationship long term</p> <p>Good CRM system</p> <p>Involvement of CEO or trustees</p> <p>Excellent stewardship</p> <p>Recognition strategy</p>		

Sources of Funding	Current Activity	Pros	Cons	Typical Donor?	Methods	Suitability and risk	Actions for your organisation
Trusts and Foundations (including public funding e.g. Lottery and councillors)		Organisations are set up to give. Typically the most cost effective form of fundraising	Takes time to generate funds. Huge competition for funds. Difficult to build a relationship Funds often restricted	Trusts & Foundations with criteria aligned to cause	Identify suitable projects for trust fundraising and create budgets for fundraising. Creation of a tailored case for support. Research into suitable trusts and foundations. Well managed trust and foundation service, from ask to stewardship. Opportunities to showcase work to funders and to build relationships.		
Corporate		Can have local interest. Can include a potential major donor (CEO or Finance Director) Can involve employee fundraising and raise awareness Tax effective giving	Charity may not be their top priority. Need to carry out some due diligence. Ensure fit.	Any – but there needs to be some affinity, either through CEO or staff. Ensure benefits to corporates don't cost you too much	Think local independent and local chains. Requires networking. Tailored corporate pack with list of opportunities about how the corporate can get involved. Options could be Fundraising events with staff, staff volunteering, payroll giving or bursaries.		

Sources of Funding	Current Activity	Pros	Cons	Typical Donor?	Methods	Suitability and risk	Actions for your organisation
Regular donors. Committed Giving - giving more than once		Regular stable income. Secure income allows planning Unrestricted.	Cost and admin time to set up Need quite a lot of donors to make stewardship worthwhile	Anybody Those with secure/predictable income Slightly older people Those with affinity	To be effective requires a good CRM system which can also support gift aid. Tailored case for support.		
Individual Donors - may only give once. Can be online or offline donors. Social Media. Crowd-funding. Events.		To be effective good CRM system which can also support gift aid. Tailored case for support.	Unpredictable income Offline: Can require a lot of time and help from others to successfully run events etc. Online: Specialist support sometimes needed to set up. May not be invested in your cause e.g. donate because of a friend or for fun.	Anyone, but most likely those with affinity to the organisations cause, in particular friends, families and direct beneficiaries	Offline – Includes a team of volunteers or staff to run community events, collection tins, telephone and door to door, raffles etc. Online – Includes donations via website, text giving, via social media channels, fundraising apps such as Just Giving, crowdfunding and shopping portals. Some quick and easy solutions to get started. Requires a communications plan, admin and marketing support.		

Sources of Funding	Current Activity	Pros	Cons	Typical Donor?	Methods	Suitability and risk	Actions for your organisation
Community Donors e.g. Friends / Groups		Unrestricted income. Personal link to the cause that opens their network.	Think about the support they need from the charity. Letter of thanks etc.	Personal link to the cause	Keep donors engaged with newsletter, marketing, social media.		
Annual Appeal		Can be unrestricted Can get additional support for annual appeal from those already giving. Can be sent as part of newsletter mailing	Income comes in at one time of the year	Anyone, but most likely those with affinity to the organisations cause, in particular friends, families and direct beneficiaries.	Case for support request for support written and published at a certain time of the year e.g. Christmas Appeal, anniversary of charity or awareness days.		
Emergency Appeal		Can attract support from your community. Needs a strong call to action. Transparency is essential. Crowdfunding, gift aid & match funding potential.	As above	As above			
Capital Appeal		Private phase with % raised from other sources e.g. trusts. Tangible.	Be aware – some donors may expect donor recognition. Requires resource.	Existing supporters. Community including local companies.	Get stakeholder buy-in first. Requires resourcing including volunteers who are willing to do the fundraising. Appeal Manager. Good communication plan.		

Sources of Funding	Current Activity	Pros	Cons	Typical Donor?	Methods	Suitability and risk	Actions for your organisation
Prize Draw and Lotteries.		Donors want to win the prize or have a high affinity to the cause. Can be run by a third party.	Marketing required. Administration . Securing prizes. Legislation to follow. Regulation with Gambling Commission.	Long term perhaps. Committed.	Admin and marketing. Outsource? CRM / good spreadsheet required.		
Social Investment		Part loan and part grant. Often loan element is a soft loan, with low repayment terms.	Some organisations do not like the idea of having a loan to pay back.	Various scheme, becoming more popular with Community Foundations and other funders.	In some cases, the process will include a grant to prepare the organisation to apply for an investment. Willingness of trustees and time to generate the project and a business plan.		
Trading income		Regular unrestricted income	Mission drift if not linked to your objectives. Needs service with high enough level of demand.	Community service.	Willingness of trustees and time to generate the project and a business plan. Research. Financial modelling. Marketing. Networking. Business development.		

Having a clear fundraising strategy provides you with an audit of your current activity and plan of how to get from where you are now to where you want to be. MMC offers a Fundraising Strategy Package to work with you to applying a straightforward approach to planning, implementing and evaluating fundraising efforts to support your charity and a practical action plan. Get in touch via our website <https://mmcltd.co.uk/enquiries> Or for further information, contact rosie@mmcltd.co.uk **Rosie Gitsham - Fundraising Services Lead**

