National 4-H Council and Health Rocks:

Creating an Annual Giving Program
Welcome and Introduction

You are joining State 4-H Foundation Executive Directors, development staff, 4-H specialists and agents throughout the 4-H network to build stronger, more sophisticated annual giving programs designed to provide a sustainable, diversified source of funding to enable your Health Rocks program to grow and serve more youth in your community. In making the commitment to change the way you raise funds on an annual basis, you have an opportunity to take a giant step towards changing the lives and perspectives of the kids you serve and your entire community. Your leadership in developing your annual giving program will:

- Impact your kids, their families, and the schools of your community in new and better ways.
- Grow your program while ensuring a broad and deep mission impact shared with all the donors in your community.
- Enhance your ability to move into major giving or launch a campaign in the future.
- Strengthen the results achieved by volunteers, county agents and anyone else involved with your program in personally giving and raising philanthropic dollars.
- Establish a culture of philanthropy and a key element of a robust, comprehensive fund development program.

This guide complements the resources available in the Health Rocks! Fundraising Toolkit developed by The Osborne Group for the National 4-H Council and supports the implementation of the training provided through the Health Rocks! Conference in March 2010.

The partnership of staff focused on fund development, evaluation and program delivery is critical to a successful annual giving program. Ideally, you will also have significant support of the state 4-H program leader, 4-H foundation executive, fund development staff in your university, and a cadre of volunteers throughout your state in playing key roles in the implementation of the recommendations and strategies contained in this guide.
Key Messages About Annual Giving

Before moving on, it is important that we define some terms and make sure we have a shared understanding of the core principles behind a successful annual gift program.

What Is Annual Giving?

At its simplest, “annual giving” is the term for money raised in support of your operating budget. These are gifts:

- Given for unrestricted purposes,
- From any type of donor—individual, corporation or foundation,
- Through any fundraising technique—at a special event, through the mail or over the phone, or solicited personally.

Usually, annual gifts range in size from $1 to about $25,000 or, for some $50,000. This guide will help you develop an area that many programs struggle with: **leadership annual giving**, those donors who give you unrestricted gifts of $1,000 or more on an annual basis.

Note: if you launch a “Capital Campaign”—to build or renovate a building, an “Endowment Campaign”—to solicit funds to be invested in perpetuity of which you use a part of the income or a “Comprehensive Campaign”—where you are raising capital, endowment and annual funds at the same time in a coordinated way, it is important that you seek gifts that don’t compete with your leadership annual giving. Campaign gifts should be major gifts, at or above $50,000. As you plan this kind of campaign, talk with your state leadership and seek campaign counsel.

What is an Annual Giving Campaign?

Unlike the types of campaigns discussed above, which are usually multi-year approaches to giving, an Annual Giving Program includes all the approaches and plans you will use over the course of your fiscal year to meet your annual giving goal. Sometimes an Annual Giving Program is also referred to as “The Annual Fund”. Same idea.

What Role should Annual Giving Play in My Overall Revenue Plan for the Year?

Because the resources available and the funding structures of each program is different, there is not a set percentage of the overall revenue that Annual Giving should be—some have robust government funding for their Health Rocks programs while others have almost none; some have an overall approach for the 4-H Healthy Living Mission Mandate—and perhaps an endowment they have built or inherited from a 4-H club or their university; others are building philanthropy revenue for the very first time through this program. As a first step, we recommend having a targeted conversation (or conversations!) with your state 4-H program leader, 4-H foundation executive and fellow Health Rocks! state leadership team members to determine the amount of funding needed to sustain—and grow—your Health Rocks! program based on the current program budget.

We’ll go into more detail on the topic of goal-setting in Chapter 2, but it is important to note that setting the annual giving goal for your Health Rocks program after the initial grant expires should be an integral and on-going part of your planning and budgeting process. Turn to the next page for your very first step-by-step instructions!

**BEST PRACTICE BENCHMARK**

You should expect to achieve between 3% and 5% annual growth each year.

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Health Rocks!
1. As most programs will be developing their projected budget for the next fiscal year before the previous fiscal year ends, start the process by inserting a “plug number” for annual giving that assumes 3–5% growth over the previous year’s results through the granting process. This is not “The Goal” yet, but a working number you’ll refine as the fiscal year ends and your results come in.

2. At the end of the fiscal year once you have “closed the books” and counted all gifts you are going to during that fiscal year, look at the final amount raised. Hopefully you have used the “running room” of the grant period to start to build a cadre of donors who will continue to support your program. Use this as a jumping off point to develop your first proposed goal. (This is still not “The Goal”.)

- What percent of the total you spent came from donors? Are you at or close to the amount you need to sustain the program? You can increase the projected goal for next year. Or did you fall far short of your budget from donor gifts? You may need to lower the projected goal for next year and look for potential supplementary funding from local or state government sources.

- Consider whether you need to be conservative in your growth (just getting started, understaffed, building your volunteers and fund development practices, etc…) or can be more assertive in your growth (have great staff in place, board giving and getting, solid plan in place—or going to be in place).

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\text{Amount Raised} \times 3\%-5\% = \text{Proposed Goal #1}
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3. From that final number raised, look at each of the top donors and approaches you used to raise funds.

- How much can you project that you’ll raise from these donors and through these approaches next year? Were there any special gifts that you don’t expect to repeat? Any particular successes that you know you’ll create again the following year? Build Proposed Goal #2 from the ground up.

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\text{Name-by-name assessment of top donors + Projected results from events, mail appeals, etc... = Proposed Goal #2}
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4. Compare all these numbers. Does the budget need to be decreased because it assumes an unrealistic amount of growth? Can you be more aggressive in seeking fundraising growth in certain areas?

- What does the budget need to accomplish what you want?

- What is the best practice goal when you increase the total raised by 3% to 5%?

- What is the goal that you build by hand?

Why You Need this Guide

No matter what the economy does—in good times and in bad (but it’s especially important in bad times)—a strong annual giving program should be balanced in two critical ways:

**Giving by Constituency:** You should be regularly seeking gifts from individuals, corporations and foundations. It may surprise you or others to know that corporate giving is the most unpredictable source of funding year-to-year, looking at the total numbers given in the United States each year. Giving by individuals is the most predictable and has gone up in each year of the last decade with the exception of 2008—at the height of the recession—when it declined only 1.3%. Just like a diversified investment portfolio lessens the risk that you’ll lose a lot of money at once, a diversified portfolio of giving that includes giving from all three of these groups will be the least risky approach to sustain your Health Rocks program throughout the state.

**Fundraising Techniques:** The same principles apply here. A diversified approach to raising funds throughout the year will be less risky than planning to raise a majority or significant portion of your needed funds through one or two events during the year. As well, using face-to-face, mail, online and special event techniques enable you reach more people and solicit them in the way they like to give. (Some hate coming to special events; others enjoy giving through the mail; yet others can’t imagine making a significant gift without a face-to-face conversation with someone.) Finally, developing and refining your practice in raising annual funds face-to-face from your top donors will go a long way to develop the quality and depth of relationship you need to be successful in major gifts or campaigning later on.

This guide is designed to help you build an Annual Giving Program that will raise funds from all these sources in the right balance and incorporate all fundraising techniques into a workable, year-long approach.

![Figure 1: Suggested Giving Portfolio](image)

- **25%** Individuals
- **60%** Corporate
- **15%** Foundation
What You Will Find Inside

We intend for this guide to be instructive and practical, providing you with a complete set of step-by-step instructions and links to additional samples, tools, and templates in the Fundraising Toolkit that you can easily use to create a year-long, multi-pronged Annual Giving Program.

Each Chapter Offers:

1. An overview of the topic
2. Step-by-step instructions on what to do and how to implement your campaign
3. “Reality checks” to address commonly asked questions or challenges
4. Tools, templates, and samples for your use
5. Summary of key points

How This Guide is Organized

Part I (Chapter 2, 3 and 4): Constructing Your Plan

Part I is all about collecting or creating the building blocks you need for a successful Annual Giving Program. It provides you with all the details and tools or examples you can use to construct a strong, sustainable annual giving plan and calendar. In this section, we’ll cover how to set the right goals and track them, develop strong appeals and a case for supporting your Health Rocks! program through the annual fund, create a workable plan and calendar of actions for the year to create strong results over the long-term. If you are looking for help in enhancing your existing program and think you have the building blocks in place, skip to the section after Chapter 4 to use the checklist of what you should have accomplished and then move on to Part II or go back to the specific chapters to shore up any areas needed.

Part II (Chapter 5, 6, 7 and 8): Implementing Your Plan

In this section we’ll guide you through all the steps you need to take to build each part of your comprehensive Annual Giving Program. We’ll provide step-by-step instructions on how to raise funds in a diversified way including: face-to-face, through the mail or over the phone, online and at special events. While you should be implementing each of these techniques as a part of your overall Annual Giving Program, not everyone (particularly volunteers) is equally confident or skilled in each area. In this section, we’ll also discuss best practice roles—and other options for volunteers, program and evaluation staff and leadership to support these core strategies.
Part III (Chapter 9): Assessing Your Campaign, Planning for Next Year

The final part of this guide is dedicated to helping you collect and assess the most meaningful data in order to continue to develop, change or tweak your annual giving plan year after year. In this section we’ll also address how to use annual giving as a springboard to major giving or a campaign.

How to Use this Guide

- Make sure you have your building blocks in place as outlined in Part I without skipping any sections.
- If you are building on a strong program, review the Table of Contents of this Guide to find and use those sections and tools that are most important to helping you develop your annual campaign in particular areas you are working on now.
- But if you are creating your Annual Giving Program from scratch, use this guide as a step-by-step roadmap, moving through each chapter consecutively.
- No matter what, keep it close and refer to it often;
- Download tools, templates and samples and use them;
- Commit to a 13-month goal and then work hard to get there.