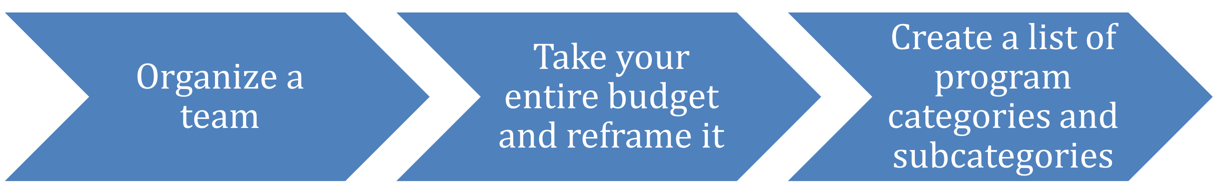
MASTERING PHILANTHROPY
"Serving those who serve others"
CONSULTING

Packaging Your Budget with Donors in Mind

As nonprofit leaders, it is our responsibility to know donors' passions: youth, young adults, seniors, animals, the environment, issues of justice, the arts, or whatever it may be. Donors' gifts follow their passions and they want a return on their investment. If your organization wants to remain relevant to your donors, you must embrace this mentality.

Remember that donors choose to give because they want to make the world a better place. It is our responsibility to provide each donor with choices of investments in areas they are passionate about. If your donor wants a $1,000 project, you better have it - if it is $10,000 or $3 million, you also have that project. This is a #1 strategy to shrink donor attrition and increase revenue.

There are two phases to creating a solid donor offer. Phase I is about packaging your budget. Phase II is to create a menu of offers for specific programs. For today, we are going to focus on Phase I. Begin the process by organizing an internal team from programs, finance, and development for the purpose of reframing your entire budget. Then, create a list of program categories and subcategories.



Next, follow this step-by-step approach:

1. Write up brief definitions of each program category and sub-category so that anyone easily understands the objective of the work defined by the category.

2. Assign as much of the current operating budget as possible to each category and sub-category and assign any known overhead to a specific program if possible.

3. **Allocate remaining overhead proportionately to all the program categories and sub-categories**.

4. Add up all the expense items by program category and sub-category. The total should agree to the total of expenses of your budget

5. Identify known sources of revenue, that are *already committed* and assign them to

the related program category or sub-category. This would be sources like grants or firm multi-year commitments.

6. Identify known sources of gifts in kind that are *already committed* and are in the expense budget and assign them to the related program category or sub-category.

7. Identify previous financial year surpluses and assign them to the related program category or sub-category.

8. Add up all the income items by program category and sub-category.

9. For each program category and sub-category subtract the revenue total from the expense total. The resulting number will be what needs to be raised for each program category or sub-category.

Remember, **Overhead is not a bad thing.** It costs money to run impactful programs. Embrace overhead as an important and necessary part of fulfilling your mission. Donors understand that overhead is the legitimate cost of doing business. If overhead is not included, our mission will not be achieved. NOT including overhead is a huge problem and one of the reasons nonprofits are struggling financially.

In my next communication, we will talk more about how to package your donor and grantor offers. If you have questions or would like more information, contact me for a free consultation.