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Funding and Donor Development Strategies for Small Nonprofits

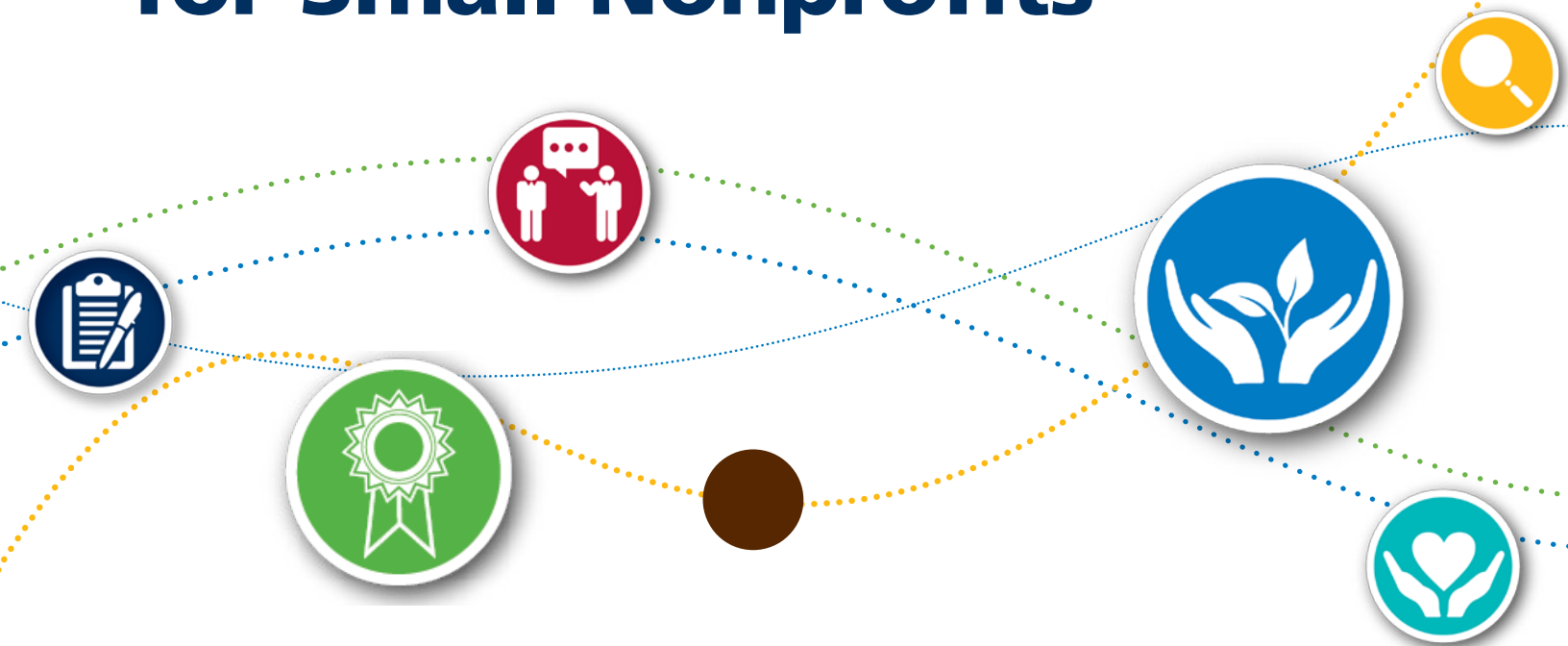
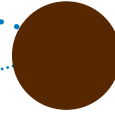


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Dale Asis, **finance director of the Little Village Environmental Justice Organization**, hosted workshops and provided technical assistance for the environmental justice organization grantees of the **Advancing Environmental Justice through Technical Assistance Mini-Grants Program**. To further the reach of this work, Dale developed this leave-behind document for nonprofit organizations to share with staff and volunteers. It provides an overview of the strategies, insights and best practices for funding and donor development and includes additional insights for organizations specifically working in the environmental justice space. As a nonprofit organization, you can use this document to educate about your organization and its fundraising efforts.

How to Use This Document

This document is designed to be used as a reference guide. You can refer to it when developing your fundraising strategy, preparing to meet with potential donors or assessing if you are ready to apply for a federal funding opportunity. You can also use this document to train your staff on fundraising, donor development and grant application assessment.



The following terms and concepts are referenced in this guide and commonly used in conversations about funding and donor development.

General operating support grant

A funding mechanism that supports day-to-day activities or ongoing expenses central to a nonprofit. These costs may include administrative salaries, office supplies, building utilities, technology maintenance, project costs or professional development for staff.¹

Program support grant

A funding mechanism that supports a specific project and is tied to project-based outcomes. These require a specific budget to which grantees must adhere.²

Unrestricted grant/funds

Unrestricted funds allow spending of dollars in any way the nonprofit chooses. These funds do not have donor restrictions and can be used for any legal purpose, such as research and development and administrative and general operating costs.³

Restricted grant/funds

Restricted funds can only be used for a specific purpose. They allow the donor to determine how and when a nonprofit can spend funds related to the grant.³

Indirect costs

Costs of doing business that are not usually identified with a particular grant, contract, project function or activity, but are necessary for the general operation of the organization and the activities it performs.⁴

Direct costs

Direct costs can be identified specifically with a particular cost objective, such as a grant, contract, project, function or activity.⁴

Prospect research

Prospect research, also called donor prospecting, screening, or donor research, is a technique used by nonprofit fundraisers, major gift officers, and development teams to identify high-impact donors within and beyond an organization's current donor pool. Through this process, nonprofits gather an immense amount of data they can leverage—information about donors' backgrounds, past giving histories, wealth indicators, philanthropic motivations, and more.⁵

Environmental justice

A set of principles and policies, as well as a social movement that seeks to eliminate the disproportionate impacts of environmental health hazards on communities of color, Indigenous communities and low-income communities, including foreign-born populations.⁶



Fundraising, donor development and grant applications are essential for the success of any nonprofit organization. By following the strategies, insights and best practices outlined in this document, you can increase your chances of raising and effectively seeking the money you need to achieve your mission.

Strategies for Funding and Donor Development

Before you begin developing funding streams and donor relationships, there are two vital steps your organization should take to prepare you for success.

1. CREATE A STRATEGIC PLAN. Your **strategic plan** should outline your organization's mission and goals and how you plan to achieve them. It should also include specific fundraising goals.

Key considerations in strategic planning:

- Organizational vision and mission
- Staff motivation and expectations
- Fundraising goals
- Role of your board

Key steps in strategic planning:

- **Preparation:** Create a work plan and timeline, set roles and expectations, gather and analyze stakeholder input, assess internal and external organizational challenges and opportunities, and identify a clear vision and mission.
- **Strategic planning sessions:** Conduct strategy sessions with your board and staff leadership as well as any other stakeholders.
- **Strategic plan creation:** Prepare and finalize your written strategic plan, including planning for a roll-out strategy to build awareness and alignment across your organization.

Key outcomes of a strategic plan:

- Provides a short-term vision (3-5 years) for your organization, including goals, objectives and benchmarks to evaluate success.
- Outlines an overarching strategy for your organization as a whole, including each program, project and department.
- Aligns stakeholders, including board members and staff leadership, on your shared vision.
- Guides decisionmaking throughout your organization.

2. IDENTIFY YOUR TARGET AUDIENCE. **Who are your ideal donors?** What are their interests and motivations? Once you know who you're targeting, you can tailor your fundraising messages and appeals to them.

Key considerations in identifying your target donors:

- Perform **prospect research**. This can indicate someone's likelihood of donating, provide background on wealth data, offer insights to past charitable giving and provide other relevant background information. There are many **helpful resources** available online to support you with these steps, such as these prospect worksheets for **institutional** and **individual donors**.
- Maintain an internal **donor database** that identifies target donors for short- and long-term goals. Focus on and prioritize donors that align with and are most likely to help you complete your organization's mission and goals.

Strategies, insights and best practices for donor engagement



These strategies, insights and best practices can help you improve your funding and donor development efforts. You can increase your chances of success by understanding your donors, building relationships with them, offering different ways to give, being transparent and accountable and being persistent. Follow the planning diagrams below to create your funding and donor development strategy.

Understand your donors.

Once you identify your target audience of donors, you can undertake further research to understand their needs, interests and motivations, and you can tailor your fundraising appeals to this information.

STEP 1. Perform research on your identified donors.

Learn as much as you can about your target audience, including their demographics, interests, motivations and giving history. Donors are motivated by different factors. Some donors are motivated by altruism, while others are motivated by tax breaks or the desire to support a particular cause. It's essential to understand what motivates your donors so you can tailor your appeals accordingly in ways that are more likely to resonate with them.

STEP 2. Tailor your messages to your donors and funders and personalize your appeals to them.

When you personalize your fundraising appeals, such as letters, you show your donors that you care about them and understand their needs. This can make them more likely to give.

STEP 3. Be clear about your mission and impact.

Donors want to know that their money is going to make a difference. It's essential to be clear about your mission and the impact you're having. This means having a solid website and marketing materials clearly articulating your work.

STEP 4. Tell stories.

Stories are a powerful way to connect with donors and inspire them to give. People are more likely to give to causes that they can connect with emotionally. [Share stories](#) about the impact of your work and the people you serve, including the challenges you're facing or the successes you've achieved.

Fundraising Letter Template

EXAMPLE

Dear [donor],

[Begin with an emotional appeal: A success story or a narrative that tugs on your donors' heartstrings and hooks your readers. Keep it short and sweet, though!]

Our community/nation/world is facing [problem(s) your organization aims to solve]. While we are actively [insert current solutions or related programming], we need your help to make our efforts go even further.

Your support is crucial to our efforts to improve the world around us by [tangible steps toward your overall mission]. We'd love it if you could make a donation of \$[suggested amount] to help us achieve our mission and [solve problem].

Thank you in advance for your contribution. Your donation will go toward [insert ongoing effort, recent accomplishment or current project].

Here are the ways you can make a donation:

- Make a donation online at [URL to donation page]
- Call us at [phone number]
- Send a check in the pre-stamped envelope
- Text [keyword] to [text-to-give phone number]

Thank you again!

Sincerely,

[Organizational leader]

[Signature]

P.S. [End with an update about an upcoming event, volunteer opportunity or other information on how to get further involved]

Find more [fundraising letter templates](#).

Build relationships with donors.

Relationships are the foundation of successful donor development. Take the time to **build relationships with your donors** and get to know them personally. This will help you understand their motivations and make them more likely to support your organization, as donors are more likely to give to organizations they know and trust. It's also important to start early. Don't wait until you need money to start building relationships with donors. Start building relationships now so that you have a strong base of support when you need it.

STEP 1. Meet with donors in person, if possible.

This is a great way to build relationships and learn more about your donors.

STEP 2. Stay in touch.

Send regular updates to your donors about your work and the impact you are making. Tell them how their gifts make a difference. This will help you stay top-of-mind and keep them engaged.

STEP 3. Thank your donors and funders.

A sincere thank-you note is a must after a donor gives. This shows that you appreciate their generosity and are grateful for their help. A sincere thank-you note can go a long way in building relationships with donors.

DONOR THANK-YOU LETTER COMPONENTS

- Be personable and specific — include the donor's name and gift amount.
- Include information about how their donation is being used, including specific actions your organization is taking, and reiterate the fundraiser, project or event.
- End by encouraging future engagement – include your contact information and future options and opportunities for giving.

Find more [donor thank-you letter templates](#) for various situations and causes.

Offer different ways to engage your donors.

Not all donors want to give in the same way. Some people prefer to give online, while others prefer to give by mail or in person. Make it easy for donors to give in the best way for them by offering a variety of ways for donors to give.

- **Offer online giving.** Online giving is convenient for donors. You can set up an online donation page on your website or use a third-party donation platform.
- **Accept mail-in donations.** Some donors prefer to give by mail. You can provide a donation form that donors can mail to your organization.
- **Accept in-person donations.** Some donors prefer to give in person. You can set up a donation box at your office or event.

Be transparent and accountable.

Funders want to know that their money is being used wisely. Be transparent about your organization's finances and how you use the money you raise.

- **Use data to track your progress and report on your impact.** Donors want to see that their money is being used effectively and making a difference. This means tracking the number of people you're serving, the impact you're having and the cost of your programs.
- **Publish your financial statements online so donors can see how you spend their money.** You can also provide donors with regular financial reports and ensure your finances are in order.

Be persistent.

Fundraising is a long-term process. Don't expect to raise much money overnight. Be persistent and keep at it. This means not giving up if you don't get a grant the first time you apply. It also means building relationships with donors even if they don't give to you immediately.

- **Don't give up.** There will be times when you don't get the results you want. Keep working hard, and eventually, you will see success.
- **Be patient.** Fundraising takes time. Don't expect to see results overnight.

Seeking Federal Funding



The recent outpouring of federal funding opportunities in the environmental justice space provides exciting opportunities for organizations; however, community groups still face many barriers to accessing funding. For example, applying to a federal funding opportunity requires organizations to commit valuable time and effort. How can an organization assess if they have the capacity to apply for a specific grant?

Below is a 50-point checklist handout for assessing organizational readiness to apply for a federal funding opportunity. Smaller community-based organizations can use this checklist to decide if they have the capacity to apply for a federal grant opportunity.

Dale Asis and APHA hosted a public webinar, **Grant Inspection Checklist: Assessing Your Application Readiness for Federal Funding**, outlining this checklist and discussing best practices for fielding other funding opportunities that align with organizational goals and capacities.

Are You Ready to Apply for an Environmental Justice Federal Grant?

Pre-Application (30 days before submission)

Checklist	Item	Details	SELF SCORE 1 Not Ready, 5 Ready To Submit
1	Searching	Are you searching for a federal grant?	
2	Timing	Do you have enough time to submit your grant?	
3	Staff capacity	Do you have enough staff capacity to apply?	
4	Audit readiness	Have you completed several financial audits or reviews?	
5	Positive cash flow	Do you have enough funds? No delinquency? 180 days cash?	
6	Technology	Do you have technology and Internet access?	
7	Technical requirements	Do you have a Federal Employer Identification Number? Sam.gov and Grants.gov accounts? IRS determination?	
8	Finance	Do you have the ability to track expenses?	
9	Grants management	Do you have a system to track grant progress and grant funds?	
10	Strategic plan	Do you have a strategic plan or sustainability plan?	
11	Board Governance	Do you have a stable board governance?	
12	Diversity	Do you have a diverse board, staff, and community?	
13	Executive leadership	Do you have an experienced executive and senior staff in place?	
14	Partnerships	Do you have stable partners for the grant?	
15	Carrying out the grant	Do you have the ability to stand out from the crowded field?	

Application (2 weeks before submission)

Checklist	Item	Details	SELF SCORE 1 Not Ready, 5 Ready To Submit
16	Mission alignment	Do you have program needs that align with your mission and vision?	
17	Organizational documents	Are your bylaws, board list, and governing documents ready?	
18	Past performance	Do you have evident program success in the recent past?	
19	Community ties	Can you demonstrate community ties and history?	
20	Program Need	Can you highlight the need for your program?	
21	Community benefit	Can you demonstrate community benefit?	
22	Logic Model	Do you have a clear logic model? Is it SMART (specific, measurable, achievable, realistic, and time bound)?	
23	Measures of Success	Can you determine clear ways of defining success?	
24	Specific grant requirements	Have you reviewed the specific grant objectives and elements?	
25	Specific data	Have you reviewed the specific data needed?	
26	Organizational capacity	Do you have the appropriate organizational systems in place?	
27	Staffing	Do you have qualified staff to carry out the program?	
28	Employee policies	Do you have written employee policies?	
29	Milestones	Do you have an adequate timeline in which to accomplish your goals?	
30	Budget	Are you properly itemizing costs, equipment, and indirect costs?	
31	Budget narrative	Are you justifying your budget need and reasonable use?	
32	Partnerships	Have you confirmed your relevant partnerships?	
33	Subgrantees	Do you have an understanding of subgrantee rules?	
34	Sustainability	Do you have enough resources to continue beyond the grant?	
35	Concise grant writing	Do you have someone to write your grant clearly and concisely?	

Approval Phase/Carrying Out the Grant

Checklist	Item	Details	SELF SCORE 1 Not Ready, 5 Ready To Submit
36	Partnerships	Have you solidified partnership roles and the sharing of your resources?	
37	Linkages	Do you have specific objectives linked to the grant?	
38	Timeline	Have you reviewed the milestones and timelines to execute them?	
39	Workflow	Have you reviewed the workflow, roles, and responsibilities?	
40	Technology	Have you checked if your technology and data collection systems are in place?	
41	Staffing	Are you able to track progress with knowledgeable staffing?	
42	Training	Have you reviewed any training needs?	
43	Reports	Do you have staffing for reporting and regular check ins?	
44	Results	Do you have specific results lined up with your program plan?	
45	Output, outcomes, impact	Do your logic model results align with the plan?	
46	Quality control	Do you have measures in place to achieve your benchmarks?	
47	Program Evaluation	Do you have tools in place for evaluation?	
48	Replicability	Will you be able to replicate the program? Can it be repeated for the future?	
49	Communications	Are you able to share your program results and communicate them with others?	
50	Learning	Are you able to build from this grant for long-term environmental justice?	

Specific tips for environmental justice work



Here are some additional insights and best practices for environmental justice organizations:

- **Focus on funding that will help you build power.** Environmental justice organizations often work on issues facing opposition from powerful interests. Focus on funding that will help you organize communities, advocate for policy change and challenge industry actors.
- **Look for funders who share your values.** Some funders are more supportive of environmental justice work than others. Find funders who are committed to racial justice, environmental justice and social justice.
- **Be bold and ask for money.** It can feel uncomfortable to ask for money, but it's important to remember that you deserve to be funded. Don't be afraid to ask for money from funders you believe in.



Fundraising and donor development are essential for the success of any nonprofit organization. Follow these strategies, insights and best practices to increase your chances of raising the money you need to achieve your mission.

Additional Resources

Applying to grants

- Centers for Disease Control and Prevention. (2021, June 29). *How to Apply*. <https://www.cdc.gov/grants/applying/index.html>
- Just Transition Fund. (2023). *Get help applying for federal funding*. <https://justtransitionfund.org/federal-funding-support/>
- United States Environmental Protection Agency. (2023, March 10). *How to Apply for Grants*. <https://www.epa.gov/grants/how-apply-grants>

Finding grants

- Centers for Disease Control and Prevention. (2021, June 29). *Find Funding Opportunities*. <https://www.cdc.gov/grants/applying/find-nofo.html>
- Instrumentl. (2023, April 11). *General Operating Grants: How to Find Them Fast in 2023*. <https://www.instrumentl.com/blog/how-to-find-general-operating-grants#toc-0>
- United States Environmental Protection Agency. (2023, June 30). *Find Current Funding Opportunities*. <https://www.epa.gov/grants/find-current-funding-opportunities>
- United States Environmental Protection Agency. (2023, August 4). *EPA Funding Announcements from the Bipartisan Infrastructure Law and the Inflation Reduction Act*. <https://www.epa.gov/inflation-reduction-act/epa-funding-announcements-bipartisan-infrastructure-law-and-inflation>

Communications

- American Public Health Association. (2023). *Communications Strategies for Social Justice*. https://www.apha.org/-/media/Files/PDF/topics/environment/COMMUNICATIONSSTRATEGIESFORSOCIALJUSTICE_FINAL.ashx
- W.K. Kellogg Foundation. (n.d.). *Strategic Communication Planning Hub: Topic 7: Funder Communication* [PowerPoint slides]. <https://everychildthrives.com/strategic-communication-planning-hub/funder-communication/>

Community case studies and highlights

- Edge Funders Alliance. (2023, January 30). *Case Study: Ford Foundation and its partner Twaweza on the importance of full indirect cost coverage* [video]. Vimeo. <https://vimeo.com/794117974>
- Thought Provoking Films. [Learning to Give.] (2016, January 29). *Funder-Grantee Relationships* [Video]. YouTube. <https://www.youtube.com/watch?v=ytBMUOf38os>
- New Economy Coalition. (n.d.). *Community Highlights: Resources from our Network*. <https://neweconomy.net/news-and-resources/#resource-library>

Further resources:

- Climate Justice Alliance. (n.d.). *Funders & Donors for a Just Transition*. <https://climatejusticealliance.org/funders/>
- Garcia, E. (2023, March 31). *Growing Resources for Climate Justice Grassroots*. *National Committee for Responsive Philanthropy*. https://www.ncrp.org/2023/03/ncrp-climate_justice-past_report.html
- Grantmakers for Effective Organizations. (2014, May 29). *What is General Operating Support and Why is it Important?* <https://www.geofunders.org/resources/what-is-general-operating-support-and-why-is-it-important-678>
- Donorly. (2022, June 30). *Prospect Research: Everything Nonprofits Need to Know*. <https://donorly.com/thedonorlyblog/prospect-research-guide>
- The White House. (n.d.). *Justice40 Initiative: A Whole-Of-Government Initiative*. <https://www.whitehouse.gov/environmentaljustice/justice40/>
- United States Environmental Protection Agency. (2023, May 24). *Environmental Justice Grants, Funding and Technical Assistance*. <https://www.epa.gov/environmentaljustice/environmental-justice-grants-funding-and-technical-assistance>

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2. Chung, S. (2019, June 1). What Every Funder Needs to Know About Common Grant Types. *GlobalGiving*. <https://www.globalgiving.org/learn/listicle/what-funders-needs-to-know-about-grant-types/>
3. Thorpe, R. (n.d.). Unrestricted Grants for Nonprofits: Unlocking Your Full Potential. *Nonprofit Megaphone*. <https://nonprofitmegaphone.com/unrestricted-grants-for-nonprofits/>
4. U.S. Department of Education. (2020, December 17). *Indirect Cost Overview*. <https://www2.ed.gov/about/offices/list/ocfo/intro.html>
5. DonorSearch. (2023). Prospect Research 101: A Crash Course for Nonprofits. <https://www.donorsearch.net/prospect-research-ultimate-guide/>
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HELP —

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GOAL! —

About The National Environmental Health Partnership Council

The National Council for Environmental Health & Equity, also known as the EH Council, protects the public's health by coordinating and leveraging our collective power to advance health equity and elevate the value of environmental health.

The EH Council have prioritized four interrelated objectives to guide our work together for the next few years:

- Raise public and decision-maker awareness of the value and need for the practice of environmental health;
- Ensure investments to address environmental justice are reaching those most impacted by environmental racism and historically excluded from decision-making;
- Respond to emerging environmental health challenges with clear and science-based messaging; and
- Maintain and strengthen the collaborative relationship with CDC's National Center for Environmental Health and Agency for Toxic Substances and Disease Registry and develop and expand engagement with other federal agencies to advance environmental health priorities.

About The American Public Health Association

The American Public Health Association champions the health of all people and all communities. We strengthen the public health profession. We speak out for public health issues and policies backed by science. We are the only organization that influences federal policy, has a 150-year perspective and brings together members from all fields of public health. APHA publishes the *American Journal of Public Health* and *The Nation's Health* newspaper. At our Annual Meeting and Expo, thousands of people share the latest public health research. We lead public awareness campaigns such as Get Ready and National Public Health Week. Learn more at: www.APHA.org.



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