

ENCOURAGING UNRESTRICTED CONTRIBUTIONS

All non-profit organizations recognize the value of unrestricted contributions. These gifts are given without donor designated end-use and are to be used for any purpose by the organization, most of which use it for general operating purposes. Despite being well aware of their value, many non-profit organizations fail to persuade donors to give unrestricted contributions.

It is important to remember that donors most often are motivated to give based on their understanding of how their contribution will likely impact the lives of others. With an understanding of that motivation, an effective way to encourage unrestricted contributions is to "bundle" selected annual operating costs associated with prominent programs or activities, and represent those programs or activities for sponsorship in the name of donors.

For example, the annual cost of an after-school program is \$25,000, including allocated staff compensation, materials and supplies, transportation, participant financial assistance. You may be able to encourage a donor to support that program as a sponsor, or, alternatively, endow the program in perpetuity. In that way the organization's previously budgeted funds for that program can be reallocated to other pressing funding needs, or for the organization's long-term "financial sustainability" through allocation to permanent endowment.

This approach is similar to "naming" a major feature within a new building for a donor. This does not signify that the donor's contribution was used to fund that specific "named" room, gallery, or auditorium. It merely signifies that the organization is able to honor the donor's generosity through such "naming". So it is with sponsored programs and activities: providing meaningful recognition by associating the donors' name with a specific program or activity.

In this manner the donor is acknowledged for sponsorship of a specific program, and the organization can reallocate previously budgeted funds to meet other pressing financial needs. A real "win-win" for the donor and the organization!