

The Best of....

Building Relationships

Articles reprinted from Augment's Newsletter



Building Relationships began as a newsletter for Augment's clients. Later, I distributed issues to students in classes I taught and to colleagues in the fundraising profession. My original intent was to post past issues of *Building Relationships* on the augmentdirect.com website. In reviewing the content, I found that at least one article in each issue included information that was dated. Not wanting to share statistics that are two or three years old, I decided to select the Best of *Building Relationships* articles and share those. I hope you find these articles as interesting and helpful as past readers have found them.

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major gift — a significant donation to a nonprofit organization. The dollar amount required to qualify as a major gift is determined by the organization.

What is a Major Gift? What is a Major Donor?

The answer is, of course, “It depends.”

The dollar amount required to qualify as a major gift varies from agency to agency. For some organizations, it might be \$100; for other nonprofits, a major gift might start at \$100,000 or more.

Generally, the category of “major gift” is used inside the organization. It is fundraising jargon used to define a portion of the work of the development or fundraising department in a nonprofit. The organization might have a “Director of Major Gifts” or might have a Major Gifts Program. When seeking a significant donation from a specific donor, the words “major gift” and “major donor” are not likely to be verbalized.

How Do Nonprofits That Want to Start a Major Gifts Program Determine the Dollar Value of a “Major Gift”?

Two factors often determine the level of giving required to qualify as a major gift.

First, the longevity of the organization. Nonprofits that have been operating for a number of years have had time to build a substantial donor base, upgrade donors by

Chart One: Using the Fundraising Budget to Define “Major Gift”

Total fundraising income	Annual Cumulative Giving/Donor		
	Low	Middle	Major
Low = under \$1 M	\$1 - \$499	\$500 - \$4,999	\$5,000 and up
Mid = \$1 M - \$10 M	\$1 - \$9,999	\$10,000 - \$24,999	\$25,000 and up
High = over \$10 M	\$1 - \$14,999	\$15,000 - \$99,999	\$100,000 and up

moving them from gift level to gift level, and recruit and train staff and volunteers who are skilled at soliciting a major gift.

The second factor in defining “major gift” is budget size or the amount of income from annual unrestricted giving. A small grass roots organization will have one level for major donors, while a large university will have a significantly higher level. See Chart One.

If your organization wants to define “major gift” you might start by reviewing gifts made *by individuals* over the past five years. List the five largest gifts. If gifts of this size are fairly straightforward to obtain, you may want to make “major gift” start at this level. If you’d like to challenge your organization and have the resources to expand your individual giving program, you may want to set your “major gift” level even higher.

What About Giving Clubs?

gift or giving club — donor categories that are grouped based on the level of donations. Various levels — Friend, Benefactor, etc. — may receive different types of donor recognition.

Giving Clubs are a way of recognizing donors for their gifts. Some organizations invite people to join. Others, without a

specific invitation, place donor names in categories by their level of giving. Some organizations qualify donors who have made a single gift at a specific level; others qualify donors by cumulative annual giving.

For example, an organization that fits

in the middle of Chart One, raising \$3,000,000 in annual unrestricted gifts from individuals, might establish the giving club categories shown in Chart Two.

Some organizations give certain *benefits* to donors in specific categories. A museum might give a discount in its gift shop. Other organizations might give gifts such as pens, t-shirts, or

tickets to events. It’s important to be aware of Internal Revenue Service regulations regarding charitable contributions and the value of gifts the nonprofit gives to donors. Visit IRS.gov and look for publication 526 on charitable contributions.



Chart Two: Giving Clubs for a Nonprofit with Annual Unrestricted Gifts of \$3,000,000 from Individuals

Annual Giving Level	Gift Club Category
\$500	Friend
\$1,000 - \$2,499	Contributor
\$2,500 - \$4,999	Partner
\$5,000 - \$9,999	Benefactor
\$10,000 - \$24,999	Leader
\$25,000 and up	Visionary

Why Bother With Giving Clubs?

1. The club is a way of recognizing donors and acknowledging the generosity of their giving.
2. Some donors will strive to attain a higher level of giving in order to receive the level of recognition and the benefits that come with the category.
3. If you print the names of the donors and their giving club level in your annual report or another publication, you'll want to notify the donor. This is a wonderful way to communicate with donors that does not involve asking for a gift.

Do Giving Clubs Have Bylaws and Meetings?

Giving Clubs usually are no more than categories that represent specific levels of giving by a donor. They aren't official "clubs" — hence, no bylaws. But, your organization may want to create a written policy covering qualifications for "membership" in a club and the types of recognition a donor will receive.

Some nonprofits invite donors who qualify for a giving club to a recognition event. That meeting might be "by invitation only."

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