

## **Encouraging Unrestricted Contributions**

All non-profit organizations recognize the value of unrestricted contributions. These gifts are given without donor designated end-use so they can be used for any expenditure purpose, generally operational funding, as selected by the organization's leadership.

Given that acknowledged financial value, many non-profit organizations fail to persuasively encourage unrestricted contributions from their donors. In my experience, donors most often are persuaded to give based on the results-oriented impact their contributions will have in improving the lives of others. And based on that motivation, I have found that 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. Donors can be encouraged to support that program as an annual, quarterly or monthly 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 as I sometimes suggest for the organization's "financial sustainability" through allocation to permanent endowment.

In this manner the donor is acknowledged for sponsorship of a specific program directed at improving lives of others, and the organization frees-up otherwise budgeted funds to meet other pressing financial needs. A real "win-win" for the donor and the organization!

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 specifically to fund that "named" room, gallery, or auditorium. It only signifies that the organization is able to honor the donor's generosity through such "naming".

***How is your organization encouraging unrestricted contributions?***