SLA Fundraising Manual

TABLE OF CONTENTS

FOREWORD

As the information profession matures and grows, the expressed need of SLA members for association-wide programs and services grows. In order to maintain SLA's leadership role in the information profession, and to meet the expressed needs of members, SLA and its units must work creatively to increase the association's revenue that is not attributable to dues ("non-dues revenue").

This Handbook has been prepared to assist SLA members who have accepted the assignment for raising funds for their association, chapter, division, caucus, or other unit, and will explore the basics of seeking members' contributions and participation in special events, and corporate supporters' contributions and participation in exhibits, advertising, and sponsorship activities.

1. Getting Started

There are many fundraising activities that are available to chapters, divisions, caucuses, and other association units. Most activities are designed to be short-term revenue sources, and provide net gains in the same fiscal years that the activities take place; however, some activities are designed to be long-term revenue sources, and provide net funds in future years or points in time. Several of the most commonly-implemented activities are listed and described in detail below:

Short-Term Revenue Sources

- Sponsorship
- Special events
- Exhibits
- Bulletin advertising
- Solicitation of Individuals and companies for contribution
- Auctions

Long-Term Revenue Sources

- Foundation grants

2. Raising Funds

You would like to implement an innovative program or extend a current one, but there is not enough funding in the chapter/division budget to support the initiative.

First things first, before you engage in the process of fundraising:

- Clarify why you need the funding
- Determine how much funding is required
- How soon it is needed
- Determine where the potential sources exist

How Much/How Soon?

1. What is the estimated cost of the activity?
2. Can the cost be reduced, prior to seeking support?
3. Can fees be charged (ticket and/or publication sales) to cover the cost?
4. Are there items needed for the event that can be bartered?
5. Are there items needed for the event that can be donated?
6. When do you need the support?

What's Available?

1. Is the activity member and/or corporate supporter-driven?
2. To what resources do you have access? Consider providing benefits to members such as contributed giveaways, and to corporate supporters such as mailing lists.
3. How about cooperative efforts with other SLA chapter(s)/division(s) or local and state library associations? To pool the resources of several groups is to strengthen each.

3. Special Events

Special events are occasions for SLA's chapters/divisions to raise funds in support of special activities or obligations. Fundraising through special events gives each SLA member the opportunity to become involved in the chapter's/division's program. These activities must satisfy a purpose, such as presenting a message of importance, or raising funds for a necessary activity, or both. They must provide a sense of accomplishment during and after their completion.

To manage an effective and successful special event, you need to ensure that you:

- Identify your first line of support for the project… members, past members, their employers, vendors, corporate supporters, etc.
- Build a strong committee that can assist in planning and coordinating the event
- Completely define your program and program goals to committee
- Identify and define tasks and responsibilities
- Assign those defined tasks and responsibilities to appropriate individuals
- Provide a work plan and organizational structure

4. Recruiting Volunteers

Who can help you plan for and carry out the fundraising project? Who has the time and energy, and how much will they contribute? Above all, who has the interest?

Know your members and corporate supporters, and put their interests and talents to use effectively. If you plan well, each volunteer will experience a sense of success while participating in the undertaking. Be enthusiasticit can be contagious!

Who benefits? If you want members and corporate supporters to contribute to your project, they must see a benefit in it for themselves. Appeal to enlightened self-interests as you examine your "people resources." Look first to those who know the organization and who have supported it before -- active members, past members, their employers, vendors, publishers, the association itself.

Once you have identified your first line of support, look beyond to other potential benefactors of the project.
Remember, all chapter/division officers and most members and corporate supporters are, after all, dedicated volunteers who share their skills and their talents with the association. The support contributes to whatever success the organization achieves. To be effective volunteers must have their roles and responsibilities defined so that confusion about their assignment of duties does not interfere with the job to be done. Written task descriptions outlining duties to be performed and stating the responsibilities of those who will be involved in the project are a must. This documentation will vary according to the fundraising effort, but you must have it to ensure that the services provided by volunteers are useful and employed effectively.

Recruiting Committee Members

To build an effective committee for your event:

- Invite people who are interested, motivated, enthusiastic and who have skills/and or contacts that are useful for your particular event.
- Identify your core group of financial supporters. If possible, recruit committee members from those organizations.
- Limit the size of the committee. Find a strong, small group as opposed to a large, group which could be difficult to manage.
- Recruit members who can help you plan and carry out your program
- Recruit members who can contribute the time and energy needed for the success of the event
- If you plan well, each volunteer will experience a sense of success while participating in the undertaking.

5. Sponsorship

Sponsorship is an opportunity for SLA's chapters/divisions to raise funds in support of general or targeted activities. The Vendor Relations Committee Chair is responsible for all relations with vendors including soliciting sponsors for chapter/division programs to help recover/reduce the cost of the programs; and for soliciting advertisers/sponsors for the Chapter bulletin and/or website.

6. 10 – Steps to Sponsorship Success

Step 1…Understand the meaning of sponsorship

Before getting started, you should have a definition of sponsorship. The following definition is by no means perfect; however, there are some choice words that will help you pursue your sponsorship sales with a good foundation.

- **Sponsorship is an investment, in cash or in kind, in return for access to exploitable business potential associated with an event or highly publicized entity.**

The key words in this definition are: **investment, access to, and exploitable**.

1. **Investment….**By constantly looking at sponsorships as an investment opportunity--where there is a viable payback--no longer is you talking to someone about a payment of cash or money. Rather, use the word investment, which automatically implies that value will be returned to the investor.
2. **Access to…** which means the ability to be associated with a particular offering such as a special event…conference, Open House, etc.
3. **Exploitable…** a positive word which means to take the greatest advantage of the relationship. In other words, allowing the sponsor to make the greatest use of their investment and capitalize on the relationship.

Step 2…Develop your sponsorship offerings– Take Inventory
What are you selling?

You have a number of elements in your event that have value to the sponsor. Be creative! Almost everything is "sponsorable". Look at your event as a store and take inventory of the many things that will have value to your sponsors, whether it is for marketing or hospitality. Take your time in compiling a comprehensive list. Time spent at the beginning will be rewarded by more effective sponsorships when you get into the selling process. They include, but are not restricted to the following chapter/division activities, events, publications, etc.:

- Monthly meetings
- Conference calls
- Receptions
- Print and Electronic Newsletters
- List-serves
- Conference Activities (note: all conference sponsors must exhibit)
- Signage… banners displayed at event
- Small banner or logo displayed on podium
- VIP seating
- Hospitality Suites
- Booths
- Audio announcements at event
- Keynote speakers
- Internet exposure, Website, home page, sponsor logo on chapter/division's website (can include a hotlink to their site)
- Sponsor ad in collateral material--posters, flyers, brochures, T-shirt, etc.
- Exclusivity category (guarantee competitors will not be allowed to sponsor)

Set sponsorship levels

Make sure the benefits at each level are distinct and enticing enough to encourage previous sponsors to move up a level…

- Provide a wide range of levels so that smaller businesses as well as larger companies can find a level that suits their needs and budget.
- If your event is quite small, your entry-level sponsors might simply receive a small ad in an accompanying program or flyer for $200.
- For larger events, sponsor levels might begin at $1,000 to $5,000. Depending on audience size and publicity opportunities, cost of a "title" sponsorship could range from $2,000 to $10,000.
- Title sponsors receive maximum publicity, and their logo should appear in ALL publicity material.
- Base your sponsor levels on the benefits to the company.
- Put a price on each benefit you'll offer and add the prices in each level. This will give you an idea as to the cost of a sponsorship at each level. Then determine the approximate cost associated with each "sponsorable" activity. Don't forget to include the cost of providing the sponsors(s) with recognition –printing, handouts, etc. Then, mark up the cost of your sponsorships by 10-25%. This is your profit margin.

- Know in advance that you may have to be flexible and customize levels for some sponsors to meet their marketing needs. Some sponsors might be interested in a half cash, half in-kind (product donation) sponsorship.

Step 3...Research your sponsors (many times your sponsors are you members. Look at your membership).

Learn about your potential sponsors:

- Get on the internet
- Read annual reports
- Do a data search on the company
- Call the marketing department and ask for brochures,
- Visit with someone at the company
- Find out what your targeted companies currently are sponsoring, what their branding strategies are, and identify their business objectives.
- Become an expert on your prospects

Understand the sponsor's review process (from the sponsor's point-of-view).

When developing sponsorship proposals, keep the sponsor in mind and remember that these questions will be part of the consideration process. Understanding the company and these questions before making a sponsorship solicitation will pave the way for more effective and successful, sponsorship presentations.

- Will the sales force support the event and use it to leverage sales?
- Will the event assist us in developing new contacts and business opportunities?
- Can the organization afford to fulfill the obligation?
- Is the event compatible with the company's values and mission statement?
- Does the event reach or target audience?
- Is there enough time before the event to maximize our use of the sponsorship?
- Are the event organizers experienced and professional?
- Will the event provide us with sufficient opportunities for publicity?
- Will it drive volume and long-term profitability?
- Is there an opportunity for employee goodwill and teamwork?
- Is the event compatible with the "personality" of our products?
- Can we enhance the event by trading off products and in-kind services?
- Will it give the company a competitive edge
- Will management support the event?

Step 4...Make Initial Sponsor contact

Pick up the telephone. Don't be afraid to call potential sponsors to find out their thoughts on sponsorship.

One of your questions could simply be, "Who do I talk to about this opportunity?" If you have done your research, and have taken advantage of what is available over the internet, through data searches and various directories, you should have a contact name. Always start at the top--you can work your way down much easier than working your way up. And, remember, as stated earlier, there are many different departments that can benefit from sponsorship. Don't just restrict yourself to one department. If it's a small company you are targeting, talk to the owner or general manager. You can also try contacting people in the following departments:

- Marketing
- Public Relations
- Brand Management
- Product Management
- Human Resources
- Multi-cultural Marketing
- Advertising
- Community Relations
- Corporate Giving

If you get voice mail here are a few options:

- Try back at a later time, maybe after 5 p.m..., when things are quieter and the person is more likely to pick up the phone
- Don't sell! Never leave a voice message that is "salesy." You don't know whether the prospect has a need for your service.
- Feel their pain! Come up with a simple one-sentence message that deals with a burning issue the prospect may have.
- Create an air of mystery. Simply leave your name and number. Some people might be curious and actually call you back!

When you reach the correct person...

Don't launch right into a sales pitch (ask them several questions about their business that will indicate to you whether or not they are a viable sponsor for your project.) First, ask a few basic questions that can be answered with a yes.
Questions like...

- "Based on what I have read on your company, it appears... (fill in the blank with your knowledge.) Is that true?
- Are you interested in maintaining/increasing your profitability?
- Are you interested in creating a better environment for your employees or attracting new employees, or rewarding current employees?"

If the sponsor answers yes to any of these questions, proceed with more pointed questions.

When asking questions listen and learn... Prospects gladly volunteer information about what they want as well as what is important to them. These questions will help get the information you need to make an educated (and intelligent) presentation on your sponsorship opportunity:

1. What are your criteria for sponsorship?
2. What are your budget parameters?
3. What constitutes a successful sponsorship for you?
4. What are your measurements for success?
5. What are your activation plans for sponsorship?
6. How will sponsorship be integrated into your other marketing activities?
7. Are sales, profitability and employee attraction and retention important components of a sponsorship offering
8. How important is hospitality?

9. Who is involved in the decision –making process?

Step 5...Go for the Appointment!

Go for the Appointment ... Once you've had a brief discussion, try to get the appointment. If they say, "Send me a package," respond with "I'll do even better than that. I've prepared a succinct one-page Fact Sheet that highlights the various marketing and promotion components of my event. May I e-mail you?" Then, send it right away and call to make sure they received it.

Next, follow the basic sales techniques of choices...I would love to meet with you to discuss this further are you available this Monday or Friday, morning or afternoon? Don't give them a chance to say they can't see you.

If the company is too far for a face-to-face meeting, set up a telephone meeting. Send them a package of information that will outline your discussion and presentation.

Step 6...Be Creative!

Once in front of the sponsor, be prepared. Demonstrate your knowledge of their business by offering a sponsorship that meets their specific needs.

- Help them create a new and unique way to enhance their sponsorship beyond the event. For example, devise a contest where people have to fill out an entry form to win something.
- Think about hospitality opportunities such as rewards for leading salespeople, special customer rewards, or incentives for the trade.
- Cross-Promote ...Bring your sponsors together; see if there are ways they can cross-promote each other.

Be prepared to offer these ideas, and more, to help the sponsor understand how this sponsorship offers them a great benefit. In many instances, it is up to you to lead the discussion. Often a potential sponsor will turn to you and say, "I don't know how to make this work." This is where your knowledge and research will prove invaluable, since you will have given forethought to how they can maximize their participation in your event.

Step 7...Make the Sale!

It's now the moment of truth. You can't wait for the sponsor to offer; rather you have to ask, "Will we be working together on this project?" or something similar. You will have to develop your own closing questions. Hopefully, as you went through the sales process, you determined their needs and developed a program to meet those needs. And you certainly should have done enough questioning to determine what their level of participation would be. Keep in mind that different personality styles buy differently, which means you must select from a variety of closing techniques to ensure the right fit.

As with any sale, once you have concluded it, follow up with a detailed contract that outlines each party's obligations. A handshake is nice, but if the various elements aren't spelled out, there can be a bad case of "but you said," as people sometimes can hear what they *want* to hear, not necessarily what was spoken.

Make sure to include a payment schedule that ensures you receive all monies owed before the event. There is, however, one notable exception. If you are working with a Fortune 500 company, they will want to hold back 10 percent until after the event as insurance against not getting full delivery. It's a normal practice and, if you've done your job, you have nothing to worry about.

Step 8 ... Keep the Sponsor in the Loop!

Once you have gone through the sales process...

- Keep your sponsor involved throughout the event
- See if their PR department will put out a press release on their involvement. If they do, make sure you have approval rights before it is sent. (You want to make sure that *your* event is being presented in the proper light, just as you want to assure your sponsors, with your releases that *their* marketing message is being presented properly.)
- Show them collateral and promotional materials as they are being developed, such as posters, flyers, banners, table tents, invitations, etc., to make sure they are happy with their logo placement.
- Make sure they are kept up-to-date on new sponsors and any new activities or announcements.

Step 9...Involve the Sponsor in the Event!

- Don't let a sponsor hand you a check and say, "Let me know what happens." If you do, you are doomed to failure.
- Get sponsors to participate by being on site. Walk around with them; discuss their various banner locations, the quality of the audience, and the lines at their booth,
- Whatever is appropriate to their participation?
- Take time to participate in hospitality offerings with them. Introduce them to other sponsors and talk to their representatives.
- Do everything possible to ensure positive participation and, of course, reinforce this participation as a prelude to renewal!

Step 10...Work with the Sponsor after the Event

Give the sponsor the following:

- copies of all collateral material
- brochures, tickets, banners, press stories, and any other materials that have their company name and/or logo prominently mentioned or displayed
- a media kit with a written post-event report that lists the valuation of the various components of the sponsorship
- certificate of appreciation for their participation

There's a very old saying regarding presentations: "Tell them what you are going to tell them, tell them, and then tell them what you told them." Provide your sponsors with complete documentation of their participation.

If you've followed these 10 steps carefully, renewal is easy. In fact, you can get your sponsor to give you a verbal renewal during your event, and certainly after you have provided that sponsor with a post-event report that documents the value of all the marketing components they received.

Build relationships...these sponsors are your partners. Keep in mind that these steps could take one, two, or even five, years. Never give up. Be consistent in your follow through and attention to detail…it will pay off in the long run when the sponsor finally says "yes!"

One final thought: Care about your sponsors. Visit them on a regular basis, take them to lunch drop them a note every once in a while. Show them that their partnership is important to you. Remember, they are the fuel that drives your event engine. Many of them will become your friends for life.

7. Sponsorship Fact Sheet

Cut through the clutter! When preparing your material for submission to potential sponsors, keep in mind that they are overworked and understaffed. And, if they are a Fortune 500 company they are deluged with sponsorship request. How do you cut through the clutter? How do you get, and keep their attention? Simply, make your material easy to read and understand.

The fact sheet below can be used for events from large to small. When listing sponsorships don't say "Sponsorships start at $500" because that is all you'll get! You will not make a sale from this sheet. It is merely designed so your prospect can have an overview of your offering. You can call it the "appetizer" to whet their appetite for more!

SLA Leadership Summit

Theme: Even Monkeys Fall from Trees: Strategies for Effective Leadership

Location:
Hyatt Regency Houston in Houston, Texas USA,

Dates:
January 18 – 21, 2006

Attendance:
Over 300 Information Professionals from multiple geographic areas…

Audience:
SLA Members Chapter Presidents and Presidents-Elect; Division Chairs and Chair-Elect; SLA Board of Directors; Committees upon the call of the chair; Annual Conference Program Committees, etc.

Specific Activities:
Unique leadership development programs, designed to provide both substantive content AND time for individual reflection, Learning and skill-building exercises guaranteed to push thinking and advance leadership skills.

Sponsorship and Marketing Opportunities:
Keynote Speaker
Leadership Reception
Leadership Luncheon
Registration
Board of Directors Meetings
Leadership Breakfast
Refreshment Breaks
Signage
Table tents

Promotional Ideas:
Tote Bags
Product Showcase
Contest/promotion
Premium incentives
Cross-promotions/sponsor partnerships

This is an incredibly valuable opportunity to network, brand and position your company as a major supporter of the leaders in the information profession.

About SLA
SLA is a non-profit global organization for innovative information professionals and their strategic partners. SLA serves more than 12,000 members in 83 countries in the information profession, including corporate, academic and government information specialist. SLA promotes and strengthens its members through learning, advocacy, and networking initiatives. For more information, visit us at www.sla.org or contact the
SLA Fund Development Office at 703/647-4942

8. How to write effective sponsorship proposals

Whenever possible, customize your proposal…It's important that sponsors feel you are asking money specifically from their company, and they're not just part of a massive group.

Propose ideas…If you've done adequate research and asked the right questions you should be able to create customized sponsorships that are in line with the company's marketing strategies. If possible include in your proposal an activation plan to help them leverage their sponsorship. The more you help them the stronger the partnership

Return on Investment…Try to give your sponsors a 3:1 ROI. This means, if they give you $10,000, you want to return $30,000 in Measured Marketing Value. (No, you don't hand them back money—you give them value instead)

Keep your proposal short. Concentrate on the exposure the company will receive for their money, not on how the money will help you. With large corporations, it's especially true that their marketing budgets are usually much larger than their charitable donations budget. You may come across a few companies that aren't as interested in the publicity; they want to sponsor your event because they truly believe in your organization's mission. They're a very rare-but much appreciated-bunch.

Be sure to include the following in your sponsorship package:

- Big and bold sponsor benefits…easily found and easy to understand.
- Sponsorships and investment cost
- Date and location of the event
- Description of the event, description of attendees and participants
- Testimonials from past participants
- Brief description on your chapter/division (two paragraphs)
- Post-it notes for items you discussed over the phone or during your meeting. For example "Thanks for speaking with me. Here's the information on our event."
- Anticipated attendance numbers or impressions your sponsorships may yield. Impressions are calculated by finding the total number of times a sponsor's name will be seen or heard. For instance, say your event is expected to draw 100 people. Your entrant-level sponsors might receive: space to display a banner (100 impressions), their name announced twice (200 impressions), and their name in your organization's newsletter (350 impressions) and annual report (475 impressions), for a total of 1,125 impressions.
- Put a deadline on all offers…establish a time line for receiving a decision. If you don't your proposal may get lost in the corporate black hole of decision making
- Your contact information
- Your signature on all letters

Also be sure to keep records…Maintain files to track responses, including rejections and conditional rejections along with their reasons and explanations. This information will be useful when approaching the same sponsors the next year.

9. Sponsorship Cover Letters That Work

Rule # 1

Make sure you have the proper spelling of the person's name, title, and company as well as a correct address.

Rule # 2

Eliminate as many references to "I", "me" or "my" as possible. Here's an example of a terrible paragraph:

"I would like to have an opportunity to sit down and show you why my event is so important. I've worked on this for over 5 years and I need to have at least 10 sponsors who will give me $1,000,000 so I have a successful event"

Six times in one paragraph …not good!

Rule # 3

Make sure your letter is benefits oriented.

Rule # 4

Never make a statement that is general in nature and that cannot be substantiated by solid facts. For example:

"The response to the event has been terrific and the support by other sponsors is overwhelming. All the media are excited about participating in XYZ Event."

This is fluff!

Rule #5

Always state when you will follow up with them; never make it their responsibility to call you. For Example:

"Thanks for your interest and I look forward to hearing from you."

Rather word it this way…

"Thanks for taking the time to read this proposal and seeing how XYZ Event offers (name of company) a viable marketing opportunity. I will call you the week of (date) to discuss the feasibility of our meeting to discuss this further."

Rule # 6

Don't make form letters, (buy a mailing list, use mail merge and send out the letter with the name dropped into the various blanks) you won't get any response and it's a waste of time and money!

10. Fundraising Rules for Success

1. Believe that you have already succeeded before you even begin the task. Act, dress and speak not for who you are now but for who you want to be.
2. Replace negative statements with positive phrases. Tell yourself "I am a good person," I am a success." Practice this before going into your meeting
3. Take responsibility for your actions. Never allow yourself to blame others for your lack of success. Even though an event might be caused by someone else and is out of your control, control your own reaction to the event.
4. Think positively about all of your accomplishments, no matter how small they may appear to others. They are your building blocks of success.
5. Formulate a mission statement and keep it with you at all times.
6. Remind yourself of great success stories and the difficulties those people had in accomplishing their goals.
7. When taking on new project ask yourself: "what is the worst that can happen?"
8. Allow yourself to make mistakes. It is an essential growth component.

9. Strive to be the best you can, not the best there is. You may find, however, that one leads to the other.
10. No one was born a great doctor, lawyers or salesperson. We all came into the world babies. We all become what we are based on the choices we make. You can choose success.

11. The Solicitation Process

The more personal the request, the more likely it is to be answered with a "yes, how much?"

It is easier to throw away a mailed solicitation than it is to say "no" to a request which comes in person and from someone who has taken the time to be well informed and carefully persuasive.

When soliciting funds stay motivated, enthusiastic, and positive and follow these guidelines:

- If you can't make an in-person request, then a personal telephone call is the next best approach.
- Phone calls should always be followed up with a personal letter which restates the request, provides additional information, and thanks the potential donor.
- A mail request should be a last resort effort.
- If a sample letter describing the fundraising project exists, then adapt it carefully.
- Always personalize form letters to your own writing style.
- Use personal stationery and enclose appropriate information about your request.
- Highlight the impact the fundraising project will have upon your chapter/division and/or library/information program.
- Remember to encourage corporate matching gifts!
- When you have initiated the solicitation request, keep the association informed about your activities, and report progress. This will ensure that proper follow-up efforts are implemented, including the recognition of the donor's contribution.
- If a potential contributor asks a question about the request and you do not know the answer, admit it. But say that you will get an answer for the requestor. For most responses, use your knowledge of the association.
- If questioning is hostile or negative, never become defensive or angry. Just thank the person for the candor of their views, and disengage from further discussion. Be certain, though, to inform your chapter/division leadership and/or association leaders if this situation occurs, for they may well want to follow up.

Remember that fundraising is an excellent opportunity to gather important personal or professional information from supporters and contributors who may want to help another time. Take the time to get correct names, addresses, and business and home telephone numbers. Proper addresses are essential. You are building an information base that should be useful in the future.

12. Bulletin Advertising

Soliciting bulletin advertising can offset the cost of printing and mailing the publication, and sometimes lead to extra income. The process can be tedious; however, the benefits can be rewarding.

- Begin the process by analyzing what, if any, advertising the chapter/division has placed in the past.
- Contact the appropriate vendors to find out if they are still interested in advertising in the publication.
- Keep advertising records for each issue of your publication...there's nothing worse than omitting an advertiser from the proper issue.
- Offer deals to companies that tend to spend a lot of money with the chapter/division -- This small concession will "keep them coming back." Offer incentives to those that have the potential to do more. Examples of this could be (a) providing a monetary discount for multiple issue advertising, and (b) providing special placement in the publication.
- Now comes the fun part..."cold calls". Look at other library publications (Library Journal, American Libraries, etc.) to find out what companies are advertising with them. If the companies do not advertise with your chapter/division, contact them and offer to send them information on the publication.
- Always remember to follow up by telephone. Keep your name and publication fresh in the minds of the decision makers, so that when they discussing advertising opportunities internally, they will think of your chapter/division.
- Evaluate your chapters/divisions advertising rates, by comparing them to other publications with similar circulation. Consider charging extra for special positions (Covers, page facing table of contents, etc.). Offer color ads if possible.
- Consider your chapter's/division's publication to be the best, and the feeling will be accepted by advertisers. Convince them and others that advertising in the publication is second to none, and make sure that you remain in contact, to make them feel important.
- Remember, increasing your chapter's/division's advertising revenue will help to make every issue of the publication better than the previous one.

13. Tax and Legal Implications

Tax Status-Federal

In 1972, the United States Internal Revenue Service ruled that SLA is an organization meeting the requirements of Section 501(c) (3) of the Internal Revenue Code.
As a Section 501(c) (3) organization, SLA and its units must...

1. Be organized exclusively for charitable, scientific or educational purposes.
2. Be operated exclusively for those purposes.
3. Have no part of the net earnings inure to the benefit of any private individual.
4. Refrain from any substantial lobbying activities.
5. Refrain from participating in political campaign activities.
6. Corporate gifts and lifetime gifts by individuals to a Section 501(c) (3) organization are, with certain limitations, deductible to the donor for purposes of U.S. federal income tax.
7. Testamentary bequests are, again with certain limitations, deductible for purposes of the U.S. federal estate tax. There are other advantages.
8. A Section 501 (c) (3) organizations may qualify for privileged postal rates for mailings relating to the organizations own affairs.
9. In some states, a Section 501(c) (3) organization is exempt from sales tax.

10. As a general rule, the income of SLA which is related to its tax-exempt purposes is tax exempt. For example, members' dues, interest earned by bank accounts, and income resulting from the sale of SLA publications is tax-exempt.
11. Income from a trade or business, which is not substantially related to SLA's tax-exempt purposes, is taxed. For example, income generated from the sale or rental of mailing lists (except for exchanging with or renting to another organization exempt under Sections 501(c) (3) or (c) (2)) and advertising income is taxed. Although most of SLA's income is tax-exempt, SLA normally does have unrelated income which is taxable. As a result, SLA annually files two returns with the Internal Revenue Service: Form 990 related to the non-taxable income and Form 990T relating to the taxable income.
12. To enable SLA to properly prepare these returns, each chapter and division must annually furnish certain information including all income generated during the year and expenses incurred in producing the income.
13. New or major changes in programs and services provided by SLA must be reported in Form 990. Accordingly, any chapter or division which engages in a previously unreported activity must so inform the Senior Assistant Executive Director, Finance and Administration at SLA Headquarters, prior to undertaking the activity.
14. SLA considers being recognized as a Section 501(c) (3) organization a valuable privilege. It is the policy of SLA to follow the provisions of the Internal Revenue Code and Regulations regarding the operation of a Section 501(c) (3) organization and not to engage in activities which might jeopardize that status.

14. US Internal Revenue Service Guideline

The following US Internal Revenue Service guideline applies to SLA Headquarters, and US-based Chapters, Divisions, Caucuses, and other units, concerning charitable contribution acknowledgements:

"Certain charities that are eligible to receive deductible contributions must, in connection with soliciting or receiving a quid pro quo contribution after '93 in excess of $75, inform the donor in writing that his charitable deduction is limited to the excess of his contribution over the value of the goods or services provided by the charity (with a good faith estimate of the value of those goods and services). (Code Sec. 6115)

All US-based SLA units may use the SLA sample letter and receipt (In the Thank You section below). Units should maintain copies of all thank you letters and receipts, and make "good faith" estimates of the value of sponsorships, fund raising ticketed events, and contributions.

All questions regarding the Association's tax-exempt status should be referred to the Chief Finance Officer, at SLA Headquarters.

Tax Status - State and Provincial

Each of the fifty states and Canadian provinces has its own tax law and regulations and, accordingly, any question concerning state and provincial taxation must be addressed to the law of the state or province involved.

As a general rule, an organization which is exempt from U.S. federal income tax under Section 501(c) (3) is also exempt from state income taxes. In addition, in some states, local sales and use tax exemptions are available to Section 501(c) (3) organizations. Since

SLA is not incorporated in Canada, it cannot apply for tax-exemption from Canadian provinces.

Because it is SLA, and not the individual chapters and divisions, which is responsible for compliance with state tax laws, responsibility for dealing with state tax authorities is that of the Executive Director. It is not desirable that individual members or chapter or division officers deal directly with state tax authorities as this could result in inaccurate or incomplete information being conveyed to the authorities and, as a practical matter, increase the amount of work necessary to deal with the question. Any question concerning state taxation of SLA units should be directed to the Executive Director.

Over the years, the Executive Director, working with legal counsel, has conducted extensive research and made numerous inquiries regarding the availability of sales and use tax exemptions for SLA chapters. As indicated above, the rules vary from state to state. Some states grant no exemption to any organization; some states grant exemptions only to particular types of charitable organizations such as religious organizations; and, in a few states, an exemption is available to an organization such as SLA. A consideration to be kept in mind is that the paper work costs associated with obtaining and maintaining a sales tax exemption may equal or exceed the limited savings which may be realized by a sales tax exemption.
Again, if there is any question as to whether a sales tax exemption is available in a particular state, inquiries should be directed to the Chief Finance Officer, at SLA Headquarters.

15. Association Liability

SLA is legally responsible for its contracts and can sue and be sued in the same manner as any corporation whether for-profit or not-for-profit.
A normal business contract made by the President or Executive Director of SLA will be binding on SLA. Because SLA is a single corporate entity, obligations of the chapters and divisions are obligations of SLA. Accordingly, a normal business contract made by a chapter or division chair will also be binding on SLA and not just on the individual chapter or division.

Most contracts made by chapter and division chairs involve routine matters such as meeting arrangements and the amounts involved are relatively small. There have been occasions in the past, however, when chapters and divisions, with more enthusiasm than prudence, have entered into contracts involving significant sums of money.

The "Extra-Association Relations policy" which was adopted by the Board of Directors on June 9, 1973 addresses this problem. It states: An agreement, contract, or obligation entered into by an association unit requires advance approval by the association board of directors if liability exceeds the unit's available or budgeted funds."

In addition to the foregoing, it is the policy of the Association that Association unit contracts in excess of $5,000 must be reviewed and signed by the Executive Director. Any questions regarding contracts and their execution should be referred to the Executive Director. (See, also, Sections titled "Members, Chapters and Divisions" and "Contracts.") SLA may be liable for the negligent or fraudulent acts of its authorized representatives. Therefore, officers, directors, committee chairs, and representatives must exercise "ordinary diligence and care" in performing their responsibilities.

In addition, SLA could be responsible for an obligation incurred by any member who had "apparent authority" to act for SLA even though such individual acted without authority and in violation of SLA's policies and guidelines. In Hydrolevel Corp. v. American Society of Mechanical Engineers, 635 F. 2d 118 (2nd Cir. 1980), cert. den., 456 U.S. 989 (1981) the American Society of Mechanical Engineers was held liable for the act of two of its members. These members, while acting as volunteer ASME workers, defrauded a third party by deliberately misinterpreting the requirements of one of the ASME codes. The court found ASME liable for the acts of these members because the injured party had no reason to believe the volunteer members' code interpretation was not "regular" and because the volunteers appeared to be acting within the authority given to them by this Society. Any chapter president or division chair who intends to give authority to a member to act for SLA, should keep the foregoing in mind.

16. Bartering

For purposes of the U.S. Internal Revenue Code, a barter transaction is in substance the same as a sales transaction. For example, the exchange of a mailing list for advertising space is the essential equivalent of selling the mailing list for the value of the advertising space. The value of the advertising space is considered to be income to SLA. The comments made in the Tax Status section concerning SLA's tax liability for related business income and unrelated business income will equally apply to value received on bartering transactions. An example of barter which would generate related income would be an exchange of SLA publications for something of value. An example involving unrelated income would be the one just given, namely, the exchange of a mailing list for something of value, except when this exchange is with another organization exempt under Section 501(c)(3) or (c)(2). The sporadic and occasional bartering transaction of whatever character arguably does not constitute business income of any kind. In all events, every barter exchange transaction by any chapter or division should be reported, in writing, to the Chief Finance Officer, at SLA Headquarters.

17. Contracts

Contracts or agreements can arise under many different circumstances, but the most common types of contracts entered into by SLA units are those involving meeting arrangements and SLA publication agreements.

To protect the Association from liability suits arising from such contracts, units developing contracts in excess of $5,000 must have the contract reviewed and signed by the Executive Director. No official of any unit may sign a contract which does not meet the above requirements. To further protect the Association from legal action, no unit of the Association can become engaged in contractual agreements which exceed the unit's fiscal resources unless approval has been provided by the Association's Board of Directors.

18. Sample Thank you Letter and Receipt

The most important part of fundraising, whether dealing with members or corporate supporters is the "thank you" letter and receipt... Thank you letters and receipts are the number one method for maintaining loyalty, meeting tax and legal requirements, and establishing the "hook" for the chapter or division's next fund raising activity.
The following sample thank you letter and receipt are those that are utilized by SLA Headquarters, and may be used by all Association units in acknowledging contributions. US Association units **must** follow IRS guidelines (in the Tax and Legal Implications section above) in acknowledging contributions, and non-US Association units should follow guidelines in the country of origin of contributions, at the unit's discretion.

Additional information may be requested by contacting SLA's Fund Development Office at 703.647.4942.
Finally...**Thank you.** Without the support of you, SLA's hard-working and dedicated volunteer leadership, could not continue to provide important programs in research, professional development, public relations, and other areas. With your assistance, SLA will continue "Connecting People and Information".

[Sample Thank You Letter]

Current Date

Address Line 1
Address Line 2

Dear Name:

On behalf of Special Libraries Association's Board of Directors, I would like to express my heartfelt appreciation, for your thoughtful and generous gift.
Through the support of individuals like you, SLA is able to continue to provide information professionals with important programs in the areas of research, publications, professional education, and public relations. SLA's programs in these areas, as you know, are of vital importance to the future of our profession, and each gift helps to ensure that these programs will continue for those that will follow us.

Again, thank you for the generous support. Your gift, along with the gifts of others, will allow us to continue "Connecting People and Information".

Sincerely,

Janice R. Lachance
Executive Director

[Sample Receipt]

DATE OF RECEIPT: Current Date
DONOR: Address
TYPE OF CONTRIBUTION: Cash
AMOUNT OF CONTRIBUTION: $5
ESTIMATE OF THE VALUE OF
GOODS OR SERVICES RECEIVED
BY THE DONOR, IN CONNECTION
WITH THE CONTRIBUTION: $-0-

The Internal Revenue Service has indicated that the amount of the charitable contribution is limited to the excess of the amount of cash (and/or property) contributed by the donor, over the value of any goods or services received by the donor in connection with the contribution. The above information should serve as a receipt in accordance with Internal Revenue Service regulations regarding charitable contributions after 1993, and should be kept with your income tax records.

Thank you for supporting the SLA!

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