

## American Lung Association Tip Sheet: Budget & Fund Planning

Most, if not all, activities detailed in your Year 1 Workplan will require specific budget. Determining an overall funding plan will depend on a clearly articulated budget. The following walks you through the steps in establishing your Year 1 Workplan budget and a funding plan.

### Establish the Budget<sup>1</sup>

For each objective, detail:

1. *Cost/Expenditures*: These are the dollars required to produce, deliver and evaluate the activity. This will include costs related to staffing (salaries and benefits), facilities, equipment, supplies, promotion, evaluation, and overhead. Organize costs according to the following categories:
  - Operating: occur on an ongoing, regular basis and are spent to “operate” your activity
  - Direct: can be tied directly to the program or activity (salaries, supplies, etc.)
  - Fixed: set regardless of specific activities and how many people are involved (salaries, benefits, etc.)
  - Indirect: general overhead and administrative expenses, including research for needs assessments
  - Variable: vary according to how many people are reached (supplies)
2. *Revenue*: Income earned or generated through the activity. Include revenue earned through any of three categories:
  - Base resources: income provided by public and government funds and usually forms the basis of the an organization’s annual operating budget
  - Earned income: earned by charging a price for a product (registration fee), event (entry, sponsorship fee), or service (user fee)
  - Financial assistance: funds provided by external bodies through private, philanthropic or research agency grants that may be for specific purposes or programs and usually are not renewable without re-applying at each competition. Also include financial sponsorship when a sponsor donates funds for a product/activity in return for promotion of their name, logo, slogan, and the positive public relations that comes from being associated with the organization.
3. *Resource Mobilization*: This is the contributions of resources, other than monies, that enable a product to be delivered. These include:
  - Sponsorships: where a commercial entity donates equipment, supplies or services in return for promotion of their name, logo, slogan, etc. Local chapters of national organizations should research any national policy regarding corporate sponsorships so that local sponsorships do not present any conflicts of interest. The American Lung Association policy, for example, also works to protect the nationwide name of the American Lung Association. Specifically, the policy states: ...“in order to retain its credibility and authority, and to protect its integrity, the American Lung Association remains independent in its decision-making regarding research, programs, advocacy, awareness, fundraising, and all position statements. Furthermore, ALA avoids conflict of interest, or its appearance thereof...”<sup>2</sup>
  - Partnerships: where two or more agencies with similar mandates and interests combine and share their resources to offer a product
  - Fundraising activities: includes special events or sales of t-shirts or other tangible goods
  - In-kind or contra contributions: include funds saved through contributions by individuals, organizations, and governments

<sup>1</sup> Program Planning and Evaluation Guide for Lung Associations. American Lung Association, April 2000.

<sup>2</sup> American Lung Association Policy Manual, *Fundraising Policy A1 I, Corporate Relations Policy*. American Lung Association, 2004.

### **Create List of Potential Funders**

As a coalition, brainstorm potential sources of funding, including partnerships among organizations, sponsorships, in-kind donations, grants, etc.

Keep in mind that coalition members may feel that they need to protect their individual relationships with funders. Focus on the benefits of community-wide coalition efforts and the potential of members' maximizing their contacts to achieve long-term AFSI goals. Remember, existing relationships can and should be leveraged to seek broader-based funding in addition to individual organizations' current sponsorships, grants, etc.

### **Understand Funders' Needs**

Always take time to step back and understand what benefit a potential funder would realize by being involved in your AFSI efforts. If no coalition members have relationships with a potential funder, research the organization before considering an approach! Who are their key customer groups and/or constituents? What is their history of grant-making or sponsorships?

Consider what they may need to gain, from a business perspective, from a sponsorship, including:

- Promoting their products
- Gaining positive PR and increasing visibility
- Reaching your audiences with a specific message

When approaching potential funders, also keep in mind “selling points”—or how they would benefit from being involved in your coalition and AFSI. AFSI activities benefit sponsors because they:

- focus on a holistic, community-wide approach, which provides networking opportunities
- provide positive community/public relations opportunities for organizations and individuals
- involve a range of prominent local professionals and organizations
- can save public funds and maximize resources
- positively affect students' and school staff's health and well-being
- address two significant health issues that affect the entire community—asthma and air quality
- contribute to student's improved asthma control, which increases their school attendance and productivity

### **Prepare Your Strategy for Approaching Funders**

First, since you always want to leverage existing relationships, identify and document the following for each potential funder:

- Every coalition member who has an existing relationship
- Name(s) of individuals whom they know, including members of board of directors/trustees
- Funding/sponsorship history (descriptive information, as well as details that members can research)
- History of approaches by members; include information about sponsorships/grants, etc. that were rejected and any known information about why

Second, based on the above information identify who has the best relationship or sponsorship history with a given potential funder.

Third, identify which strategy or series of strategies may be most appropriate for specific funder(s).

Finally, assign responsibility among members to create a plan for each strategy or set of strategies to be funded. This would include the identification of a lead person for specific introductory conversations, formal asks, and follow-up with specific funders.