

## Apollo Fundraising Fundraising from Trusts and Foundations

### What is a Trust?

The Association of Charitable Foundations (ACF), the UK's membership body for grant-making organisations, defines a Trust or Foundation as being "charities with private, independent and sustainable income that fulfil their purposes by funding or otherwise supporting individuals or other organisations."

There are two key parts to this definition:

The first is that these are private and independent bodies. They are a vehicle for individuals, groups or companies to manage their own philanthropy. While they are subject to charity law, the decision as to who or what to fund is a private matter, decided by the founder of the trust and the trustees.

The second is that they exist to fulfil a purpose. They are not purely cash machines which exist to support your work. They have a set mission that they are looking to achieve. Therefore, any relationship with a Trust or Foundation should focus on this mission.

### Characteristics of Trusts

There are a lot of Trusts and Foundations in the UK – the ACF estimates that there are over 10,000 giving away approximately £2.7 billion each year. These range from small, local trusts giving away a few hundred pounds a year, to multi-national foundations giving away hundreds of millions. In 2015, the Wellcome Trust gave £673 million in grants.

Generally speaking, trusts tend to prefer project funding to core/revenue funding, with a preference for projects that are new and innovative. Almost every trust will receive more proposals and approaches than they can fund, which means there is a competitive process to award grants. The turnaround time for a proposal is relatively short, with an average time of 6 to 9 months (some can make grant decisions quicker than this, while others with a two-stage application process will take longer).

However, every trust is different and it is a mistake to assume that all trusts will behave in the same way.

### Types of Trust

While there is little difference between a 'Trust' and a 'Foundation' – the names are used largely interchangeably in the UK – there are different types of Trust that you need to be aware of.

- ☺ **Living Donor Foundations** – if a wealthy individual or couple know that they will be giving away a similar amount each year they may set up a personal trust as a tax efficient approach, while also providing an efficient structure to their giving. Examples include the Clore Duffield Foundation and the Peter Moores Foundation.
- ☺ **Family Foundations** – wealthy families will often set up a Family Foundation as a way of engaging all generations in their philanthropy. Some use this as a way of teaching a younger generation about the value of money and the importance of philanthropy. As time goes by the control of the Foundation will pass to the next generation. Examples include the Sainsbury Family Charitable Trusts and the Wates Foundation.

- ⊗ **Appeals and Donor-Advised Funds** – if a donor is keen to make a difference but doesn't have the expertise or desire to set up their own Trust, they might trust their money to an existing foundation to distribute. This can range from High Net Worth Individuals setting up a Donor-Advised Fund with specific aims (as can be found with a lot of Community Foundations in the UK) to a large number of individuals giving smaller amounts to be used for a specific purpose (such as Children in Need and Comic Relief).
- ⊗ **Pooled Funds** – occasionally, groups of individuals, trusts, companies or statutory bodies might come together to solve a specific, often time-limited problem. This might be in response to an identified challenge or as a way of spreading the risk to try a new approach. The Arts Impact Fund is an example of different funders coming together to explore the feasibility of a new funding model for arts and culture organisations.
- ⊗ **Corporate Foundations** – as part of their CSR policies some companies will set up their own Foundation. The income is often based on the company's annual profits. Lloyds Bank, Ladbrookes and Greggs all have corporate foundations.
- ⊗ **Estates** – some deceased playwrights, composers and authors have estates which manage the income generated through the performance or reproduction of their artistic work. In some cases this income is put into a trust and distributed to support charitable causes. For example, the Britten-Pears Foundation and the RVW Trust.
- ⊗ **Endowment and Legacy Trusts** – trusts can often be created upon the death of a philanthropist or a loved one. A lump sum, or endowment, is used to create the Trust and the interest it generates is granted to charities. For example, the John Ellerman Foundation and the Esmée Fairbairn Foundation.

Understanding the different types of trusts and foundations helps you to understand how they might behave. In particular, it will give you an insight into three key characteristics that all trusts share and what this is likely to mean for their grant-giving:

- ⊗ **Money** – the different types of foundation draw income in different ways. If you know where their income comes from you can understand when they are likely to have most money to make grants.



- Some, such as endowed funds, are created with one gift which is then invested. The money they have to donate is linked to the performance of their investment portfolio.
- Some have fixed income, where the same amount is made available each year. This is often true of Individual Philanthropists, or for time-limited Trusts that are spending out their capital over a defined period of time.
- Some have variable income. For example, a corporate foundation might receive 5% of the company's profits. If the company has had a good year you know there will soon be more money available from the foundation. Similarly, Estates

tend to have variable income. If the artist's work is being performed or reproduced a lot (for example, during an anniversary year), there is likely to be more money available in subsequent years.

- ⊗ **Decision makers** – the different types of foundation often have different decision making processes, particularly in relation to who makes the final decisions about grants. For some, one or two trustees will make key decisions. For others, the full committee will have equal say. Some Trusts will employ paid staff who act as ‘gate-keepers. Others work with panels of advisors who recommend projects or organisations to be funded. Knowing who makes decisions at each step of the process helps you to plan your cultivation strategy.



- ⊗ **Rules and Regulations** – finally, the type of foundation will impact on the rules governing their grant-making – and the flexibility to change these. Some trusts have fixed rules which the trustees and charities must adhere to. Others will have variable rules, where they will support different types of projects, with the trustees given the power to bend the rules where it is deemed appropriate.

### **Preparation – Your Case for Support**

If it is true that Trusts exist to achieve a mission and change the world in a positive way, you need to be clear how you can help them do this. Your **Case for Support** can help you do this.

Your Case for Support serves two purposes:

- ⊗ It is an internal document that brings together all of the information you need to fundraise within your organisation. It ensures everybody across the organisation can fundraise confidently, and in a consistent fashion throughout the organisation.
- ⊗ It is a (TRUE) story you tell to potential donors to help them understand why they should care enough about your work to support.

To do this, your Case for Support should communicate three things:

- ⊗ The societal Need for your work
- ⊗ The financial Need for support
- ⊗ The urgent Need for the donor to take action

Arts and Culture organisations often struggle to articulate the need for their work in a compelling way. A good framework to use is the C.A.S.E. model.

**C** = Critical Challenge

**A** = Alternative Approach

**S** = Specific Steps

**E** = Expected End Result

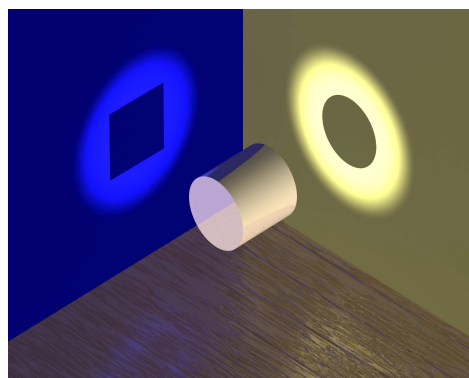
<b>Critical Challenge</b>	<ul style="list-style-type: none"> <li>⊗ What is the Need for your work? This could be: <ul style="list-style-type: none"> <li>○ A negative problem you are trying to solve</li> <li>○ A positive opportunity you are looking to capitalise on</li> <li>○ A negative problem that would arise if you stopped your work</li> </ul> </li> <li>⊗ Who is this a problem or an opportunity for? Who benefits from your work? Who would lose out if your work stopped?</li> <li>⊗ What evidence do you have to prove there is a problem or opportunity?</li> <li>⊗ How can you show that action is needed urgently?</li> </ul>
<b>Alternative Approach</b>	<ul style="list-style-type: none"> <li>⊗ What is your hypothesis for overcoming the problem or maximising the opportunity?</li> </ul>
<b>Specific Steps</b>	<ul style="list-style-type: none"> <li>⊗ What activities will you carry out to address the problem or opportunity?</li> <li>⊗ Why is your organisation best placed to deliver this work over anyone else?</li> </ul>
<b>Expected End Results</b>	<ul style="list-style-type: none"> <li>⊗ What will be the positive results of your work?</li> <li>⊗ What will be the negative consequences if you don't complete your work?</li> </ul>

### Framing

While the arts and culture sector traditionally does well from Trusts and Foundations, focusing only on Trusts with a stated interest in this area is a mistake. (Figures from the Charities Aid Foundation show that only 0.3% of all donations in 2015 went to arts and culture causes).

To maximise the potential of Trusts and Foundations to support your work you need to consider the Critical Challenges that exist outside of the arts and culture space. For example, are there challenges in education, health, well-being or community cohesion that your work can also address? In these instances, the work of the museum becomes a vehicle to achieving change.

In planning your Case for Support, consider all the different ways your work can be framed. This will help when it comes to researching potential supporters.





## Trust Solicitation

### Trust Solicitation

1. Research
2. Plan
3. Cultivate
4. Ask
5. Steward



Fundraising from Trusts can be thought of as a five-step process. First you need to identify the funders most likely to support your work and prioritise which ones to approach. You then need to plan out the steps needed to engage them with your work and the most suitable message for them. Thirdly, you need to build a relationship with them so that you both have all of the information you need to make the ask. Having made the ask, you then need to thank them and show them the impact of their support. We will look at each of these elements in more detail below.

## Research

Having identified the different interests your project might appeal to there are a range of tools you can use to identify trusts giving grants in these areas. This includes:

- 🔍 **Online directories** – TrustFunding.org.uk, run by the Directory of Social change, is the most popular directory, although there is an annual fee. Free directories are available but this is definitely an area where you get what you pay for.
- 🔍 **Comparator organisations** – have a look at the supporter boards, programmes and Annual Reviews of similar organisations. Who is supporting them?
- 🔍 **Own networks** – who do you already know? Who do your board members know? Who do your organisation's partners know?
- 🔍 **Prospect Research** – there are a number of companies that will help you identify your prospects based on a research brief, including Giving Insight and Factory. While a more expensive option it can save you time.

All of these sources will give you a long-list of prospects. However, writing strong applications to all of these will take time. Therefore, you need to prioritise your best prospects by gathering more information.

There are three key areas you need to research in order to shortlist your best prospects:

- 🔍 **Motivation** – what are the trust's aims and how closely do they match yours/your projects?
- 🔍 **Capacity to Give** – what size grants are available and how does this match your need?
- 🔍 **Reach** – how easily can you reach the trust to be considered for a grant?

In addition to the sources listed above, the trust's annual accounts on the Charity Commission website, and their own website (if they have one) are useful sources for information at this stage. However, you have to remember that most information you find is taken from the previous years accounts – which will be at least 10 months out of date by the time you read them.

## **Motivation**

There are a number of things to consider when determining a trust's motivation:

- ⊗ What is their stated charitable purpose? How closely does it match yours?
- ⊗ Have they funded similar things in the past? A lot of trusts will list their grants on their website and/or in their annual accounts.
- ⊗ Do they prefer capital or core costs? With few trusts providing core funding you want to maximise these opportunities when they come along!
- ⊗ Do they have specific priority areas or strategic programmes? Some funders will run time-limited grant programmes outside of their normal aims in response to an identified need
- ⊗ Is there any sign of flexibility? Some trusts have the power to give grants outside of their normal areas of interest.
- ⊗ What do their future plans say? A Trust's priorities can change. The trust's annual accounts are a good place to find information about any planned changes to their grant giving and interests.

In addition to wholesale changes in their grant giving, there are other changes which can affect their motivation to give. For example, some trusts will celebrate key milestones or anniversaries by making larger grants than normal. A change in key personnel can also lead to changes in motivations and interests. Similarly, changes in their financial position, or taking the decision to wind down (close) the trust can change the way they make grants.

In shortlisting you need to consider what the trust actually does, not just what they say they do.

## **Capacity to Give**

In assessing a trust's capacity to give, you need to try and answer the following questions:

- ⊗ How much do they give away each year?
- ⊗ What is their average grant?
- ⊗ What are their smallest and biggest grants?
- ⊗ How much of their grant giving goes to the same organisations each year? How much is available for new organisations/projects?
- ⊗ What is their financial position? Where does their income come from and how is this performing? Are they accruing money or spending out?

In assessing this you need to be realistic about how and where your organisation or project might fit in with the trust's other grants. Again, you need to remember that some trusts' grant giving will fluctuate a lot based on changes to their financial position. The annual accounts will usually help you to identify what the future plans are.

## **Reach**

Finally, you need to consider how easily you can reach the trust. You need to consider:

- ⊗ Does the trust have any exclusions? Is your organisation eligible to apply?
- ⊗ Do they accept unsolicited applications? If not, you will need to find a way of getting an invitation to apply.
- ⊗ Who are the key decision makers? Do you know them, or can you reach them?
- ⊗ What timeframe do they work to? How does this fit with your need?
- ⊗ What other rules or processes do they have? What impact will this have on your application?

In shortlisting you need to find trusts that score strongly in all three of these areas.

## **Plan**

Having identified your best prospects you then need to think about how you are going to engage them. While most trusts don't want or need as much initial cultivation as other types of donors there are still advantages in taking the time to try and build the relationship before you apply. These advantages include:

- ⊗ Ensuring you ask for the right thing – taking time to fully understand a trust's interest can help you ensure you ask them for the right amount to support the right proposition
- ⊗ Ensuring you ask in the right way – you need to ensure you are providing the trustees with all of the information they need to successfully consider your proposal
- ⊗ Stacking the odds – if you just submit a proposal you are relying on the power of your words to completely sell your work. However, if you can engage trustees or key people in advance they can act as ambassadors for your project when it comes to the trustee meeting. They might even be able to make a decision before the meeting!

When planning how to engage the trust with your work you need to consider:

- ⊗ What do you need?
- ⊗ What does the trust need?
- ⊗ How can you/they get it?
- ⊗ Who is responsible for delivering it?
- ⊗ When does it need to happen?

## **Cultivation**

The purpose of cultivation is to ensure that you have enough information about the trust's motivations and capacity to give to make the most appropriate ask. However, it is also for the potential funder to build trust and excitement in your work.

Cultivation can take many forms and you will need to decide which methods are most appropriate for each funder:

- ⊗ Personal introductions – can you get a peer or personal contact to introduce you to a trustee or decision maker?
- ⊗ Invitations to events
- ⊗ Formal meetings
- ⊗ Informal meetings
- ⊗ Telephone calls
- ⊗ Email approaches
- ⊗ Annual Review



Remember the purpose of this – you need to ensure they have the information they need, rather than just what you want to tell them. Build trust and credibility by showing your track record. Build an emotional connection to your work by showing the impact on beneficiaries. Plan ahead to make sure you know what you need and get it. Make sure you have planned out the different options so that you can respond to the information you receive from the trust.

All of this will ensure you have the right information when it comes to making the ask.

## **Proposal Writing**

For a large number of foundations, the process of asking involves a written proposal. Sometimes this will be an application form but often this requires a free-form proposal or letter. This is your opportunity to sell your organisation and your project but, more importantly, it is your chance to show how supporting your work will help the trust achieve its own mission.

### **Consider it from the Trust's point of view**

With finite resources available, trustees and staff have to make the difficult decision of which proposals they should fund and which ones to turn down. In order to make this decision there are a number of key things that the staff and trustees need to know when considering your proposal:

- ⊗ How does this project meet our aims? How does it help us achieve our vision?
- ⊗ What is the need for this work?
- ⊗ What impact will our grant have?
- ⊗ How much money do they need?
- ⊗ Is this value for money?
- ⊗ What are the risks for us?
- ⊗ What are the risks for the funded organisation?

In order to help trustees and staff answer these questions your proposal should include the following elements:

<b>A Summary</b>	<p>Unfortunately, a lot of trusts won't review your full proposal at their meeting. There is simply not enough time. Instead, one trustee or the administrator will write a summary of the proposal. If you write the summary you help the trustees but you also ensure that what gets circulated is a true reflection of your proposal.</p> <p>The summary should be 2 to 3 lines long and should include:</p> <ul style="list-style-type: none"> <li>⊗ The name of the Trust you are applying to</li> <li>⊗ A brief description of how you meet their aims</li> <li>⊗ The amount you are applying for</li> <li>⊗ What this will enable you to do</li> </ul>
<b>Organisational Background</b>	<p>It is likely that some of the trustees or decision makers will not know anything about your organisation. This is your opportunity to build credibility and show the Trust that you can be trusted with their money.</p> <p>The organisational background should include:</p> <ul style="list-style-type: none"> <li>⊗ Your track record of delivering similar projects</li> <li>⊗ Any awards or achievements that are relevant to this proposal</li> <li>⊗ Endorsements</li> <li>⊗ Information about anyone else that is involved</li> </ul>
<b>Critical Challenge</b>	<p>You then need to set out the problem you are looking to solve, or the opportunity you are looking to respond to. This should be framed in line with the Trusts own aims and mission – the challenges they are trying to overcome.</p> <p>As mentioned above, this should include:</p> <ul style="list-style-type: none"> <li>⊗ Any evidence you have that proves the problem or opportunity</li> </ul>



	<ul style="list-style-type: none"> <li>Why it is urgent (with Trusts receiving so many proposals you need to show why your work needs to be funded now, not in the future).</li> <li>The people affected by the problem that will benefit from your work</li> </ul>
<b>Solution</b>	Having set out the challenge you then need to outline the actions you will take to overcome it.
<b>End Results and Evaluation</b>	<p>Trusts provide one of the biggest and most efficient networks to circulate learning within the sector. You need to show how you will know if you have succeeded in solving the problem and how you will make the learning available to them and other organisations. This enables them to evaluate their own impact in achieving their aims and circulate best practice. It can also impact their future grant-making.</p> <p>You should show:</p> <ul style="list-style-type: none"> <li>How you will know if you have succeeded</li> <li>How you will disseminate your findings</li> <li>How you will respond to challenges within the project</li> </ul>
<b>Financial Overview</b>	<p>While many Trusts will ask for a detailed budget, your proposal should include a financial overview of the project.</p> <p>This should include:</p> <ul style="list-style-type: none"> <li>The total cost</li> <li>The amount raised so far and the funders involved</li> <li>Who else you have applied to for the shortfall (experienced funders will expect to see that you have applied to a number of other Trusts for the shortfall as they know you will not have a 100% success rate for proposals)</li> <li>How much you are asking the Trust for</li> </ul>
<b>Future Plans/Exit Strategy</b>	Finally, you should outline your plans for the end of the project. Will the project stop? If so, what is your exit strategy? If the project is continuing, how will it be funded? Will it be self-sufficient or will you be reliant on future funding?

### Tips for Proposal Writing

- Keep sentences short** – funders and administrators will not have much time to review your proposal. Shorter sentences are easier for them to read and to remember.
- Keep it to 2 pages where possible** – you should be able to give the Trust all the information they need in two pages. If you can't, you need to consider what the key messages are and what is unnecessary detail. Be careful that you are not obscuring your key messages.
- Use left-aligned text** – while block justified text might be aesthetically pleasing, it can take up to 10% longer to read.
- Get rid of the jargon** – the museum sector is full of jargon that makes sense to those of us using it every day but which can baffle people outside of the sector. Remember that most trustees won't use this language or necessarily understand what it means.
- Clearly articulate how you match their aims and use their words and phrases** – not only will this make life easy for the trust, it will also show that you have taken the time to really respond

to what they are looking for, rather than simply mail-merging the same proposal to every trust you know.

6. **Don't mail-merge proposals** – every trust is different, so every proposal you write should reflect this. Never, ever mail merge proposals. Ever!
7. **Be passionate** – trustees and administrators are human beings, with passions and interests. Help them to understand your project and connect with it by speaking passionately about your work. This is your chance to get them excited!
8. **Get your proposal in ahead of the deadline** – one trustee I spoke to recently said that 90% of applications they receive arrive on the deadline. 5% arrive late. Getting in early will make your proposal stand out. It will also give the Trust time to come back to you if they have any questions or if there is anything missing ahead of the deadline.
9. **Follow all of the guidelines** – check carefully what you are being asked to provide, and also what they don't want. The guidelines are in place for a reason, to make things as efficient as possible for both the Trust and to charities applying for funds. You are unlikely to win friends if you don't follow their guidelines.
10. **Consider the photocopier** – if you have been asked to send one copy, or an electronic copy, it is likely that it will be printed or photocopied. Don't staple or bind your proposal in a way that will make it difficult to copy. Similarly, consider how any images or colour text will appear if it is printed in black and white.
11. **Other collateral** – sending links to examples of your work online, or enclosing other publications and CDs is ok to complement the proposal (as long as they haven't expressly said not to in the guidelines) but remember that most trustees won't look at it and they probably won't have access to this in the meeting. Don't rely on this to explain a key part of your work or to answer their questions.
12. **Avoid sending large packages or recorded delivery. Ensure you have paid all postage** – most trusts don't have full time staff and many operate from personal homes or offices. If you need to send large parcels or recorded items, check with the Trust first that there will be somebody to receive them and sign for them. (Again, you will not win any friends if someone has to go to the Post Office to pick up your application. Worse still if they have to pay a fee because you have put the incorrect postage on it!).

Finally:

**Check, check and check again!** Check spelling. Check grammar. Check your budget adds up. Check it makes sense. Check it's readable. You won't receive a grant for good spelling alone but you can certainly lose one.

### Checking your proposal

Give the proposal to somebody else to read. Ideally, they should not work for your organisation or be involved in the project.

Ask the following things:

- ☹ Can they read the full proposal in 5 minutes or less?
- ☹ Ask them to write a 3-line summary of the proposal. How close is it to your own summary?
- ☹ Ask them to identify the aims of the Trust from the proposal. If you have made it clear enough they should be able to do this with ease.
- ☹ Ask them to identify any bits they didn't understand or stumbled over.

## **Stewardship**

Regardless of the outcome, the letter informing you of the trust's decision is not the end of the relationship. If you have been successful you need to:

- ☺ Thank, thank and thank again! Take every opportunity to thank the trust for making your work possible
- ☺ Report promptly. They have given you a grant to change the world for the better. Be sure to show them how their grant has helped do this. This means reporting on the things that matter to them.
- ☺ Update them at key milestones and share successes. You want them to share your excitement and pride in what you have achieved.
- ☺ Share failures and learnings. Be honest with each other. Trusts have a wide network and significant influence. Sharing when things haven't worked and the lessons you have learned benefits everybody.
- ☺ Remember – trusts are people too!

It can be hard to remember to engage those trusts that haven't funded you but there are benefits to doing so. Competition for funding is intense and trusts often have to turn down projects they would like to have funded. Sharing your successes with funders that haven't been able to support builds your credibility and lays the foundations for future applications.

**Good luck and Happy Fundraising!**

## **About Apollo Fundraising**

Apollo Fundraising provides consultancy, training and support to help arts and culture organisations to improve their fundraising.

Our areas of expertise include developing fundraising strategies, building individual giving and legacy programmes and helping organisations to identify their best prospects.

Our experience includes raising funds for a wide range of arts and culture organisations, including opera houses, historic buildings, theatres, orchestras, music festivals, museums and art galleries.

**Contact David today to find out more about our work and to discuss how Apollo Fundraising could help you and your organisation:**

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