



THE HEARTLAND INSTITUTE

2012
FUNDRAISING PLAN

TABLE OF CONTENTS

| | |
|---|----|
| 1. Overview | 1 |
| 2. Department Personnel | 2 |
| 3. Fundraising Strategy and Tactics | 3 |
| 4. Anonymous Donor | 20 |
| 5. Renewing Donors of \$10,000+ | 21 |
| 6. Renewing Donors of \$2,000 - \$9,999 | 25 |
| 7. Lapsed and New Donors | 27 |
| 8. Cost of Fundraising | 28 |
| 9. Earned Income | 29 |

This version: January 15, 2012

Confidential. Please Do Not Circulate.

1. Overview

We plan to raise \$7.7 million in 2012, approximately 70 percent more than the amount raised in 2011. Table 1 reports 2011 actual and 2012 projected and calculates the percentage increase in each category of income.

| Table 1. | | | |
|--|--------------------|--------------------|------------------|
| Projected Receipts – Bookkeeping Categories | | | |
| Source | 2012 Budget | 2011 Actual | 2012/2011 |
| Individuals | \$1,718,352 | \$1,012,861 | 170% |
| Corporations | \$2,246,672 | \$1,324,273 | 170% |
| Foundations | \$3,607,422 | \$2,126,350 | 170% |
| Fundraising Events | \$92,791 | \$74,233 | 125% |
| Fundraising Subtotal | \$7,698,385 | \$4,537,717 | 170% |
| Other Events | \$34,793 | \$69,585 | 50% |
| Publications | \$21,164 | \$21,164 | 100% |
| Advertising | \$8,116 | \$8,116 | 100% |
| Interest/Other | \$1,740 | \$1,740 | 100% |
| Earned Income Subtotal | \$65,813 | \$100,605 | 65% |
| Total Heartland | \$7,764,198 | \$4,638,322 | 167% |

The Internal Revenue Service (IRS) requires that we track income by the categories that appear in Table 1, and this is how Heartland’s accounting system reports receipts. However, for fundraising planning purposes, it is more reliable to project gifts by renewals, first-time givers, and direct mail. Table 2 below sorts the 2012 budget and 2011 actual figures by the categories that will be used in the rest of this Fundraising Plan.

| Table 2. | | | |
|--|--------------------|--------------------|------------------|
| Projected Receipts – Fundraising Categories | | | |
| Category | 2012 Budget | 2011 Actual | 2012/2011 |
| Renewed Donors > \$10,000 | \$4,145,000 | \$3,293,371 | 126% |
| First time donors | \$1,546,500 | -- | -- |
| Anonymous Donor | \$1,250,000 | \$979,000 | 128% |
| Direct Mail | \$406,400 | \$0 | -- |
| Renewed Donors of \$2,500 - \$9,999 | \$200,250 | \$115,111 | 174% |
| Renewed Donors < \$2,500 | \$150,235 | \$150,235 | 100% |
| Total | \$7,698,385 | \$4,537,717 | 170% |

2. Department Personnel

Implementation of the fundraising plan in 2012 will be affected by the following changes in personnel:

- **Joseph Bast**, president of The Heartland Institute, has been Heartland's principal fundraiser throughout its history and expects to continue to raise the bulk of funds in 2012. However, we are making progress in getting others to help raise funds, as the rest of this section suggests.
- In July 2011, **Amanda Evans** was hired as director of development and is managing major individual donors, foundation relations, and planned giving, and well as overseeing the following department staff:

Gwen Bryant, membership manager

Rachel Rivest Dunbar, corporate relations manager

John Griswold, direct mail consultant

- Heartland added **Sam Schulman** to the department in March 2011 as an independent contractor and fundraising senior advisor. Sam is highly connected in conservative social circles and made many contacts on our behalf, but succeeded in raising only one gift for \$10,000. We allowed our agreement to expire in 2011, but are paying him a small amount in early 2011 to follow-up and close on some prospects.
- **Bruno Behrend**, hired in January 2010 to fundraise on school reform, was unsuccessful in doing so in 2011. He was moved to part-time and then to volunteer status by the end of the year. He continues to speak at public events and talk to donors, but we do not expect him to be sufficiently successful to return to paid status in 2012.
- **Eli Lehrer**, director of Heartland's Washington DC office and its Center on Finance, Insurance, and Real Estate, is responsible for raising funds sufficient to cover the entire costs of his department. He achieved that in both 2010 and 2011.
- **Vince Galbiati** was hired in January 2011 to direct the Free To Choose Medicine project. We expect him to be intimately involved in fundraising efforts for the project, and project \$1 million in new income thanks in part to his coming on board.
- **Alan Smith**, a senior fellow on finance issues and director of Heartland's Ohio office, is moving from part-time to nearly full-time capacity in 2012. He reports to Eli Lehrer, who says fundraising will be part of Alan's new responsibilities. Alan is the former executive director of the American Legislative Exchange Council (ALEC) and has extensive contacts in the corporate government relations world.

3. Fundraising Strategy and Tactics

The Heartland Institute has a comprehensive fundraising program with strategies and tactics that can be categorized as follows:

1. Current donor renewal
2. New donor identification and solicitation
3. Donor events
4. Online fundraising
5. Direct mail
6. Major project fundraising
7. Planned giving

1. Current Donor Renewal

Approximately 80% of Heartland's income each year historically has come from past donors who renew at their current level or increase their giving. Donors are most likely to renew if they are promptly thanked for every gift they make, and frequently contacted by Heartland staff with news about the institute's programs and giving opportunities and asked to give. Therefore,

- We track all gifts that are received using Paradox, an inter-relational database program that also controls who receives publications.
- We send thank you letters within 7 days of a gift being received, with those letters customized and signed by the President.
- We track contacts with donors and potential donors of \$500+ using ACT!, a sales management software program.
- We send a weekly donor newsletter by email to all donors for whom we have email addresses, featuring our biggest achievements, invitations to events, and opportunities to contribute.
- We send a colorful quarterly newsletter by mail, *QPR* (formerly *The Heartlander*) to all donors of \$50+.
- We send much longer and more detailed *Quarterly Progress Reports* by email or regular mail to donors of \$1,000 or more. These reports are designed to meet the reporting requirements of the most rigorous corporate and foundation donors. Six *QPRs* are produced each quarter, each summarizing our outputs on one of the six topic areas that Heartland addresses. Donors are coded by what topics they are most interested in or which *QPRs* they have requested.

- We maintain a *Development Progress Report* that tracks what gifts have come in, which are pledged, and which need to be secured in each quarter. That report is continuously updated and acts as the “to do list” for the department.
- We maintain calendars of renewal dates and deadlines for corporate and foundation donors.
- A first renewal letter is automatically generated three months prior to the one year “anniversary” of a donor’s last gift. If the donor doesn’t renew, another letter is sent a month later, and a third letter is sent two months later. Those letters are updated once a quarter.
- Major donors are usually approached before their renewal date by phone or email to discuss their interests, schedule a face-to-face meeting if possible, and solicit an increase in their support. Smaller donors may only be asked to renew via the renewal letters.
- “Expired donors” going back three years get invitations to some events and end of the year solicitations to give. Notes about major past donors stay in ACT for five years or longer.
- Heartland has an anonymous donor who has given as much as half the organizations’ entire budget in some past years, and currently gives about one-fifth of total receipts. Renewing him each year and keeping him informed and engaged is a major responsibility of the President. We regularly solicit his ideas for new projects,
- We continuously conduct research on current donors, even small donors, to discover people with high net worth or positions on foundation boards who we might be able to up-sell. That information is put into the ACT! database so that all fundraisers can see what information we have about donors when placing calls.

Some highlights of planned renewal efforts in 2012 include the following:

- We plan to significantly increase the amount of development staff travel, meeting especially with corporate and foundation donors who we did not see in 2011.
- In 2011, we failed to properly track corporate and foundation donors renewals, with the result that we failed to ask for renewed support earlier enough, or in some cases even at all. In 2012 we plan to more carefully monitor the calendars of renewal dates and deadlines and the *Weekly Progress Report*, and hold one another accountable for making the necessary contacts.
- We expect to have interns to help do background research on current and new donors. With a much-expanded direct mail campaign planned (see below), we believe a full-time person could be kept busy simply researching new donors, coding them in Paradox and ACT! to reflect their interests, and calling or sending follow-up proposals to those who show the greatest ability to increase their financial support.

- We are more actively seeking opportunities to set up matching gift situations using current donors’ support, in particular the Anonymous Donor and Bart Madden’s support for the FTCM project.

2. New Donor Identification and Solicitation

Successful fundraising programs are sometimes characterized as resembling a funnel, with a wide top and narrow bottom or shoot. The wide top represents reaching a large number of potential donors, and the narrow bottom is the actual number of donors that will result from that outreach. Heartland needs to identify about 10 potential donors for every actual gift we receive.

Table 3 describes four categories of potential donors we regularly search for prospects, where we get the names of prospects, and how we make solicitations. This is primarily for major donors (gifts of \$1,000 or more).

| Table 3 Target Groups for Potential Major Donors | | | |
|---|--|---|---|
| Group Name | Description | Sources | Solicitation Method |
| Friends and colleagues of current donors and staff | Individuals introduced to Heartland by a friend or colleague who already supports us. | Board members Current donors Heartland staff Senior fellows | “Crowd source” the prospecting process by asking all Heartland staff, directors, and donors <i>more than once a year</i> to recommend individuals who might give. Add to temporary comp mailing list and event invitation lists. Write, call, schedule meetings, submit proposals, and follow up. Bring senior fellows or current donors to meetings. |
| Corporations & trade associations | Officers, PR and GR officials at corporations with an interest in free-market policy messages on topics covered in Heartland publications. | <i>Nat’l Directory of Corporate Public Affairs</i> Leadership Directories Media Media coverage of corporations and industries under attack Current donors | Add contacts and background info to ACT and Paradox, code to receive publications. Try to get endorsement/entry through a current corporate donor. Write, call, schedule meetings, submit proposals, and follow up. Bring senior fellows or current donors to meetings. |

| Group Name | Description | Sources | Solicitation Method |
|----------------------|--|---|--|
| Individual prospects | Individuals who give to other free-market oriented groups or candidates; letter writers to daily newspapers. | Public lists of donors and sponsors to events and other think tanks Allies such as other think tanks Sympathetic civic and business leaders | Add contacts and background info to ACT and Paradox, code to receive publications. Write, call, schedule meetings, submit proposals, and follow up. Try to bring senior fellows or current donors to meetings. |
| Foundations | Foundations who give gifts to other free-market oriented groups. | FoundationSearch <i>Chronicle of Philanthropy</i> Donor lists from other groups Philanthropy Roundtable meetings and newsletter Current foundation donors | Ask current foundation donors to recommend other foundations and try to get endorsement/entry. Add contacts and background info to ACT and Paradox, code to receive publications, add deadlines to calendar. Try to do joint projects with groups already receiving funding from the foundation. Write, call, schedule meetings, submit proposals, and follow up. Bring senior fellows or current donors to meetings. |

During 2012 we will be utilizing all of these solicitation methods. Some highlights:

- A new development committee of the Board of Directors has been created and had its first conference call. We expect to get names and contact information for dozens, and possibly many more, potential donors, and help reaching them.
- We will do concerted outreach to individuals in Chicago’s financial community (thanks to the location of our new office), and businesses with financial interests in hydraulic fracturing (“fracking”), cable and internet tax and regulation issues (with Mike Rose at ComCast), bringing new prescription drugs to market, and P&C insurance issues.
- We will continue to follow up and try to close on the lists of major potential donors that Sam Schulman and Bruno Behrend created during his time with Heartland.
- We will pursue lists of supporters of charter schools to support our work on school reform.
- The Charles G. Koch Foundation returned as a Heartland donor in 2011. We expect to ramp up their level of support in 2012 and gain access to the network of philanthropists they work with.
- We plan to identify and re-introduce ourselves to the 20 top foundations supporting

conservative and libertarian organizations in the country. In many cases, we have changed dramatically since the last time they contributed, and many foundations weren't even around when we first put together our list of foundation prospects. We will get on the radar of foundation staff as well as founders/chairmen and members of foundation boards by partnering with their favorite charities, attending events they are likely to attend, etc.

- We have not tried to “crowd source” for individual prospects before, and believe this will generate many excellent individual prospects. As Heartland has grown, it has added to its staff persons with extensive personal networks in the conservative and libertarian movements. We have not previously tried to tap them, relying instead of the shrinking and aging network of Heartland’s president.
- We have a new “Who We Are” document that complements our “Prospectus” and should help us more quickly establish our identity and credibility with prospects.

3. Donor Events

Face-to-face meetings often are necessary to get larger gifts. They can occur either one-on-one, in a donor or prospect’s home or office, or in a group situation. We pursue both. Group meetings can be:

- Hosted by Heartland specifically for Heartland donors (such as our anniversary benefit dinners or President’s Council Retreats) or for elected officials and other audiences at which Heartland development staff can make presentations and connections with donors and prospects.
- Hosted by allies or business and civic groups, in which case Heartland is a cosponsor, exhibitor, presenter, or just sends people to attend.

Table 4 shows the 2012 budget for events and consponsoring/exhibiting. We have budgeted a record \$380,000 for these activities.

**Table 4.
Heartland Events Planned for 2012**

| Budget | Breakout | Events |
|---------------|-----------------|--|
| \$234,240 | | HEARTLAND EVENTS IN CHICAGO Events in Chicago for friends and allies, typically lunches or receptions with book authors, no honoraria and no travel. |
| | \$12,750 | John Stossel event, 150 people @ \$85 |
| | \$9,000 | 18 lunches and receptions at Heartland's new office space, 50 people @\$10 |
| | \$9,000 | 1 lunch, dinner, or reception/quarter offsite, 50 people @ \$45 |
| | \$3,200 | Printing and mailing invites, \$200 x 16 |
| | \$82,750 | Emerging Issues Forum GR event mainly for elected officials, but we market to GR professionals and current donors and solicit sponsorships. In Chicago, scheduled to piggyback on NCSL meeting in August in Chicago. \$3,000 Print invitations, 7,500 @ .20 x 2 4,350 Mail invitations, 7,500 @ .29 x 2 3,000 Speaker honoraria, travel, rooms, 2 @ \$1,500 72,000 Legislator travel scholarships and rooms, 70 @ \$800 14,400 Meals and room charges, 120 @ \$120 ----- \$82,750 Total |
| | \$90,000 | Anniversary Benefit \$64,000 hotel 8,000 speakers' honoraria 3,500 printing invitations 4,500 mailing invitations 10,000 other ----- \$90,000 Total Actual spending in 2011 appears to have been \$93,000. Travel and rooms for legislators appear in GR budget. |
| | \$27,540 | President's Council Retreat Estimate 30 donors, 15 spouses, and 12 staff. Only 5 staff at dinner. Posters printed in 2011 will be gifts. A hypothetical budget: \$12,500 Dinner, 50 x \$250 6,840 Breakfast and lunch, 2 x 57 x \$60 2,800 Two receptions x \$1,400 4,000 Honoraria and travel for four or five "special guests" 2,500 High-touch mailing at \$25 each to 100 donors ----- \$27,540 Total |
| | | |

| Budget | Breakout | Events |
|------------------|-----------------|---|
| \$28,320 | | HEARTLAND EVENTS OUTSIDE CHICAGO Events outside Chicago are organized by PR and GR departments. After disappointing turnouts in 2011, we don't plan any DD events, but DD staff will be at all of these events. |
| | \$2,400 | PR: "Heartland Happy Hours" Sponsored receptions with snacks and no speakers. Estimate 4 events at \$600 each. Note: Travel is already budgeted. |
| | \$25,920 | GR: Heartland Capital Events Events in state capitals for elected officials, with no travel scholarships. Estimate 8 events @ \$3,240 each: <ul style="list-style-type: none"> \$ 200 Print invitations, 200 @ .50 x 2 240 Mail invitations, 200 @ .60 x 2 300 Signs, 3 @ 100 1,500 Speaker honoraria, travel, rooms, 1 x \$1,500 1,000 Meals and room charges <p style="text-align: center;">----- \$3,240 Total</p> <p>Note, travel for GR staff is budgeted separately. Three or four of these could be built around Cook County Debt project. Communications is budgeted to send 2 people to each of 6 Cook County Debt project speaking engagements. We believe the Treasurer or cohosts will pay for her travel.</p> |
| | | |
| \$117,500 | | EXHIBITING/ATTENDANCE |
| | \$29,000 | GR: \$13,000 ALEC Annual Meeting attendance/exhibiting/ ice cream social 11,000 NCSL Annual Meeting attendance/exhibiting 5,000 SPN, Heritage Resource Bank, CPAC |
| | \$40,000 | PR: Registration, travel, hotel and shipping for 8 exhibits @ \$5,000. Nikki's travel, if necessary, comes out of this budget; travel for all other staff comes out of other budgets. |
| | \$36,000 | Free To Choose Medicine Exhibiting, 12 events at \$3,000 each for incremental cost (no staff or overhead), including travel for speakers, honoraria, and expenses. |
| | \$10,000 | Center on Finance, Insurance, and Real Estate (CFIRE) Exhibiting, conference sponsorship, and attendance |
| | \$2,500 | SPN, Philadelphia Society, and CPAC. |
| \$380,060 | | Total |

Some highlights from events planned for 2012:

- Our new office has room to host lunches and receptions for up to 50 or 60 people. We plan to take advantage of this by hosting many lunches and after work receptions. By providing our own food and alcohol (some of both will be donated), the cost per person should be much less than we paid to hold events at restaurants and hotels in the past.
- This year's President's Council Retreat will tentatively be shorter (just one day) and focus on a truly exceptional meal and plenty of reception time to mingle with and get to know celebrity guests.
- This year's anniversary benefit will once again take place on the same day as the Emerging Issues Forum, in order to get legislators to attend both events and create opportunities for donors to mingle with legislators. Both events will take place in early August, rather than our usual time in October, to piggyback on an annual meeting of NCSL taking place in Chicago.
- We have tried in the past to host half-day (or shorter) programs in state capitals, with mixed success. We plan for eight such events in 2012, with some of them perhaps using Cook County Treasurer Maria Pappas as a draw.
- The new Free To Choose Medicine project is budgeted at \$3,000 a month to register and exhibit at events hosted by other organizations. There are many patient advocacy groups and prescription drug business associations that host many events every year, we hope to have a presence at some of them.

4. Online fundraising

For the first time in 2011, we devoted significant resources to using the Internet to fundraise. We previously used email for invitations and had a somewhat typical/sober place on our Web site to contribute. With a complete redesign of our Web presence in 2011, we added ads and requests for contributions to the homepage and created a much expanded and more exciting "donate" feature.

We launched a weekly donor e-newsletter in 2011 highlighting our biggest achievements in the previous week. Each e-newsletter contains promotional language requesting contributions. We are steadily expanding the list of people receiving the newsletter to include potential as well as actual donors.

Donating online was made easier in 2011 by our use of Kimbia, an online donation and reservation processing system that is easy to use, secure, allows us to receive funds immediately, keeps donors on our Web page, and is fully automated.

5. Direct mail

Heartland mails frequently to its house list of donors, prospects, subscribers, and allies. Direct mail (DM), however, is properly understood as mailing to rented lists of potential donors.

Heartland has seldom used DM to raise money. In the past, it has produced mailings of 1,000 - 3,000 pieces in-house, mailing to lists it got from other free-market groups through list exchanges. These mailings invariably made money, not counting staff time, but the scale was too small to contribute much to the organization's bottom-line. Because the list exchanges were limited to the number of donors Heartland has, they could not be scaled up.

In late 2011, Heartland negotiated an agreement with Griswold and Griswold, a DM consulting firm, to produce approximately 1 million DM letters in 2012. Griswold will manage the writing, printing and mailing of the letters and "caging" the returns, and pass through to us bills from vendors. Because of some delay in getting started, we expect the actual number of letters to be sent in 2012 will be 800,000.

According to Griswold's plan, the cost for a million letters would be about \$542,000 and gross income is forecast to be \$508,000, for a net loss in the first year of about \$34,000. We have put 80% of those numbers into the budget for 2012, to account for the smaller number of letters to be mailed, and divided the total expense between Griswold's fee (\$0.555/letter) and printing and mailing.

If Griswold's plan is correct, Heartland should end 2012 with approximately 18,000 new donors. We currently have only 1,800 donors, so this would be quite an accomplishment. Griswold further forecasts that Heartland would net \$500,000 in the second year of the campaign, and would end 2013 with some 33,000 donors.

6. Major Project Fundraising

While ideologically motivated individual donors are apt to contribute for general operating, corporations and (increasingly) foundations want project-specific proposals. We try as best we can to tailor our programs to meet both the requirements of our mission – to discover, develop, and promote free-market solutions to social and economic problems – while also exciting new donors to make the contributions needed to fund our programs.

During 2012 we plan to fundraise for 10 new or relaunched projects designed to attract new donors. These are in addition to proposals for our six public policy newspapers, work on health care and telecommunications, and other ongoing projects that we expect will appeal primarily to existing donors. The projects are briefly described here and ordered by the size of their budgets, from largest to smallest. A summary appears in Table 12 later in this fundraising plan.

A. Free To Choose Medicine Project

Free To Choose Medicine (FTCM) is a new project of The Heartland Institute. During 2011, Heartland's president Joseph Bast wrote an 80-page proposal for the effort, and donor Bart Madden agreed to contribute half of the project's \$1 million/year budget. In January, a director for the project, Vince Galbriati, was hired.

We expect the FTCM to bring in at least \$1 million in gifts from all donors, including Bart Madden. Approximately \$500,000 in gifts will be from first-time donors. There are scores of businesses and trade associations with a keen interest in our effort, and many wealthy individuals have strong personal motivation to see faster access to potentially life-saving new drugs become a reality. Vince Galbriati is eager to "pitch" the proposal to investors in drug companies. Several current Heartland donors are already donating to the project, and will give more if they see progress being made.

B. Nongovernmental International Panel on Climate Change (NIPCC)

Heartland sponsors the Nongovernmental International Panel on Climate Change (NIPCC), an international network of scientists who write and speak out on climate change. Heartland pays a team of scientists approximately \$300,000 a year to work on a series of editions of *Climate Change Reconsidered*, the most comprehensive and authoritative rebuttal of the United Nations' IPCC reports. Another \$88,000 is earmarked for Heartland staff, incremental expenses, and overhead for editing, expense reimbursement for the authors, and marketing.

NIPCC is currently funded by two gifts a year from two foundations, both of them requesting anonymity. In 2012 we plan to solicit gifts from other donors to add to what these two donors are giving in order to cover more of our fixed costs for promoting the first two *Climate Change Reconsidered* volumes and writing and editing the volume scheduled for release in 2013. We hope to raise \$200,000 in 2012.

C. Operation Angry Badger

Wisconsin was the focus of national attention due to recall campaigns waged in 2011, and campaigns are taking place in 2012 against Gov. Scott Walker, Lt. Gov. Rebecca Kleefisch and three Republican senators who voted for Act 10, the landmark collective bargaining reform legislation adopted in 2011. We have been following the Wisconsin debate closely, reporting on it in *Budget & Tax News*, commenting in op-eds and LTEs and on blogs, doing television and radio interviews, and sending research and commentary to elected officials in Wisconsin and nationally.

The recall elections of 2012 amount to a referendum on collective bargaining reform at the state level, making them of *national* interest. Successful recalls would be a major setback to the

national effort to rein in public sector compensation and union power. Heartland is the largest and most influential national free-market think tank in the Midwest, so we are in the right place and with the right resources to help defend and secure Wisconsin's recent gains.

We are contemplating five projects:

1. Recruit and promote superintendents who support Act 10
2. Explain the benefits of Act 10
3. Document the shortcomings of public schools in Wisconsin
4. Expose teacher pay in key districts
5. Create blogs that shadow small town newspaper coverage of the controversy

We anticipate that this project will cost about \$612,000. Maureen Martin, Heartland's legal counsel, will be the chief researcher and writer for this project. The anonymous donor has pledged \$100,000 toward this project. We are circulating a proposal to other potential funders.

D. Center for Transforming Education

The Center for Transforming Education at The Heartland Institute produces *School Reform News*, leads the national effort to implement "Parent Triggers" at the state level outside California, played a major role in a Texas effort in 2012 that narrowly lost, and conducts a full-scale PR and GR campaign for "transformational" school reform.

Funding for this Center has lagged well behind past levels during the past two years, as we hoped Bruno Behrend would renew current donors and identify new potential donors. That didn't work, and no one else stepped in to take over fundraising until it was too late. As a result, our efforts in this field had to be heavily subsidized from the general operating budget in 2011. This year should see a substantial jump in receipts from new and lapsed donors for school reform if only because they will be more systematically contacted and renewed than during 2011.

We hope to schedule meetings with the leaders of the largest donors and foundations active in this arena. It has often been three years or longer since they met with a Heartland representative. But we won't rely entirely on them changing their minds about how important Heartland is in the school reform movement.

We plan to aggressively pursue donors to charter schools. Lists of such donors often are publicly available, printed in the newsletters of the schools. Charters are the "safe" kind of school choice, and supporters often contribute large amounts toward capital campaigns and scholarships. These individuals are ideal candidates to contribute to a think tank that promises to remove barriers to starting new charter schools and extending choice to other private schools.

The 2012 budget for the Center for Transforming Education is \$250,000.

E. Chicago FIRE Outreach

Heartland is moving to new office space in January, from the rather shabby and difficult to find offices on LaSalle Street we have occupied for some 15 years, dating back to when we were a much smaller organization. The new office, on the 27th floor of a Helmut Jahn-designed glass and steel skyscraper located on Wacker Drive, across from the Chicago Mercantile Exchange, promises to dramatically raise our profile in Chicago's financial community.

We plan to aggressively market ourselves to Chicago's financial community by hosting frequent lunches and afterwork receptions in our offices, and meeting with potential donors in the office buildings surrounding our new location. When Heartland was founded in 1984, we received funding from several traders at the Chicago Board of Trade, CBOT, and CME. That funding has gradually disappeared as traders flamed out or moved on to other interests. Rather than try to replace them, we pursued well-known conservative and libertarian philanthropists largely outside Illinois.

The financial sector has obviously boomed during the years since Heartland created its current donor base. There are thousands of affluent hedge fund managers, market makers, and traders within a stone's throw of Heartland's new office who are libertarians and never heard of us. We hope to reach them in a variety of ways, most of them networking based, and sign them up to support our work on finance, insurance, and real estate (FIRE).

This effort is largely separate from Eli Lehrer's fundraising efforts, which focus on a small number of property and casualty insurance companies outside Chicago. We will seek to tap into the fundamentally libertarian instincts of many people in the financial world to support *FIRE Policy News* and potentially other projects that focus on non-insurance topics such as Dodd-Frank, Sarbanes-Oxley, federal bail-outs of banks and other businesses, proposals to "tax the rich," and the Federal Reserve.

We hope to raise \$100,000 from Chicago-based donors as a result of this effort.

F. David H. Padden Internship Program

David Padden, Heartland's founder and long-time chairman and then chairman emeritus, passed away on October 2, 2011. Various ideas have been discussed to memorialize his major contributions to Heartland specifically and to the freedom movement more generally. One thing we plan to do is name the meeting space at our new offices after Dave, so that invitations to events will include his name and help keep his memory alive.

Another way to memorialize Dave's contributions could be to establish the **David H. Padden Internship Program**. The rationale is as follows:

- Of the many groups Dave supported, Cato and The Heartland Institute stand out. Dave

stepped down from all other boards in his latter years except Heartland. Even folks at Cato say Dave was most proud of what he had achieved with Heartland.

- Of the many different audiences he thought libertarians should reach, young people – college students in particular – were very high on Dave’s list. And of the ways to reach young people, one-on-one conversation – in small group meetings using the Socratic method or in mentor relationships – was highest.
- While he supported public policy advocacy organizations, his heart was closest to the old Foundation for Economic Education (FEE) model of leading by example and changing people’s minds one at a time in conversations about philosophy and morality.

A Padden Internship Program would be a close fit with what we think Dave would have wanted and would benefit the freedom movement he loved. It could be modeled after the Charles G. Koch Summer Fellow Program, which is summarized here: <http://www.college.columbia.edu/students/fellowships/catalog/charles-g-koch-summer-fellow-program>.

Features of the Padden Internship program would include the following:

- A 26-week internship in Heartland’s Chicago office, with research, writing, and event planning experiences.
- A \$3,900 stipend (\$150/week).
- Attendance at Cato’s annual “Cato University Summer Seminar,” a one-week program in August. See http://www.cato.org/pubs/policy_report/v21n2/summerseminar.html for details. We would ask Cato to cover the \$1,500 registration and room fee, and we would cover travel.
- Twelve Socratic discussions over the course of the internship with Heartland senior staff, senior fellows, and board members around the same table that was in Dave’s office for some 30 years. Readings could be by Bastiat, Mises, Hayek, Friedman, etc., perhaps taken from *The Libertarian Reader* edited by David Boaz, or the reading list for Cato University, or readings that Dave helped prepare for a Liberty Fund seminar Heartland organized some 20 years ago. Final sessions could be more policy-oriented and based on Heartland’s *The Patriot’s Toolbox*.

Funding: We could ask current and past Heartland board members, who knew Dave well, to contribute \$5,000 or \$10,000 more than they would otherwise give, to raise the first \$100,000 toward a fund that would pay for ten years of internships. With this evidence of Board support, we could then approach persons we knew to be his friends, who served on other boards with him, and heads of think tanks that benefit from his generosity. Donors to the fund could be recognized in the following ways:

- Names of funders could be inscribed on a plaque to hang on a wall near the table where the Socratic discussions take place.
- A special reception prior to or following the President's Council Retreat to which current and former Padden Interns would be invited.
- An e-newsletter and blog could be created for donors and current and past interns to stay in touch with each other.

Heartland's 2012 budget forecasts two interns for each of five departments, with a budget of \$39,000. Adding travel to the Cato event at \$800 for each of the ten interns boosts the annual budget to \$47,000. We could plan to fundraise for a fund that would finance the David H. Padden Internship Program for ten years, requiring gifts totaling \$470,000. Anything above that amount raised or earned in interest or investment could be devoted to a variety of additional activities involving the interns or extend the program beyond 10 years.

For the 2012 budget, we forecast raising *half* the total amount needed to endow this 10-year project, or \$235,000.

G. Cook County Public Debt Project

Maria Pappas, Cook County (IL) Treasurer, has discovered that municipalities and other taxing districts in Cook County are much deeper in debt than is widely understood, or even understood by elected officials in Cook County. She has documented a looming financial crisis, driven largely by employee pension and health care promises, that could have catastrophic results for residents and businesses in the county. She warns that other counties in the U.S. are probably facing similar disasters. She's eager to speak out on the issue not only in Illinois, but nationwide.

Heartland has agreed to work with Treasurer Pappas's staff and other allies on three things:

- (a) a research and publishing effort that results in one or more *Heartland Policy Studies* that fact-check, report, and interpret the Treasurers' findings,
- (b) a national communications campaign consisting of distribution of the studies, news releases, op-eds, and other promotional activities, and
- (c) a national speaking tour featuring Treasurer Pappas, perhaps with events in state capitals held in conjunction with our allies in a dozen or half-dozen states.

We anticipate that this project will cost about \$210,000. The anonymous donor has pledged \$105,000 toward this project. We are circulating a proposal to potential donors.

H. Global Warming Curriculum for K-12 Schools

Many people lament the absence of educational material suitable for K-12 students on global warming that isn't alarmist or overtly political. Heartland has tried to make material available to teachers, but has had only limited success. Principals and teachers are heavily biased toward the alarmist perspective. Moreover, material for classroom use must be carefully written to meet curriculum guidelines, and the amount of time teachers have for supplemental material is steadily shrinking due to the spread of standardized tests in K-12 education.

Dr. David Wojick has presented Heartland a proposal to produce a global warming curriculum for K-12 schools that appears to have great potential for success. Dr. Wojick is a consultant with the Office of Scientific and Technical Information at the U.S. Department of Energy in the area of information and communication science. He has a Ph.D. in the philosophy of science and mathematical logic from the University of Pittsburgh and a B.S. in civil engineering from Carnegie Tech. He has been on the faculty of Carnegie Mellon and the staffs of the U.S. Office of Naval Research and the Naval Research Lab.

Dr. Wojick has conducted extensive research on environmental and science education for the Department of Energy. In the course of this research, he has identified what subjects and concepts teachers must teach, and in what order (year by year), in order to harmonize with national test requirements. He has contacts at virtually all the national organizations involved in producing, certifying, and promoting science curricula.

Dr. Wojick proposes to begin work on "modules" for grades 10-12 on climate change ("whether humans are changing the climate is a major scientific controversy"), climate models ("models are used to explore various hypotheses about how climate works. Their reliability is controversial"), and air pollution ("whether CO₂ is a pollutant is controversial. It is the global food supply and natural emissions are 20 times higher than human emissions").

Wojick would produce modules for Grades 7-9 on environmental impact ("environmental impact is often difficult to determine. For example there is a major controversy over whether or not humans are changing the weather"), for Grade 6 on water resources and weather systems, and so on.

We tentatively plan to pay Dr. Wojick \$5,000 per module, about \$25,000 a quarter, starting in the second quarter of 2012, for this work. The Anonymous Donor has pledged the first \$100,000 for this project, and we will circulate a proposal to match and then expand upon that investment.

I. Hydraulic Fracturing Project

Hydraulic fracturing, popularly known as "fracking," is a process whereby water, sand, and small amounts of chemicals (surfactants) are injected into oil and natural gas formations to make the energy resources easier to extract. Fracking has been safely used for more than 50 years.

Fracking became controversial in 2010 and 2011 because environmentalists, hoping to prevent the development of large reserves of oil and natural gas in the Marcellus Shale Formation, invented charges that fracking poses environmental and safety risks. The liberal media has uncritically reported these charges as though they were scientifically based, leading to pressure on national and state elected officials to ban or regulate the use of fracking.

Heartland has been one of the most outspoken defenders of fracking in the U.S., using *Environment & Climate News*, its Web sites, and its PR and GR operations to comment repeatedly on the issue and reach large audiences. We have not, however, yet attempted to raise funds from businesses with a financial interest in fracking. In 2012 we intend to correct that oversight and approach dozens of companies and trade associations that are actively seeking allies in this battle.

The budget for this project consists almost entirely of current budgeted expenditures on research, PR, and GR. We are breaking out summaries of what we've already done on the topic and plan to do, to submit to potential donors. We hope to raise \$100,000 for the topic in 2012, with half this amount coming from first-time and lapsed donors.

J. Weather Stations Project

Every few months, weathermen report that a temperature record – either high or low – has been broken somewhere in the U.S. This is not surprising, since weather is highly variable and reliable instrument records date back less than 100 years old. Regrettably, news of these broken records is often used by environmental extremists as evidence that human emissions are causing either global warming or the more ambiguous “climate change.”

Anthony Watts, a meteorologist who hosts WattsUpwithThat.com, one of the most popular and influential science blogs in the world, has documented that many of the temperature stations relied on by weathermen are compromised by heat radiating from nearby buildings, machines, or paved surfaces. It is not uncommon for these stations to over-state temperatures by 3 or 4 degrees or more, enough to set spurious records.

Because of Watts' past work exposing flaws in the current network of temperature stations (work that The Heartland Institute supported and promoted), the National Aeronautics and Atmospheric Administration (NOAA), the government agency responsible for maintaining temperature stations in the U.S., has designated a new network of higher-quality temperature stations that meet its citing specifications. Unfortunately, NOAA doesn't widely publicize data from this new network, and puts raw data in spreadsheets buried on one of its Web sites.

Anthony Watts proposes to create a new Web site devoted to accessing the new temperature data from NOAA's web site and converting them into easy-to-understand graphs that can be easily found and understood by weathermen and the general interested public. Watts has deep expertise in Web site design generally and is well-known and highly regarded by weathermen and

meteorologists everywhere. The new site will be promoted heavily at WattsUpwithThat.com.

Heartland has agreed to help Anthony raise \$88,000 for the project in 2011. The Anonymous Donor has already pledged \$44,000. We'll seek to raise the balance.

7. Planned Giving

Planned giving encompasses activities as simple as naming a charity in one's will to complex insurance schemes and charitable remainder trusts. As baby boomers retire, planning giving is rising as a share of total giving to Heartland and to other charities.

In 2012, Heartland will finally launch a true planned giving program with the following parts:

- A Planned Giving Board consisting of estate planning and planned giving professionals who are Heartland donors. Dan Hales has agreed to chair this board.
- Advertisements in our publications and newsletters and on our Web, and a brochure briefly making the case for including Heartland in your will and estate planning.
- A white paper that provides more detailed guidance to planned giving, explaining the tax advantages and choices involving several popular options.

Amanda Evans is in charge of the project.

4. Anonymous Donor

Because the Anonymous Donor has given a large percentage of Heartland's budget in past years, it is useful to single out his expected gift at the beginning of the year.

In 2011, he gave Heartland \$979,000, less than any years since 2005. In January 2012, he pledged \$1 million. We project that he will give \$250,000 more over the course of the year.

Table 5 summarizes the recent history of the Anonymous Donor's giving, and Table 6 breaks out the projects he has already agreed to support in 2012 and those we hope he will agree to fund as the year progresses. We believe the increase from 2011 to 2012 is reasonable in part because 2011's level of giving was the lowest since 2005 and seemed to be due to some developments that are now past. Until 2011, he had given more than \$1,250,000 every year since 2005.

| Table 5. | | | | | |
|--|--------------------|--------------------|--------------------|--------------------|------------------|
| Giving by the Anonymous Donor, by Program | | | | | |
| Project | 2007 | 2008 | 2009 | 2010 | 2011 |
| General Operating | \$500,000 | \$500,000 | \$500,000 | \$700,000 | \$350,000 |
| Ramp Up Program | \$800,000 | \$800,000 | \$400,000 | \$0 | \$0 |
| Global Warming Projects | \$1,976,937 | \$3,300,000 | \$1,732,180 | \$964,150 | \$629,000 |
| Health Care | \$0 | \$0 | \$190,000 | \$0 | \$0 |
| School Reform | \$0 | \$0 | \$0 | \$0 | \$80,000 |
| Total | \$3,276,937 | \$4,600,000 | \$2,822,180 | \$1,664,150 | \$979,000 |

| Table 6. | | |
|---|--------------------|--|
| 2012 Gift and Potential Gifts from the Anonymous Donor | | |
| Quarter | Amount | Projects |
| First Quarter (already pledged but not received.) | \$457,000 | General Operating |
| | \$194,000 | NIPCC Project |
| | \$44,000 | Weather Stations Project |
| | \$100,000 | Global Warming Curriculum Project |
| | \$105,000 | Cook County Debt Project |
| | \$100,000 | Operation Angry Badger |
| | \$1,000,000 | Total |
| Second Quarter | \$0 | |
| Third Quarter | \$250,000 | Additional gift, possibly for Operation Angry Badger in Wisconsin or to take the Cook County debt project to key states. |
| Fourth Quarter | \$0 | |
| Total | \$1,250,000 | |

5. Renewing Donors of \$10,000+

In 2012, we expect to raise \$4.1 million from *past* major donors of \$10,000 or more, not including the Anonymous Donor, an increase of 26 percent from 2011 income from these same donors. Table 7 shows the dollar amounts.

| Table 7. | | | |
|---|-----------------------|------------------|---------------------------------------|
| Projected Income from Renewals \$10,000+ | | | |
| 2011 Actual | 2012 Projected | 2012/2011 | Source of Income |
| \$3,293,371 | \$4,145,000 | 126% | Income from renewing gifts > \$10,000 |

Not all donors renew every year, and some increase their gifts while others reduce them. In alternating years we do zero-based budgeting on the fundraising side of the budget by estimating income from specific donors. In the other years, we just project a percentage increase in giving by each category. This year is a zero-based budgeting year.

The names of past donors of \$10,000 or more, their gifts during the past two years, and their projected giving in 2012 appear in Table 8. Obviously, this is only a forecast and won't be entirely accurate.

| Table 8. | | | | | |
|---|--------------------|--------------------|-----------------------|--------------------------|----------------|
| Anticipated Gifts by Renewing \$10,000+ Donors in 2012 | | | | | |
| Name | 2010 Actual | 2011 Actual | 2012 Projected | 2012 as % of 2011 | Project |
| Allied World Assurance Company Holdings, Ltd. | \$50,000 | \$60,000 | \$40,000 | 67% | FIRE |
| Altria Client Services Inc. | \$40,000 | \$50,000 | \$50,000 | 100% | BTN |
| Amgen, USA | \$25,000 | \$0 | \$25,000 | ?? | HCN |
| Arthur Margulis | \$25,000 | \$25,000 | \$25,000 | 100% | GO |
| Arthur N. Rupe Foundation | \$0 | \$0 | \$10,000 | ?? | GO |
| Association of Bermuda Insurers and Reinsurers | \$50,000 | \$75,000 | \$50,000 | 67% | FIRE |
| AT&T for IT&T News | \$70,000 | \$30,000 | \$30,000 | 100% | ITTN |
| AT&T for CFIRE | \$0 | \$0 | \$10,000 | ?? | FIRE |
| Barney Family Foundation | \$50,000 | \$25,000 | \$50,000 | 200% | SRN |
| Bartley Madden | \$182,277 | \$216,656 | \$400,000 | 185% | HCN |
| Bayer Corporation | \$0 | \$0 | \$25,000 | ?? | HCN |
| BB&T (John Allison) | \$16,105 | \$0 | \$25,000 | ?? | ECN |
| Bernard Baltic Estate | \$0 | \$77,807 | \$0 | 0% | GO |
| Castle Rock Foundation | \$0 | \$0 | \$40,000 | ?? | GO |
| Charles McQuaid | \$11,000 | \$1,000 | \$10,000 | 1000% | ECN |
| Charles G. Koch Charitable Foundation | \$0 | \$25,000 | \$200,000 | 800% | HCN |

| Name | 2010 Actual | 2011 Actual | 2012 Projected | 2012 as % of 2011 | Project |
|--|-------------|-------------|----------------|-------------------|---------|
| Chase Foundation of Virginia | \$25,000 | \$25,000 | \$25,000 | 100% | GO |
| Chris Rufer | \$27,000 | \$25,000 | \$50,000 | 200% | GO |
| Comcast Corporation | \$10,000 | \$25,000 | \$25,000 | 100% | ITTN |
| Contran Corporation | \$25,000 | \$50,000 | \$50,000 | 100% | ECN |
| Credit Union National Association | \$26,500 | \$30,000 | \$25,000 | 83% | FIRE |
| CTIA - The Wireless Association | \$80,000 | \$40,000 | \$40,000 | 100% | ITTN |
| David Albin | \$10,540 | \$10,000 | \$10,000 | 100% | GO |
| Dan Hales | \$20,560 | \$25,000 | \$25,000 | 100% | GO |
| David Herro | \$35,000 | \$60,000 | \$60,000 | 100% | ECN |
| David Lawson | \$20,864 | \$17,000 | \$15,000 | 88% | GO |
| Dezenhall Resources, Ltd. | \$15,000 | \$27,000 | \$50,000 | 185% | HCN |
| Diageo | \$10,000 | \$0 | \$10,000 | ?? | GO |
| Eli Lilly & Company | \$25,000 | \$0 | \$25,000 | ?? | HCN |
| Elizabeth Rose | \$40,000 | \$15,000 | \$15,000 | 100% | GO |
| Eric Brooks | \$10,000 | \$10,000 | \$10,000 | 100% | GO |
| Farmers' Insurance (Zurich) | \$0 | \$0 | \$25,000 | ?? | FIRE |
| Frank Resnik | \$5,065 | \$25,000 | \$30,000 | 120% | GO |
| Fred Young | \$10,000 | \$15,000 | \$15,000 | 100% | GO |
| General Motors Foundation | \$15,000 | \$15,000 | \$15,000 | 100% | SRN |
| Genting | \$0 | \$0 | \$0 | ?? | FIRE |
| GlaxoSmithKline | \$30,000 | \$20,000 | \$20,000 | 100% | HCN |
| Gleason Family Foundation | \$0 | \$50,000 | \$50,000 | 100% | SRN |
| Golden Rule Insurance Company | \$40,030 | \$250,000 | \$250,000 | 100% | HCN |
| Herbert Walberg | \$85,000 | \$25,000 | \$50,000 | 200% | GO |
| HSA Bank | \$0 | \$0 | \$10,000 | ?? | HCN |
| International Premium Cigar & Pipe Retailers | \$0 | \$0 | \$10,000 | ?? | BTN |
| IronBridge Capital Management, L.P. | \$40,000 | \$25,000 | \$25,000 | 100% | GO |
| James Fitzgerald | \$10,000 | \$0 | \$10,000 | ?? | GO |
| James McWethy | \$0 | \$20,000 | \$20,000 | 100% | ECN |
| Jaquelin Hume Foundation | \$25,000 | \$0 | \$25,000 | ?? | SRN |
| Jerry and Marilyn Hayden | \$120,000 | \$170,000 | \$170,000 | 118% | GO |
| John William Pope Foundation | \$25,000 | \$15,000 | \$15,000 | 100% | GO |

| Name | 2010 Actual | 2011 Actual | 2012 Projected | 2012 as % of 2011 | Project |
|---|-------------|-------------|----------------|-------------------|---------|
| Kayser Family Foundation | \$13,000 | \$15,000 | \$15,000 | 100% | ECN |
| KCI | \$0 | \$115,000 | \$0 | 0% | FIRE |
| Larch Communications, LLC | \$0 | \$0 | \$25,000 | ?? | BTN |
| Larry Smead Fund | \$10,000 | \$10,000 | \$10,000 | 100% | GO |
| Las Vegas Sands (DCI Group) | \$0 | \$0 | \$5,000 | ?? | FIRE |
| Leslie Rose | \$65,500 | \$50,000 | \$60,000 | 120% | GO |
| LKQ Corporation | \$24,500 | \$0 | \$150,000 | ?? | FIRE |
| Lynde & Harry Bradley Foundation | \$125,000 | \$50,000 | \$50,000 | 100% | ECN |
| Microsoft Corporation | \$0 | \$59,908 | \$10,000 | 17% | ITTN |
| Mike Keiser | \$31,000 | \$25,000 | \$35,000 | 140% | GO |
| Milbank Foundation for Rehabilitation | \$0 | \$0 | \$25,000 | ?? | HCN |
| Murray Energy Corporation | \$100,000 | \$0 | \$40,000 | ?? | ECN |
| National Cable & Telecommunications Association | \$0 | \$10,000 | \$10,000 | 100% | ITTN |
| Nationwide Insurance | \$0 | \$0 | \$10,000 | ?? | FIRE |
| Norman Rogers | \$3,570 | \$10,000 | \$20,000 | 200% | GO |
| Nucor Corporation | \$402,000 | \$100,000 | \$50,000 | 50% | ECN |
| Patrick O'Meara | \$80,000 | \$0 | \$60,000 | ?? | |
| Pfizer | \$130,000 | \$0 | \$150,000 | ?? | HCN |
| PhRMA | \$20,000 | \$0 | \$20,000 | ?? | HCN |
| Renaissance ReService Ltd. | \$90,000 | \$317,000 | \$280,000 | 88% | FIRE |
| Reynolds American Inc. | \$0 | \$110,000 | \$110,000 | 100% | FIRE |
| Responsible Industry for a Sounds Environment | \$0 | \$0 | \$10,000 | ?? | ECN |
| Robert Buford | \$21,120 | \$30,000 | \$30,000 | 100% | GO |
| Rodney Fund | \$10,000 | \$12,000 | \$10,000 | 83% | GO |
| Searle Freedom Trust | \$0 | \$0 | \$50,000 | ?? | ECN |
| State Farm (Jeff Judson) | \$114,200 | \$230,000 | \$95,000 | 41% | FIRE |
| State Farm Mutual Automobile Insurance Company | \$60,000 | \$60,000 | \$60,000 | 100% | FIRE |
| Susquehanna International Group LLP | \$10,000 | \$10,000 | \$10,000 | 100% | HCN |
| Stanley Hubbard | \$65 | \$10,000 | \$10,000 | 100% | ECN |
| Stuart Family Foundation | \$25,000 | \$0 | \$25,000 | ?? | ECN |
| Texas Cable Association | \$0 | \$0 | \$5,000 | ?? | FIRE |

| Name | 2010 Actual | 2011 Actual | 2012 Projected | 2012 as % of 2011 | Project |
|--|--------------------|--------------------|--------------------|-------------------|---------|
| The Deramus Foundation | \$10,000 | \$10,000 | \$10,000 | 100% | GO |
| The Justice Foundation | \$0 | \$10,000 | \$10,000 | 100% | SRN |
| The Negaunee Foundation | \$0 | \$10,000 | \$10,000 | 100% | BTN |
| Philip Friedmann Family Charitable Trust | \$15,000 | \$10,000 | \$10,000 | 100% | GO |
| The Robert P. Rotella Foundation | \$5,000 | \$10,000 | \$10,000 | 100% | HCN |
| Time Warner Cable | \$10,000 | \$10,000 | \$20,000 | 200% | ITTN |
| Triad Foundation, Inc. | \$25,000 | \$25,000 | \$25,000 | 100% | ECN |
| USAA | \$0 | \$45,000 | \$50,000 | | FIRE |
| US Chamber of Commerce | \$25,000 | \$0 | \$25,000 | ?? | LEGAL |
| Will Wohler | \$8,000 | \$0 | \$10,000 | ?? | GO |
| William Dunn | \$150,000 | \$330,000 | \$300,000 | 91% | HCN |
| Wisconsin Insurance Alliance | \$0 | \$0 | \$50,000 | ?? | FIRE |
| XL Group | \$0 | \$35,000 | \$0 | 0% | FIRE |
| Verizon | \$0 | \$0 | \$10,000 | ?? | ITTN |
| Totals | \$2,887,896 | \$3,293,371 | \$4,145,000 | 126% | |

6. Renewing Donors of \$2,500 - \$9,999

In 2011 we raised approximately \$115,111 from donors who gave \$2,500 - \$9,999. These are prime candidates to increase their giving in 2012. We forecast a 74% increase in income from these donors, to \$200,250, in 2012. See Table 9.

| Table 9. | | | |
|--|----------------|-----------|----------------------------------|
| Projected Income from Renewals, \$2,500 - \$9,999 | | | |
| 2011 Actual | 2012 Projected | 2012/2011 | Source of Income |
| \$115,111 | \$200,250 | 174% | Renewing gifts \$2,500 - \$9,999 |

Actual and projected gifts from past donors of \$2,500- \$9,999 are identified in Table 10.

**Table 10.
Anticipated Gifts by Renewing \$2,500 - \$9,999 Donors in 2012**

| Names | 2010 Actual | 2011 Actual | 2012 Projected | 2012 as % of 2011 | Project |
|---|--------------------|--------------------|-----------------------|--------------------------|----------------|
| Anheuser-Busch Companies Inc. | \$2,000 | \$3,000 | \$5,000 | 167% | ITTN |
| Anthony DiTommaso | \$3,500 | \$25 | \$3,000 | 12000% | GO |
| Arthur G. Jaros, Sr. & Dawn L. Jaros Charitable Trust | \$2,500 | \$0 | \$1,000 | ?? | GO |
| Baldwin Crosstown Animal Clinic | \$5,000 | \$7,276 | \$10,000 | 137% | ECN |
| Brian Kelly | \$2,500 | \$0 | \$2,500 | ?? | GO |
| Bruce Rauner | \$0 | \$5,000 | \$25,000 | 500% | BTN |
| Bruce Branyan | \$5,000 | \$5,000 | \$5,000 | 100% | ECN |
| Center for Competitive Politics | \$5,000 | \$5,000 | \$5,000 | 100% | GO |
| Consumer Electronics Association | \$5,000 | \$0 | \$5,000 | ?? | ITTN |
| Gelatt-Gephart Foundation, Inc. | \$4,000 | \$5,000 | \$5,000 | 100% | GO |
| H., Leighton Steward | \$2,545 | \$3,500 | \$5,000 | 143% | ECN |
| J. P. Humphreys Foundation | \$5,000 | \$6,000 | \$5,000 | 83% | GO |
| Jack & Margaret Caveney | \$2,000 | \$3,000 | \$3,000 | 100% | ECN |
| James Van Pelt | \$3,000 | \$2,500 | \$5,000 | 200% | ECN |
| James Johnston | \$5,025 | \$125 | \$250 | 200% | GO |
| John Manfredi | \$2,500 | \$0 | \$500 | ?? | GO |
| Joseph Woodford | \$7,500 | \$5,000 | \$5,000 | 100% | GO |
| Joseph Bast | \$5,000 | \$5,000 | \$5,000 | 100% | GO |
| Joseph Luquire | \$0 | \$3,000 | \$5,000 | 167% | GO |
| K. Tucker Andersen | \$0 | \$4,000 | \$5,000 | 125% | ECN |
| Marathon Petroleum Company LLC | \$2,500 | \$0 | \$2,500 | ?? | ECN |
| Mark Nelson | \$2,500 | \$2,585 | \$5,000 | 193% | GO |
| Paul Fisher | \$5,000 | \$5,025 | \$5,000 | 100% | GO |
| PepsiCo, Inc. | \$5,000 | \$0 | \$5,000 | ?? | BTN |
| Peter Mason | \$5,250 | \$5,000 | \$5,000 | 100% | GO |
| Philip Warth | \$5,000 | \$0 | \$5,000 | ?? | GO |
| Randy Randol | \$0 | \$2,500 | \$2,500 | 100% | GO |
| Richard Uihlein | \$1,000 | \$5,000 | \$5,000 | 100% | GO |
| Richard Waterfield | \$3,000 | \$0 | \$5,000 | ?? | ECN |
| Robert Bland | \$0 | \$5,000 | \$5,000 | 100% | HCN |
| Robert Fettig | \$5,000 | \$5,000 | \$10,000 | 200% | ECN |

| Names | 2010 Actual | 2011 Actual | 2012 Projected | 2012 as % of 2011 | Project |
|-----------------------------|------------------|------------------|------------------|-------------------|---------|
| Robert Meier | \$5,000 | \$0 | \$5,000 | ?? | FIRE |
| Robert Lamendola | \$0 | \$5,000 | \$5,000 | 100% | GO |
| Robert Platt | \$625 | \$2,500 | \$5,000 | 200% | ITTN |
| Robertson Finley Foundation | \$2,500 | \$0 | \$5,000 | ?? | GO |
| Stephen Goode | \$5,000 | \$0 | \$5,000 | ?? | BTN |
| Ted Semon | \$5,000 | \$5,075 | \$5,000 | 99% | ECN |
| Thomas K. Armstrong | \$5,000 | \$5,000 | \$5,000 | 100% | SRN |
| Windway Foundation, Inc. | \$5,000 | \$5,000 | \$5,000 | 100% | SRN |
| Total | \$129,445 | \$115,111 | \$200,250 | 174% | |

7. Lapsed and New Donors

A complete prospects table that can be sorted by project and dollar amount is being produced for 2012. Projected gifts from persons and organizations in this “donor pyramid” can be entered and discounted by their probability of arriving. This is a standard part of fundraising plans. The pyramid for 2012 is not yet completed. Much of it being captured from ACT! and Paradox data pulls, and then supplemented by the sources and methods described in Part 3 (especially Table 3) earlier in this plan.

We can estimate income coming from lapsed and first-time donors if we make two somewhat heroic assumptions: (1) that we will fully fund the 10 projects described in Part 3, Section 6 (“Major Project Fundraising,” starting on page 12), and (2) that half of the funds raised for these projects will come from new donors, and so won’t be double counted as part of renewal income. An exception to these assumptions is that funds raised from new donors in Chicago’s financial community would equal 100% of the \$100,000 goal set for 2012.

Table 11, below, summarizes the projected income if these assumptions are right, and Table 12 lists the individual projects and their budgets.

| Table 11. | | | |
|--|----------------|-----------|-----------------------------------|
| Projected Income from Lapsed and New Donors in 2012 | | | |
| 2011 Actual | 2012 Projected | 2012/2011 | Source of Income |
| -- | \$1,546,500 | -- | Income from lapsed and new donors |

**Table 12.
Projected Income from Lapsed and New Donors, by Project**

| Budget | From New Donors | Project |
|--------------------|------------------------|---|
| \$1,000,000 | \$500,000 | Free To Choose Medicine project |
| \$200,000 | \$100,000 | Nongovernmental International Panel on Climate Change (NIPCC) |
| \$610,000 | \$305,000 | Operation Angry Badger |
| \$250,000 | \$125,000 | Center for Transforming Education |
| \$100,000 | \$100,000 | Chicago FIRE Outreach |
| \$235,000 | \$117,500 | David H. Padden Intern Program |
| \$210,000 | \$105,000 | Cook County Public Debt project |
| \$200,000 | \$100,000 | Global Warming Curriculum project |
| \$100,000 | \$50,000 | Hydraulic Fracturing project |
| \$88,000 | \$44,000 | Weather Station project |
| \$2,905,000 | \$1,546,500 | Total |

8. Cost of Fundraising

The cost of fundraising is spending by the Development Department as a percentage of funds raised. We forecast it will rise to 10.4 percent in 2012, from 7.3 percent in 2011, due mainly to the large investment planned in Direct Mail. The Direct Mail campaign is expected to cost \$424,000 in 2012, over half the entire budget for the development department.

Excluding gifts from the Anonymous Donor reveals the projected cost of fundraising from all other sources in 2012 would be 12.4 percent, lower than all but one previous years since 2006. See Table 13 for a recent history of our cost of fundraising.

In past years when the Anonymous Donor's gifts were more than half of our budget, we were spending a lot more trying to raise funds from other sources. Last year, 2011, was quite low as we went half the year without a development director and didn't do any direct mail.

| Year | \$ Spent on Fundraising | % change | Funds Raised | Fundraising as % of funds raised | Funds raised without Anon. Donor | Fundraising as % of funds raised without Anon. Donor |
|----------------|--------------------------------|-----------------|---------------------|---|---|---|
| 2006 | \$171,743 | --- | \$4,747,000 | 3.6% | \$3,185,291 | 5.4% |
| 2007 | \$266,599 | 55.2% | \$5,226,760 | 5.1% | \$1,949,823 | 13.7% |
| 2008 | \$575,300 | 115.8% | \$7,708,711 | 7.5% | \$3,108,711 | 18.5% |
| 2009 | \$563,835 | -2.0% | \$6,548,748 | 8.6% | \$4,377,218 | 12.9% |
| 2010 | \$691,210 | 22.6% | \$5,994,199 | 11.5% | \$4,330,049 | 16.0% |
| 2011 | \$337,779 | -51.1% | \$4,638,323 | 7.3% | \$3,659,323 | 9.2% |
| 2012 projected | \$801,074 | 137.2% | \$7,698,385 | 10.4% | \$6,448,385 | 12.4% |

9. Earned Income

In addition to income generated by the development department, Heartland earns income from selling tickets to non-fundraising events, sale of publications and subscriptions, advertising, and interest. Although not the responsibility of the Development Department, projections of income from these sources appear in Table 14.

| Source | 2012 Projected | 2011 Actual | 2012 as a % of 2011 |
|------------------------|-----------------------|--------------------|----------------------------|
| Non-fundraising Events | \$34,793 | \$69,585 | 50% |
| Publications | \$21,164 | \$21,164 | 100% |
| Advertising | \$8,116 | \$8,116 | 100% |
| Interest/Other | \$1,740 | \$1,740 | 100% |
| Total | \$65,813 | \$100,605 | 65% |

Income from non-fundraising events was relatively high in 2011 because we hosted a successful International Conference on Climate Change. Without one this year, we expect receipts from ticket sales to fall by half. Advertising sales, publication sales, and interest income all are expected to remain unchanged.