



## School fundraising goes high-tech

Local startups work to make school groups' scramble for cash a little easier.

Once upon a time, school fundraisers were mostly associated with bake sales and raffles. But in today's Orange County, fundraising for PTAs and other school groups has gone high-tech.

Public school teachers who need classroom projects funded can log on to [\[DonorsChoose.org\]](http://DonorsChoose.org) and ask for charitable donations. Since its national launch in 2007, the organization has raised almost \$225 million for projects at more than 53,000 schools, stocking classrooms with everything from books and computers to microscopes and art supplies.

Now, a Huntington Beach startup

firm called Communities for Cause [\[communitiesforcause.com\]](http://communitiesforcause.com) has developed a way for Parent Teacher Associations and other nonprofits to get financial support from local businesses through a few taps on a smartphone.

Gary Allhusen, a co-founder of Communities for Cause, says the idea for the smartphone application emerged after he and his friends were talking about how the fundraising programs at the Pegasus School (their kids attend Pegasus) seemed to require too much hassle for too little return.

Like many nonprofits, the Pegasus School was using Scrip fundraising, in which national retailers donate a small

percentage (4 to 5 percent) for each sale of their gift cards to families. Families buy gift cards for purchases they would make anyway and help the school during the process.

Nationally, Scrip has generated more than \$500 million for nonprofits since 1994. Customers have purchased \$9 billion in products from national retailers such as Walmart, JCPenney, Gap and The Home Depot, according to the Great Lakes Scrip Center. Another California firm, Electronic Scrip Incorporated, or eScrip, has raised more than \$250 million for schools since it launched in 1999, allowing customers to register for cash donations based on purchases at retailers



such as Vons and Pavilions.

But, says Allhusen, when you look closer, Scrip is not necessarily a slam dunk. On average, 10 percent of gift cards are never redeemed at all, meaning the companies make a profit at the expense of parents. Also, selling \$100,000 worth of gift cards for a \$5,000 profit

takes a lot of effort and volunteer hours.

"My friend's wife worked all year to raise \$4,000 for our school," Allhusen says. "She was out there on the curb three mornings a week selling Scrip gift cards."

So Communities for Cause developed an application for Androids and iPhones to target local businesses that want to support the schools and other nonprofits in their neighborhoods. The businesses agree to donate a share of each sale (typically 10 percent) to the school.

Customers use the app to find the name of a supporting business, type in the sale price and upload a photograph of their receipt as proof of purchase. The company pays the donations to the chosen causes on a quarterly basis, minus a 20 percent fee to the company.

Communities for Cause is being used by 200 schools and nonprofits, everything from individual PTAs to the Irvine Public Schools Foundation. It offers 650 merchants, including many local casual dining eateries such as Peppino's Italian restaurants (at various Orange County locations). Among its more unusual vendors is Newport Beach-based Lugano

Diamonds, which gives 5 percent of a sale to a buyer's favorite cause. (Given that Lugano's average sale is \$50,000, that triggers a \$1,000 donation alone, Allhusen notes.)

The company recently received a round of angel funding that will allow it to expand the platform nationally.

Sts. Simon & Jude Catholic School in Huntington Beach began using Communities for Cause a year ago, and about half of the school's 450 families participate, says Lisa Turk, who organizes fundraisers for the school's Parent Faculty Association.

"It has a huge upside," Turk says. "If you are there at a restaurant that participates, you don't have to remember a gift card or a coupon."

School fundraising is a big industry, and in California it has been driven in recent years by severe budget cuts. Parent groups have undertaken everything from bake sales, auctions and cookie-dough or wrapping-paper sales to grant writing and direct-donation requests to make up for budget shortfalls.

According to the Association of

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Fund-Raising Distributors and Suppliers, nonprofit groups net about \$1.7 billion annually by selling products to bring in money.

But some volunteers prefer to promote fundraisers in which a majority of the donated money stays with the school, instead of covering the cost of products. That's why many youth groups choose to raise money through athletic events — like jog-a-thons — in which donors give their gifts based on the performance of children.

"What we've found is a lot of our families feel nickel-and-dimed by too many school fundraisers," says Jen Schafer, a parent at Anderson Elementary School in Newport Beach who chairs the school's jog-a-thon, the first of which took place in 2011. "Our community likes it, because 100 percent of the proceeds go to the school, and it's the kids doing the work, not the parents. Plus, the children have ownership, since they can say, 'I ran 30 laps.'"

Last year, Schafer was approached by a pair of Lake Forest fathers who were developing software to manage the

jog-a-thon at their children's school, Rancho Canada Elementary. Their new company, PledgeStar ([pledgestar.com](http://pledgestar.com)), is based on the idea that school fundraisers could raise more money by using the Internet to expand their donor pool. PledgeStar helps students email friends and family a link to a personalized page that requests donations, then processes the monetary gifts.

Student supporters can open those emails and immediately donate using a credit card or PayPal, in addition to a personal check. The software has the capability to take lump-sum donations to calculate a jog-a-thon's per-lap totals.

Schafer says that using PledgeStar helped the school to dramatically increase its donations, from \$30,000 in 2011-12 to \$42,000 in 2012-13. She says it was well worth PledgeStar's 6 percent cost for online donations, for a maximum of \$695.


"Not only did we earn more money, it probably saved us two days worth of work in just the pure accounting side," Schafer says. "The more high-tech we can be, the better. If you make it easy for

people to give you money, they will."

Erik Lackey, PledgeStar's marketing director, says that since the company's launch last February, it has been used in about 50 schools, many in Orange County plus others in states such as New Jersey and Illinois.

"It's a sheer numbers game for school," Lackey says. "The more money they ask for, the more money they can raise."

Karen Gras, a parent at Laguna Niguel's George White Elementary who organizes that school's jog-a-thon, says PledgeStar was a great service for her own children, whose grandparents live in England and on the East Coast. In addition, it was a great service for volunteers and the school.

"It was a whole lot less paper for us to deal with," she says. "And it was the outreach that enabled us to get more as a school. We brought in nearly double what we had the previous year." 

*Disclosure — The writer serves as president of a nonprofit school group that uses the Communities for Cause app.*