

Building

Community

Bulletin #9 March 1994

Foundations

Grantmaking Consulting Program

Sponsored by the Philanthropic Ventures Foundation

Bill Somerville, President

Funded by the David & Lucile Packard Foundation

Phase II Begins

We are pleased to announce that the Packard Foundation has refunded the Grantmaking Consulting Program which offers on-site visits to community foundations. Over thirty visits have taken place in Phase I and eight monthly bulletins were written. This bulletin represents the beginning of a new series of bulletins.

The premise of the consulting project is that good grantmaking is the best way for a foundation to gain the confidence of a community and that this credibility is critical to developing an endowment. Good grantmaking is also the finest way a foundation can serve its community.

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The Grantmaking Consulting Program has an oversight committee made up of professionals from the foundation field: Julia Hamilton, Executive Director of the St. Louis Community Foundation; Bill Bondurant, past Executive Director of the Mary Reynolds Babcock Foundation; Janice Windle, Executive Director of the El Paso Community Foundation; Helen Monroe, past Executive Director of the San Diego Community Foundation; Peter Pennekamp, Executive Director of the Humboldt Area Foundation.

A new consultant has been added to the program: L. Andrew Bell III, Executive Director of the Jacksonville Community Foundation.

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In addition to on-site consulting, the program also serves regional entities that work with community foundations. Three seminars of two days each will be conducted by Bill Somerville for the Southeastern Council of Foundations. Each seminar will focus on grantmaking and participating community foundations have the option of receiving an on-site visit.

Seminars will be held in Atlanta, Greensboro and Orlando. A 359-page syllabus has been prepared for the participants covering everything from examples of foundation evaluations of proposals to a critique of foundation operations by a consumer group.

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Foundation Records - How Long Should You Keep Them?

Foundation records include the following: financial records, grantee records, applications denied, correspondence, donor records, minutes.

Grantee Records

Grantee records contain the original proposal, staff/board comments, grants committee action, correspondence with grantee. In addition, the record includes evaluation information, reports from the grantee, news clippings, staff comments. Such records should be kept in a current status for five years and in an inactive file for five years or as long as storage space allows. A summary of grants made can be kept on the computer forever.

Applications Denied

There are two types of denials: applications which are not eligible for consideration, e.g. from outside your giving area and applications which are eligible but which are denied for one reason or another. The first category can be disposed of immediately and the second should be kept at least one year. (Interestingly, when the IRS has conducted audits at some foundations, they have asked to see the denied file and the reasoning for the denials.)

Donor Advise Records

Donor advise records include correspondence, financial reports, and records of grants made. Such files should be kept permanently.

Donors who give unrestricted money should also be kept track of permanently.

It should be the hope and plan of community foundations that all donors would consider leaving a bequest and consequently files are all important for sending out mailings, invitation lists, and seeking additional support.

How Files Are Kept

With new computer software,* donor files, grant records and accounting reports can be kept on disks, but this writer still believes in retaining written records as well. In fact, with small foundations, the argument can be made that there is still a role for the Rolodex.

*Two software products specially designed for community foundation use are:

Trac Star
530 Oakgrove #101
Menlo Park, CA 94025
(415) 853-1100

Foundation Management Systems
333 Ramona Road
Portola Valley, CA 94028
(415) 851-4497

Other Records Retention

Accounts payable ledgers and schedules	7 years	Insurance policies (expired)	3 years
Accounts receivable ledgers and schedules	7 years	Insurance records, current accident reports, claims, policies, etc.	Permanently
Audit reports	Permanently	Journals	Permanently
Bank reconciliations	2 years	Minute books of directors, by-laws and charter	Permanently
Bank statements.	3 years	Payroll records and summaries.	7 years
Charts of accounts	Permanently	Personnel files (terminated)	7 years
Checks (cancelled -- see exception below)	7 years	Petty cash vouchers	3 years
Checks (cancelled, for important payments; i.e., taxes, purchases of property, special contracts, etc.	Permanently	Property appraisals by outside appraisers.	Permanently
Contracts, mortgages, notes and leases (expired).	7 years	Retirement and pension records	Permanently
(still in effect)	Permanently	Stenographers' notebooks	1 year
Correspondence (general)	2 years	Subsidiary ledgers	7 years
Correspondence (legal and important matters only)	Permanently	Tax returns and worksheets, revenue agents' reports, and other documents relating to determination of income tax liability	Permanently
Deeds, mortgages, and bills of sale.	Permanently	Training manuals	Permanently
Depreciation schedules	Permanently	Vouchers for payments to vendors, employees, etc. (include allowances and reimbursement of employees, officers, etc. for travel and entertainment expenses)	7 years
Duplicate deposit slips	2 years	Withholding tax statements	7 years
Employment applications.	3 years		
Financial statements (year-end, other optional)	Permanently		
General/private ledgers, year-end trial balance	Permanently		

This Bulletin was prepared from information from John Edle, Counsel at the Council on Foundations, the Executive Director of a private foundation with over \$1 billion in assets, and excerpts from Practicing CPA.

Responding to Disasters

"Preparing for and Responding to Emergencies and Natural Disasters" is a 28-page booklet written by Bill Somerville and published with funding from the Packard Foundation. Mr. Somerville traveled to Miami, Hawaii, Los Angeles and Charleston and interviewed 48 people from throughout the United States.

The booklet was primarily written for community foundations, but has advice for all foundations. It is available for \$3.00 prepaid from the Philanthropic Ventures Foundation.

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Comments About Consulting

"Thank you for what I consider to have been one of the most productive sessions this foundation has had in its ten year history. Your skill as a facilitator has taken us to a new level."

Donna Grant, Executive Director
Tucson Community Foundation

"It was only after I had been on the job for a couple of months that I came to fully appreciate the Somerville consulting. With Somerville, the Board developed a clear and activist agenda, increasing the efficiency and effectiveness of my position."

Peter Pennekamp, Executive Director
Humboldt Area Foundation

"You were a breath of warm, fresh air . . . inspirational, innovative, thought-provoking and helpful! In short, you were just what we needed to launch 1994 with renewed interest and enthusiasm as well as new initiatives."

Diane Stewart, Chair
London Foundation (Ontario)

Readers of the Bulletin may feel free to recommend others to receive future Bulletins. Merely call (510) 645-1890.

Do you have ideas, insights, information to share with others? FAX what you have and we'll include it in the Bulletins - (510) 645-1892.

Future Bulletins will cover scholarships, community foundation as convener, use of volunteers, how to benefit from technical assistance.

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