

**PLEASE ROUTE:**

EXECUTIVE DIRECTOR \_\_\_\_\_

PROGRAM OFFICER \_\_\_\_\_

CHAIR GRANTS COMMITTEE \_\_\_\_\_

# BUILDING COMMUNITY FOUNDATIONS

**GRANTMAKING CONSULTING PROGRAM**

*Sponsored by:*

**PHILANTHROPIC VENTURES FOUNDATION-  
BILL SOMERVILLE, PRESIDENT**

*Funded by:*

**DAVID AND LUCILE PACKARD FOUNDATION**

Bulletin #45  
November 2000

## Donor Advise Procedures

The following letter is an example of correspondence with a donor to set up a donor advise fund.

In setting up such a fund, foundation personnel should ask three questions:

1. Would you (the donor) consider giving a percentage of your gift to the foundation's unrestricted endowment "to help philanthropy grow in the \_\_\_\_\_ area." Donors have responded with up to 20% of their gift to the Foundation.
2. What areas of interest do you and your spouse want to give to?
3. Would it be alright for the foundation staff to call outstanding programs to your attention that fall in your areas of interest?

## SAMPLE DONOR ADVISE LETTER

Dear \_\_\_\_\_

It was a pleasure meeting with you and I am writing to reflect our conversation regarding establishing a Donor Advise Fund with the foundation.

You would like to establish a Fund to be known as the \_\_\_\_\_ Fund. Your primary funding interests are \_\_\_\_\_ and \_\_\_\_\_; and you mentioned that you would welcome having us call outstanding programs in these areas to your attention.

We agreed that your primary geographic interest is \_\_\_\_\_ but that you could recommend grants anywhere if you wished.

Your Fund will be held in a fixed income account. We will give you (monthly, quarterly, annual) reports on your account.

Our administrative fee is \_\_\_\_\_% of the principal per year.

You may feel free to call on us to evaluate programs that you have funded or are considering funding.

Our Board has stated that a minimum grant that can be made from a Donor Advise Fund is \$200. The minimum to start a Fund is \$5000.

It would be delightful to work with you. If it is your decision to start a Fund, you merely need to send us a check or stock.

Sincerely,

\_\_\_\_\_  
Note: Historically, community foundations have been passive in waiting for the donor to make decisions. Why not activate donor advise funds?

**Preparing for & Responding to Emergencies & Natural Disasters**  
Recommendations for Philanthropic Foundations

This 28 page booklet was first published in 1993 specifically for community foundations. Funded by The David & Lucile Packard Foundation and written by Bill Somerville, the booklet was produced after visits to disaster areas throughout the United States.

It is available for \$10.00

**Grantee Correspondence**

Below are samples of letters to grantees. These are 'stand alone' letters in that they give enough information so that anyone can understand what is going on, can file the letter, and it is clear what was done.

Many foundations include with the first letter an agreement form which must be signed stating that nothing illegal will be done with the money. This is returned and then a check is issued. Is such an agreement form needed? No.

GRANTEE LETTER #1

Dear \_\_\_\_\_,

We are pleased to inform you that at its (date) meeting the Distribution Committee of the Foundation authorized a grant of \$\_\_\_\_\_ to (statement of what the grant is for, e.g. general support, repair the roof, start a new program.)

We will wait to hear from you as to when these funds are actually needed at which time we will send a check or make payment in \_\_\_\_\_ installments. You may feel free to suggest a payment schedule that is best for you.

The Foundation requires publicity of its grants, and we would like to receive a copy of any press release you send out, news coverage, coverage in your agency newsletter.

We wish you continued success with your work.

Sincerely

\_\_\_\_\_

GRANTEE LETTER #2

Date

Dear \_\_\_\_\_,

We are pleased to enclose our check for \$\_\_\_\_\_ which represents our first installment in support of your (statement of purpose for grant). This grant was approved by our Distribution Committee on \_\_\_\_\_.

Before we make our second installment to you (or after these funds are expended), we need to hear from you with a narrative of your progress and an accounting of how this money was used. I wish to emphasize how important it is that we hear from you.

Please sign below and fax or send a copy of this letter as a receipt for our files and agreement with the above.

Sincerely,

\_\_\_\_\_

*Signature of agreement:* \_\_\_\_\_

*Title:* \_\_\_\_\_

*Date:* \_\_\_\_\_

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: **Letter to the Editor** :  
:

: The Homer (Alaska) Foundation requires all grantees to write a letter to the editor of the local newspa- :  
: per about the grant they received. It turns out to be a significant way to get publicity. Note: If the :  
: newspaper won't allow mention of the foundation's name, have the grantee mention their work and the :  
: support from a philanthropic source. :  
: .....

**Supporting Organization 509 (a)(3)**

The 1969 Tax Reform Act authorized community foundations to create supporting organizations. Recently, community foundations seem to have taken more advantage of this. Two examples are:

- ◆ A community foundation reports that their donors take their giving more seriously when it is done through a supporting organization.
- ◆ Two community foundations created supporting organization for donors so that the large gifts involved would not "tip" the foundation in terms of public support.

A supporting organization is a foundation within a foundation. It files separate tax returns and has a separate board, the majority of which are approved by the community foundation Board.

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◆ **Building Community Foundations** is now available by E-Mail.

◆ If readers would like to receive Building Community Foundations by E-Mail, they should send in their E-Mail address to [info@venturesfoundation.org](mailto:info@venturesfoundation.org).  
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## ***Building Community Foundations***

Philanthropic Ventures Foundation  
1212 Preservation Park Way  
Oakland CA 94612  
(510) 645-1890 (510) 645-1892 fax

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| Non Profit Organization<br>U S POSTAGE<br>PAID<br>Oakland CA<br>Permit No. 962 |
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### **Change Service Requested**

#### **The Grantmaking Consulting Program offers three services:**

- Three-day on-site visits with extensive review of foundation procedures, extended individual sessions with the foundation board, grants committee, and staff.
- Two-day training sessions for program officers (5 or more persons).
- Facilitating board retreats.

#### **Comments on Grantmaking Consulting Program:**

“The trustees of the foundation have more ‘buy in’ now (after your visit).”

Carol T. Thompson  
Executive Director  
Chesapeake Community Foundation, Maryland

“We truly thank you for such valuable input.”

Sarah Metler  
Board Member  
Wausau Area Community Foundation, Wisconsin

“He was very direct with answers short and to the point.”

Barbara Young  
Executive Director  
Porter County Community Foundation, Indiana

“We greatly appreciate your contributing your time, expertise, and good humor. You’ve really stirred things up towards a much improved foundation.”

Alan Hobbett  
Executive Director  
Scottish Community Foundation, Scotland