

# BUILDING COMMUNITY FOUNDATIONS



Philanthropic  
Ventures  
Foundation

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President

## Grantmaking Consulting Program

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### WHAT SHOULD YOUR PAYOUT BE?

Economic times are such that many community foundations have cut back their giving in order to preserve their permanent funds. Consequently, human service programs are hurting because most of their sources of money are likewise cutting back.

Some community foundation board members have declared that now is the time to step forward and be aggressive in giving even with the possibility of invading principal because nonprofit programs deserve support.

Is this self-defeating - to possibly diminish the size of a foundation's assets? As the argument goes, we are here for the future of our community and our job is to grow our assets.

The reality is that if an agency goes under for lack of support, there is no future for it. Now is the time to be audacious and aggressive in grantmaking. It is clear that such a stance develops public respect and appreciation and in the long run stimulates more donors to give more.

The public has a very good memory of good work or bad performance. Everyone remembers the story of the Red Cross selling donuts to soldiers. Whether it was true or not, it stuck in the collective public memory.

The public will long remember the community foundation that stepped forward when it was needed. It is a fine reputation which constitutes the basis for future endowment building.

### GOOD READING

Personal Renewal  
by John Gardner

This is a 2 1/2 page paper by a very thoughtful man who was a cabinet secretary, a professor, and an activist.

Send us your fax number and we will send you a copy.

Fax: 510 645-1892

### IMPORTANT REFERENCE MATERIAL

IRS Publication 1779 on the distinction between employees and independent contractors. One page, available on the IRS website.

[www.irs.gov](http://www.irs.gov)

PLEASE ROUTE TO:

Executive Director

Program Officer

Chair Grants Committee

## NEW DIMENSIONS FOR PHILANTHROPY

### **Community Foundation as a Depository:**

When a person has an idea and wants to try it out, it is impossible without some start up funds. The person is caught in a "Catch 22." They can't try it out because there is no money and they can't seek money because they are a nonentity. Enter community foundations.

Community foundations can and often do act as a depository for contributions by donors who want to support the start-up of a new project. At the time, the project is not a 501(c)(3). It is not incorporated. It is an idea with an imaginative person behind it.

Some community foundations insist that the idea person get a fiscal agent, feeling that the process creates a proper business relationship. The trouble is, the fiscal agent sometimes charges up to 15% of the money raised and insists on an oversight role that can inhibit the very creative process which is central to the endeavor.

If a community foundation wants to act as a catalyst for new ideas and creative people, here is what to do:

1. Use your common sense in appraising the person with the idea. Do they have prior experience, what is their tenure in the community, does the plan sound reasonable, etc.
2. Create a designated fund to hold contributions earmarked for the new project. In setting up this fund, you should specify under whose authority money will be given out. That person can then request funds when needed.
3. At the inception of the Fund, you can designate what the project is (it must be charitable of course). The founding person can give you some narrative on the progress of the project so that you know it is charitable but the community foundation does not need to be responsible for the project with oversight duties.
4. If the community foundation wants a more official relationship it can refer to Fiscal Sponsorship, 6 Ways To Do It Right, by Gregory L. Colvin, Study Center Press 888 281-3757. Written by a lawyer, this 82 page booklet has contract wording to use in acting as a depository.

The point of all this is a stance by community foundations to stimulate and support creative ideas and people.

### **How Do You Get New Ideas for Your Community Foundation to Fund?**

Pick out people you respect, people who are dynamic, people who get things done, people who are doing interesting work, people who are in pivotal positions, people who have successful programs. Ask these people if you can 'tag along' in their work day to observe, ask questions, and get a picture of what they do, what resources they have at hand, and most importantly, what new resources they can use.

In other words, you are looking to see what things they cannot do right now because they do not have the means.

In foundation work, your tool is money and the challenge is to find critical intervention points where money can cause things to happen.

If this inquiry is done right, one usually can find funding opportunities for relatively small grants.

Examples of the type of professionals one foundation executive used to get new funding ideas include a juvenile court judge, a pediatrician specializing in teen health, a social work supervisor, and a police officer.

### **Teach a Course on Philanthropy**

Community foundation personnel can approach universities and community colleges about the prospect of teaching a course. If you volunteer your time, a teaching credential is not a necessity. It is your expertise that counts. If there is a problem with credentials, co-teach the course with a faculty person. This is an excellent opportunity to expose young people to philanthropy and community development and to sharpen your own knowledge and awareness of philanthropy.

The Editor of this newsletter has been co-teaching at Stanford University, for four years, with a Stanford staff member, entitled "Introduction to Community Service Organizations," in the Department of Urban Studies. This includes reading assignments, guest lectures, dividing the 20 student class into 10 pairs who each visit a nonprofit started by a Stanford graduate and write an appreciative inquiry. The student pairs then write a funding proposal for "their" agency requesting up to \$5,000. The course culminates with the students making the decision as to which nonprofits will receive funding. They are given \$25,000 to disburse. Note: Grant money is not a necessity for this course.

The Stanford course prospectus is available (8 pages) by fax. Send your request by email to [info@venturesfoundation.org](mailto:info@venturesfoundation.org), or by fax to 510 645-1892.

### **University Alumni Associations and Community Foundations**

Most college alumni associations sponsor overseas travel programs. Some of the travel is in third world countries where alumni travelers become aware of special needs in an area such as a water pump or school books, etc.

Alumni travelers often want to do something and give money for special needs but they need to do it carefully so that the money goes where directed. One community foundation has established a relationship with an alumni association wherein the foundation is the depository for the alumni travel gifts and the money is expended according to the recommendations of the Alumni Association. Evaluation of the expenditure is done by other alumni tour groups who visit the area and vouch that the money was spent as directed.

This is an excellent opportunity for a community foundation to become known to college alumni and to create a working relationship with a college or university.

For further information, call Moira Walsh, Associate Director, Philanthropic Ventures Foundation, at 510 645-1890.

## **USEFUL RESOURCE NEWSLETTER**

Snapshots - Research Highlights from the Nonprofit Sector Research Fund, is a bi-monthly four-page newsletter to expand knowledge of the nonprofit sector and philanthropy, improve nonprofit practices, and inform public policy related to nonprofits. Free 202 736-5800      [www.nonprofitresearch.org](http://www.nonprofitresearch.org)

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## Philanthropic Ventures Foundation's Grantmaking Consulting Program

PVF has provided on-site consulting to over 265 community foundations throughout North America and the United Kingdom, working with staff, board members and the community to improve grantmaking and foundation operations. The Consulting Program is in its 10<sup>th</sup> year of operation and has been funded by The David and Lucile Packard Foundation since its inception. The PVF consulting fee is paid for by The Packard Foundation. Participating community foundations pay for travel, meals, lodging. If you would like to discuss consulting services, contact PVF president, Bill Somerville at (510) 645-1890.

The services offered include:

- **Program Audit and Evaluation** - Intensive 3-day on-site sessions focusing on analysis of foundation operations, grant making programs, public relations and internal procedures. Includes meetings with foundation board, grants committee, board chair, foundation staff, and executive director. Optional inclusions are meetings with funders, interviews with local media, and meetings with nonprofit organization personnel. The days are full and intense with the result being new enthusiasm, new expectations and new ideas.
- **Program Officer Training** - 2 full days of training for foundation personnel, involving problem solving, interaction of participants and exchange of ideas, accompanied by 500-page reference manual. Participants analyze actual grant requests, evaluate and make grant making decisions and engage in role-playing.
- **Board Retreats** - Facilitator for Board Retreats (1/2 to 2 days). Work through issues facing foundations including growth, planning, community outreach, and grantmaking. Results of retreats include critique of the Foundation's work, new insights for change, and recommendations for the future.

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