

# DIALOGUE

*A Periodic Newsletter for Development Officers*

- Bill Somerville, Editor -

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*Dialogue* is published to help improve relations between funders and development officers. *Dialogue* was started at the request of a development officer. Readers are invited to submit questions. *Dialogue* can be received by US post or e-mail.

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**Q: If you have a contact at a foundation (on the Board, etc.) should you mention that in a cover letter? Will that “name dropping” create hostility from foundation staff?**

**A:** Don't name drop. Rather, mention that so and so on the foundation Board or staff is familiar with your work and send a copy of your letter to so and so.

**Q: While waiting for your organization's 501(c)(3) status, can the new organization use an already established nonprofit organization as a fiscal agent?**

**A:** Yes. We need to understand that there are various fiscal sponsorship modes and fiscal agent is one of them. An excellent resource book is “Fiscal Sponsorship - Six Ways To Do It Right” by Gregory L. Colvin, Study Center Press (1 800 484-4173 ext. 1073). Another resource book is “Use of Fiscal Agents: A Trap For The Unwary” by John A. Edie, Council on Foundations (202 466-6512).

**Q: If today's grant is tomorrow's overhead how are non-profits to keep up?**

**A:** With foundations this question relates to continued funding and the Editor is seeing more foundations that are willing to stay with a grantee for multiple years. The point to be made is that if foundations do seed funding i.e. give birth to an idea, it only seems right to stay with the idea through infancy. This is what venture capitalists do.

**Q: Should in-kind donations be reflected on the financial sheet?**

**A:** In-kind donations should be reflected somewhere and a budget statement is an appropriate place. In-kind donations reflect the resourcefulness of the agency. They often reflect local support as well as dedication to the agency by professionals and others who donate time, services, and materials. All of that is to the credit of the agency and it should be reflected.

**Q: Is it important to provide a large amount of statistical data in proposals particularly if this is information you probably are aware of?**

**A:** Normally in a proposal the applicant indicates what is to be done and why, i.e. the need for the project. The need statement often becomes a litany of how bad things are with all sorts of supporting data. This is usually the fault of the foundation which has asked you “What is the problem?” What the Editor needs is well thought out statements indicating that the applicant knows his/her field and showing how the idea presented relates to the needs that exist.

**Q: Before submitting a letter of intent, is it encouraged to directly contact the foundation to briefly discuss your program to determine if it is one the foundation may be interested?**

**A:** Such a telephone call is a phone call of intent and it should be satisfactory such that a letter of intent is not necessary. The Editor has found, over 23 years, that callers are not as prepared on the telephone as they would be to write a letter of intent. It might be best to write the letter and then make the call based on what you wrote down.

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**The material below is a copy of what was sent to all community foundations in the July 1997 issue of *Building Community Foundations* which is also produced by the Editor of *Dialogue*.**

## **Why Not Compete?**

In philanthropic work, as the law is now written, there are no limitations placed on foundations to prevent them from spectacular grantmaking. Likewise, there are no sanctions for doing mediocre work. There is no competitive element in foundation work. How does one know that they are doing well?

Listed below are seven elements for competing for excellence in foundation work.

In the next year:

- ? have 7 new high risk grants
  - ? create 3 new ways to revitalize your foundation staff
  - ? develop 2 new approaches to measuring grant impact
  - ? find 4 more grassroots people doing outstanding work
  - ? create 3 additional services to help nonprofits operate better
  - ? have at least 2 failures in grants made
  - ? create 4 new methods of giving out grants
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**Q: If you request a specific amount in your proposal and the funder has a lower amount available or because they are not familiar with your organization, would the funder counter with a lower amount or are you automatically declined?**

**A:** The question relates to a situation which should occur more often between funders and applicants - a negotiated grant. This involves give and take by both parties such that circumstances such as limited funds or desire to expand a program can be discussed, worked out, and a compromise arrived at.

**Q: Is there a minimum % that banks must meet - charitable contributions - CRA?**

**A:** No. The Community Investment Act (CRA) applies to any federally insured depository institution (except for credit unions). CRA requires a financial institution to respond to the credit needs in the entire region defined for that particular institution (including low income areas). There are three tests: (1) investment test, investments or grants in community development in low income areas (housing and small business); (2) lending test, loans to all segments of the community; (3) service test, such as ATM and other banking available to the whole community.

**Q: Any way to siphon off from the penal system under crime prevention funds for health, education, and welfare?**

**A:** In the Catalog of Federal Domestic Assistance under the categories 'Correctional Facilities' and 'Crime Control' are tested multi-billion dollar programs well worth exploring. For example, under Violent Offender Incarceration and Truth In Sentencing Incentive Grants 16,586 are listed "to construct, develop, expand, modify, operate, or improve correctional facilities, including boot camp facilities and *other alternative facilities* (to free correctional prison space for the confinement of violent offenders...)" A lot of what nonprofits do with offenders could come under such a category.

### Articles of Interest

Two articles in national publications which are catching the attention of grantmakers are:

1. **"The Tipping Point"** by Malcolm Gladwell, The New Yorker, June 3, 1996.
2. **"Virtuous Capital: What foundations Can Learn From Venture Capitalists"**  
Harvard Business Review, March-April 1997 Reprint 97207 (617 495-6198).

A new book on philanthropy advocating 'share the wealth giving' -vs- mere discretionary giving is:

**Wealthy & Wise** by Claude Rosenberg, Jr., Little Brown & Company.

### NOTES & WHATNOTS.....

- The Editor has developed two new terms to describe working with grantmakers for whom there is no satisfying their need for information:
  1. "dissertation application"
  2. "killer criteria"
- The David & Lucile Packard Foundation has hired Barbara Kibbe whose full time job is to help nonprofits succeed in the work they do. The foundation call her work "organizational effectiveness" because it was found that agencies did not respond to "technical assistance" or "management assistance" - they did not want to admit they needed help.
- Dialogue now has a collection of six common application forms from these areas:
  1. Washington DC
  2. New York/New Jersey
  3. Greater Hartford
  4. Northern California
  5. Michigan
  6. National Network of Grantmaking

It is interesting to note, they don't have too much in common. If readers would like a copy, we will fax one to you free.

**Dialogue**

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**??? What are new ways of bringing in money ???**

Let us hear from you, our readers. have you recycled old ideas or come up with new ones?

To the degree that we share with each other, we strengthen our ability to find resources and ‘institutionalize’ these resources and thereby make them last longer.

**We will give \$100 for thoughtful money ideas that are published in *Dialogue***



**Comments on “*Dialogue*”**

“Thank you for taking the time to read my proposal and reviewing it with me. As a newcomer to the development field, the process was tremendously helpful and I feel more confident in my proposal writing skills.”

**Sharon I. Zell, Development Coordinator  
DC Law Students In Court Program, Inc.  
Washington DC**

“I really look forward to and appreciate the articles, suggestions, views you include. Thanks for being honest and genuine”.

**Maggie davidson, Director of Development  
Environmental Volunteers  
Palo Alto CA**