

# 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. Subscribing to *Dialogue* is free and it can be received by US post or E-mail.

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## New Web Site

The Editor of *Dialogue* has started a new web site for teachers to find money from private sources: [www.teachergrants.org](http://www.teachergrants.org) This is an effort to help teachers understand and seek funding from individuals, foundations, and corporations. As development officers, your reactions, recommendations, and criticisms of this web site are welcomed.

**Q: We are a public television station licensed to a community college district. As such, our tax-exempt status is under section 170 instead of 501(c)(3). This is evidently because we are a political subdivision as part of the state's public education system. My question is whether the term "501(c)(3)" tends to be used generically by foundations to ensure their grant recipients are tax exempt and that gifts to them are deductible.**

**A:** 501(c)(3) status indicates that the Internal Revenue service has determined the entity to be tax exempt for purposes of contributions to it. Many, maybe most foundations state they only give to 501(c)(3) organizations. In reality, the philanthropic dollar can be used for any charitable activity whether or not it is 501(c)(3). Foundations give to public entities such as schools, they can give to start up activities that don't yet have their 501(c)(3), and they can give to individuals.

**Q: If foundations are the wrong place to go for personnel costs, what are alternatives for nonprofits?**

**A:** Personnel costs mean continuing costs. Foundations can help for start up and a few years of support but usually are reluctant for continuing. Many years ago the Editor put together "The Seven Sources of Funds". Here they are:

1. Government Funds: Federal, state, county, city.
2. United Way: Support money for a selected group of agencies in a given geographic area.

3. Foundations: Includes private foundations, which normally tend to give by subject area and community foundations, which normally give by geographic area.
4. Corporations: Philanthropic money can be given by the corporate entity or by the corporate foundation (or both).
5. Fees For Service: This includes charging clients, patrons, customers, and others for the services of a nonprofit program.
6. Special Projects: This large category includes such things as profit making businesses (such as restaurants, book stores, or thrift stores) and special events such as a recognition dinner.
7. Individuals: This represents the largest segment of giving in the United States; approximately 85% of the philanthropic dollar comes from individuals.

### **From Our Readers**

Internet Nonprofit Center <http://www.nonprofits.org/npofaq/misc/990804olfr.html>

The Center also runs a listserv related to online fundraising – subscribe by emailing to [fundraising@gilbert.org](mailto:fundraising@gilbert.org).

**Q: What are ways to build parts of overhead costs into line items in proposals to foundations?**

**A:** Sometimes you get better results by listing the actual costs vs. X amount for overhead. For example: “1/4 time of executive director for supervision and direction,” “20% of rent and utilities”, etc.

**Q: What do foundation people really think about development people?**

**A:** The quality factors the Editor looks for in development people are: sincerity, integrity, follow-through, and energy. He stays away from those with: fragile ego, pushy, no sense of humor, trying to impress.

### **How Long Do Nonprofit CEO's Stay?**

The Packard Foundation surveyed its grantees and found that 40% of the sample had experienced a change in executive directors within the last 3 years. CompassPoint in San Francisco states that other studies have found median tenures of 4.25 and 3 years.

**Q: Are diverse boards effective fund raising boards?**

**A:** If the board members are dedicated and hard workers, yes.

**Q: What constitutes a great proposal? Do you read those that are less than great?**

**A:** A good proposal has a good cover letter that puts things in context and helps one know what to expect; begins with a summary paragraph which can be read in a few seconds; doesn't belabor how bad things are in order to justify the request; the dialogue flows – the proposal isn't a cut and paste of other proposals; is pithy but complete; has a budget which is complete and a lay person can understand.

Regarding less than great proposals, one can usually decide whether or not it is worthwhile to go on after reading the cover page, summary paragraph, and budget.

Note: Eighteen years ago the Editor wrote a paper "Where Proposals Fail" and it still seems relevant today. For a copy, give us your fax number.

**Q: How do corporations and foundations make educated decisions if they don't have staff to research us?**

**A:** They use personalized decision-making. Does it sound good? Is the amount of money reasonable? Is this related to our interests? Do they know anybody I know? Have I read anything about them before?

#### Note

In an apparent effort to regulate commercial businesses that now offer donor advise funds, new legislation is being proposed that covers all public charities including community foundations.

If donor advise funds make up more than 50% of a public charity's assets then the charity will have a 5% payout requirement, will only be able to give to public charities or private operating foundations. Donor advise assets would be subject to the private foundation rules and excise taxes.

The Council on Foundations is urging approval of these new rules. The Editor is not.

Past Copies of *Dialogue*, Numbers 1-19 are available as a unit for \$10 to cover the cost of copying and mailing. For a complete set send \$10 to:

**Philanthropic Ventures Foundation  
1212 Preservation Park Way  
Oakland CA 94612-1201**

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E-mail address is [info@venturesfoundation.org](mailto:info@venturesfoundation.org)

Web-Site at [www.venturesfoundation.org](http://www.venturesfoundation.org)

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### **Questions?**

If you have any question regarding development work, send it in and we will get an answer.

### **Comments On Dialogue**

“I always find useful information in your newsletter. Thank you.”

Joni Williamson  
Perry County Council of the Arts  
Newport, PA

“As always, I love getting *Dialogue*: it competes with a lot in my overflowing mailbox, but it’s succinct content and thoughtful insight invariably wins out over lesser documents. I appreciate the links to electronic resources so much.”

Ian Curry  
Eden Info. And Referral, Inc.  
Hayward, CA