

DIALOGUE

A Periodic Newsletter for Development Officers

- Bill Somerville, Editor -

Dialogue is published to help improve relations between funders and development officers of non-profit organizations. *Dialogue* was started at the request of a development officer. Readers are invited to submit questions for response. If you have a question, send it by email to the Editor, bsomerville@venturesfoundation.org. *Dialogue* can be received by U.S. mail or e-mail.

Q: How can we get better known with funders?

A: Rather than ask a foundation to convene colleagues to hear from you, ask the foundation to fund a lunch bringing together 8 outstanding professionals (including you and the foundation executive) who share a concern about a social issue. This is a 2-hour meeting, well-facilitated, with candid give and take. New ideas, new awareness, and new enthusiasm results from the meeting, and the sponsoring foundation knows and respects your work more.

Q: How do I acknowledge grants from an anonymous donor?

A: Many donors with a donor advised fund at a community foundation want to be anonymous. The fund nevertheless has a name, e.g. Anonymous #1, or some made up name. When you write to the foundation, don't thank the foundation executive for the grant, thank the donors of "Anonymous #1" so that your letter can be forwarded to the donors. Include pictures, and upbeat narrative of your progress.

Q: Any suggestions for effective correspondence?

A: As mentioned above, don't thank the foundation executive for the grant. It isn't his/her money. It isn't his/her foundation. Thank the donor if you know the name, or thank the foundation, or thank the Board of the foundation. Don't be effusive, but be sincere in what the grant means to you. For example: "These are hard times and we are most grateful for the grant," or "Your grant came just at the right time."

Q: What is happening with donor advise funds?

A: Most community foundations in the country, especially big foundations, are growing through donor advised funds. This is a vehicle in which a donor makes a transfer of cash or stock for charitable purposes and then calls upon these funds over time for grantmaking. There is the probability that new legislation will require a payout percentage per year. Nonprofit organizations should become familiar with a community foundation's donor advised funds, i.e. learning more about donors' interests as exemplified by their donor advised funds.

Q: What is a supporting organization?

A: A donor can start a foundation within a community foundation. It is called a supporting organization, a 509(a)(3), and has its own board, tax returns, etc. It's an integral part of the community foundation, and enjoys the same tax deduction and flexibility of a community foundation. It usually comes about when the amount of donor money is substantial – too much to establish a donor advised fund, because the contribution might otherwise “tip” the foundation as too much money from one source, thereby interfering with the community foundation’s public support test.

Q: Lots of talk about accountability. Can you fill us in?

A: Younger donors seem more intent on seeing results from their giving. So much so that they forget to have fun with their giving. They want the nonprofit organization to be accountable. It is the Editor’s opinion that this emphasis is the result of the donors’ status as new to the field of philanthropy. This is to say that evaluation is not a black and white proposition. It has nuances. Evaluation involves trust between the funder and the grantee. Evaluation is a very intuitive process bringing in factors from many sectors. Nevertheless, this is a wake up call to nonprofit organizations to articulate the worth of what they are doing, to invite site visits, to share narrative of their progress in simple, clear language.

Q: We have been getting continuing funding from a foundation and all of a sudden it stopped. What should/can we do?

A: Call the foundation contact person and ask if more funding is possible. Remember, the foundation person might be in the same position as you, that is waiting to hear from the donor as to whether more money is coming. Call again after a discreet amount of time lapses. Maybe send the foundation person a tidbit about your work that he/she can share with the donor as an easy reminder that you are waiting for a response to your proposal.

Q: Give me a crazy idea for getting money.

A: Why not ask a foundation if you could intern there for a week. This is a great way to get to know the staff and the intimate workings of the foundation. If you get the internship, make yourself useful, be early to work, be willing to do anything; create a relationship.

Q: I was at a party with lots of wealthy people. My program needs money badly. When you’re in a field of donors, how do you pick the flowers?

A: Strike up a conversation about the other person, and ask for a business card. If possible, tell them what you do and pique their interest. Put them on your mailing list for your newsletter. If you are interested in what they do, ask if you could visit. In other words, create a relationship.

Q: Do foundations ever look at whether a nonprofit is frugal, in their evaluation process of the nonprofit?

A: Yes, more specifically, foundations assess whether a nonprofit is aware of its operating costs and is cost effective. For example, look at how much it costs to send out a letter:

- postage \$. 37
 - envelope (2 color letterhead printing) \$. 23
 - paper, 2 pages (2 color letterhead printing on first page) \$. 20
 - time for data processing \$3.50
(secretary @ \$14/hour salary and indirect costs;
if you process your own, pro rate the cost accordingly)
 - composing the letter (10 minutes, or more @ \$30./hour) \$5.00
 - overhead costs (rent, utilities, equipment) \$.07
- \$9.37**

The actual price will vary, but can be estimated using the figures above. For example, if one orders 500 envelopes versus 1,000, the price goes up. The example assumes an administrative assistant at \$30,000/year total cost (i.e. salary and employee benefits at 19%), and an executive or program person at \$60,000 total cost, full time, 8 hours per day.

Resources

From time to time we will be highlighting software that serves nonprofits.

We now call **Exceed!** to your attention. Exceed! is fundraising software to serve mid-size to small nonprofits, and is produced by Telosa (www.telosa.com).

There are two versions: Exceed! Premier starts at \$2,095 for a single user license. Exceed! Basic starts at \$499 for a single user license. It is designed to immediately help smaller nonprofits and integrates seamlessly with QuickBooks accounting software.

Telosa has been serving nonprofits since 1987. It offers technical support, product training and data conversion services. For free trial, download from www.telosa.com, or call for free trial CD: 800-676-5831.

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ABOUT THE EDITOR



Bill Somerville has been in non-profit and philanthropic work for 44 years. He was the director of a community foundation for 17 years, and in 1991 founded Philanthropic Ventures Foundation where he serves as President and Executive Director. PVF is a demonstration foundation practicing unique forms of grantmaking and conducting initiative philanthropy. He has consulted at over 280 community foundations in the United States, Canada, and abroad, on creative grantmaking and foundation operations. In addition to *Dialogue*, he publishes Building Community Foundations, which is distributed to all community foundations. His primary interest is in the creative and significant use of the philanthropic dollar.