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# Grassroots Fundraising Journal

In This Issue:

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# In This Issue



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# How to Do a Houseparty

*by Kim Klein*

One of the easiest special events, and sometimes one of the most lucrative, is the common houseparty. In some ways, it seems ludicrous to describe how to do a houseparty since anyone who has ever had a birthday party, school picnic, anniversary celebration, let alone a small wedding or bat-mitzvah, already knows most of what there is to know about putting on a houseparty. However, because sometimes the seemingly most easy events are fraught with pitfalls, and because I have just attended three houseparties in a row that were dismal failures financially, this seems a good time to describe the obvious and not so obvious about a houseparty.

First, the basic definition of a houseparty: A person or persons involved in a nonprofit group invites his, her or their friends to a party at their house. The purpose of the party is to educate the friends about the work of the nonprofit group and ask them to make a contribution.

The party is also a place to meet people, see old friends and eat good food, so it sets up a cordial atmosphere for the request. Finally, a houseparty allows someone not familiar with the group to learn a lot about it, ask questions, and get some personal attention without being obligated to give. People can either give a very small gift or not give at all without embarrassing themselves, and they can attend the houseparty without having to pay to get in.

A houseparty is a good way to raise consciousness about the issues your organization is addressing. Houseparties are best used to explain a complicated issue to many people at once, allowing them to ask questions and get the information they want. In the early days of the United Farmworkers movement, for example, houseparties were used to explain the concept of this union and the plight of migrant farmworkers to white, non-agricultural people who had the right sympathies but little concrete information.

A second use of a houseparty is to allow a group of people to meet someone famous or important, such as a candidate for office, a refugee from El Salvador, a member of the African National Congress, etc. This person gives a testimonial or asserts a particular viewpoint, and the host describes what people can do to respond (vote, give money, boycott, give money, demonstrate, give money).

*There are five steps to putting on a successful houseparty.*

No matter what else you ask people to do, ask them to give money. It is the only thing they can do right on the spot, and it is usually the most passive action, requiring the least amount of work. The final use of a houseparty, which underlies all the other uses, is to expand the organization's donor base.

There are five steps to putting on a houseparty:

1. Finding the person who is willing to host it at his/her house and take on other responsibilities related to the event.
2. Preparing the list of people to be invited.
3. Designing the invitation.
4. Choreographing the event, particularly the pitch.
5. Following up and evaluating.

## *The Host/s**

The host of a houseparty has several responsibilities, the least of which is providing the house and the food. The host invites anyone he or she thinks might be interested in the organization or the topic being discussed. First the host or another person gives an appropriate description of the organization and the issues. Then the host makes a pitch for money.

The host must be a donor who has contributed a gift, regardless of size, that was significant to that donor. The donor asks the guests to join him or her in making a significant gift of their own.

The ideal host is someone close enough to the organization to understand the importance of the group and to be willing to conquer their fear of asking friends for money, but not so close as to have all their friends already be donors. A major flaw of houseparties is that the same people attend several houseparties for the same organization. Those people may enjoy the party, but wind up feeling "nickel and dimed to death" and the donor base of the group is not expanded.

## *Preparing the List of People to be Invited*

Once someone has volunteered to host the party, the organization's staff must help that person decide who should be invited. A houseparty can have any number of people, but generally works best when there are at least 12 guests and not more than 40. Figure out how many people the house can comfortably accommodate. If you are planning a presentation, you will need to make sure most of the people can sit down at that time. (If the pitch is to be short, then having enough seats will not be so important.)

Generally you need to invite three times as many people as you want to attend. There should be one person from the organization (such as a Board member, volunteer, or staff) for every five to eight guests, so include them in the numbers.

Obviously, start with the host's friends. Don't forget neighbors. Sometimes, a houseparty is also a way to meet your neighbors. For example, a member of a solidarity group had a houseparty at his apartment. He invited the entire apartment building and a neighbor from another floor, whom he had never met, gave $5,000 that night. Think about church, synagogue, social clubs, work, and relatives. Except for those people specifically invited to mingle and represent the organization, don't invite very many people who are already donors. If you invite donors and use this opportunity as an upgrade strategy, focus on those who could be asked to give more money than they currently do.

## *Designing the Invitation*

It is important to design the invitation specifically for the group being invited. The invitation does not have to be fancy, and it can be printed at an instant-print copyshop, so expense shouldn't be an issue. For groups with access to desktop publishing programs, good-looking invitations can be turned out very inexpensively.

The invitation should reflect something about the host and about the crowd being invited. This will make people want to attend. Whether your invitation is to be serious or light, educational or assuming knowledge on the part of the invitee, always include the following:

• An indication that people will be asked for money. "Bring your checkbook" is the most direct way to make this known. You might also say, "A chance to learn about ____________, and contribute to this important work." or, "As we enter our tenth year, your financial support is more important than ever."

• A way for people to give without coming to the party. On the invitation's return card include the option, "I can't come, but I want to help. Enclosed is my donation."

• Encourage people to bring friends. Require an RSVP so you will know how many people are coming.

• Give people clear directions to the house. If finding the place is at all confusing, draw a map. Include the phone number of the host under the directions.

## *Choreographing the Event*

Where most parties fail is in not having thought through exactly how the event will go. To avoid this danger, imagine yourself a guest at the event and play over in your mind what will happen.

You walk or drive up to the house. Is it obvious where to park? (This can be important if you share a driveway with people not attending the party, if there is a hidden ditch near your house, or if your neighbors are the kind that are likely to call the police about a guest parked too near the crosswalk.) Is the house obvious? Is there a porch light? Is there a sign saying "The ________ houseparty here"? This is especially important in rural communities where homes can be hard to see, and in big apartment complexes where it may be confusing to find the right number.

You come in to the house or apartment. Is it obvious where to put your coat? If not, someone needs to be stationed at the door to provide that information. Ditto for the bathroom.

You look around for people you know and make your way to the food. Is there a traffic jam at the food table? Pull the table out from the wall, so people can serve themselves from all sides of it. Put the drinks on a separate table removed from the food table to force people to move on from the food or from the drinks. If

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* *The Journal* will from now on follow the feminist custom of dropping "ess" as a suffix to indicate the feminine, as this ending tended to make the terms diminutive rather than merely feminine. Hence "host" will refer to either a man or woman, as will actor, waiter, abbott, benefactor and any similar word.

possible, have several small platters of food, rather than two or three large platters. Are the plates big enough? You don't want people to feel like they have to have five helpings to get full, or stay hungry because they are too embarrassed to keep going back for more food. People returning to the food table creates a traffic jam, and people feeling hungry creates an non-money-giving atmosphere. If the house allows it, there can be several food tables in different rooms serving different kinds of food. Serve things that are easy to eat while standing up—finger food rather than things that need a fork and knife. Don't serve anything that would be a disaster if spilled (such as red wine on light colored carpeting, chili on your couch).

Once you get your food, you look for a place to sit. Are there enough chairs? Make sure no chair is sitting alone or obstructing people coming in and out of the entrance.

# *Two Houseparties for One Group*

An organization of Catholics advocating the ordination of women had two houseparties. Each party was geared to a different audience and everything from the invitations to the pitch reflected that difference.

One party was given by three Catholic nuns who live in a group house. They invited other sisters as well as people from their local parish who they thought would share their belief that women should be able to be priests. These women are well known in the community for being outspoken and courageous. Most of the people they invited were Catholic. Their invitation was on a standard sheet of paper, on the top of which was the slogan, "If you won't ordain women, don't baptize them." Further down was a description of the group, the list of the party's hosts, and the date, time and place of the event. The page concluded with, "Eat, drink and bring your checkbook." It was simple, direct, and appealed to a group of people who were familiar with the issues.

At the party, there was no formal presentation besides the pitch. The party attracted about 50 people, raised a little over $1,500 and signed on 20 new members. Almost everyone attending made a donation.

The second houseparty was given by a married couple who are members of the parish and active in the organization. They invited people from their workplaces (the husband works in a shelter for the homeless, the wife for a public interest law firm handling mostly sex discrimination cases), from other churches, and neighbors. Most of those invited were not Catholic and some were probably not religious. Many are active in the women's movement. Their invitation was done in a card format, with a quote from one of Paul's letters in the New Testament on the front, "In Christ there is neither male nor female, Jew nor Greek . . . all are one. . . ." The inside described the organization and invited people to hear a talk about the history of women in the Catholic church and the importance to the women's movement of the push to ordain women. The speaker was one of the nuns who gave the first party.

*The invitation concluded with, "Eat, drink and bring your checkbook."*

More than 40 people came to this party. Many asked difficult questions about the priority of this movement in the women's movement, questioned the point of being ordained into a patriarchal and hierarchical church, asked why the women didn't seek ordination in a different denomination, and so on. The discussion was lively and sometimes heated. At the end, the wife of the couple explained her commitment to this cause and asked everyone to join her and her husband in giving $100 or more. Twenty people gave $100 or more, including one new donor who gave $1,000; another ten people gave under $100. Of the 30 who gave, 25 people had never given to this organization before. Around a dozen people did not give at all, but the hosts reported that several of them gave later, and for everyone the party had been important in raising consciousness on the issue. □

### *The Special Moment: The Pitch*

Everything at the houseparty should be built around the pitch. Make arrangements ahead of time with at least two and not more than four people that when the host says, "I hope you will make a donation," they will put out checkbooks, or hand over checks to members of the organization. They don't have to be ostentatious about it, but a few people have to set the tone that this is the time to give money.

Some people object to this practice, claiming that it imposes too much pressure. However, a little more thought will show that it is the considerate thing to do. Few people have the self-confidence to be the first to do anything. When the host asks for money, many people are prepared to give, but everyone has a brief attack of anxiety, "Perhaps this isn't when you give the money," or "Perhaps I am the only person in the room who believes in this cause," or "Perhaps everyone else already turned in their money and I will look odd if I give my money now.'' Having some people go first gives permission for everyone else who wants to give to do it now. Much like ushers at plays who show you your seat without being asked, or clerks in clothing stores that hand you the appropriate accessory without you having to reveal that you wouldn't have known what to put with that outfit, the people planted to make the first donations show that giving is the right thing to do.

Time the pitch so that the most people will be there when it is made. This is usually an hour into the party. The host calls for people's attention. The members of the organization discreetly get envelopes ready and the two to four "plants" space themselves around the room. The host introduces him/herself and welcomes everyone. If there is a presentation, the host introduces the presenter. (If there is more than one host, such as a couple, or a group, they should take turns talking so it is clear that both or all are involved.)

After the presentation, the *host must be the one who gives the pitch*. If the presenter is a famous person or somehow special to the work of the group, that person can sometimes make a formal request for money, followed by the host saying, "I hope you will join me in helping this important cause." It doesn't matter if the host is nervous or doesn't like asking for money. Your proceeds will be cut in half (at the least) without a pitch from the party sponsor.

Sometimes people argue that doing the party—loaning the house, fixing the food, giving up the time—should indicate the host's interest. Indeed it does. It shows that the host helped save the group the cost of renting a conference room at a hotel. But, in order for the guests to give money, the host must also say that he or she gives money and wants anyone who agrees with him or her to do the same.

How the pitch is made determines how the money will be collected. This is also decided ahead of time. The best way to get the most money at the party is to pass around envelopes immediately after the host speaks. If you would prefer, the host can say, "Please put your donation in the basket over there," and point to a place. Or the host can say, "You can hand me your check, or give it to any of the people wearing carnations." In any case, tell people how and when to give the money.

I referred in the beginning of the article to three houseparties I had attended that were failures. The first failed for reasons that cannot be planned against: the hosts had a brief but uncomfortable spat in front of the assembled guests and as a result the party broke up before a pitch was made. But the other two had not been properly planned. In one, the host said, "I hope you will all think about making a gift to this group, which is my favorite." Then, without missing a beat, he said, "Now that the fund raising part is over, eat up and drink up! Let's have fun." People did exactly as they were told. For a few seconds they thought about giving a gift, then headed for the food. No envelopes were present, and no method of collection was obvious.

At the third party, the hosts showed a videotape about the group, then took the tape out of the TV monitor and went into the kitchen. People sat around chatting about the tape, then got up to get drinks and food. After awhile, the hosts re-emerged and went on with the party. People could be heard asking, "Are we supposed to give money?" or, "What are you supposed to do with the money?" Perhaps out of fear of being rude, they did not ask the hosts.

In all cases, the parties raised almost no money and left people feeling that houseparties are a waste of time. They are if not done properly.

## *Evaluation and Follow-up*

After each party, take some time to evaluate what went well and what could have been done better. Particularly if you have a regular presentation, think about the length, the relevance, how to get a discussion going and so on.

Be sure to write thank yous to everyone who gave money, and put them on the organization's mailing list. If the host failed to make a pitch, then immediately send the guest list an appeal letter. If people gave, go over the list of donors with the host and if there are people missing from it who the host thinks would have given but didn't take the opportunity or forgot, he or she should call them. If the host does not want to do that, then send them an appeal letter as soon as possible.

Like all fundraising strategies, houseparties only work if someone actually asks for the money. Otherwise a houseparty is just a party—fun but no funds. ■

# The Technique of Soliciting Funds

*by John D. Rockefeller, Jr.*

*Editor's Note: The following short article is one of the most famous passages ever written on how to ask for money. Many readers have probably seen it in various fundraising packets, manuals, and how-to books.*

*It may seem odd for a publication focusing entirely on how small organizations can raise funds to reprint an article by John D. Rockefeller, Jr. However, he was a superb fundraiser as well as philanthropist, and it is interesting to note the principles he put forward that we maintain in these pages. So read it and learn.*

Perhaps the best way to acquire a knowledge of fund raising is to ask ourselves the question, "How would I like to be approached for a gift?" The answer, if carefully thought out, may be relied upon as a pretty safe guide to the task of soliciting. I have been brought up to believe, and the conviction only grows on me, that giving ought to be entered into in just the same careful way as investing—that giving is investing, and it should be tested by the same intelligent standards. Whether we expect dividends in dollars or in human betterment, we need to be sure that the gift or the investment is a wise one and, therefore, we should know all about it. By the same token, if we are going to other people to interest them in giving to a particular enterprise, we must be able to give them adequate information in regard to it, such information as we would want were we considering a gift.

First of all, then, a solicitor must be well informed in regard to the salient facts about the enterprise for which he is soliciting. Just what is its significance, its importance? How sound is the organization back of it, how well organized? How great is the need? An accurate knowledge of these and similar facts is necessary in order that the solicitor may be able to speak with conviction.

It is a great help to know something about the person whom you are approaching. You cannot deal successfully with all people in the same way. Therefore, it is desirable to find out something about the person you are going to—what are his interests, whether you have any friends in common, whether he gave last year, if so how much he gave, what he might be able to give this year, etc. Information such as that puts you more closely in touch with him and makes the approach easier.

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*Never think you need to apologize for asking someone to give to a worthy object.*

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Again, one always likes to know what other people are giving. That may be an irrelevant question, but it is a human question. If I am asked for a contribution, naturally and properly I am influenced in deciding how much I should give by what others are doing.

Another suggestion I like to have made me by a solicitor is how much it is hoped I will give. Of course, such a suggestion can be made in a way that might be most annoying. I do not like to have anyone tell me what is my duty to give. There is just one man who is going to decide that question—who has the responsibility of deciding it—and that is myself. But I do like a man to say to me, "We are trying to raise $4,000,000 and are hoping you may be desirous of giving blank dollars. If you see your way clear to do so, it will be an enormous help and encouragement. You may have it in your mind to give more; if so, we shall be glad. On the other hand, you may feel you cannot give as much, in view of other responsibilities. If that is the case, we shall understand. Whatever you give after thinking the matter over carefully in the light of the need, your other obligations and your desire to do your full share as a citizen, will be gratefully received and deeply appreciated." When you talk to a man like that he is glad to meet you again, and will not take the other elevator when he sees you in the corridor because you backed him to the wall and forced him to give.

Of supreme importance is to make a pleasant, friendly contact with the prospect giver. Some people have a less keen sense of their duty and responsibility than others. With them, a little urging may be helpful. But with most people a convincing presentation of the facts and the need is far more effective. When a solicitor comes to you and lays on your heart the responsibility that rests so heavily on his; when his earnestness gives convincing evidence of how seriously interested he is; when he makes it clear that he knows you are no less anxious to do your duty in the matter than he is, that you are just as conscientious, that he feels sure all you need is to realize the importance of the enterprise and the urgency of the need in order to lead you to do your full share in meeting it—he has made you his friend and has brought you to think of giving as a privilege.

Never think you need to apologize for asking someone to give to a worthy object, any more than as though you were giving him an opportunity to participate in a high-grade investment. The duty of giving is as much his as is the duty of asking yours. Whether or not he should give to that particular enterprise, and if so, how much, it is for him alone to decide.

To recapitulate, then, briefly, know your subject: Be so sold on it yourself that you can convincingly present its claims in the fewest possible words. A letter may well precede an interview, but personal contact is the most effective. Know as much as you can about the man to whom you go: Give him a general idea as to the contributions being made by others in his group, and . . . suggest in a gracious and tactful way what you would be glad to have him give, leaving it entirely to him to decide what he shall give. Be kindly and considerate. Thus will you get closest to a man's heart and his pocketbook. ◘

# Guidelines for Lobbying:
## *How Much is Too Much?*

*by the Nonprofit Coordinating Committee*


### *What can a nonprofit do without jeopardizing its tax exempt status?*

*The following is a summary of an article by Peter Swords of the Non Profit Coordinating Committee. For a longer version of this article, please write to NPCC, 121 6th Ave., New York, NY 10013. Reprinted with permission from NPCC.*

A number of questions have been asked about the limits imposed on nonprofits' governmental activities. This is a brief overview of the subject. The rules discussed here apply to section 501(c)(3) public benefit nonprofits; they do not apply to private foundations. Nor do they apply to the limits imposed on other types of nonprofits, such as social clubs, unions and trade associations.

The question at the center here is, what can a nonprofit do without jeopardizing its tax exempt status and, perhaps more importantly, its eligibility for the charitable contribution deduction? First you need to be clear about the distinction between "lobbying" and "political campaigning." Nonprofits can engage in some lobbying without risking their tax status, but they cannot do any political campaigning. Lobbying is defined as activities which are aimed at trying to persuade legislators to enact or not to enact bills ("direct lobbying") or of encouraging the constituents of legislators to use their influence with these legislators on behalf or against some legislation ("grassroots lobbying"). Political campaigning consists of working for or against a candidate's election to office.

### *What Are the Limits on Lobbying?*

A nonprofit's tax status will not be threatened if it spends no "substantial part" of its activities "carrying on propaganda or otherwise attempting to influence legislation." Keep in mind that much that nonprofits do in the political arena does not constitute lobbying. The following examples are all activities which are not classified as lobbying:

(1) efforts made at the administrative or regulatory level to get rules adopted, changed or repealed that do not have the purpose of influencing legislation,

(2) litigation brought to further the public's interest,

(3) efforts made to persuade the chief executive (e.g., President, Governor, Mayor, etc.) to do or not do something other than to promote or discourage legislation. Nonprofits can talk all they want to government officials as long as they do not specifically urge those officials to support or discourage a piece of legislation.

There are also some kinds of lobbying that nonprofit organizations can engage in without threatening their tax status. Nonprofit representatives can testify before a legislative committee if they have received a written request to testify and their testimony is not then considered lobbying. Representatives can testify on a subject that involves their own organization's self-defense, e.g., a legislative proposal to remove a tax exemption.

How much lobbying can an organization do without it becoming "substantial"? There is no clear answer here. The cases and rulings are inconsistent. Because of this uncertainty, Congress in 1976 amended section 501 by adding subsection (h) which gives most nonprofits (not including churches) the option of electing to have the question decided on the basis of how much money they have spent on lobbying. This election is made by filing Form 5768 with the IRS. If an organization makes the election and spends less than 20% of its operating budget on lobbying, and no more than 25% of this amount on grassroots lobbying, it will be safe. Very few organizations have chosen to make this election so far. The reason may be that a fair amount of paper work is required. Recently the IRS has proposed a second and revised set of regulations under subsection (h) that are quite favorable to nonprofit organizations. This change may induce more nonprofits to make the election.

Very few questions about what constitutes "direct lobbying" ever come up. It is hard to imagine how visiting a legislator and urging him or her to take a position on some legislation could be construed as other than lobbying. On the other hand, the question of what constitutes "grasskoots lobbying" is confusing. Because organizations that have made the election under section 501(h) can spend so little time on grassroots lobbying, the question is important. When an organization publishes an analysis of a public policy issue that might involve legislation or holds a conference to discuss such an issue, is this grassroots lobbying? Earlier interpretations by the IRS said yes. In the past year, new proposed regulations have reversed this interpretation and, as it is now, a communication must contain the following elements before it will be considered grassroots lobbying:

(1) a reference to specific legislation;

(2) a reflection of a view on the legislation; and

(3) encouragement to the recipient to take action with respect to this legislation.

The last requirement is referred to as the "call to action" requirement. A "call to action" requirement must also directly urge its recipients to contact legislators, provide the address or telephone number of a legislator, provide a postcard, petition or similar material for communication with a legislator, and identify at least one legislator as opposed, undecided or in support of the legislation. This makes it easier to ascertain whether what you are doing is in fact "grassroots lobbying."

The new proposed regulations have not yet been put into effect. They almost certainly will be by the end of 1990. The rules promulgated under section 501(h), including the new proposed regs, are not supposed to apply to organizations which do not make the election. It is too early to tell whether the courts will nonetheless do so.

If an organization plans to engage in a substantial amount of lobbying—an amount that would involve lobbying expenditures that exceed the limits allowed under section 501(h)—it may give up its section 501(c)(3) status and become a section 501(c)(4) organization. Section 501(c)(4) organizations are exempt from tax, but contributions to them are not eligible for the charitable contribution deduction.

Two caveats. The new revised proposed regulations contain provisions which might turn a statement that would otherwise not be considered a lobbying statement into one if it refers to a highly publicized piece of legislation and is published in the mass media within two weeks of a vote by a legislative body or committee. Second, all of these rules are very complicated and this overview is not complete. You should consult an attorney if you have any specific questions or believe you are moving into questionable territory.

## *What Are the Limits on Political Campaigning?*

Unlike the rules covering lobbying, those that deal with political campaigning hold that a nonprofit organization can do no campaigning without jeopardizing its tax exempt status. The following activities constitute political campaigning: endorsing candidates, urging the public to vote for or against candidates, contributing money to election campaigns, forming or supporting political action committees (PACs) and providing mailing lists to candidates. Not all political activity, however, constitutes political campaigning. For example, a nonprofit organization may conduct a non-partisan voter registration drive without worrying about violating the prohibition on political campaigning. This can include helping voters get to the polls, publicizing the times and places of voting and distributing nonpartisan voter education material prepared by election officials, as long as none of this shows any bias to any candidate or party. Nonpartisan voter education efforts are also permissible. A nonprofit radio station that makes a reasonable amount of air time available, without charge, to legally

# State of the Journal 1990:
## *We've Become Bi-Coastal!*

As the more observant of you will have noticed, the *Journal* has moved. Now that Kim Klein lives in New York, and Lisa Honig, Nancy Adess, our copy editor, and Bob Cooney, our designer, live in the San Francisco Bay Area, we have decided to move the *Journal* back to its roots. All design, printing and mailing functions will take place in Inverness and Oakland, California. Post Office Box 11607, Berkeley, CA is our new official mailing address. Phone inquiries should be directed to Nancy Adess, 415-663-8562 (West Coast) or Kim Klein, 212-529-5300 (East Coast).

Several people have exclaimed that this is the fourth or seventh or tenth time the *Journal* has moved. In fact, this is the second move the *Journal* has made. First we moved to Knoxville, and now we are moving back! It is true that Kim has been a real roamer these last few years, living first in San Francisco, then Inverness, then Knoxville, and now New York City. But then, that is where a lot of the experience comes from that turns into *Journal* articles.

We plan to continue the *Journal* in the same format, using readers' suggestions of articles, staying current with the changes in the world of fundraising, and true to our constituents: organizations working for social justice with budgets under $500,000.

A lot has changed in the world since we began this publication nine years ago. While we all have many opinions about the world situation (including the ironic observation of a friend who said recently, "The United States is the only country not talking about democracy right now"), the *Journal* will continue to explore the variety of ways grassroots organizations can raise money and do their work.

We look forward to this decade, and hope you do, too. ■

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qualified candidates so they can present their viewpoints to the public, where equal opportunities are afforded to all points of view from other candidates is within the law. Public forums for candidates which show no preference for any particular candidate will also not be considered political campaigning.

What is the penalty for political campaigning? The most drastic consequence is total loss of exemption and eligibility for the charitable contribution deduction. Because the IRS is loathe to exercise this ultimate remedy, the Code has been amended to impose taxes on organizations that engage in political campaigning. The Omnibus Budget Reconciliation Act of 1987 added section 4955 which imposes a 10% tax on any amount paid by an exempt organization in any political campaign on behalf of any candidate for public office. In addition, a tax of 2.5% of that amount is imposed on any organization manager who agrees to make the expenditure. Additional taxes are imposed on both the organization and the agreeing manager if the original expenditures are not paid within a specified period. Section 527(f) also imposes a tax on any amount spent by an exempt organization to influence the selection, nomination, election or appointment of any individual to a Federal, State or local public office or office in a political organization. The scope of 527 appears to be broader than section 4955. The IRS has recently indicated that it may include amounts spent to influence Senatorial confirmations of federal judgeships under this section.

### *State and Local Requirements*

Anyone employed by a nonprofit organization who spends part of his or her time attempting to influence (1) the passage or defeat of legislation by the state legislature, (2) the approval or disapproval of legislation by the governor, or (3) the outcome of a rate-making proceeding or rule and regulation proceeding by a state agency, is a lobbyist under New York State law. If he or she receives more than $2,000 in compensation and expenses for lobbying in any one year that person must register (and pay a fee) and file regular reports with the Temporary State Commission on Lobbying. Similar New York City rules exist for those who urge legislative or regulatory action at the City level. Unlike the federal tax rules, these requirements do not limit the amount of political activity that nonprofits can engage in, they just apply onerous reporting requirements if it is done. Note also that unlike the federal rules, administrative action is considered lobbying. ■

# Profile of a Major Donor

*Every few issues, we interview someone who gives away at least 10% of their income or more than $50,000 a year, whichever is greater, or who makes some other unusual arrangements about their money. We change some details to protect the anonymity of the person and write up our interview as a profile. The purpose of these profiles is to provide some insight into the giving side of our work, so that we can do the asking a little better.*

This donor grew up in a coal mining community in western Pennsylvania. She was adopted by an upper-class couple who were part owners of a mine. Some years later, this couple adopted a five-year-old boy. Years later, our donor learned that both she and her brother were the children of miners killed in accidents in mines in West Virginia, and were actually biological cousins.

She recalls going to a private school but not thinking of her family as particularly wealthy. "Money was not an issue in our family. We had enough, but there were always things we wanted that we couldn't have. It felt normal." She was a teenager when the Viet Nam war was just beginning. A slightly older friend was drafted and killed almost immediately. She began reading about the war and started attending anti-war rallies. While her parents disagreed with her position opposing the war, they supported her right to express her opinion. She went to a nearby college and came home on weekends. During a weekend visit, she learned from her brother of their biological relationship. He had learned it from a miner in their father's mine. She further learned that over the years, her father had bought several mines, including some in South Africa, and that he and his partners were very wealthy.

Her brother explained to her that he was attending United Mine Worker meetings and helping organize the miners. She says, "At seventeen, he was much more radical than I was at nineteen. For some reason, he had focused his political energy on class, while I worked to end the war. His focus brought him up against my father in a way that I was too terrified to tackle."

Ultimately, miners picketed the family's house, and her father threatened to disown her brother. When her brother turned eighteen, her father made good on this threat.

This donor weathered this family storm by staying loyal to both her parents and her brother. She and her mother kept in regular contact with him, and her mother sent him money. She says, "I never thought anything about how weird it was that we women schemed to stay in relationships with both these men, and worked our butts off to keep each of them happy and to keep them from killing each other. For years, the main topic of conversation between me and my mother was my father or my brother or both. My life and her life were much less important to either of us."

Like many anti-war activists, the early seventies saw this donor heavily involved in the women's movement, working on a feminist newspaper and living in a big east coast city. There she met a woman she calls her "first rich person." "She was an amazing woman—she was rich and talked about it a lot. She gave her money to women's causes and talked about radical philanthropy and the redistribution of wealth, using money to change the world. She lived in a group house with five other women. I totally fell in love with her, and we were lovers for almost five years." During that time, our donor's father died of a heart attack, surprising her with an inheritance of $300,000. Her mother received nearly twice that much; her brother remained disowned.

"My father had not seen my brother since he was eighteen. My brother came to the funeral and we all cried for several days. Of course, none of us expected my father to keel over from a heart attack at 63. He was healthy and seemed in the prime of his life. My brother felt very guilty, like he should have done more to make up. My mom was great. She said everybody does their best, and Dad could have decided to make up, too. After all he was older and supposedly more mature. She had a great faith in the next life, and said my father and brother would have other chances to make up later. I don't know if that's true, but it made us all feel better."

The first thing our donor did when she got her money was arrange for her brother to have half of it. She then began giving some of her share away. "I had learned a lot from my lover about giving money, but I was unprepared for the number of requests I received, and for the amount of money people thought I had. One person asked me for $1 million, saying he had read I was worth $60 million. Other people would ask me for $100 or $500, reasoning that I could hardly turn down such small requests. I couldn't relate to this money—it felt like play money. Unlike my lover, I had not grown up thinking of myself as rich (although I clearly must have been) and for some reason, I simply couldn't take it seriously. Basically I did what she told me with the money.

"After two years, my brother and I got together to discuss our money. I had been trying to give a lot of it away, but in the late seventies, when Treasury Bills were paying 15–17%, the money just kept growing back. We decided to give half of it away, put $50,000 in a trust for our old age, and live on the rest. We were conscious that we were protecting our privilege rather than giving it up, but did not have the courage to give it all away."

Shortly after that, she and her lover broke up and she took a trip around the world with friends. At the end of that trip, she lived in Nicaragua for a few months. "Then I realized I had to stop acting like this was play money and take responsibility for it. I pulled together a 'focus group' of sorts, and asked friends to help me figure out the best use of what remained of this money." She was also conscious that in a few years she would come into another inheritance when her mother died, and she needed to prepare for that.

Many ideas came out of the focus group: form a foundation, give the money to an already formed radical foundation, keep living the same way, get an adviser and only consider the proposals she gives you, change your name and move where nobody knows you are rich and give anonymously, enjoy yourself, and so on.

In the end she decided to give all of it away, including dissolving the trust she and her brother had set up. She also asked her mother not to leave her any money. She says, "Having the money was too much of a distortion. I couldn't handle it. I know many wealthy people who do very progressive things with their money, but I always felt like I was dabbling and playing." She divided the money among 15 groups to avoid having any one group see her as their benefactor. Then she got her first paying job in 10 years.

She says it feels good not to have the money, but the whole experience feels like a dream. "The things you get from having money, like being able to travel, getting a good education, buying a house, leisure to read and study, etc., you don't get rid of by getting rid of the money. My life isn't really that much different except my fair-weather friends have faded away to mooch off someone else and I don't have nearly the time I used to have when I wasn't working."

This donor took very radical action with her money, but donors like her will become increasingly common as members of the baby-boom generation, who grew up middle and upper class, come into inheritances that throw them into a much wealthier station.

In all of the advice she got, there was no suggestion of finding people similar to herself and discussing her situation with them. All solutions were individualistic: keep it, get rid of it, get rid of your name, hide behind an adviser.

The donor pointed out at the end of our interview, "One thing I've learned about money is that no one wants to take responsibility for it—not those who have it, like me, nor those that think they want it, nor those in a position to help others who have it." I asked her if she wished she had done something different with the money. "Not really. I gave it to good groups working for social justice. I sometimes do fantasize what it would have been like to return it to my original community. Like dividing the money among all the families that ever worked for my Dad, and saying, 'This money was made off your sweat and blood, and you should have it.' The problem with inherited wealth," she concluded, "is that it never feels like it's yours, because really, it isn't." ◘

**Book Review**

# Revolution in the Mailbox

**by Mal Warwick**

Berkeley, CA: Strathmoor Press, 1990. 300 pp. Hardcover. $65.00. Order from: Strathmoor Press, Order Fulfillment Center, 2550 Ninth Street, Suite 1040, Berkeley, CA 94710.

Mal Warwick knows what he's talking about. He's been doing direct mail fundraising for nonprofit and political groups for 10 years, and he's been enormously successful at it. And all his work has been on behalf of organizations working in the public interest, including environmental, peace and consumer groups. He also created the direct mail program that raised millions for Jesse Jackson's 1988 presidential campaign.

In *Revolution in the Mailbox*, Warwick describes exactly what direct mail fundraising is and how it can work for your group. Warwick points out that while most nonprofit groups use direct mail already (by soliciting subscriptions, donations, or memberships), few use the full potential of direct mail to build a financial base for their organization. He shows how, if you are willing to work with a strategic direct mail program on a long-term basis, an initially large investment can pay off handsomely a few years down the road in increased dollars from supporters.

*Revolution in the Mailbox* is not a how-to manual. Warwick does not go into detail on how to write the best fundraising letter or how to create a successful campaign. He does explain the principles behind how such a campaign works. He also includes lots of illustrations of campaigns he has done—letters, envelopes, return cards, survey forms, etc.—from which the astute reader can glean helpful tips.

What *Revolution in the Mailbox* is best at is explaining the complexities of how a long-term direct mail campaign can benefit an organization. Not surprisingly, Warwick suggests that the best way to do so is by working with a direct mail consultant or firm; he provides helpful details of what to look for in choosing such assistance.

If you're looking to develop a strong, broad financial base, you'd do well to look at the possibilities that a serious direct mail campaign could offer. ◘

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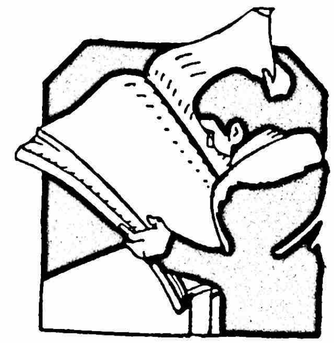

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