Now In Our Tenth Year!

Volume 10
Number 4
August 1991
$4.20

# Grassroots Fundraising Journal

In This Issue:

Getting Started in Planned Giving

Fundraising Events in a Small Town

Profile of a Major Donor

Book Review

Fundraising Books for Religious Congregations

# Writer's Guidelines

*The Grassroots Fundraising Journal is happy to consider articles for publication. Please submit copy **typed, double-spaced.** If computer-generated, please submit highest quality printing possible (no dot matrix print-outs, please). Please do not submit material typed in all capital letters.*

*Articles will be considered for publication during the nine months following submission. When an article is accepted, you will be notified in which issue of the **Journal** it will appear. The **Journal** provides three copies of published material to the author and pays $50 per article after publication.*

*If you want unpublished articles returned, please provide a self-addressed envelope with adequate postage.*

*If you have any questions, feel free to contact co-publisher Kim Klein at (212) 673-6216 or copy editor Nancy Adess at (415) 663-8562, or write to the **Journal**.*



# In This Issue


Getting Started in Planned Giving
*Kim Klein*
3

Fundraising Events in a Small Town
*Judy Burness*
7

Profile of a Major Donor
10

Book Reviews:
*Policy vs Paperclips*
11

Fundraising Books for Religious Congregations
12



The ***Grassroots Fundraising Journal*** is published six times a year: February, April, June, August, October, and December.
ISSN No. 0740-4832.

**Publishers and Editors**
Kim Klein and Lisa Honig

**Copy Editor**
Nancy Adess

**Design**
Robert Cooney

**Typesetting:**
Archetype West



Address all inquiries to:
P.O. Box 11607
Berkeley, CA 94701

*Gifts from bequests are greater than the amount given by corporations.*

# Getting Started in Planned Giving

*by Kim Klein*

In the last issue of the *Journal*, we focused on understanding who your donors are and why they would want your organization to exist for a long time. Understanding donors, both as individuals and as a demographic group, is key to any kind of sustained successful fundraising, but particularly to planned giving. If your organization worked with the exercises and surveys recommended in the last issue, you will have discovered that understanding why donors give also involves being very clear about what your mission is and how you go about accomplishing it.

You are ready to proceed with establishing a planned giving program when you feel confident that your organization should exist for the long haul and you know that at least some of your donors really agree with you and are willing to put their money on the line for you.

In the next four issues of the *Journal*, we will discuss planned giving options, marketing a planned giving program, and administering planned gifts. We begin in this issue with a discussion of the importance of making a will, and the simplest form of the planned gift, the bequest. In the next issue, we will define and discuss all the other planned giving options. In the December issue, we will discuss marketing planned giving (in time for you to begin in 1992), and in the February 1992 issue we will complete the series with an article on administering planned gifts.

## What is the Purpose of Planned Giving?

The purpose of planned giving is to build an endowment. An endowment is an income-generating mechanism that involves setting aside money (principal) to generate interest. The principal, or *corpus*, is never spent; the interest income can be used as the organization wishes. Interest income is usually used to offset administrative costs; however, an organization can use the income generated through planned gifts as it wishes unless the gift is restricted by the terms of the donor.

## Thinking About Asking

Grassroots organizations rarely get planned gifts and even more rarely seek them. Grassroots groups are too busy trying to meet the expenses of next month to look that far ahead and often do not think of themselves as a permanent institution.

Probably the main reason grassroots organizations rarely seek planned gifts is the same reason any group rarely asks for them: people feel awkward talking to donors about their money and their death at the same time. As one Board member put it, "It's bad enough asking for a gift from a living person that they make now and forget about; asking for a gift that requires the person giving it to die before we can get it is really in bad taste."

However, it is important to recognize how much money comes from planned gifts. In the United States, bequests, which we explore in this article, account for 5% of all the money given to charitable causes by the private sector. In fact, gifts from bequests are equal to the amount given by foundations and greater than the amount given by corporations. (An old joke in fundraising is that dead people give away more money than corporations. This is used to illustrate how pathetic corporate giving is relative to the press they receive for it.) Other forms of planned giving, such as charitable remainder trusts, pooled income funds, lead trusts and so on, which we will discuss in the next issue, account for hundreds of millions more dollars.

There are many advantages to planned giving for donors. These advantages should be accentuated and should give you courage to talk with your donors about planned giving. A bequest, for example, costs the donor nothing. It is deducted from the estate of the donor, lowering the amount of estate tax that will be owed.

Estates are currently taxed at the rate of 55%, which is higher than income tax or capital gains tax. Every person is given a one-time-only deduction of $192,800, which means, in effect, that estates of under $600,000 are not taxed. However, many people who have never considered themselves well to do will leave estates of over $600,000, once the value of appreciated property (real estate, stocks, IRAs, etc.) is taken into account.

Many forms of planned giving go into effect during the donor's lifetime and can either pay the donor or save the donor money during his or her lifetime as well as lowering estate taxes or, in the case of irrevocable trusts, avoiding probate altogether.

What is most important about planned giving is that it allows a donor to help ensure that what he or she stands for and believes in and contributes to will live forever. People who have supported an organization for years and years have a chance, at little or no cost to themselves, to see that the organization continues to be supported after they are dead.

*Many people who have never considered themselves well to do will leave estates of over $600,000.*

## The Importance of a Will

All planned gifts, from the simplest bequest to the most complicated generation-skipping lead trust are made with terms laid out in a will.

Everyone should have a will because anything you own during your lifetime you also own after your death. In the same way that you have authority over your property during your lifetime, you have the same authority after your death. But seven out of ten people don't have a will, and of the 30% who do have a will, half leave their entire estate to their spouse. To get a sense of just how much money is distributed from estates without wills, $100,000,000 a week goes through probate courts in the United States from estates without wills!

Introducing your donors to planned giving is a service to them because it causes them to think about getting their wills made or updated. This may mean that your nonprofit group gets some money, but it also protects the donor's family and other interests.

If you die without a will (intestate), the law specifies who will receive your estate:

- If you are survived by a spouse and not survived by a child or parent, your spouse receives all your property.
- If you are survived by a spouse and a parent (and not a child), your spouse and your parent share your property.
- If you are survived by a spouse, child and a parent, your spouse and your child share your property, and your parent receives nothing.
- If you are not survived by a spouse or a child or a parent, your brothers and sisters and the children of your deceased brothers and sisters share the property.

## Motivating Donors to Make a Will

The first step in planned giving, then, is to convince your donors that they need a will. The second step is to convince them that in that will they need to leave something to your organization. A few case studies about what happens to people who don't have wills motivates most donors to create one.

Names have been changed in the two examples that follow, but they are true stories.

A 40-year-old woman named Mary Springhill died of breast cancer. She had no children and her parents were dead. She was separated but not divorced from her husband. Legally, he is the surviving spouse. Mary was a successful artist and her estate, including a house, a new car, and some savings, is worth a little over $400,000. Mary mistakenly believed that since her estate was worth less than $600,000, there was no point in writing a will. During the time she had cancer, she was too sick to think about preparing a will. Mary had left her husband three years prior to her death after enduring his physical and emotional abuse for more than 15 years. Now he is the beneficiary of her entire estate.

Pro-choice activist Alice Williams, age 33, was recently killed in a car accident. She and her parents had clashed about her pro-choice views as well as her generally progressive attitude toward all issues. Her parents were active in their fundamentalist Baptist church and had told their daughter on a number of occasions that she was "going to hell." Although they were on speaking terms and Alice spent some holidays with them, their relationship was very strained. Alice believed she was too young to need a will and that her estate did not warrant the cost of going to an attorney to draw one up. (Like many people, Alice erroneously believed that only attorneys can make legally binding wills.) At 21, Alice had inherited $100,000 from an aunt. She had never spent the money, although she occasionally augmented her meager salary with the interest it generated. Through her work, she had a life insurance policy worth $25,000.

Without a spouse or children, Alice's estate of $125,000 went to her parents. Alice may not have objected; however, in the belief that the money could, as they put it, "nullify some of the evil work poor Alice had done," her parents gave it all to a variety of extremely conservative organizations.

Probably everyone is familiar with the high number of AIDS patients who leave no wills, causing estates to return to parents who had not spoken to them in years. Other classic cases involve a daughter caring for an aging parent until the parent's death, then being forced to share an estate with a brother or sister who had had no part in the parent's care or the expenses for it.

Most people underestimate the worth of their estate and overestimate the time or cost involved in setting up a will. They do not realize the work involved in getting an estate for which there is no will in order after someone is dead. Finally, besides the distribution of property, a will can carry wishes about how the person wants to be buried, whom they want looking after children or pets, and any other legal or moral obligations heirs need to be aware of.

## *The Involvement of the Nonprofit in Creating Donors' Wills*

As a nonprofit, you cannot be involved at all in the creation of someone's will. You can encourage people to create a will, you can offer workshops on wills with attorneys or estate planners as the workshop leaders, you can discuss what you know about wills with donors, but you must not get involved in giving legal advice or in helping people write their wills. As development people, whether paid or volunteer, we run the risk of being accused of exerting "undue influence." To avoid thus nullifying any benefit we may gain from a bequest, we must avoid giving specific advice or help with a specific will. A donor should use his or her own attorney or adviser.

## *The Bequest*

For small organizations, the simplest form of planned giving is to encourage donors to leave them a bequest, that is, something left in a will. Most organizations start with bequests; many seek only bequests and do not set up any of the more complicated forms of planned giving.

One of the most famous and oldest bequests was given by Ben Franklin in 1790. He left the equivalent of $4,000 to be divided between the people of the state of Pennsylvania (76%) and the city of Philadelphia (24%) on the condition it not be touched for 200 years. Last year the 200 years was up; Franklin's bequest was worth $2.3 million. A group of Franklin scholars given authority to recommend the best use of the money decided that the city's money be kept in a permanent endowment at the Philadelphia Foundation and the state's money be shared between the Franklin Institute and a consortium of community foundations around the state.

The American Society for the Prevention of Cruelty to Animals received one of the first bequests explicitly designated for an endowment. In 1867, Benjamin Hicks left his estate to his mother with the stipulation that on her death $20,000 would go to the Society and on the death of a cousin another $20,000 would go to the Society. In addition, his mother left her own bequest of $20,000. In today's dollars, each $20,000 gift would be worth about $350,000. Hicks specified that only the interest from his gift could be used; the principal had to remain intact.

## Making a Bequest

Anyone can make a bequest. All that is required is that you are alive and of sound mind when you make your will, and that you own something that you can't take with you. Many grassroots groups think that bequests are only for wealthy people. In fact, however, if all you own is a 1969 Dodge Dart, you can leave that car to a nonprofit organization and they can sell it for $200 and have the money.

In 1987, an 84-year-old woman in upper east Tennessee left her church a bequest that equalled $50,000. She had never earned more than $3000 a year in her life and lived from the vegetables she grew in her garden and on Social Security income. Her husband and son had been killed in a mining accident and she had no other relatives. She was very poor, and many of her needs were taken care of by the members of her church. The value of her bequest came from the value of the land she lived on and two antique quilts she owned. Her story is dramatic but not unusual, as most people have more "hard" assets than liquid assets.

## Wording of Bequests

### *The General Bequest*

This is the simplest bequest, where a donor gives a stated amount to the nonprofit group without attaching any conditions. This bequest reads as follows:

> "I give and bequeath to the ________ (exact name of your organization) the sum of $____ (or a specific piece of property) to be used as the Board of Directors directs."

To be absolutely certain there is no confusion about which nonprofit organization the donor meant, it is a good idea to include the address of the group.

### *Income Only to be Used*

> "I give and bequeath to the (name of organization) the sum of $____ to be invested or reinvested so that the income only may be used as the Board of Directors directs."

### *Bequest of a Percentage*

> "I give and bequeath ____% (name a specific percentage) of the total value of my estate to the ________ (name of organization) . . . ."

### *Bequest of Residue*

This is a provision in a will leaving the remainder of one's estate to an organization after all other bequests are fulfilled.

> "The rest, residue and remainder of my estate, both real and personal, wherever situated, I give and bequeath to the ________ (name of organization) to be used as the Board of Directors directs."

### *Contingent Bequest*

This leaves a bequest to the nonprofit if any of the other beneficiaries are unable to receive their bequests because of death or other circumstances. Generally this reads as follows:

> "Should ________ (name of person) predecease me, the portion of my estate going to (person) I give and bequeath to . . ." (same format).

Everyone should have a contingent bequest in their will in case the will is quite dated and circumstances have changed since it was drawn up.

### *Designated Bequest*

This provides a sum of money for a specific or designated project or program.

> "I give and bequeath to the ________ (name of organization) the sum of $____ (or the property or percentage) to be used for ________ (specific description of program, scholarship, building, etc.)"

Ideally, a designated bequest has some kind of con tingency, such as "Should this program no longer be needed, the bequest may be used as the Board of Directors directs."

The most flexible bequests (and those best for the nonprofit) are percentage bequests and contingency bequests. All bequests are revocable during the life of the donor—a will can be changed any number of times. Your organization may be included in one will and left out of a later version. Thus unrealized bequests (bequests promised to you but not yet available) cannot ethically be counted toward a fundraising goal. ◘

*(Next: Other forms of planned giving.)*

# Fundraising Events in a Small Town

*by Judy Burness*

In a small but active community, fundraising events are an important part of community life. To garner our neighbors' discretionary dollars, organizations are constantly challenged to produce events that are fresh, appealing, and financially productive. Each group has unique resources to draw upon, and the result can be a panoply of activities that contribute as much to community life as to the sponsors' bottom lines.

In this lively but competitive environment, it is especially important to each organization that its fundraising events meet two criteria:

(1) be appropriate in terms of the talent and resources available to the particular sponsor; and

(2) provide something the community really wants.

## *Matching Talent and Tasks*

If volunteers are to play a big part in organizing and producing the event, the sponsoring organization needs to know their special talents, preferences, and limitations. Our Garden Club tried a major rummage sale and learned two things: (1) it was a big money-maker, and (2) there weren't enough strong backs among the club members and their mates (most of whom are in their retirement years) to take on such a strenuous project. A group of young parents took over the idea as a fundraiser for the local preschool, and it has become a major yearly event for them. The Garden Club then put on a house tour that was overwhelmingly successful. They had access to people with wonderful houses to show as well as plenty of members to be hostesses, flower arrangers, and preparers and servers of refreshments. It was a much better "fit" for them than the rummage sale.

Our Senior Services organization has some dynamic leaders and organizers but, like the Garden Club, it's short on muscle. Nevertheless, it produced a successful luncheon and fashion show: volunteers provided overall organization, helped a young caterer put together and serve a great meal, laid on beautiful decorations, and assisted in dressing the models. The community's energetic young designers and retailers and their friends did most of the demanding physical work.

A local social and cultural center has sponsored an annual auction for 14 years. "It is extremely labor intensive," says the director, but her young and energetic Board is very capable of doing the work. "Still," she says, "every year we try to think of something that would be *easier*, to replace it." This particular agency produces a number of events, but the auction is one of its best fundraisers. "Most people enjoy working on events, and they are an important way of getting people involved in the organization," the director says.

In a small community, with a limited number of effective leaders and energetic workers to draw upon, interesting volunteer opportunities can help to attract the people an organization needs, and they, in turn, contribute to the character of the organization. Many organizations put on popular events, even knowing they won't make much money, as a form of volunteer development. This is fine as long as it does not divert staff time or volunteer energy from essential program and fundraising activities. The trick is not to produce a break-even or money-losing event by mistake!

## *Gauging Community Interest*

Volunteer talent and labor, donated services and supplies, realistic budgeting, and central control of expenses are basic to financial success in any fundraising event. But they won't save it if it wasn't an event the community really wanted in the first place.

Both the rummage sale and the fashion show were events that obviously interested people. An earlier fashion show and luncheon that featured costumes of yesteryear barely made enough money to cover expenses. The recent one showcasing local designers was sold out and, with 120 people attending, cleared over $1,800. In the same locality, a tea dance didn't make much money, but wine-tastings were a consistent winner until the idea got overused. A bus trip to lunch and the horse races drew all of six registrants. Obviously, it wasn't something the community really wanted.

Most nonprofits have their tried-and-true fundraising projects that can be counted on for a certain amount of revenue every year. However, if the volunteers are getting tired of the project, or attendance drops off, or expenses go up dramatically, the "same old" event needs to be reevaluated.

On the other hand, it can be hazardous to give up a good idea that only the organizers are tired of. Another group may pick it up before you realize your *new* idea isn't as good as the old one. Perhaps the wine-tastings could have been saved with a little remodeling; this journal is one of the places to look for some ways to

# *Winning Raffles*

The ever-popular raffle is a special challenge in a community where people are constantly selling each other chances on one thing or another. Ticket sales are determined by three things: (1) how well people know the organization and how good they feel about it, (2) how appealing the prizes are, and (3) how effectively ticket sales are carried out.

## *Name Recognition*

Our Senior Services group offers $500 cash for first prize, which is a big ticket-seller with out-of-towners. With locals, though, "How'd you like a chance to win $500?" gets you nowhere; the answer invariably is, "What's the money going for?" Fortunately, most locals know and think well of the Senior Services organization and buy tickets to support it—not to win the $500.

## *Imaginative Prizes*

Once a person has decided to support the raffle, the difference between their buying a single ticket or a book of them will depend largely on how attractive the prizes are. A lot of raffles offer as prizes things people can usually go out and buy for themselves, or gift certificates that can be used toward readily available merchandise. On the other hand, raffle prizes of things people want but *can't* go out and buy for themselves generate a lot more excitement: "Gee, I'd *love* to win *that!*"

For example, two prizes of fresh-caught shellfish in season, donated by a local diver, sold lots of tickets for the Senior Services raffle, as did freezer-wrapped cuts of half a lamb from a local sheep ranch. A small art work or print by a known and highly valued local artist is another great attraction. On the other hand, donations of amateur work, unless it's awfully good or well known, probably don't do more than expand the prize list. Similarly, dinner in somebody's home is a nice offering on the part of the donor, but not likely to sell a lot of tickets unless the person is known as a great cook, or famous, or extremely popular. A raffle full of this kind of prize probably won't raise much money, although it can be fun for the participants.

In a small community, every business gets solicited repeatedly for prizes, and in a resort area no one is asked more than the bed-and-breakfast inns. Overnights in B&Bs are a costly gift for the innkeeper, and not big ticket-sellers to local people. For local raffles, one innkeeper now donates breakfast only—a chance to relax in a lovely setting that local people wouldn't ordinarily be visiting. Another innkeeper teamed up with a restaurant to offer a catered dinner for four in the inn's very special cottage: a unique a special prize.

Experience in this community is that a few really good prizes make a more successful raffle than a long list of the "same old thing." I'd rather have one dinner for four than two dinners for two; an overnight and nearby dinner combined than dinner and the overnight as separate prizes; one professional painting than four amateur ones. The organization that has the contacts and imagination to put together an exciting array of prizes will bring in a lot more of those discretionary dollars.

## *Effective Sales*

For the Senior Services raffle, a very few dedicated volunteers make almost all of our person-to-person sales. With more of these enthusiastic salespeople, we're sure we could greatly increase the revenue, but we haven't yet figured out how to enlist more salespeople. One idea (from Kim Klein's excellent article on "How to Do a Raffle" in the December, 1987 *Journal*) is to give prizes to those who sell the most tickets. Maybe we'll try that next year!

An idea we did try this year that other nonprofits might consider was using raffle tickets as thank-you premiums for our larger contributors. First, some background. Our annual fund drive is held in the fall, and our raffle takes place in the spring. We were reluctant to ask our larger contributors (who had given $100 or more in the fall) to purchase raffle tickets when they had already given generously. On the other hand, many of them had been good supporters of the raffle in the past. Furthermore, this year we had discontinued our usual premium, a calendar, because we felt it wasn't quite an appropriate or necessary expense for a social service agency.

Both to make up for the loss of the usual thank-you gift and to involve our major donors in the raffle, in the spring we sent two books of raffle tickets to everyone who had contributed $100 or more to our annual fund drive. One was a complimentary book with "Thank You" stamped on the buyer's receipt for each ticket. The other was a book they could purchase if desired. The feedback from contributors has been very positive, and there was no noticeable drop-off in ticket sales. ◘

spruce events that are getting tired but still work. However, if the event is simply going out of style, it may be time to try something entirely different.

## *Testing New Ideas*

When an organization decides to introduce something new into the social ecosystem of a small community, the event planners must know their neighbors' tastes, values, and spending habits. Even when this seems to be the case, the chance of an embarrassing—and possibly costly—flop can be reduced with a little informal "test marketing." This means simply checking with some of the volunteers you will be counting on and some of the people you hope to attract to see how enthusiastic they are about your idea. It's good to have several different people from different groups in the community asking the questions, and if some of them are doubtful about the idea themselves, so much the better. This is one time you want people to tell you the truth, even if it hurts.

One local organization was considering a "hole-in-one" golf contest, an idea that has reportedly been successful for some organizations in some communities. A little test marketing demonstrated that there wasn't sufficient interest among this organization's supporters to make it go, and a potential disaster was averted. Lack of support for the "race day" event mentioned earlier wasn't picked up in "test marketing," probably because not enough people were involved in the informal survey.

## *Collaborate with the Competition*

The competition for charitable dollars is growing at the local level and particularly in small towns, as well as at regional and national levels. Cutbacks in government funding and the growing reluctance of foundations to fund operating costs mean nonprofit service agencies are all looking for more from their local communities. We watch each other with apprehension as we make deeper and deeper cuts in our programs and expenses and rack our brains for new ways of raising money. Any new nonprofit entity becomes a fresh competitor on the field.

In this environment, it is important that we not only continue to function cooperatively, but be open to new ways of collaborating for survival and better community service. Avoiding outright competition in our local fundraising efforts is one small way of showing our respect and regard for one another and our commitment to the community we all serve. ◘

*Judy Burness is Director of Development, West Marin Senior Services in Point Reyes Station, California.*

# Profile of A Major Donor

This donor is 45 years old and lives with her lover and two cats in a beautiful small city on the coast of California. "Ann" is a freelance graphic designer who lives on her earned income (about $35,000 before taxes) plus $10,000 annual income generated from an inheritance. Each year she gives away 10% of her gross income—about $4,500—to a variety of environmental, women's, and gay and lesbian organizations. Her largest annual gift is $1,000 to a medical clinic serving primarily low-income women and a burgeoning AIDS population.

Ann also gives $500 to a local land trust and an equal amount to a statewide group opposing the dumping of toxic and medical waste in poor communities. The rest of her giving is in the $50–250 range, with $50 her minimum gift.

The story of how Ann has handled her money starts with a tragic event of 10 years ago. In 1981, Ann was living in San Francisco and working in the advertising department of a major newspaper. She was very close to her mother, who lived nearby. (Her father had died when she was a small child, so she had never known him.) In August of that year, Ann's mother was killed in a car accident by a drunk driver. Ann was devastated.

When her mother's will was probated, Ann was shocked to learn that she had inherited $550,000, as she had no idea her mother had this kind of money. Ann left her inheritance in the hands of her mother's financial advisors for two years while she recovered from her grief. Invested wisely in stocks and bonds at the height of the growth of the market, the principal grew to $750,000.

At this point, Ann met her lover, and as her life changed and settled, she decided she needed to do something with the money. "At first I didn't think about it because it only reminded me of my mother's death," she said. "After the pain of that wore off, I began to realize that this was a serious responsibility, and that I was actually fairly rich. I could do almost anything I wanted, but what did I want? The money began to hang over me like a cloud and I could neither do anything with it nor forget about it." Finally, Ann invited two close friends and her lover to discuss with her what she should do with this inheritance.

With the help of this informal committee, Ann made a list of things she wanted in her life that cost money. The list was short:

- start her own graphic design business
- move to a smaller town on the coast and buy a house
- have extra income every year
- have some security for retirement
- give away whatever was left when these needs were met.

Once these decisions were made, Ann worked with a financial advisor and developed a plan that would meet these goals. They estimated that starting her own business would cost $15,000 and earmarked $100,000 for a large downpayment on a house (for tax reasons it was not advantageous to buy a house outright). To produce $10,000 annually in extra income, they invested $150,000 of the principal.

Ann and her advisor developed an interesting method to arrange for Ann's retirement security. Ann will contribute to an Individual Retirement Account from her earned income, but to ensure further funds will be available to her at retirement, she placed $250,000 at a local community foundation in the form of a deferred charitable annuity. On her death, the community foundation will keep the principal, but between the time Ann turns 65 and her death, they will pay her 7% interest on the accumulated principal.

Finally, to help equalize the class difference in their relationship created by her inheritance, Ann gave her lover $85,000.

After all these transactions, $150,000 remained, of which Ann gave $50,000 to a land trust and $100,000 to the community foundation handling her deferred annuity, with the stipulation that it go to feminist, gay and lesbian, and environmental issues. The foundation made grants with Ann's gift for three years until it was spent out.

In all, Ann gave $400,000 of her $750,000 inheritance to charitable causes (the community foundation and the land trust). She comments, "I got everything I wanted and didn't keep anything beyond what I wanted. I felt so relieved and yet I felt that I was allowed to enjoy some of this money that my mother had worked so hard to accumulate. To me it shows that you can have your cake and eat it too."

Baby boomers will increasingly find themselves the beneficiaries of large inheritances. This generation will come into the largest transfer of wealth between any generations ever—some three trillion dollars. Like our donor—who is among the oldest of the baby boom wave—many will have no idea what to do with their money. This situation presents an excellent opportunity for you to help your donors think through their values, so that when their ship comes in, some of its cargo will be transferred to your group. ■

## Book Reviews

# Policy vs. Paper Clips:

### *Selling the Corporate Model to Your Nonprofit Board*

by Eugene Fram with Vicky Brown

Family Service of America
11700 West Lake Park Drive
Milwaukee, WI 53224

146 pages, $14.95
Audiotape: 20 minutes, $8.95
Book plus audiotape: $20.95

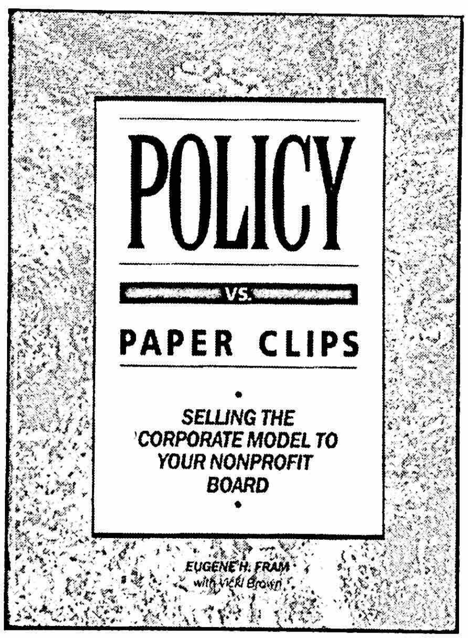
*Reviewed by Nancy Adess*

Does your board of directors keep postponing discussions of long-range planning and the organization's future because pressing operating issues take up all the board's meeting time?

Nonprofit boards of directors are often needlessly involved in the day-to-day operations and operating decisions of their organizations, claims Eugene Fram, author of this small volume on a new model for nonprofit boards. This level of involvement hampers the board's ability to do long-range planning and tackle the difficult policy issues that should direct the work of the organization.

Instead of the hands-on management style of most nonprofit boards, Fram recommends reclaiming the board's role as policy-maker while empowering the organization's top manager to make and carry out operating decisions. Nonprofit boards that adopt this "Corporate Model" of board functioning, promises Fram, will use board members' talents more effectively while freeing top staff to be more creative, professional and productive.

Fram recommends the Corporate Model as most effective for nonprofit organizations with annual budgets over $400,000 and a staff of about 15 or more. While some of Fram's recommendations are more appropriate to larger organizations, such as retitling the Executive Director the "CEO" or "President," the notion of separating and more clearly defining board and staff roles can be useful to organizations of any size that find themselves frustrated by long board meetings endlessly debating operational issues (should we get a maintenance contract on the copying machine?




should we raise the price of our t-shirts? should be buy a van or a station wagon?) while key policy issues languish at the bottom of each agenda, only to get carried over to a future meeting.

In the Corporate Model, both the board and top staff take on new responsibilities. The board gives up its parental role with its executive director, no longer holding the director's hand at every decision-making juncture. Its responsibilities are streamlined into three major policy areas, represented by three standing committees: an Executive Committee of the CEO, board officers, and one at-large member; a Planning and Resource Committee to assist the CEO in long-range planning and monitor the activities of ad hoc committees that are convened as necessary for specific tasks; and an Assessment Committee that develops short-term goals and assesses organizational performance and financial health.

The CEO is a voting member of the board, symbolizing that the top manager who represents the staff is on the same level as the volunteer board members. "I've never cast the deciding vote in the four years we've worked under the Model," Fram says. "Nor have I heard of another CEO being put in this position. The power to vote makes you a peer, not a powerhouse."

Under the Corporate Model, the board does a tremendous amount of planning and evaluative work. Subcommittees—called ad hoc committees—of the Planning and Resource Committee deal with a range of topics from personnel policies to long-term space needs. They report to the Planning and Resource Committee, which considers their recommendations and reports to the full board. Once a subcommittee's job is done, it is disbanded.

Staff interaction with the Planning and Resource Committee is vital. Says Fram, "The Corporate Model promotes accountability. It requires the board and the CEO to work together to paint the big picture for the organization. It then holds the CEO accountable for implementing that vision. The Planning and Resource Committee plays a major part in painting this picture. Its role is to help the organization and the CEO look ahead to the future."

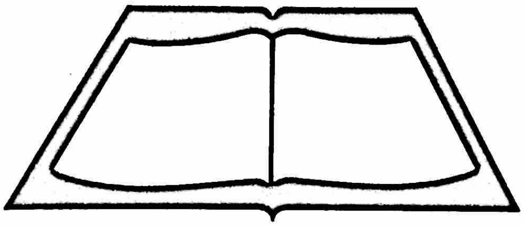
This little book is written as a readable series of letters between two friends; one sits on a traditionally styled board and is feeling the frustrations of its inefficiency, the other is CEO of an organization with four years of Corporate Model experience. Through their correspondence, the experienced Corporate Model advocate leads his friend through the process of helping the traditional board think about restructuring to the Corporate Model. In so doing, he answers typical questions likely to arise from new users of the Model, including how to set up the various board committees and how this model responds to typical nonprofit situations, such as developing the annual budget, dealing with deficits and cash-flow problems, and addressing personnel issues and employee grievances.

Fram emphasizes that adoption of the Corporate Model will result in a new organizational "culture"—one that requires far more trust between the board and top staff than is usually found on boards involved with day-to-day management. In the new culture, the top staff (CEO) is trusted to make and carry out many of the decisions that were formerly chewed over (sometimes repeatedly) by the board. In return, the top staff submits to careful and ongoing scrutiny of program and performance by the boards's Assessment Committee.

Not all board members and not all staff are ready for or comfortable with the new roles imposed by the Corporate Model. A board that is committed to adopting the Corporate Model, Fram points out, may have to seek new members or new staff. Once it does, and the organization settles into and becomes adept with its new structure, Fram promises that an organization functioning under the Corporate Model will be freed up to move beyond paper clips to determining the policies that will lead it into a more productive future.

A major drawback of *Policy vs. Paper Clips* is that nowhere does it address the board's responsibility for fundraising. Although in one sentence Fram mentions that some board members may wish to lend their expertise as grant writers or financial specialists, he completely disregards this important role of most nonprofit boards.

A brief audiotape outlines the basic structure of the Corporate Model in a question-and-answer format between Fram and an announcer. While the tape does give the basic concepts of the model, it is very brief and the information is delivered in a stilted style. Given the readability of the book and the wooden quality of the tape presentation, groups interested in the Corporate Model would probably be best advised to purchase the book alone. ◘



# Fundraising Books for Religious Congregations

*Review by Joan Flanagan*

Here are the best books for fundraisers for religious congregations. You get advice on raising money for your congregation's ministry or building, advice on church-based organizing, a new directory of grantmakers, and two books just for inspiration. Use the how-to books to organize your next campaign. Use the inspiration books to remind yourself and your leaders that *anything* is possible with God's help.

If your organization is not a church, synagogue, mosque, or temple, you can still use these books. Simply skip the part on spiritual preparation, or use it as a model to write your own philosophy for giving.

## *Raising Money for Religious Buildings*

*The Complete Guide to Capital Campaigns for Historic Churches and Synagogues.*
Peggy Powell Dean and
Susanna A. Jones.
Partners for Sacred Places,
1616 Walnut Street, Suite 2210,
Philadelphia, PA 19103. 1991. $48.

This new guide will give any congregation a detailed plan to raise money from its own members, as well as from philanthropists, corporations, and foundations. It is packed with examples, from a pledge card to a foundation proposal, that can be adapted for any organization's capital campaign.

*Conservation of Urban Religious Properties. #47.*
Diane Cohen, Holly Harrison Fiala, Bob Jaeger, and Fred Milligan.
National Trust for Historic Preservation, 1785 Massachusetts Ave., NW, Washington, DC 20036.
1990. $7.50.

Excellent introduction to funding for repair and renovation of sacred places, including denominational funds, private lenders, public funds, and grantmakers. Features case studies of five Chicago churches adapting to changing neighborhoods and shared use of their buildings.

*The Preservation of Churches, Synagogues, and Other Religious Structures. #17.*
Rev. Richard S. Armstrong.
National Trust for Historic Preservation, 1785 Massachusetts Ave., NW, Washington, DC 20036.
1978. $7.50.

Six case studies and a candid discussion of the financial and emotional problems with deciding to sell, abandon, demolish, or reuse a religious structure.

*You Can Run A Capital Campaign.*
John William Zehring.
Abingdon Press, 201 Eighth Ave., South, Nashville, TN 37202. 1990. $5.95.

This is the best step-by-step guide for church leaders doing their first capital campaign. It is especially good for religious congregations, with an entire chapter devoted to setting the stage spiritually.

## *Church-based Organizing*

*Lives Matter. A Handbook for Christian Organizing.*
Kimberly Bobo.
Sheed and Ward, P.O. Box 414292, Kansas City, MO 64141-0281.
(800) 821-7926. 1986. $8.95.

Here is tested advice on organizing a winning campaign. Most examples are about hunger issues, but the techniques will work for any cause. Grassroots fundraisers will like Bobo's tips on developing leadership, advocating within your own congregation, and avoiding burnout through "inner strengths, outer witnesses." All royalties from this book go to Bread for the World, a Christian citizens' movement on hunger.

## *Raising Money for Ministry*

*Money—for your campus ministry, church, or other nonprofit organization—How To Get It.*
Tom Neufer Emswiler.
The Wesley Foundation,
211 N. School St., Normal, IL 61761
1981. $3.00.

Based primarily on examples from campus ministries, Emswiler's book is the best on overcoming objections to earned income and developing a positive philosophy about fundraising.

## *Foundation and Corporate Grants*

*National Guide to Funding for Religion.*
Stan Olson, ed.
The Foundation Center,
79 Fifth Avenue,
New York, NY 10003-3050.
(800) 424-9836.

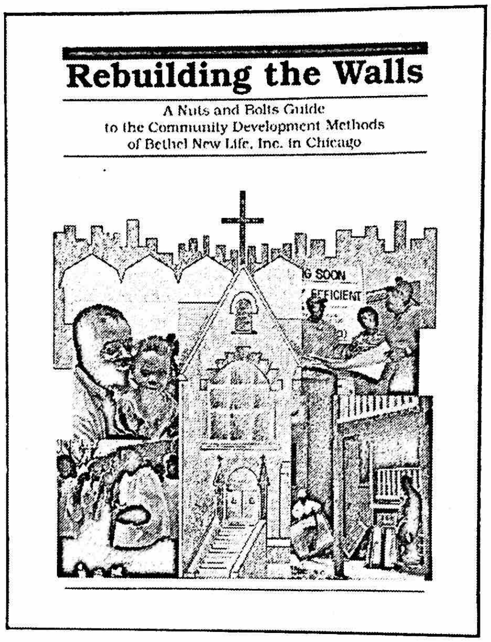
New directory of the 2,800 foundations and corporations that have given grants worth more than $170 million to religious congregations, missionary societies, and educational programs. Use it for free at many of the 180 Foundation Center Cooperating Collections; call (800) 424-9836 to find the nearest collection.

## *Inspiration*

*The Lambs of Libertyville. A Working Community of Retarded Adults.*
Tim Unsworth.
Contemporary Books,
180 N. Michigan Ave.,
Chicago, IL 60601. 1990. $17.95.

Learn how two teachers revolutionized the treatment of retarded young people *and* used their faith to raise the money to do it. Unsworth writes of the founders: "Neither Bob (Terese) or Corinne (Owen) found fundraising calls easy. Corinne's voice is so soft that it sometimes got lost across an executive's desk. Bob has never quite lost his speech impediment."

"We always got introduced to the second vice president in charge of seeing that we didn't get to see the first vice president," Bob recalled, "but our genius was our faith. We were dumb enough to believe that God answers prayer." So "dumb" they began with $600 and twelve retarded kids at a pet shop in 1961, and built a world-renowned program for 180 young people that raises more than $5 million a year today, forty-three percent from its own successful businesses. Give this book to someone who needs to be reminded that hard work and simple faith *can* work miracles.




*Rebuilding the Walls: A Nuts and Bolts Guide to the Community Development Methods of Bethel New Life, Inc.*
Patrick Barry.
Bethel New Life, 367 N. Karlov,
Chicago, IL 60624. 1989. $7.95.

In 1979, the predominantly African-American Bethel Lutheran church in one of Chicago's toughest slums took up a collection to buy a three-flat building for $275. It was the first step toward reclaiming West Garfield Park as an affordable, livable, just community. Today Bethel New Life runs a $6 million program of housing, education, health care, and social services.

As founder Mary Nelson says, "The church provides glue, gas, and guts. It is the glue that keeps us together when we disagree. We get down on our knees and pray together and find a common ground. It is the gasoline to keep going during the tough times, and the guts to take risks when we need to." For example, the congregation has risked mortgaging their church building *five times* when every bank in town turned them down for loans. Give this book to the church leader who is willing to say "Yes!" when everyone else says "No."

The Bethel New Life story is also available on videotape: "Building Community Together" from the same address for $29. Both book and video are recommended for any congregation working to improve a low-income or minority community, as well as any denomination, individual, or grantmaker that funds such efforts. ◘

*Joan Flanagan is the author of the new* Successful Fundraising. A Complete Handbook for Volunteers and Professionals *and volunteers for her Episcopalian church in Chicago.*

# Back Issues

### VOLUME SEVEN

**Number 1 (February 1988):** Confessions of a Grantsperson; Tax Reform has Neutral Impact; Stock Mark Crash.

**Number 2 (April 1988):** New CFC Regulations Dangerous; So You Want Your Board to Raise Money; Basic Principles of Fundraising; Warehouse of Resources.

**Number 3 (June 1988):** Going Back to Major Donors; Hard Work + Steady Income = BINGO; Profile Your Ads; A $40,000 Bus.

**Number 4 (August 1988):** Candle Burning at Both Ends; Essential Ingredients for Fundraising Planning: Part I; Getting Small Donors to Renew Year In and Year Out.

**Number 5 (October 1988):** Essential Ingredients for Fundraising Planning: Part II, Romancing the Stars; Looking Good: Developing Effective Written Materials at Low Cost, Part I.

**Number 6 (December 1988):** Looking Good: Speaking the Language, Part II; Fundraising in the Late 80s; Every Penny Counts.

### VOLUME EIGHT

**Number 1 (February 1989):** The Alternative Fund Movement; Looking Good, Part III: Just the Words That Matter; State of the Journal.

**Number 2 (April 1989):** Lessons from Grassroots Groups; Case Study of a Small Social Action Alternative Fund; Financial Management 101.

**Number 3 (June 1989):** Board Members: How Hard Should They Work?; Recycling for Profit and Public Service; Raise the Bid for Funds

**Number 4 (August 1989):** How to Conduct Your First Capital Campaign; Assigning Fundraising Tasks; Gearing Up for Fall Fundraising.

**Number 5 (October 1989):** Stop Looking for Wealth; Fundraising in a Small Town; Finding Foundation Funding

**Number 6 (December 1989);** When Board Members Wriggle Out of Fundraising; Alternative Fund Movement Challenges United Way; Trading Mailing Lists.

### VOLUME NINE

**Number 1 (February 1990):** How to Do a Houseparty; The Technique of Soliciting Funds; Guidelines for Lobbying; State of the *Journal*; Profile of a Major Donor; Book Review.

**Number 2 (April 1990):** Moving Up to the Big Gift; Feeding the Hungry: Kentucky Harvest; Spring Cleaning; Hope Despite the Times; Book Review.

**Number 3 (June 1990):** Setting Up the Major Gift Meeting; The Zen of Grant Writing; 26 Ideas for Multiple Appeals.

**Number 4 (August 1990):** Early History of Women in U.S. Philanthropy; Beyond Board Bashing; Three Late Summer/Early Fall Fundraising Strategies; Fundraising Appeals.

**Number 5 (October 1990):** Black Women in U.S. Philanthropy; Direct Mail Fundraising; Time Management Tips; Fundraising Appeals; Publication Review.

**Number 6 (December 1990):** Raising Money for a Consortium; Direct Mail Fundraising, Part 2; Advisory Boards: No Miracle Solution; Philanthropy in 1989.

### VOLUME TEN

**Number 1 (February 1991):** Identifying Prospects, Part 1; Protecting Volunteers; Ten Years of the *Journal*; Fundraising Appeals; Book Review.

**Number 2 (April 1991):** Identifying Prospects, Part 2; Inspirations in Fundraising; Holding on in Hard Times; The Effect of the Gulf War on Fundraising; Profile of a Major Donor; Book Review.

**Number 3 (June 1991):** Getting Ready for Planned Giving; The Future of Direct Mail; Book Review.

Grassroots Fundraising Journal

### ORDER FORM

*All back issues are $4.20 each.*

| Quantity | Volume & Number | Price | Total |
|---|---|---|---|
| | | | |
| | | | |
| | | | |
| | Getting Major Gifts | $10.00 | |
| | The Board of Directors | $6.00 | |
| | Annotated 9-Year Index | $4.00 | |
| | Complete Set of Available Issues | $125.00 | |
| | TOTAL ENCLOSED | | |

Send to:

Name ______________________

Address ______________________

City ______________________

State ____________ Zip ____________

# Subscriptions

***I want to subscribe:***

☐ **New subscriber:** ☐ One Year ($25) ☐ Two Years ($48) ☐ Three Years ($70)

☐ **Renewal:** ☐ One Year ($25) ☐ Two Years ($48) ☐ Three Years ($70) (Canada & overseas add $7)

**Change of address:** enclose mailing label and write new address below:

Name ______________________ Organization ______________________

Address ______________________

*(Please allow six weeks for processing new subscriptions.)*

Make checks payable: ***Grassroots Fundraising Journal.*** Send to: P.O. Box 11607, Berkeley, Ca. 94701

**Grassroots Fundraising Journal**
P.O. Box 11607
Berkeley, CA 94701

Address Correction Requested

Bulk Rate
U.S. Postage
**PAID**
Oakland, CA
Permit No. 298