

Volume 15
Number 4
August 1996
\$4.20

Our 15th Year

Grassroots Fundraising

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Journal

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Grassroots Fundraising Journal
P.O. Box 11607 • Berkeley, CA 94712
TEL: (510) 704-8714 • FAX (510) 649-7913
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Deadlines:
February issue: December 1
April issue: February 1
June issue: April 1
August issue: June 1
October issue: August 1
December issue: October 1

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

Founding Publishers
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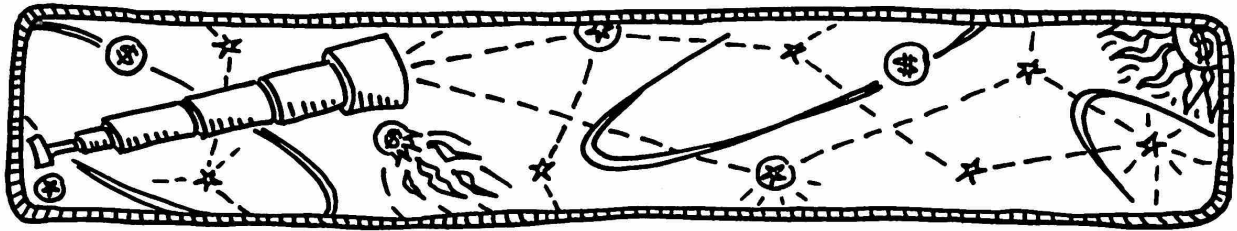
Editor in Chief
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Printed on recycled paper with soy ink
by Inkworks Press, Berkeley, CA.

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Starting An Endowment: Part 3

Feasibility Studies

by Kim Klein

Editor's Note: Part 1 of this series, "Thinking of Starting an Endowment," appeared in Volume 14, No. 4 (August, 1995); Part 2, "Preparing for an Endowment Campaign," appeared in Volume 14, No. 5 (October, 1995).

Logical question groups ask about whether to do an endowment campaign is, "How do we know if it will work?" Consulting a psychic, time traveling to a future date to see how you did, or intense detailed visualization are some of the many ways grown-ups have tried to predict their success. Personally, I am not opposed to any of those methods, but another option is to do a feasibility study.

A feasibility study is exactly what it says—a survey of people most likely to donate to an endowment to assess whether the goal the group has set is reachable, or to see what goal could be achieved, and in what period of time. Such a study usually focuses on donors, board members, staff, key members of the community, foundation staff and so on. It is often a lengthy process, involving written surveys, phone surveys, focus groups and in-person interviews. Nevertheless, such studies are important because they allow you to set realistic goals and avoid mistakes or public embarrassment.

There are firms that specialize in these kinds of studies, and many of them are very competent. However, because working with such a firm can be expensive, it is out of the question for most grassroots groups.

This article focuses on feasibility studies for small groups with low dollar goals for their endowments. What I am recommending here will not necessarily work for a hospital, college, or large organization with a

goal of more than \$2 million or \$3 million. However, if you are trying to determine whether you can raise upwards of \$1 million, what you read here will give you enough information to get started.

A feasibility study is a survey of people most likely to donate to an endowment.

Get Help

To be as accurate as possible, a feasibility study needs to be done by a person outside the organization, and the responses need to be kept confidential. People being interviewed will be more honest when speaking to someone not affiliated with the group. Furthermore, the person conducting the interview will not color their questions or their interpretation of the answer with their own sense of what is right or wrong with the organization. In phone surveys and in-person interviews, the interviewer can probe responses without getting upset at what he or she is hearing, and without the interviewee censoring a response in any way to spare the interviewer's feelings.

Sometimes people think a study will tell them if Ms. Emma Jones will donate \$25,000 to an endowment. It will, but not directly. Ms. Jones will be interviewed,

Typical Questions for a Written Feasibility Study for an Endowment Campaign

General Questions about your Involvement with the Organization

- 1) What is your relationship to the organization? (Check all that apply)
- donor (how many years?)
 board or former board
 volunteer or former volunteer (circle which)
 former staff
 friend of current board or current staff member
 other (please specify): _____
-
- 2) Do you think the work of this group is (check one)
- very valuable waste of money
 valuable no opinion
 has some value can't decide
 generally not valuable
- 3) Do you think the work of this group will be needed permanently? (please comment in addition to answering yes or no)
- Yes No Comment: _____
-
- 4) Is this group named as a beneficiary in your will?
 Yes No
- 5) Do you support other organizations similar to this one? Please name some.
 Yes No _____
-
- 6) What is the approximate range of your support for these groups? _____
- 7) From what you know now about this group, would you consider giving an endowment gift? Please elaborate.
- possibly no
 definitely can't answer
 quite likely need more information
 unlikely
- Comments: _____
-
- 8) If you answered yes to the previous question, what size donation might you consider:
- \$10,000-25,000 less than \$1,000
 \$25,000-99,000 depends on goal
 more than \$100,000 depends on other factors (please specify)
-

How would this gift be made?

- through my will
 as a pledge over the next five years
 as a one-time donation
 other: _____
-

- 9) Have you been asked to give to endowments before?
 Yes No

If yes, by what type of group? (i.e. university, religious, arts, community foundation, social change)

- 10) Have you given to an endowment before?
 Yes No

If yes, to what type of group?

- 11) In what form was your gift?

- pledge over several years
 cash (including stocks or bonds)
 through an irrevocable planned gift
 property (art, real estate, coin collection)
 other _____
-

About your other giving

- 12) Approximately how many nonprofits do you make contributions to in one year?
- one
 2-5
 6-10
 more than 10
- 13) What amount do you give most commonly?
- less than \$50
 \$50-500
 \$500-2500
 \$2,500-10,000
 other _____
 no set amount
 not sure
- 14) Approximately how much money do you give away in a year?
- less than \$1,000 more than \$100,000
 \$1,000-5,000 not sure
 \$5,000-10,000 no set amount
 \$10,000-25,000 other _____
 more than \$25,000

along with many other donors, and the survey report will indicate that one or more donors are able and willing to give \$25,000 (or not). The group will not know for sure if Ms. Jones is one of these. The anonymity of the responses allows the donors to be as honest as possible without immediately committing themselves to give a specific amount.

There are people who will disagree with me on the need for an objective survey, and they are welcome to write a response. However, I have seen groups get visions of sugar plums by using information gathered from a survey they did themselves and, more important, not get critical feedback that could have helped strengthen the organization.

Here is an example:

A survey was conducted internally by the development director of an organization. He asked donors a series of questions about what would make them give a large gift to an endowment. Many written surveys came back with rather veiled references to "concern about leadership," or "not sure all the leaders are competent," or the even more obtuse, "fundraising has become too important." While people seemed to favor the idea of an endowment, overall the study showed that the organization was "not ready," but gave little indication of what that meant.

Since the development director and the executive director both felt that the board was weak and the chair of the board incompetent, they interpreted the survey to show that the donors agreed with them. The development director shared his findings with the board, and in a fairly diplomatic way, suggested that board weakness was a problem. Fortunately, the board (who had not been interviewed because all agreed that the board was "in favor" of the endowment campaign idea), decided to postpone the campaign for a couple of years.

Two years later, a few new board members were able to insist on a new study, done by an outsider. This study revealed that the real problems were with the development director himself. Donors felt he did not listen, that his letters and reports were poorly done, badly written, and embarrassing to the agency. Several noted that he was a gossip, sharing information that donors had given him in confidence and revealing the identity of an anonymous donor. Some of this information had been brought to the attention of the director, who reprimanded him, but did little else about it. The entire situation was complicated, the interviewer learned, by the fact that the development director was the brother-in-law of the director as well as the brother of the founder of the organization.

Clearly this group has problems. But what those problems are became much clearer in the anonymous survey than in a survey where the surveyer was actually perceived to be the biggest problem.

There are standard questions to ask, and it is not necessary to pay someone to think them up for you.

The Written Survey

Organizations using an outside consultant to conduct their endowment feasibility survey can sometimes save money by creating the written survey they want to use and determining what questions they want the consultant to ask on the phone. The consultant should have input into the study, and the group should look for someone who has done this kind of thing before, but there are standard questions to ask, and it is not necessary to pay someone to think them up for you.

See the box (at left) for examples of typical questions for a written feasibility study for an endowment campaign.

Groups may want to add questions to those suggested here concerning how people feel about the organization's specific programs, newsletter or fundraising efforts (name strategies and ask donors to respond). If you are surveying people who are not donors, you will need to ask specific questions about their relationship to the group and whether they have considered becoming donors. Some groups add demographic data to their survey (age, ethnicity, sexual orientation, income bracket).

You will always get more surveys back and have more comparable and honest information if you give people mostly multiple-choice questions, with answers expressed as a range.

The Phone Survey

The written survey is sent to people who are close to the group. But those who are closest to the group will be interviewed on the phone.

Most of the multiple-choice or yes/no questions are the same on the phone as in the written survey. In addition, the caller can ask other, more open-ended questions, such as these:

- Do you think there is a clear case for the financial needs of this organization?
- What important facts must this organization communicate in order to succeed in raising an endowment?
- Would you be willing to influence others to participate financially in a campaign for this organization?
- Can you think of other people who should be interviewed about this campaign?

- What is this organization's image among your friends and peers?
- Are there major weaknesses you see in the organization or any of the people involved in it that might weaken an endowment campaign?

Obviously, you also want to ask about levels of support. Any of these questions can be answered briefly or can open up a can of worms. It is important that the phone surveyer have good active listening skills and that he or she be willing to ask questions for clarification without betraying judgment about what the person is saying. For example, it is different to react by saying, "It sounds like that incident made you really angry," than by saying, "I can see why you were so mad," or worse, "No one else has expressed anger about that. I wonder why it bugged you so much."

Who Should Be Surveyed

Everyone who is a "stake holder," that is, anyone with a high degree of commitment to an organization, should be surveyed. Stake holders are people who care that the group exists and have opinions about and some investment in its work.

The biggest group of stake holders is, of course, people who currently give money or time, or have done so.

Ideally, all donors should be surveyed. If you have thousands of donors, at least survey all donors giving \$50 or more, and all donors giving any amount for more than three years in a row. In addition, former staff and former board may be sent a modified survey or phoned. Others who have a relationship with the organization or who have helped should also get some form of the survey, including staff at foundations, corporations, service clubs and religious institutions, and volunteers with the organization.

Some groups also survey clients and former clients, politicians, vendors, and the like with questions about the reputation of the group and to get a better sense of how the group is perceived by others beyond the immediate stake holders. This is not necessary unless you have reason to think that your donors' and volunteers' perceptions are going to be significantly different from those in the rest of the community.

How To Decide Whom To Phone

At least 15 people should be phoned, but usually not more than 25. Your decision will depend in part on how many phone surveys you want to have to tally; your consultant will help you with this. It is hard to compile all the data that comes from too many phone calls. You can always decide to call more people if your responses are wildly inconsistent or you want to seek clarity on a particular point.

Phone donors giving the most money in terms of size of gift, those who you know give significantly to other groups and give generously to you, but may not be your largest donors, and those whose gift is both a large gift and a stretch for them. You should also include a random sample of those who have given consecutively for three years or more regardless of the size of their gift. If there are people you think would make endowment gifts, or who have encouraged you to begin an endowment, but who do not fall into the above categories, interview them by phone as well.

*At least 15 people
should be phoned,
but not more than 25.*

Analyzing the Data

In doing this kind of "quick and dirty" feasibility study, the idea is to learn what you need to without having too much data to sort through. That's why I recommend against convening in-person focus groups and producing several versions of your written survey. If you want that much information, you should hire a firm that knows how to do big feasibility studies and pay for a proper one. Costs can range from \$6,000 to \$30,000.

You will learn a number of valuable things from doing the type of survey I have outlined here. Your survey will reveal what people who care about your group think of endowments, whether they would give to one for your group, and in what range. You will surface serious problems or misperceptions about your group, and you will have a sense of what would be good timing for beginning an endowment campaign.

You will also get sense of how much money your donors give elsewhere, and whether you have strong loyal donors for whom you are their top giving priority (which is what you need for an endowment campaign) or whether your donors support other groups more generously.

The consultant will tabulate the data that can be counted and categorized. From the open-ended questions she or he will draw themes, most likely quoting verbatim answers that are important. In order to maintain confidentiality, the consultant will change identifying details in recounting any story or quoting any individual. Where a complaint or perception is clearly of concern only to one person, the consultant will use discretion as to how, or even if, to include this information. Factors in making that decision will include how close the person is to the group, how likely they are to be asked for an

endowment gift, and how credible they seem.

What Other Groups Have Learned

It is useful to see what grassroots groups have learned from their feasibility studies. Here are three examples.

1. A social service organization serving twenty rural southern counties sought to find out whether they could raise \$500,000 for a reserve fund. A firm was hired and wrote or called most of the group's donors.

Several findings influenced this group to decide to postpone an endowment campaign. They learned that while the organization was well liked by people close to it, the balance of people responding had no opinion or felt inadequate to say what the group's image was among their peers. Many felt the organization concentrated too specifically on local, topical issues rather than seeking broader social impact. They questioned whether the group needed a reserve fund to let it keep fighting brushfires.

When asked about the programs of the organization, though nearly half felt they were "outstanding" or "above average," the bulk of the other half replied, "Don't know."

Many respondents criticized the materials the group used as "unclear," "all over the place," "highly varying in quality, but mostly at the poor to really poor end." One respondent explained that "materials show no concern for people who only get information from reading and are not involved directly in the work."

Overwhelmingly, respondents said they would consider a pledge, but most were reluctant to name an amount and most were also reluctant to consider a multi-year commitment.

The organization concluded from their study that they need to be better known and understood before they can expect people to be more specific in what they are willing to do for the group. They decided to postpone launching a campaign for a couple of years and spend money getting better known outside of their immediate area. They hired a design consultant to give their material a uniform and attractive appearance and decided to do more major gift solicitation and cultivation of annual gifts. The group will then either restudy or simply launch their campaign later.

2. A church in a decaying urban neighborhood, where church members are increasingly drawn from outside the church's immediate area, had embarked on a renovation program and wanted to see how much money it could raise for an endowment at the same time. The consultant interviewed church members, foundation officials and nearby corporations that had funded social service projects housed at the church. In his report he

stated, "Many in the congregation do not agree with the scope of the renovation campaign, and would resist any increase in the campaign goal to accommodate an endowment. Others believe that the church is not doing what it needs to do socially and should not tie up money in an endowment that should be used to feed, clothe, house and take care of poor neighbors. I recommend both rethinking the scale of the renovation and not undertaking an endowment at this time."

The consultant backed up his conclusions with tabulations from his surveys, focus groups and phone calls. Despite this negative assessment, the church went ahead with both the renovation and endowment projects, announcing a total campaign goal of \$5 million (\$4 million for renovations, \$1 million for the endowment). After three years, the group has been unable to raise more than \$2,500,000. Church members are angry and frustrated and are divided over whether to begin renovation or wait until they raise the remainder.

3. A community foundation wishes to expand its endowment by \$1 million through a campaign. The consultant discovers widespread support of the foundation, with more than half the respondents reporting that the foundation is named as a beneficiary in their will. Criticisms of the foundation focused on donors' desires to do more: "They think too small." "They have asked me for the same gift three years in a row. While I am grateful that they are not constantly asking for more, I think they could be more assertive." "They need to do more planned giving education. I set up a charitable remainder trust at my college, which I don't care as much about as this foundation, but the college showed me exactly what to do and where to sign." In phone interviews, the consultant asked about the highest gift these donors would consider giving to a campaign. Responses varied, but three people said they would give \$250,000, a few named \$100,000 and several suggested \$50,000. These were much higher amounts than the foundation had expected. The consultant concluded that the foundation should raise its three-year goal for the endowment campaign to \$3 million. After one year, the group has raised \$2 million.

Conclusion

Feasibility studies for an endowment can be extremely valuable if they are done well, analyzed properly and acted on judiciously. They should be undertaken by groups not afraid of finding out what people think about them, and willing to change aspects of their functioning to correct misimpressions or problems. Groups determined to launch an endowment campaign no matter what need not bother commissioning a study.

The Importance of Upgrading

by Kim Klein

Recently, a group asked me to evaluate their fundraising program. They had grown steadily for seven years, and their budget had increased from \$70,000 to \$550,000. They had maintained that budget for three years. During the most recent three years, however, their income had started to shrink and had slipped to just under \$525,000. There was no clear explanation for this: they had not lost any major grants or had any large donors leave them. They claimed to be raising money the way they always had—a good combination of income from major gifts, special events, membership, and about 20% from special project grants. “We can’t figure out what is wrong,” they said.

I started by looking at their attrition rate, figuring that if they hadn’t lost any major donors, perhaps they had lost a larger number of smaller donors. (Attrition rate is calculated by looking at your retention success: the percentage of donors you have now compared to 12 months ago is your retention rate; the percentage of donors lost is your attrition rate. An acceptable attrition rate is about 33%. This means if you have 1500 donors, you need to acquire 500 new donors every year just to stay the same size.) Sure enough, this was part of the explanation for the group I was studying. Their attrition rate had gone from 30% to 37%, and their rate of replacement was not keeping up. Since they had not been calculating their attrition rate, they hadn’t noticed that their total number of donors was shrinking.

They were also experiencing a phenomenon among major donors I have come to call “donor slide.”

Three years ago this group had had 3000 donors; its donor count was now at 2700. However, at a mode gift of \$25, this loss only accounted for about \$7,500. Next, I had to look at why they were experiencing a larger-than-usual attrition rate. Had something happened? Was there a scandal or problem no one is talking about, but everyone knows about and is undermining confidence

in the organization? Talking to board, staff and some key donors privately revealed nothing along this line. In fact, the group continued to be well respected.

After more searching for clues in all the wrong places, I started looking at donor records. Here I found the main problem. Not only was their attrition rate higher than is healthy, they were also experiencing a phenomenon among major donors I have come to call “donor slide.”

More than 300 people were giving \$100 or more, for a total of \$300,000 in gifts of \$100–20,000. The handful of people at the top were holding steady, but donors in the \$250–2500 range had a higher degree of attrition than the rest, as well as some other interesting and disturbing patterns. More than half were giving every other year and had been doing so for the last three years. Some had dropped their gifts from \$2,500 to \$2,000 or from \$1,500 to \$1,200. Just looking at \$1,000 donors showed a pattern of alternate-year giving, with gifts going up and down between \$750 and \$1,000.

All of this accounted for the \$25,000 shrinkage in income in the past three years. I asked the staff what kind of major gift campaign they ran each year to renew their major donors. They said, “This is how we have always done it: The handful of really big donors at the top are always visited and are often included in meetings and other program activities, so they have a greater sense of involvement. For the rest, Board members are assigned names. We offer to visit anyone who has given more than \$250. Anyone giving \$50–249 is called on the phone, and all phone calls are preceded by a personal letter.” Then they noted the change that was the clue about what was wrong in their major gift work: “We find, however, that people don’t want to meet any more. Everyone just says, ‘We don’t need to meet, I love your group and will send my gift.’ We remind them, but sometimes they don’t send it for a while.” This explained the alternate-year giving pattern.

I asked how often they asked their donors to double their gifts. “We haven’t done that in a long time because everyone was giving so generously. We felt that we didn’t want to bug them.” My recommendation to them was to ask donors of \$50 or more to double their gift. This is a more likely way to get a meeting with the donor. Donors do not feel a need to meet in order to decide whether to give what they gave last year. You

need to ask them for enough money that they have some questions before they can make their decision. These questions will most appropriately be answered in a meeting. I also recommended adding one mail appeal a year to all donors asking for an extra gift to bring their attrition rate down.

Donors do not feel a need to meet in order to decide whether to give what they gave last year.

The group implemented my recommendations this year and they have already surpassed their major gifts goal. Several \$1,000 donors have increased their gifts to \$2,500; one \$1,000 donor gave \$5,000; a \$5,000 donor went to \$7,500, and other doubled to \$10,000. The response even from those declining a visit or deciding not to double their gift has been informative. "What do you have going on over there all of the sudden that you need so much money?" "Wow, you guys must be really

cooking to need more money." "That's great, I have been wondering if you are stalled or stuck that you don't ever ask me to give more."

Of course, their request for increased funds forced the group to think through its programs and to decide how they would use more money—what program areas they would restore that had been cut back, how much they would set aside in a reserve fund and whether they would add new programs. They had been very much in a "save and conserve" mentality, which is great for saving the environment and for developing a reputation for getting maximum mileage out of your gifts, but is not a good attitude to bring to fundraising.

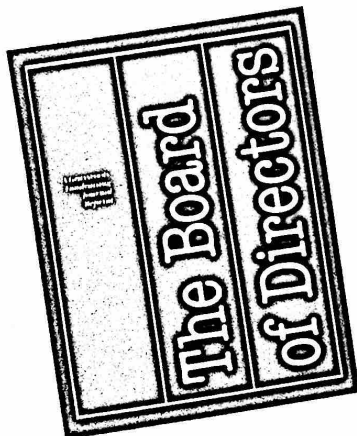
There is no real holding pattern in this work. Groups that don't grow, shrink. Groups that don't ask their donors for more money give the impression that not much is happening. We are all eager to avoid looking greedy and to avoid being misunderstood as driven by fundraising and not mission, but our efforts "not to be like those groups" give us little room to figure out who we want to be. What programs do we need to have? How much will it cost this year to make the changes we want to make?

Social change isn't cheap and the price is going up. Your donors know that—and they want to know that you know it too. ■

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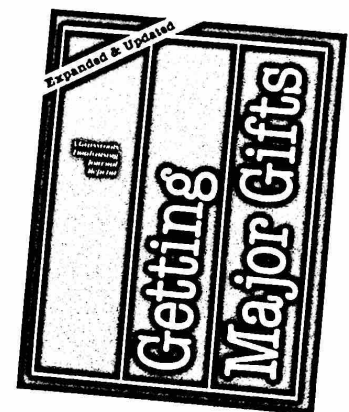
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Use Order Form

Thanks for Telling Us

by Kim Klein



Journal readers will recall that in January I sent a mailing asking you to complete a survey. In celebrating our 15th year, I wanted to see what readers liked about the *Journal* and what changes we should make to get ready for the millennium.

I was amazed, gratified, moved, and humbled by the volume and thoughtfulness of your responses. First of all, 345 *Journal* readers (more than 28%) responded. Many people took the time to include mailing lists, long thoughtful comments, and suggestions. To ALL who filled out and returned the survey—THANK YOU, THANK YOU, THANK YOU.

The data and comments from the survey were too overwhelming to handle in-house, so we hired Maryann Osmond, a long-time friend of the *Journal* and its publishers, to compile and analyze what was being said. I know that many people wrote personal notes to me on their surveys, and I have finished reading most of them. The content of all notes was entered into a list, so we have a complete compiling of everything people said, along with an analysis of the most common comments, compliments, criticisms, complaints and suggestions.

Maryann did a terrific job putting all this together, and now I would like to summarize her findings for you and note the high points. For those of you who did not respond to the survey, if in reading this article, you have something different to say from what is here, please feel free to write a letter with your thoughts.

First, it is interesting to note the type of work people are doing who read the *Journal*. We had asked people to check no more than three categories of those listed. The top ten were (from top to bottom): women, civil rights, education, advocacy/legal services, environment, child/youth welfare, health, human rights/peace, disabled, and community organizing. A sizable minority of respondents were technical assistance groups or fundraising firms themselves. We had decent repre-

sentation from groups dealing with arts and culture, housing, mental health, gay/lesbian issues, AIDS, and aging. Of course, many groups serving those populations may have used up their three check marks in the other categories.

Budget size and staff numbers continued the story of who readers are. Two-thirds of readers work in organizations with budgets of less than \$500,000, with the majority of budgets in the \$100,000–\$249,000 range. However, 24% (79) had budgets of more than \$1,000,000! The majority of organizations had 1.5–3 staff, with the next highest category being groups with 3.5–6 staff. Most of the staff reading the *Journal* were (no surprises here) in development.

These responses showed me that the *Journal* is reaching the audience it was created for: progressive nonprofits, with a higher percentage being larger than we might have thought. The *Journal* is still aimed at groups with budgets of less than \$500,000, but many of our articles are clearly relevant to larger organizations as well.

While most people had subscribed to the *Journal* for fewer than five years, there were many readers (many of whom are old friends and colleagues) who have subscribed for 10–15 years. Thank you for your ongoing support.

To get a sense of the size of our readership (which is a larger number than the number of subscribers), we asked how many subscribers shared the *Journal*. Half of those responding to that question said they share the *Journal* with 1–5 other people, and 12% said they shared it with 6 or more people. Far more people shared the *Journal* with others than did not share it. This means our readership is much higher than our subscriber base, which is good news for attracting advertising, and also means the *Journal* is really making the rounds.

There were only two other publications that people

tended to subscribe to: *Chronicle of Philanthropy* and *Non-Profit Times*. A common comment from those not subscribing to other publications was, "Can't afford any," or, "Most I find too expensive and not relevant."

About one-third of readers learned of the *Journal* in one of my trainings or from my book, *Fundraising for Social Change*. Others had discovered the *Journal* from another colleague or another consultant, at a Foundation Center, or through word of mouth.

Of course, the most fun stuff to read were the answers to the question, "What do you like about the *Journal*?" This was also the humbling part—there were pages and pages of compliments. I will resist the temptation to use up space needed for fundraising strategies in telling you all the wonderful things you said about the *Journal*, but a few may be informative.

The most common phrases were "Down to earth," "Practical," "Easy to read/easy to understand." Many readers said they liked the political views and values and the motivational "Can-do" attitude of the articles. Price, size and humor were also positive factors. Some people shared other thoughts. I appreciate them all, but will quote just a few:

"I love how accessible it is. I always look forward to reading it and I generally learn something useful and practical; often pass on issues to clients."

"Understandable vocabulary and style (no jargon). I have gotten results by using ideas out of articles."

"Always seems like just the article I need appears when I need it, or just before I need it. And the price is right—thanks!"

"I used the suggestions of indicating that a gift to the Fellowship of Reconciliation would be acceptable on the invitation to my husband's 80th birthday party. Some 100 folk came and I raised \$500 as a result."

"Hands-on specific, straightforward, step-by-step, readable...Like having an aunt in fundraising."

Favorite articles were overwhelmingly about Boards, with articles about major donors being the second favorite. (Of course, this also reflects how often we write about those two topics!)

The next question, "Is there anything you haven't liked about the *Journal*?" got many thoughtful and useful responses. Some were compliments in disguise—"I wish it were longer," or, "I'd read it if it were twice as long." My favorite answer was, "Actually, nothing."

Criticisms that we will be taking into account in next year's planning include (but are not limited to):

"Too many writers from east and west coast" and "Not enough focus on issues related to communities of color." Two readers felt that the political comment was inappropriate, which I assume means they disagree with it, or with the idea that fundraising is political. Some readers wanted more information about raising money in small towns or for controversial issues, or in

other situations where raising money is even more difficult than normal.

To the question, "Have you any suggestions for improving the format, content or design of the *Journal*," readers were about evenly divided between those who want us to leave it exactly as is, and those who think the cover is too stodgy or academic. The debate about the cover reflects the debate in our own office, where I, staunch supporter of the styles of the early '80s, think the cover is fine, and others think that being more than halfway through the nineties, we might consider an update. We received practical suggestions from a few readers, which was to make the issues easier to distinguish, and we will be working on that. Almost all who responded liked the inside of the *Journal*, with people appreciating the easy layout and the fact that articles continue on consecutive pages (rather than jumping to a back page).

All in all, the responses to the survey were incredibly helpful. I have a list of articles to write that will take me until retirement, and promotional ideas that will help us compete in circulation with *Reader's Digest*. I will be getting in touch with some of you personally to thank you for your comments and to follow up on other suggestions. This may take some time, so don't feel rejected if you don't hear from me any time soon.

Your responses really helped recharge all of us who work here. You'll be seeing some changes, but we will be keeping the parts that work. We will remain a bi-monthly magazine focused on the fundraising needs of mostly small (but not always so small) progressive nonprofits. Hands-on, how-to, lots of personal experience and practical tips will continue to be the main modality, with political commentary as it relates to fundraising or nonprofits, profiles of donors and fundraisers and stories from different parts of the country and the world to round out the *Journal*.

As always, we love to hear from readers, even those with criticisms. Thank you again for all your support over the years, and for your help with this survey. ■

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Profile of a Major Donor

From Family Business to Family Gift

The following article is taken from the Pacific School of Religion Bulletin. It is a classic example of how important it is to work with givers in order to get gifts.

"Giving is something that has to do with your character and your values, rather than your good fortune," says Ben Fujita. Ben is the trustee of a charitable remainder trust that he established with his brothers Tom, Edwin, and Jack to benefit Pacific School of Religion [PSR]. The Fujitas have worked together since childhood through significant misfortune but, ever since they began their business together, they have managed to make giving to the church an integral part of their business partnership.

In a charitable remainder trust, you transfer property (cash or other assets) using a written document. Income is paid to you or a beneficiary you name for up to 20 years or for one or more persons' lifetimes. When the trust term ends, the remaining amount in the trust becomes a gift to PSR's endowment.

The Fujita brothers first began working together in the 1940s on a small farm in the Oklahoma panhandle. "As young as age six, we were working in the field. Our Sunday school happened there, in the field, as we listened to our mother sing Christian songs," recalls Tom Fujita, now a PSR alumnus and pastor of Ocean View United Church of Christ in San Diego.

In 1942, their father, Harry Fujita, had moved his wife, Fusae, and young children to Oklahoma in order to avoid being detained by the U.S. government in "relocation centers" for Japanese Americans living in western states. He left behind his family farm in Brawley, California. For twelve years, the family's refuge was, as Tom remembers, "a bitter cold house without water or electricity." During this time, both Harry and one infant daughter died. Fusae was left to take care of nine children.

In 1954, Fusae moved the family to Los Angeles to rejoin her relatives. She found a supportive community in the Montebello Plymouth Congregational Church, a Japanese American congregation. As a little girl, Fusae had lived with the church's pastor, Joseph Kumazo Fukushima, to learn English before starting school.

The Fujita boys finished high school in Los Angeles. Ben started a gas station business and as his brothers graduated from school, each became a partner in the business. The brothers rented property for the gas station until, in 1963, they negotiated purchase of a permanent site. They soon bought a struggling trucking business. Ben emphasizes, "We never hit a lucky streak." But through hard work, the brothers gradually took on new enterprises, including designing computer software for gas stations and manufacturing oil additives—and acquired a couple of adjacent parcels of land.

At the same time, the Fujitas became increasingly active members of the Montebello Congregational Church. Ben, who is now treasurer and has held almost every lay office in the church, met his wife, Carol, at a church-related event. (Carol now serves on the PSR board of trustees). Tom taught Sunday school and decided to prepare for the ministry at PSR because of his relationship, through the church, with his wife Sachiko and her family. Jack and Edwin served in many different capacities on the church council, boards, and committees.

None of the brothers ever made more than \$18,000 in a year, but they tithed generously and were a frequent source of aid for other church members.

In 1990, the brothers retired, closed their businesses, and leased out their space. Soon afterward, the U.S. government issued reparation checks to Japanese Americans—including the Fujitas—who had lost property as a result of World War II. "The check was something extra that showed up," says Tom. "We started to talk about how we could acknowledge this gift in a Christian manner. We felt it would only be right to give some of this away to a church or another nonprofit organization." Because of Tom's seminary experience, the brothers thought of making a gift to PSR.

But Ben caught everyone by surprise when he announced, "I am thinking of making a six-figure gift." What he had in mind was a gift of the brothers' business property. In 30 years, the value of the property that housed the gas station and other businesses had appreciated five-fold, from \$160,000 to \$1 million. If the brothers had decided to sell the property, they might have received as little as one-half of the total value because of capital gains and other taxes.

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("Profile" continued from previous page)

When you create a trust, a current income tax charitable deduction is allowed for the value of the charitable remainder interest. You may choose to serve as your own trustee (manager of the trust) or engage a professional.

Title to real property must first be transferred to the trust before the property is placed on the market for sale. Assets that have increased in value but earn little income can be placed in a charitable trust, sold, and reinvested in higher yielding assets. Since the trust is tax-exempt, the capital gains generated by the sale are generally not subject to tax. The entire proceeds of the sale are thus available to generate income.

"We wanted to make the best use of the capital gains we had enjoyed," says Tom," and we wanted to strengthen Asian American ministry in the church. By making a gift to PSR, we saw that we could do both." The Fujitas

arranged with PSR to establish a charitable remainder unitrust, to be funded by the sale of their land. The brothers and their wives will receive income from the trust during their lifetimes. Then the property remaining in the trust becomes a gift for the charitable purposes they have named, which includes a 30% share in the property as a gift to PSR.

Income from the trust can be fixed at the time the trust is created (an "annuity trust") or it can fluctuate with the value of the assets in the trust (a "unitrust"). In many instances, trusts can generate tax-free income.

Ben observes, "We're proud of the work that this gift symbolizes. We've never had a high-income business. I've learned that you don't have to wait until you think you have extra money before you can do something really significant for the church. ■"

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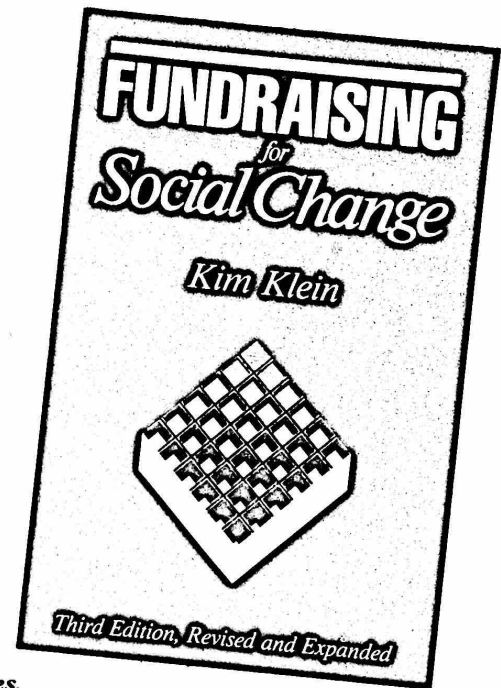
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