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LETTER FROM THE CO-DIRECTOR

PRISCILLA HUNG

The early days of spring always make me think of renewal. Trees sprout new leaves; people exchange their dark heavy coats for bright sweaters. After the flurry of the holidays and annual planning, I like to take a step back to remind myself why I do this work and to reflect on what I personally want to accomplish this year. It's a great time to make sure that I'm practicing the values I believe in.

Of course, we all have instances where we don't practice what we preach. I am against the taking over of indigenous land by ski resorts — but I love to snowboard and did quite a bit of it this past winter. I support local businesses and shun mega-chains — but I used up the Starbucks gift card I got for Christmas.

Although these may seem like small transgressions, they can lead to shaky ground when applied to how nonprofits operate. For example, a recent investigation by the *Los Angeles Times* turned up a huge disconnect in the investment practices of the Bill and Melinda Gates Foundation. The foundation has spent more than $200 million on projects that have had an important impact on the health of millions of people worldwide. But it also invests more than $8 billion in corporations that counteract its good works, including major polluters Exxon Mobil and Royal Dutch Shell (infamous for its role in the execution of Nigerian activists), and Abbott Laboratories, a pharmaceutical company that prices drugs beyond the reach of AIDS patients — the very people the Gates Foundation is trying to help. The foundation says that its investment strategy is to make as much money as possible and is separate from its grantmaking. Such short-sightedness and lack of reflection on its practices hurt everyone.

Most nonprofits don't operate with such large contradictions, but there is always more that we can do to align our practices with our values. For example, as GIFT and the *Journal* gear up to recruit new interns for our internship program in the San Francisco, Denver, and North Carolina areas, we're working hard to improve the program by providing interns with more self-care and post-internship support.

In terms of fundraising, this issue of the *Journal* carries some ideas for how to integrate fundraising practices that are ethical and values-driven — respecting donors' wishes, communicating clearly in your written materials, and creating gift acceptance policies. Longtime donor and fundraising consultant Jean McCord recounts her experience with nonprofits that don't treat their donors in the simple ways they've asked to be treated. Her article is paired with one by Kim Klein on how to avoid such mistakes. Cheryl Clarke and Susan Fox show how to make over your written materials so they clearly convey what you're raising funds to do. And Fred Matthews provides a detailed overview of the why, what, and how of creating gift acceptance policies that will assure donors of the sound use of their legacy gifts.

I hope this issue inspires you and your organization to take some time to reflect on your practices and take the steps needed to fill any gaps between what you do and what you believe in. Happy spring and happy renewal!

Building Good Relationships *with donors* Starts with You

EDITORS NOTE: Fundraising consultant Jean McCord recently shared some reflections with us about her experiences as a donor to nonprofit organizations. We follow with some concrete suggestions for ways to strengthen, rather than harm, your relationships with supporters of your group adapted from an article by Kim Klein, "Practical Ways to Build Relationships with Donors," published in the *Journal* in 1997.

Confessions of a Curmudgeonly Giver

BY JEAN MCCORD

Like many people, I commit at least some charitable giving at the start of each year, pledging to my church and nonprofits close to my heart. I'll pay those pledges, no matter what. However, because I'm a consultant, my income is uneven. Some years are particularly good financially, and some not so good.

Several years ago, at the end of my first unexpectedly good year, it was a joy to make additional gifts. My church and "regulars" got extra gifts and I picked 10 other nonprofits to receive either $50 or $100. These weren't large gifts, but they were from the heart to charities I felt good about.

Nine thanked me within 30 days, giving me another burst of joy with their thanks. They also waited a decent interval before asking for more. I've since given most of the nine fairly significant amounts.

One $50 recipient did not bother to thank me, but did ask for a gift two months later. I called to be taken off the mailing list and told the director of development why. She said, "We thank people only if they give at least $100." I've sent it nothing further.

Over time my interests changed, and I've asked to be permanently removed from some mailing lists. Most charities complied. However, one resolicits me occasionally, even though I've informed it repeatedly that I'm no longer interested and never will be again. Each missive elicits only annoyance and another request to be removed.

More recently, I decided I didn't want to be on any additional mailing lists. I called one "new" charity, made a $500 year-end gift over the phone, and stressed that the only mail I wanted was an acknowledgment so I could deduct the gift. Further, I did not want any phone calls, e-mail, or other communications. "I know where to find you when I want to," I said. The charity sent a warm acknowledgment letter and otherwise has left me alone — except for acknowledgments when I've sent additional fairly large gifts at irregular intervals. That charity respects me, I respect it, and I'll continue supporting it — all the way to my estate plans.

In late 2004 I explored giving online for tsunami relief. Since there was no way to express my wishes online, I telephoned the agency's national office. A nice person took my $500 gift and promised I would receive the acknowledgment and nothing else. However, several months later the local chapter both telephoned and wrote me, asking for "at least" a repeat of the $500 gift. I demanded to be removed. This group continues to hound me, and every time I hear from it, I demand to be removed. Lately they've even begun misspelling my name.

Some years ago a friend died in a distant state. Her husband requested memorials to the hospital where she had died. I sent a check with the notation that this was a one-time memorial gift, and used my rubber stamp that says, "Please do not put my name on ANY fax, mail, phone, or e-mail lists." In case that wasn't clear enough, I added — in red ink — "not even yours." Later I received an annual report and solicitation.

I use another rubber stamp to place the message, "Please take my name off your mailing list," on the charity's postage-paid envelopes or I send it via their 800-fax number when responding to unwanted mail. If the postage isn't paid, I use the 800-phone number to call and ask to have my name removed. I have no qualms about making the charity pay for removal requests after it has ignored my wishes.

My behavior isn't typical, but it's not unique, either. Friends have told me they've squelched charitable urges to avoid a deluge of mail from the charity they would have given to and subsequent "related" others they've never heard of. I believe them — and I know there are many others like them.

The Web makes it easy for people to research charities. Increasingly, some will give based on research rather than on contact from the charity. Some are concerned about the environmental waste of unwanted mail; others are concerned about the time it takes to read postal or e-mail.

If your charity wants gifts from such persons, it must treat them as they ask to be treated — even when it goes against regular fundraising practices. Donors who take the trouble to express their wishes feel strongly about them.

I'll continue giving when I can to what I want to give to — and I'll make each gift as large as possible at that time. The timing, recipient, and amount are up to me, not the nonprofit. If I ask to be left alone, I expect my wishes to be followed. Even curmudgeons have rights.

Practical Ways to Build Relationships with Donors

BY KIM KLEIN

Some of the problems Jean describes in dealing with donors are the result of poor systems, missing records, and overworked staff, but some of them are because we haven't yet made relationship-building with our donors a high enough priority in our work.

Following are some tips for building better relationships with your donors, which will result in more money, more goodwill in the community, and ultimately greater success in fulfilling your organization's mission.

1. Building relationships with donors means giving them opportunities to tell you how and how often they would like to be approached for money. Many people who give money feel more and more besieged by nonprofits. Every day brings a new pile of mail appeals; every evening brings a phone call; every shopping experience includes offers to buy newspapers from the homeless, drop change into canisters for people with AIDS, and buy candy/cookies/crafts from schools or publicly supported radio stations. Recently, a friend opening her mail read a moving appeal on behalf of Siberian tigers who may soon be extinct. She commented to me, "I think givers are also being hunted to extinction."

Give your donors a chance to tell you their preferences. For example, for donors whom you relate to only by mail, include a form with your thank you note for them to send back with information about how and how often they would like you to keep in touch with them. But don't imply that you think they would like to be asked less often or never called. See the box, "Tell Us What You Want," on the following page, for an example of a questionnaire one group sends to their donors. This group has had good feedback from this system, and reports that 90% of the donors returning this form asked to be kept on the same schedule they were on (four letters and one phone call per year). Many said, "Thanks for asking." Some requested to be phoned instead of written to, and a handful said the group could ask more often! Donors are all different.

2. Heed direct requests from donors. When donors add notes to their checks saying, "Do not phone" or "I only give once a year," honor that.

3. Make thank you notes as personal as possible. The best way to do this is to add a personal, hand-written note on the computer-generated thank you letter. In addition, if the gift was solicited by someone other than the person signing the thank you note (say, a board member), have them send a separate, hand-written thank you.

4. When a donor makes an unusual gift, call to thank them. For example, a donor giving $25 a year for two years starts pledging $15 by EFT, or a donor who gave $100 a month ago sent another $50 in response to a newsletter appeal. The call is in addition to the written note, of course.

5. Visit your best donors. Someone from your board, fundraising committee and staff should try to see as many of the top 10% of your donors as possible—in person—to ask for their gift, or to upgrade their gift, every year or two. When you visit with a donor for even 20 minutes, you learn more about them and what they like and don't like than you will through years of notes or phone calls.

6. Keep written records of donor visits. Give solicitors a form such as the "Donor Contact Form," on following page, to be filled out after each visit. The form has a few questions to prompt their memory. Then enter this information into your database and store a copy in the donor's file. The next time someone is trying to get an appointment with this donor, you'll have the history of that donor's giving, as well as information about their relationship with your group that will help make the next visit go smoothly.

7. Review your donors. Once a year (or more often if you can) bring together a small group of board members, key volunteers, founders of your organization — in other words, people who tend to know the people who give to your group — and have them review the list of your

Tell Us What You Want

Some members have told us that they would prefer to get appeals for money only once or twice a year, and some members have said they would prefer we did not call them. If you have some preference we would be happy to oblige. So, please take a moment now to answer the following multiple-choice questions.

How often would you like to receive mail from us? Our plan is to send an appeal letter four times a year. Generally, we send a year-end appeal, an appeal in the spring for our summer program, a letter in the early fall for our work in the schools (which varies every year), and one other letter when we have an exciting opportunity (like the recent challenge grant) or occasionally when we have an unexpected cash shortage (like when our neighbor's tree crashed into our roof two years ago). Can we continue to mail you on this schedule?

- ☐ This schedule is OK with me. I will give when I can, and I like to keep up with what's happening.
- ☐ I would prefer to be asked only once a year, but if you have an emergency you can ask for that, too.
- ☐ I prefer another schedule (i.e. summer program, school work, and emergency only).

May we call? We sometimes use the phone to let donors know of special events, challenge grants or other program opportunities. We generally phone donors once a year.

- ☐ You can keep phoning. I am almost never home anyway. Feel free to leave a message.

  Please call me at:

  - ☐ WORK: ______________________________
  - ☐ HOME: ______________________________
  - ☐ CELL: ______________________________
- ☐ Please do not phone unless you are having terrible financial problems.
- ☐ Please do not phone at all.

Can we use your name? We occasionally trade mailing lists with other organizations that we think would be interesting to our donors and as a way for us to get new donors.

- ☐ You can trade my name.
- ☐ Please do not trade my name.

Can we praise you? We like to publish the names of our donors in our Annual Report as a small way to show our thanks.

- ☐ That's fine. Please list my name as follows: ______________________________________.
- ☐ I'd like my listing to note that I am giving in honor / memory (circle one) of: ______________________________________.
- ☐ Please don't list my name.

Add any other comments you wish. Thank you so much for helping us and for your ongoing support.

____

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donors and their giving amounts. Ask them to note who might give more, who might be a good board member, who might open doors to other donors, who might be willing to volunteer for a specific task, and so on. As they go through, jot down any important or useful information that comes up, such as the birth of a baby, death of a close relative, or move to a new home. Later, if you wish and it feels appropriate, send a note of congratulations, sympathy or whatever the event calls for.

An organization needs to see its donors as the equivalent of family and friends — they take time, they have their idiosyncrasies, some of them are very different from you, but they are worth getting to know because their gifts — money, time, connections, advice — make your work possible. GFJ

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KIM KLEIN IS PUBLISHER EMERITUS OF THE *GRASSROOTS FUNDRAISING JOURNAL* AND A FUNDRAISING CONSULTANT AND TRAINER. REACH HER AT KIM@KLEINANDROTH.COM

Donor Contact Form

Name of donor ________________________________

Your name ____________________ Date __________

Where did you meet? ___________________________

How long did the meeting last? ___________________

Who else was at the meeting? ____________________

What did you ask the donor for, and what was the response?

____

What does the donor seem to like about our organization?

____

Anything they don't like, have questions about, seemed not to know? ________________________________

Personal information: *(This is not confidential or embarrassing information, but simply general things that someone would tell you or you could observe without being nosy, such as number of children and their ages, hobbies of the donor.)*

Does this donor have a partner or spouse? What does he or she do? ________________________________

Does the partner or spouse of the donor play a role in this gift? ________________________________

Did the donor mention other groups he or she gives to, or other issues he or she is involved in or concerned about?

Anything else that would be helpful for someone else to know in approaching this person, such as shy, hard to get hold of, but appreciates being visited, travels a great deal. ____________________________

____

Grant Proposal Makeover:
Can This Proposal Be Saved?

CHERYL A. CLARKE AND SUSAN P. FOX

Editor's Note: This article is adapted from a chapter of the new book *Grant Proposal Makeover: Transform Your Request from No to Yes*. Although the focus of this excerpt (and the book) is on improving the writing of grant proposals, the authors' tips are useful for any writing you do to communicate what you do, why you do it, and why people should support your organization.

There are times when a thesaurus comes in handy. Some of those times are when you're writing a proposal. Maybe you can't think of just the right word to convey your intended meaning and a thesaurus will help you find it. Or you may want to avoid repeating the same word again and again and a thesaurus will give you some substitutes. But most of the time you are better off using the terms and expressions you use in everyday conversation when you are writing proposals. In other words, don't use ten-dollar words when fifty-cent words do a better job of telling your story.

In this article we tackle some common problems we've observed in the hundreds of grant proposals we've read over the years: abstract, vague, academic language that uses a lot of jargon.

The trouble with a writing style that is academic or uses big words is that the language is often unfamiliar and sometimes abstract. What may sound noble to your ear can come across as pompous or, worse yet, leave the reader confused about what you really mean. You know the kind of language we mean: words like *interface* when you mean *relate, indigent* when you mean *poor* or *low-income, metamorphose* when you mean *change, finalize* when you mean *finish*.

Once you get started down this path it's easy to gather steam until you've strung together entire paragraphs of abstract or academic concepts and lost your reader entirely.

How about the following for a group's mission statement: "Superior Institution supports an educational process to increase problem visibility through group interaction. By channeling the latent capacities for strength among group members, we expect to harness the power to create a shift toward a sustainable economy." If you wonder what this group does, you're not alone. And if a grantmaker can't figure out what you do after reading your proposal, your request has probably reached the end of the line.

A related problem is jargon. Too often proposal writers try to impress the reader with their superior knowledge of the topic and their command of its unique language. Unfortunately, the more sophisticated or cerebral your vocabulary, the less it may say about what you really do. In fact, sometimes these big words are really just a front for fuzzy thinking. When funders see sentences like "Bridge to Maturity helps youth with complex challenges discover their full potential through an array of integrated services by synthesizing our program to offer a unique opportunity for our students to learn, grow and succeed," they might suspect that the writer isn't quite sure what Bridge to Maturity actually does — and they might be right.

This kind of writing is all too common, according to the grantmakers we surveyed. Lori McGlinchey of Open Society Institute states, "The most common bad writing style is vague, overblown, indirect language." In fact, our survey respondents cited "academic, vague language" as annoying more frequently than any other writing style, and for three-quarters of them this was a pet peeve.

Take a look at this excerpt from a proposal from a fictitious inner-city high school. (For purposes of length, we're including only the Introduction, Goals, and Methodology sections of the proposal here.) The proposal starts off all right, but before long it gets bogged down in a mire of abstract words and concepts.

SAMPLE PROPOSAL

High School of Hard Knocks

PROPOSAL TO THE TOO GOOD TO BE TRUE FOUNDATION FOR THE NEW HORIZONS INITIATIVE

INTRODUCTION

The High School of Hard Knocks (HSoHK) in Urban City offers a profoundly superior but affordable educational alternative to inner-city youth ages 14 to 18. Our aim is to provide students who have been low-performing with an array of educational services integrated with a unique curriculum to help them attain the qualities and skills they need for successful adult life and realize their full potential. The school opened three years ago with our first class of 50 first-year students. Our enrollment is now 250, and in June the first class of 41 students will graduate.

We are seeking funding for a new academic component to further our mission of "preparing tomorrow's Urban City citizens." The total cost for the "New Horizons Initiative" is $75,000 for the first year. I am writing today to ask the Too Good to Be True Foundation to consider a grant for this amount. I believe you will find the benefits to be worth the investment of your funding.

NEW HORIZONS INITIATIVE: GOALS

Our goal at HSoHK is to bring students up to grade level by their junior year and provide them with marketable skills so they will have real choices for employment or continuing their education at graduation. We accomplish this through a rigorous academic program. Our students attend classes seven and a half hours every weekday and half-days every other Saturday. Support for improvement in academic outcomes is available for students who need it.

We have been successful in meeting our objectives thus far. But we find that our students' vision for their future is limited by unfamiliarity with viable careers and by a lack of appropriate role models. At the same time, parents continue to be concerned that students are losing touch with their own culture and are not motivated to give back to their community.

Working collaboratively with the local Private Industry Council (PIC) and local social and cultural groups, we have designed the New Horizons Initiative to address these issues. Our goals are:

- To expand students' horizons for future success.
- To increase students' critical thinking and leadership skills.
- To provide ingress for students to local intellectual and cultural capital.

METHODOLOGY

We have worked with the PIC (Private Industry Council) and others to develop a careful plan and budget for the initiative. (The participants in this collaborative effort are listed in Attachment 3.) By harnessing the dynamism of relevant cultural icons we can crystallize the values we seek. Students will be enrolled in the initiative in the second semester of their sophomore year. This is about the time when most HSoHK students are catching up academically and ready for new challenges. It also allows students to participate in two summer sessions — one following their sophomore year and the second after their junior year. The program will run year-round and will serve 150 students — 75 from HSoHK and 75 from the local community through a balanced "outreach and in-reach" technological marketing methodology. This will allow us to create the nexus for arming emerging community leaders with the facility to be powerful motivators for the social good.

We will hire a full-time project coordinator for the project and plan to recruit a young adult from the local community for this position. Working with an advisory council made up of the collaboration members, the coordinator will design the specific project activities. Activities will be designed to interface with the rigorous academic curriculum, aimed at achieving the goals stated above and reflective of our high standards of excellence in pedagogy and tutelage. The syllabus will be tailored to meet the unique needs of each individual participant, but it will also focus on group dynamics and group outcomes. By demonstrating the correlation between success in school and success in life, the New Horizons Initiative will encompass a new vision for Urban City's future — one that nurtures excellence and rewards future development efforts.

We are deeply committed to utilizing local intellectual and creative capital to achieve systemic change and plan to address fundamentals that will provide students with currency in the world of responsible adults. This will metamorphose to accountability for enforced outcomes for each student and for each cohort. By drawing on local resources, the program will reinforce cultural and social assets in the students' community and re-integrate them to the values of their heritage. In this way, students will reclaim the strengths and values of their culture and give voice to their unique and shared talents.

Aside from the project coordinator, all other staffing will be by volunteers.

WHAT'S WRONG WITH THIS PROPOSAL?

The High School of Hard Knocks sounds like a worthy institution serving a population that can really benefit from the education they provide. It also looks like the school has been successful in helping students improve their academic performance. Likewise, the concept of the school's New Horizons Initiative — to get students to raise their sights in terms of future academic and career goals — seems like a good idea and Hard Knocks is probably the right organization for the job.

In addition to a few overblown words and phrases and the use of the acronym HSoHK, which is hard to read, the first hint of serious trouble comes with the project's goals. While these appear to be noble, they are also more than a trifle vague. Good project goals point to obvious outcomes and methods for evaluating success. But how will the High School of Hard Knocks measure "expanded horizons?" or "increased critical thinking and leadership skills?" The third goal — "providing ingress to local intellectual and cultural capital" — is downright mysterious.

But the writer really starts spinning a major mystery in a big way in the Methodology section. What activities will actually make up the program of New Horizons? We know who the planning partners are. We know the rationale for the timing of student enrollment in the middle of their sophomore year. But whatever is meant by "a balanced outreach and in-reach technological marketing methodology"? We know the program will be staffed by someone from the community and by volunteers. But what exactly will students do when they enroll in New Horizons? And who are the volunteers and what are their credentials? Can you tell from what is stated in the proposal?

There are a few clues. We're told that "activities will...interface with the rigorous academic curriculum" and a "syllabus" is mentioned. This points to an academic component. From the mention of "group dynamics and group process" some group activities seem likely. And the mention of cultural heritage hints at a cultural component. But we will be left with more questions than answers after reading this proposal. And potential grantmakers should not have to rely on hints and hunches to determine how their money is going to be spent. The specific program components of the New Horizons Initiative remain a mystery.

WARNING: LOFTY VOCABULARY AND NOBLE PHRASES MAY BE HARMFUL TO YOUR CAUSE!

What's more, the writer of this proposal is straining a little too hard to impress the reader with high-sounding phrases and a lofty vocabulary. The sentence "By harnessing the dynamism of relevant cultural icons we can crystallize the values we seek," is meaningless. Noble-sounding but equally meaningless is "This will allow us to create the nexus for arming emerging community leaders with the facility to be powerful motivators for the social good."

Unfortunately, grantmakers are not likely to be impressed. Rather, proposal reviewers will be left wondering just what the program is about. Worse yet, they may be feeling somewhat uneasy. Perhaps they are wondering what fuzzy thinking and poor planning is being obscured by this onslaught of lofty words and abstract concepts.

CAN THIS PROPOSAL BE SAVED?

What can be done to rescue this proposal from terminal intellectualism? When we teach proposal writing we often advise students to pretend they are explaining their organization or project to a family member or friend over the phone. What would you say? Most of us don't use phrases like "harnessing the dynamism of relevant cultural icons" in our everyday conversation. Remember that the purpose of a proposal is to communicate, not to impress.

Let's take a look at a rewrite of the Introduction, Goals and Methodology sections of this proposal.

SAMPLE MAKEOVER PROPOSAL

High School of Hard Knocks

PROPOSAL TO THE TOO GOOD TO BE TRUE FOUNDATION FOR THE NEW HORIZONS INITIATIVE

INTRODUCTION

The High School of Hard Knocks in Urban City offers a superior but affordable educational alternative to inner-city youth ages 14 to 18. Our aim is to provide students who have been low-performing with a well-rounded education to help them attain the qualities and skills they need for successful adult life. The school opened three years ago with our first class of 50 first-year students. Our enrollment is now 250 and in June the first class of 41 students will graduate.

We are seeking funding for a new academic component to further our mission of "preparing tomorrow's Urban City citizens." The total cost for the "New Horizons Initiative" is $75,000 for the first year and I am writing today to ask the Too Good to Be True Foundation to consider a grant for this amount.

NEW HORIZONS INITIATIVE: GOALS

Our goal at Hard Knocks is to bring students up to grade level by their junior year and provide them with marketable skills so they will have real choices for employment or continuing their education at graduation. We accomplish this through a rigorous academic program. Our students attend classes seven and a half hours every weekday and half-days every other Saturday. Extra tutorial help is also available for students who need it.

We have been successful in meeting our objectives thus far. But we find that our students' vision for their future is limited — by unfamiliarity with viable careers and by a lack of appropriate role models. At the same time, parents are concerned that students are losing touch with their own culture and its values.

(Continued on next page.)

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Working collaboratively with the local Private Industry Council (PIC) and local social and cultural groups, we have designed the New Horizons Initiative to address these issues. Our goal is to expand students' horizons for future success by increasing their critical thinking and leadership skills and strengthening their connections within their own community and culture.

Our objectives for the New Horizons Initiative for the first year are:

- To improve the academic performance of 150 participating high school students as measured by grade point averages.
- To broaden their expectations of possible future careers.
- To strengthen their identification with their culture of origin and to create an appreciation and respect for other cultures.
- To instill the expectation of "giving back to community" as part of their value system.

METHODOLOGY

We have worked with the PIC (Private Industry Council) and others to develop a careful plan and budget for the initiative. The participants in this collaborative effort are listed in Attachment 3 and include local cultural organizations representing the various ethnic groups in our community in addition to the PIC. By partnering with these groups, New Horizons will offer culturally appropriate programming and role models for participants.

Students will be enrolled in the initiative in the second semester of their sophomore year. This is about the time when most Hard Knocks students are catching up academically and ready for new challenges. It also allows students to participate in two summer sessions — one following their sophomore year and the second after their junior year. In addition to an intensive nine-week core program during the summer, the program will run year-round with twice-monthly Saturday group sessions and individual work. It will serve 150 students — 75 from Hard Knocks and 75 from the local community. Hard Knocks students will be recruited through our website, through presentations to students and our parent group, and through e-mails sent through our school-wide network. Other students who do not attend Hard Knocks will be recruited by the cultural organizations we are partnering with. Balancing participation by Hard Knocks students with students from other high schools will forge strong community alliances and build community leadership.

We will hire a full-time project coordinator for the project and plan to recruit a young adult from the local community for this position. Working with an advisory council made up of the collaboration members, the coordinator will design the specific project activities to include the following:

• *Academic Component* — remedial math, English, communications, and so forth through the formation of peer study groups. This component will feature cooperative learning.

• *Career Component* — exploration of career options through presentations by successful working adults from the local community and through internships with local businesses and organizations. The PIC will recruit volunteers who are engaged in skilled labor and white-collar industries to make presentations on their careers. The PIC and local cultural organizations will provide internship placements. This component will stress the correlation between success in school and success in life and will provide role models to emulate.

• *Service Component* — volunteer opportunities and internships with local agencies. This component will demonstrate the value of "giving back."

• *Cultural Component* — presentations by partner cultural organizations and visits to local cultural institutions. This component will teach both the value of each student's culture of origin and respect for other cultures.

• *Group Project Component* — in small groups students will work on a career, service or cultural project of their choosing. This component will teach group dynamics, consensus building and teamwork.

Aside from the project coordinator, all other staffing will be by volunteers. The PIC will recruit and train adult role models for the Career Component. Cultural organizations and nonprofit agencies will staff the Cultural and Service Components. Hard Knocks teachers will act as moderators for the Academic Component and advisors to student groups in the Group Project Component.

MYSTERY SOLVED!

Other than eliminating the use of the HSoHK acronym and making a few word changes to tone down the vocabulary — for instance, the hyperbole of "profoundly superior" in the first paragraph becomes just plain "superior" in the new version — the substantive changes begin with the project objectives. In addition to being more specific and measurable, the objectives give a better indication of the evaluation methods to be employed. They also point to some obvious program components. It's clear now that there will be an academic and a cultural component. It's also clear that career exploration and community service will be part of the program.

But the really big changes are in the Methodology. We're given more details on the schedule for the program — a nine-week summer program, Saturday sessions and independent work by students — and the mystery of that "outreach and in-reach technological marketing methodology" is also solved with a plain and simple description of the methods that will be used to attract and enroll students. The bulleted list of the program components goes a long way toward solving the "mystery" of the original proposal. How volunteers will fit into the staffing plan is also clarified.

SUMMING UP: CRYSTAL CLEAR COMMUNICATION

Together with a clear budget, a well-written proposal reassures prospective funders by letting them know exactly how their money will be spent and what they can expect in terms of outcomes. All of us enjoy reading a good mystery from time to time, but a grant proposal is not the time to try your hand at this literary genre. Don't keep your reader in the dark about what you plan to do! Remember that your goal is communication. Plain language and a clear, direct writing style will work best to communicate your project and your organization.

As Grace Caliendo of the John Muir/Mt. Diablo Community Health Fund puts it, "You will really get someone's attention if you make it easy for them to understand what you do how does it translate into action." GFJ

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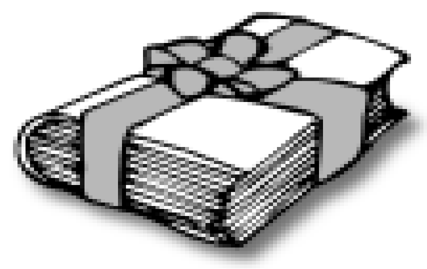
Gift Acceptance Policies *and* Legacy Giving

BY FRED MATTHEWS



It came as a wonderful surprise. A donor died and left an organization $50,000 in the form of stock. Everyone involved was excited because a gift of that size would mean funding for a special program they had wanted to start for two years. The company was well known in the community and doing very well. The staff had planned to take the stock to their broker and sell it.

When the stock came, however, the staff learned something new: the company is a "sub-chapter S" corporation, which means the stock is privately held. They couldn't just take the stock to their broker and get a check for the amount in a few days. Further, since the stock was privately held, the broker could not accurately determine its value. She told them they would need to find someone — a private party — who would purchase the stock from them. The stock might not yield the $50,000 they were anticipating because it would depend on what the buyer — if they could find one — would pay.

The organization was sorry it accepted this gift.

This situation could have been avoided if the organization had gift acceptance policies. These policies should be in place as soon as an organization moves from getting mostly cash gifts to any more complicated gifts (such as stock or property); such policies become imperative for legacy gifts.

THE "WHY" OF GIFT ACCEPTANCE POLICIES

Why does the organization need gift acceptance policies? After all, it has been raising funds from a variety of constituencies for more than ____ (you fill in the number) years. Why, just because the organization is going to start seeking legacy gifts, does it need "gift acceptance policies"? One reason is to establish formal guidelines to prevent the kind of situation encountered by the organization in the example above. Another is, as Kim Klein wrote in her article, "Considering Legacy Giving," in the last issue of the *Journal,* "Confidence is fundamental to getting donors to consider legacy gifts." Helping build and support that confidence is the reason the organization should have clear, well-drafted gift acceptance policies.

In the early years of a fundraising program, gift acceptance policies are usually not needed. The gifts you receive are fairly straightforward and simple. An appeal is made — for example by direct mail, personal solicitation, invitations to special events, or proposals to foundations and corporations — and how the funds will be used is clearly stated in the appeal. This "contract" with the donors about how the organization will use the gifts is clearly understood.

When an organization starts a legacy gifts program, it begins to deal with gifts of greater size and its relationships with prospects and donors become more complex. Most legacy gifts are the largest single gift the organization will receive from that donor. The complexity of the gifts comes from the restrictions and requirements the donor may place on how the organization uses the money.

One kind of complexity comes when a legacy gift is restricted to the organization's endowment (so that the principal is maintained and only the interest income may be used). If the organization accepts such a gift, it is binding itself to manage the principal of the gift and allocate the interest appropriately *in perpetuity.*

An organization would do well to have both general gift acceptance policies and endowment gift acceptance policies focusing specifically on endowment gifts. Such gift acceptance policies will give prospects and donors the confidence that the organization is prepared to do all that is necessary and expected of it. Without seeing clearly specified in writing how the organization is prepared to and will carry out these commitments, prospects and donors may well be reluctant to trust the organization with large assets.

In her book, *The Ask,* Laura Fredricks cites the following ten reasons that having gift acceptance policies is important:

1. It prevents misunderstandings between the donor and the prospect.
2. It ensures equal treatment of donors.

3. It makes the organization more accountable internally and externally.
4. It fosters sound fiscal management.
5. It establishes gift levels and gift recognition for each level.
6. It serves to protect the organization's charitable status.
7. It helps the organization avoid public relations disasters.
8. It educates the board and committee members on major gift fundraising.
9. It helps the organization adapt to changing times, through the regular recommendations of the gift acceptance committee.
10. It makes everyone aware of gift guidelines.

THE "WHAT" OF GIFT ACCEPTANCE POLICIES

The *AFP Fundraising Dictionary* developed by the Association of Fundraising Professionals defines gift acceptance policies this way: "The rules and regulations developed by a donee organization to determine which types of gifts should or should not be accepted." This is a good starting point. However, the gift acceptance policies I recommend an organization adopt are more comprehensive. In addition to which types of gifts the organization will accept, other provisions that should be covered include the following:

- Standards of conduct prospective donors can expect from both the organization as a whole and its staff and volunteers (see sidebar)
- The general types of gifts the organization will accept
- Creation of a gift acceptance committee
- Relations with professional advisors
- Periodic review and updating of the gift acceptance policies by the board

WHICH TYPES OF GIFTS WILL THE ORGANIZATION ACCEPT?

The types of gifts the organization will receive are a key part of the gift acceptance policies. The organization should accept only gifts it is prepared to manage in terms of donor restrictions or requirements and in terms of fiscal and related fiduciary responsibilities.

For instance, is the organization willing to accept a gift of "sub-chapter S" stock? Is it willing to just keep the stock without realizing any significant return, attend the shareholder meetings of the corporation, and search for a buyer for the stock — someone who will take it off their hands?

Given the size and complexity of some legacy gifts, the gift acceptance policies should also designate who can accept gifts on behalf of the organization. For routine legacy gifts, it may be the executive director, development director or planned giving officer (if the organization has this position).

Standards of Conduct

To help create and support confidence in the organization and its legacy gifts program, the gift acceptance policies should recommend the following:

- *Gifts be discussed by the prospective donor with his or her or their own independent legal and/or tax advisors*
- *The representatives of the organization will always place the interests of the donor first and will not use pressure or inappropriate persuasion to secure a gift*
- *Both the letter and spirit of the law will be obeyed and observed by organization staff*
- *All matters related to the gift will be held in the strictest confidence*
- *If there is any basis to suspect that the prospective donor is not fully competent, how the organization will handle the situation.*

Additional credibility is given to the Standards of Conduct section of the gift acceptance policies by incorporating into them both the Donor Bill of Rights (developed by AAFRC, AHP, AFP and CASE) *(www.afpnet.org/content_documents/Donor_Bill_of_Rights_-_English.pdf)* and the Model Standards of Practice for the Charitable Gift Planner (adopted by the NCPG and the ACCG) *(www.ncpg.org/ethics_standards/modelstandards.pdf)*. (These two documents can be referred to in the body of the policies and the documents themselves attached in an appendix.)

For legacy gifts that are not routine and straightforward, however, it is useful to have the gifts reviewed by a gift acceptance committee (discussed below) and / or legal counsel for the organization. This type of review can prevent the organization from getting into costly or awkward situations.

An example of a costly situation would be accepting a gift of real estate without thorough investigation into the history of the property. Some organizations have found themselves owning land that has toxic chemicals on it or that has use restrictions (the property contains wetlands or perhaps has soil conditions that make it unsafe for building) that make it of little or no value.

The *Professional Advisor's Guide to Planned Giving* lists the following types of gifts an organization might receive that should be covered by gift acceptance policies:

- Cash
- Tangible Personal Property
- Securities
- Real Estate
- Remainder Interests in Property
- Oil, Gas, and Mineral Interests
- Bargain Sales
- Life Insurance

- Intellectual Property Rights
- Charitable Gift Annuities
- Charitable Remainder Trusts
- Charitable Lead Trusts
- Pooled Income Funds
- Retirement Plan Beneficiary Designations
- Bequests
- Life Insurance Beneficiary Designations

GENERAL GIFT GUIDELINES

As indicated in the AFP definition of gift acceptance policies, there should be a section that specifically identifies and defines the types of gifts the organization will accept. In addition, it's good to have a section stating the general guidelines for gifts. This section includes provisions such as the following:

- Gifts not consistent with the mission of the organization will not be accepted
- Gifts with overly restrictive purposes or that involve unlawful acts (such as discrimination) will not be accepted
- The organization's position on the acceptance of contingent gifts
- The organization's gift acceptance committee has the final decision about the acceptance of any gift

These general guidelines not only help protect the organization, they also demonstrate that the organization will only act in a highly ethical and legal manner in accepting gifts. Furthermore, the gift acceptance committee serves as the organization's "firewall" in relation to any gift.

THE GIFT ACCEPTANCE COMMITTEE

The creation of a formal gift acceptance committee should be included in the policies. The section should contain a job description for the committee and a list of the types of people who will serve. Members of the committee should include the executive director, the person responsible for the organization's finances, the chair of the board's finance committee, and two or three other individuals who are widely knowledgeable about financial matters.

The gift acceptance committee only needs to meet when there is a gift that suggests the need for caution — such as the "sub-chapter S" stock we have discussed or when there are potential serious liabilities and consequences for the organization if "something goes wrong," such as a gift of art or real estate that may be difficult to sell or potentially valueless in terms of a sale. Any gift that is out of the ordinary or could expose the organization to risk should be reviewed by the committee. After the review, a formal recommendation to accept or reject the gift should be made to the organization's board.

PROFESSIONAL ADVISORS

Professional advisors are part of the communities with which the legacy gifts program will interact. Such advisors include attorneys who work in the estate area, CPA's, CFP's and other financial advisors, trust officers, stock brokers and others who provide donors with advice about their legal and financial matters. Gift policies should contain guidelines about how relationships with these professionals will be conducted as well as how representatives of the various fields can be involved with the organization.

Useful guidelines for relationships with professional advisors should include these two:

- The organization will not pay "finder's fees" or commissions to an advisor bringing or referring a gift to it
- The way in which the organization may (but is not obliged to) choose to recognize a pre-existing relationship with the donor in disposing of assets, e.g., having the donor's broker sell securities or their real estate agent sell real property

Maintaining a clear and transparent relationship with professional advisors will help increase the confidence in the ethical and legal stance of the organization by all parties, especially wise donors.

A "professional advisory council" is a good way to involve members of these professions with the organization. The professional advisory council can serve a variety of functions, including serving as an informal resource to the staff, as members of the gift acceptance committee, speakers for legacy gift workshops, and advocates among their peers on behalf of the organization.

It is important for the members to clearly understand that while serving on the council their focus is on being an advocate for and representative of the organization. The council is not a place for them to seek new clients or promote their own special interests.

OTHER IMPORTANT PROVISIONS

Other sections that are useful to include in gift acceptance policies are use of professional counsel and conflict of interest. These sections should clearly state that the organization will seek the advice of legal or other professionals when it is appropriate to aid in determining the feasibility of accepting a specific gift.

In some cases, the complexity or technicalities of a gift will go beyond the expertise and experience of the gift acceptance committee. They need to be able to seek specialized advice in order to exercise their fiduciary responsibility for the organization. (Be sure to include an appropriate amount in the budget for the legacy gift program for this type of expenditure. Experience will be the best guide in determining how much this amount should be as time goes on, but starting out, $3,000 should be enough.)

It is critical to be clear about conflict of interest. Even a hint of it can taint an organization's reputation and credibility for years. It should be addressed in various ways, including the standards of conduct section of the policies and in the section relating to professional advisors. Even with the issue being addressed in these sections, it is important to have a section devoted specifically to the matter of conflict of interest and to have a conflict of interest statement signed by members of the board and members of committees and advisory groups who are not members of the board.

ENDOWMENT GIFT ACCEPTANCE POLICIES

Endowment gift acceptance policies are best developed in relation to the overall gift acceptance policies. Use the gift acceptance policies discussed here as a framework for endowment policies. There is no need to restate such matters as the types of gifts the organization will accept and the policy on finder's fees and pre-existing relationships. Use the endowment policies for matters specifically related to the endowment program.

It is, however, advisable to reiterate briefly and refer to sections in the overall gift acceptance policies that address only accepting gifts to further the mission of the organization and delineating the responsibility of the organization in managing and reporting on the gift.

One of the important standards or guidelines in the endowment policies is the specification of the minimum amount for named, restricted, or named-restricted endowment funds. The amount should be determined in consultation with the organization's finance and/or investment committee(s) because they are in the best position to understand the ability of the organization's financial systems to track and provide the types of gift reporting data that the development office will need to provide to donors with stewardship reports. Most organizations set the minimum at $25,000 and use the same minimum amount for all three types of gifts — restricted, named, and named-restricted. This keeps things simple when discussing the minimum amounts with prospective donors. You can also have a policy of not accepting named or restricted gifts.

The endowment policies should also include how gifts that do not meet the minimum requirements will be used in the endowment. The most likely way is for them to be placed in an umbrella unrestricted endowment fund. The policies might read:

> *Endowment gifts that are unrestricted or less than $__________ will be placed in the Foundation's Endowment Fund. The income from this fund will be used for priority programs or programs chosen by the organization's board of trustees.*

One final provision that many organizations find useful to include in either their gift acceptance policies or their endowment policies is a special circumstances or "expedited review." This clause allows for a "fast-track" decision about a significant gift, perhaps with a calendar year-end deadline (and offered on December 30 or 31). With such a provision, in the event acceptance cannot be accomplished in such limited time, the development officer can at least demonstrate that every effort was made to do so.

NOW YOU'RE REALLY READY

When you have your gift acceptance policies and the endowment policies approved by the board, and you have done all the things Kim recommended in her article, you are truly ready for the exciting and rewarding process of seeking legacy gifts — and it will be both exciting and rewarding because you did all the things necessary to guarantee success! GFJ

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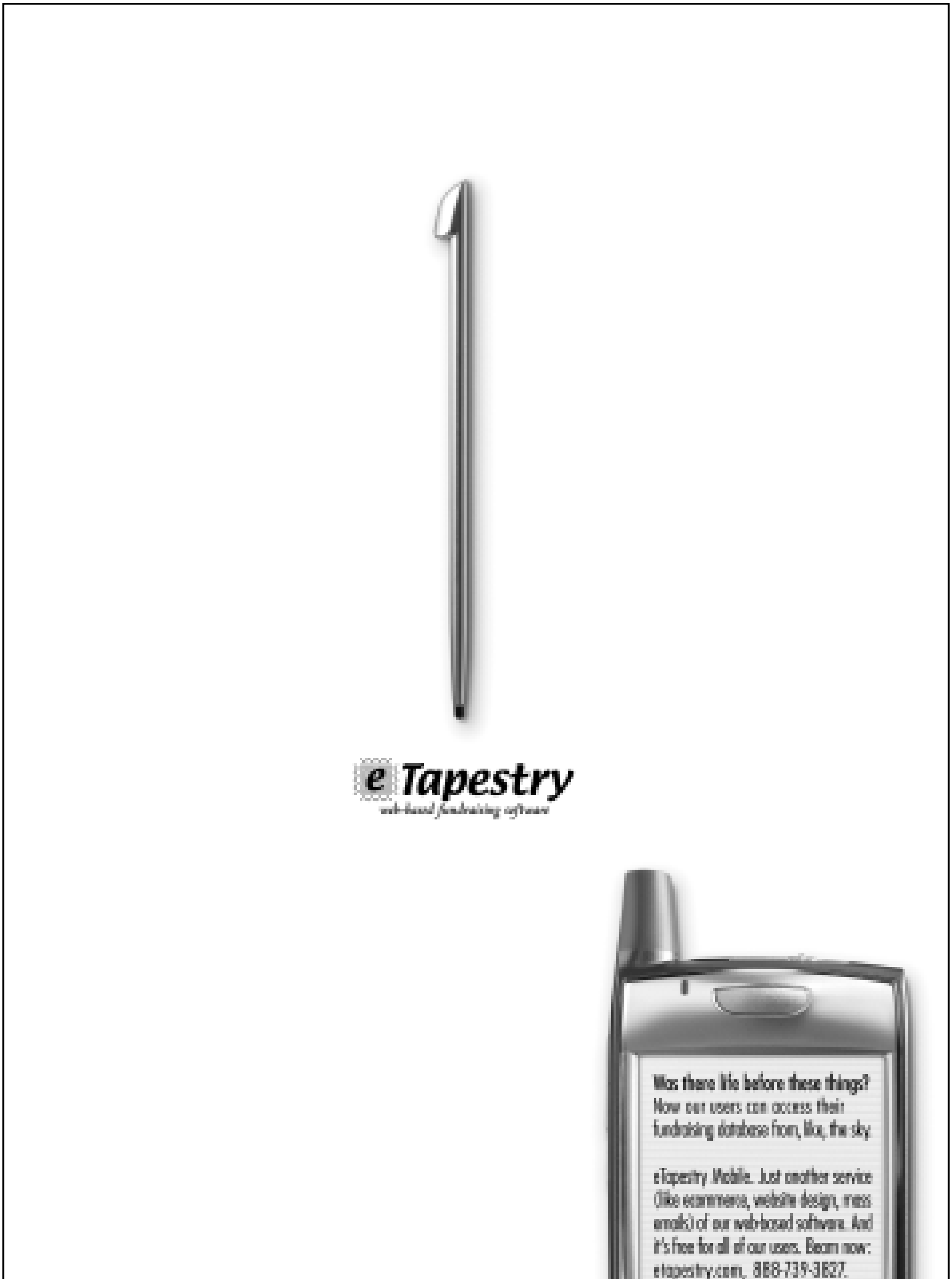

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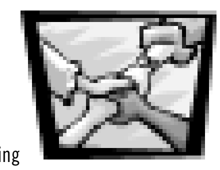

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