

RESEARCH PACKET

Helpful Websites:

Donors Choose

An online charity connecting you to classrooms in need.

www.donorschoose.org

Epic Change

Believes that people's stories are assets that can be used as resources to improve their lives. We help people in need share their "epic" true stories in innovative, creative and profitable ways to help them acquire the financial resources they need to create positive "change" in their communities.

www.epicchange.org

Articles:

A Web-based charity, small donations add up, Sonja Haller, Arizona Living. August 28, 2008

<http://www.azcentral.com/arizonarepublic/arizonaliving/articles/2008/08/28/20080828modest0828.html>

Giving Well, Alan Alda, A Newsletter on Strategic Philanthropy Initiatives. Reprinted from Winter 1996

<http://www.quadrantliving.com/Articles/Contribution/GivingWell.pdf>

How a Recession Would Affect Fund Raising: Certain Gifts Could Grow, Holly Hall, The Chronicle of Philanthropy. February 7, 2008

<http://philanthropy.com/free/articles/v20/i08/08000801.htm>

How to Get Monthly Donations for Your Charity, Suzie Vigon, Associated Content. September 22, 2006

http://www.associatedcontent.com/article/61662/how_to_get_monthly_donations_for_your.html?singlepage=true&cat=48

Make a big difference by giving small, Nonprofit Strategies, San Luis Obispo County Community Foundation. June 5, 2007

<http://www.sloccf.org/forms/Resources-Strategies2007-06-05.pdf>

April 20, 2009 |

2:23 pm | [92°](#)

[Arizona Living](#)

- [_A_](#)

-

- [Email](#)

-

-

-

In an economic downturn, more people may find themselves robbing Peter to pay Paul.

When people have neither a Peter nor a Paul in their life, they may turn to Modest Needs ([modestneeds.org](#)), a Web-based charity dedicated to the financial needs of the working poor.

Six-year-old Modest Needs typically cuts checks for a few hundred dollars at a time to people facing unplanned expenses or as high as \$1,000 for such one-time needs as getting the car fixed.

Site founder Keith Taylor said that though many people have enough money to cover basic needs, their savings can be meager. So when an emergency crops up - long-term illness, malfunctioning air-conditioner, a broken pipe - they can be thrown into a cycle of poverty.

"A single mother making \$27,000 a year - which is nothing - who would not qualify for any state or federal help because she makes too much money is our ideal applicant," Taylor said.

Taylor said the idea stemmed from his college days and how family and friends helped him out financially when an unexpected expense cropped up. If he were wealthy one day, he recalled thinking, he would help those in similar need.

"Then it occurred to me that the people who helped me those two or three times I needed it weren't wealthy, they were just kind," he said.

People in difficult financial circumstances may post their hard-luck stories on Modest Needs, where visitors may choose to contribute (donations start at \$1 and can range into the hundreds). When enough money is donated to meet an applicant's need, Modest Needs sends a check to the individual, organization or business that posted the plea.

Anna Schaefer, 54, sought the generosity of strangers in May when she found herself and her two sons, ages 19 and 14, facing eviction. Months before, she had moved to Phoenix from St. Paul, Minn., because doctors thought the warm, dry weather would help her recover from car-accident injuries. Just before the move, Schaefer was faced with a \$1,000-plus car-repair bill.

"That set us back," Schaefer said. "Then we get down here and I thought I'd get a job real easy, and my 19-year-old, too. We haven't. We didn't know the economy was going to do what it did. I started to panic, and I couldn't pay the May rent."

She posted her story on Modest Needs and read other stories. There was a Colorado mother of two small children who had lost her job and was about to be evicted. "So I sent her \$10," Schaefer said. "I thought, what am I doing? You need to put food on your own table, but I hoped to pay it forward and that it would come back to me."

Schaefer watched as the online contributions to her request grew. Within a week or two, strangers had donated more than \$1,000, covering her late rent.

"I continue to give," she said, although she still doesn't have a job and lives on disability checks. "You have to when you read the stories."

Four years ago, the organization was receiving about 300 requests for aid a month. Now the organization receives about 250 requests a day. Taylor said the economic downturn

has resulted in an increase in applications, but also donor support.

The organization gave out about \$1.48 million last year, up from \$370,000 in 2005. This year, Modest Needs expects to give away more than \$2 million. About half of all applicant requests that meet the qualifying criteria are funded.

Income of applicants must be above the poverty line, making them unable to get other assistance. Applicants must prove their financial needs and situation by e-mailing such documents as pay stubs and bills.

First-time mom Christina Tonelli, 40, of Tucson, was overstressed and financially strapped with a sick newborn. Within 20 days of applying to cover a \$574 hospital bill for her daughter, Sofia Tonelli-Pepe, Modest Needs sent a check to the hospital.

"It was such a quick turnaround," Tonelli said. "It's an amazing organization, and to think it's just a couple people here and there donating a few dollars."

Donors are able to read the applicants' stories and later can receive follow-up testimonials from the people they helped. Tonelli wrote to her donors: "You have made a big difference in our monthly budget and have lightened our load so we can concentrate more on getting our daughter healthy and strong."

Although many of the requests on Modest Needs are to cover bills and repairs, some are for acquisitions, such as a breathing apparatus or glasses - or in the case of 20-year-old Tucson resident Nicholas Jansen, a bicycle.

He doesn't have a driver's license, and even if he could afford a car, the part-time custodian at a non-profit agency said he couldn't afford the gas.

"I've been using public transportation, but the bus system is just not as reliable as I need it to be," Jansen said. "If I need to get somewhere at a certain time, the bus would make me late. With a bicycle, I could improve my on-time ability."

Jansen said he watched for a week, but no one chose to fulfill his request even though he submitted the documentation showing that his mother, his brother and he were disabled and living on a fixed income in the same house.

"Then one anonymous donor completely funded the entire application," Jansen said. "I nearly fell out of my chair. The bike is in great shape. And I got it from a place that will do free service on it for a lifetime. It's inexpressible how grateful I am. I would love to help someone else out this way someday."

Taylor said that's the idea.

"It's not about helping people with these short-term expenses," he said. "It's about inspiring people to be the philanthropists we all have it in us to be."

Reach the reporter at sonja_haller@arizonarepublic.com or 602-444-8998.

• Type Size: [AAA](#)



Print



Jason Chiou/The Arizona Republic

Christina Tonelli, left, and her husband Dennis Pepe play with their daughter Sofia Tonelli-Pepe, 2, in their Tucson home. Modest Needs helped the family cover costs that were accumulated during Sofia's heart surgeries.

More on this topic

How it works

Here's how Modest Needs (modestneeds.org) works:

To apply

- Click the "Apply for Help" link.
- You must be able to check e-mail and your Modest Needs personal page daily while your application is under review. You can apply for assistance from Modest Needs only by completing an online grant application. To save money, Modest Needs does all of its work online.
- You must have access to a scanner for at least an hour during the application process. Modest Needs accepts supporting documentation only as scanned and uploaded digital images.
- You must be 18, a legal resident of the U.S. or Canada, and your current household income must be between 130 percent and 200 percent of the federally defined poverty level. This means you can't qualify for other type of charitable assistance.
- If you are not sure whether you meet this and other guidelines, complete an online questionnaire, which will help determine whether you qualify for assistance. If not, the questionnaire will tell you why.
- The maximum grant your household can request is \$1,000, but the lower the amount, the more likely the grant will be funded.
- It is Modest Needs' goal to process applications on the day they are received. Experience suggests that it takes a minimum of seven days for an application to be funded after it has entered donor review.
- Once a grant is funded, a check is sent on the applicant's behalf. For example, if a medical bill is to be paid, Modest Needs sends the check to the hospital, not the applicant.

To donate

- The easiest way to support Modest Needs is to make a one-time gift using an online payment form at modestneeds.org. Modest Needs is tax-deductible.
- If you want to make a donation but prefer not to online, the Web site offers several other ways to do so, or you may call 212-463-7042.
- You decide how the Modest Needs donation is used because each time you make a contribution, your account is credited with "points" that you can allocate to applications you view online.
- When applicants receive enough points to fund their grant, Modest Needs instantly funds the request.
- You may receive testimonials from the people you helped with your donation by logging on to Modest Needs and reading the messages of those whose grants you funded.

- Sonja Haller



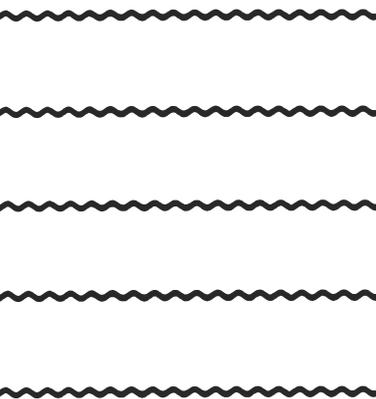
LATEST ENTERTAINMENT HEADLINES

- [Phoenix pizzeria rated best in U.S.](#)
- [Meet cast of 'Twilight'](#)
- [Lil Wayne goes rock on new album](#)
- [6 Valley mountain-bike trails for all riders](#)
- [10 best movies of 2008](#)
- [5 top restaurant trends for 2009](#)
- [10 worst movies of 2008](#)
- [Eddie Vedder: Mesa karaoke king](#)



A Newsletter on Strategic Philanthropy INITIATIVES

Reprinted from
the Winter 1996
Issue on Family
Philanthropy and
Family Dynamics



Giving Well

By Alan Alda

What follows is a wonderful summary of what makes the best of family philanthropy so remarkable and so valuable. It is the text of a speech Alan Alda delivered to the Council on Foundations' 1995 Family Foundation Conference on March 1. The address so mesmerized and inspired the audience of 350 that TPI asked the author if he would grant us permission to reprint the presentation in its entirety.

Once you start giving, I think it's not long before you get the feeling that no matter how good you get at it, you'll never be good enough. The need is too great and cash is too short. Sometimes philanthropy seems like a little boat floating precariously on a vast and angry ocean. But I've come to believe that in answering a few key questions we can shape the rudder and sails of that boat.

The first of these is, "Why do we give?"

This is a fundamental question, but for our family, finding our own answer to it was only the beginning of a daunting series of questions that grew in importance and complexity — questions like how much should we give, where should we give, and the really tough one: how should we give?

Unfortunately, not only does every family



Alan Alda

have a different reason for giving, but every member of every family may look at it differently. My wife and I disagree about why our family gives. I think it has something to do with being part of a family of artists. My father was an actor. I am an actor. When we met, my wife, Arlene, was a symphony clarinetist. There's something about the life of a performing artist that requires a generous spirit. If you use your body to make music, to dance, to rake over your emotions so that others can feel, you have to be willing to give.

When Arlene and I married, we had pretty much nothing in the way of money. Arlene was with the Houston Symphony. We married in Houston, had \$600 between us, and spent about \$200 of it on our honeymoon in Acapulco — so we had almost nothing left. But as soon as we

TPI

The Philanthropic Initiative, Inc.
77 Franklin Street
Boston, MA 02110
617-338-2590
get2us@TPI.org (e-mail)



started to earn some money we started to give. And I think we gave for the same reason that we are artists — because it feels good.

Arlene thinks we give more out of a sense of responsibility and obligation to the larger community, and she may be right, but I think the pleasure of giving is a motive that ought not to be dismissed too quickly.

I think something happens to us when we give. There's a better self in us that comes to the surface, gasping for air, glad to be let out.

Once we feel that tug, whatever its source, we often think next about the magnitude of our giving. We leave why and move right on to how much. But I think the more critical question is not how much to give but how to give. The distinction is vitally important. For me, how we give trumps how much because even a small amount, if it's given well, can be more useful than a large amount given carelessly.

The notion of what makes a good gift has changed over time, but the idea that people with money are in a special position to contribute to the public good has been with us for centuries. In ancient Rome anyone coming into money was expected to buy dinner for most of the town or put on a public circus. But, the next day the poor were still poor and the hungry were hungry again. Pretty much the only thing that had changed was that the giver was identified as important.

Today, philanthropy requires a little more than offering dinner and a show. While giving may still enhance the status of the giver, the idea behind meaningful philanthropy is a desire to change the world for the better.

If we're going to develop an intelligent strategy for giving, I think we first have to struggle with that basic question: why are we giving? Are we modern-day Romans looking for honor? Or is there something in society — hunger or violence, for example — that we would like to help change? Or, is there something we'd like to help preserve, like the environment or art? Or, is there something we'd like to advance, like education or science?

Once you know why you're giving, you have to move on to how you give. Do you throw your money out the window and let anyone who needs something take it? Or do you put the same kind of care into giving that you put into making your money in the first place?

These are some of the questions we faced when Arlene and I decided five years ago to start a family foundation. I had already given some thought to these issues because I had been invited to serve as a trustee of the Rockefeller Foundation, an experience that has been a profound education for me. I was new to the world of philanthropy and I had to work to keep up with my fellow trustees. Little by little, I began to understand the difference between charity and philanthropy, which I would say is basically the difference between responding to the problem at hand and building a plan for the future.

The notion is embodied in the story of John D. Rockefeller himself, who contributed so much to the idea of modern philanthropy; pretty much, in fact, inventing it.

As he got wealthier, Rockefeller began to give away a smaller and smaller percentage of his overall wealth . . . but this was not because he was becoming less generous. It was because he felt increasingly frustrated by the fact that he was not as effective in his giving as he would have liked. So he made two major decisions: one was to look for ways he could contribute to root causes, and the other was to hire professionals who could help him build an effective strategy.

The notion of root causes is itself, of course, a root issue in philanthropy. I began to understand it intellectually when I joined the Rockefeller Foundation, but I didn't really grasp it until we started our own family foundation. It was then that I began to understand those simple little homilies we've all heard, "treat the disease, not the symptom," or, "if you give a hungry person a fish you've fed him for a day, but if you teach him to fish you've fed him for a lifetime." Or that legendary tale which I think really is at the heart of philanthropy:

The people of a village wake up one day to find bodies floating down the river. They start pulling them out. But the more they pull out, the more there are. Then someone gets the idea to go upstream to find out how people are getting into the river in the first place. The problem turns out to be something fixable like a broken bridge, and before long there are no more people floating down the river.

That's a story I'm sure we've all heard many times. But I don't think we can hear it enough. I know whenever I face a serious social problem now, I mentally go up river. I'm always searching for upstream solutions.

This is a way of thinking that began for me at the Rockefeller Foundation and became intensified in our little family foundation.

I hope it will be helpful if I tell you some of our experiences as our family has lurched toward philanthropy. You may have gone through similar experiences and at least you'll know you're not alone.

First of all, why we did it. For one thing, we wanted to involve our children in giving. From the time we taught our children how to wash their hands, whenever we wanted them to know something, we didn't just tell them about it, we did it with them. We'd put their hands between ours, stick them under the faucet and rub. And that's what we've done with philanthropy.

From the beginning, we've been on an equal footing with them. Everyone has an equal vote. Arlene and I as founders don't have any greater influence just because we gave the money in the first place. We don't even have any moral advantage in an argument. It's maddeningly democratic. One person, one damn vote.

But, I've always felt that starting our family foundation was the best thing that we've ever done with our money. We wanted our daughters and their spouses to think not only about giving, but about giving strategically. To see our family grow in wisdom, to see them get strong in their ability to weigh difficult decisions — to make the best choice among many good choices — these are among the greatest

joys of my life, and Arlene's, too.

At the moment, we have three grandchildren, all under the age of 4, and very often, one of them has been present at a meeting because he or she has been nursing. So far we haven't decided at what age they'll become trustees, but I hope that early on they'll be sitting and listening to discussions, maybe with a running translation for them in language they can grasp. I hope they'll begin to look forward to the day they can speak up at meetings, argue their case and vote. I can't wait to hear the new generation's perspective. Of course, they will have a new perspective and we'll have to listen to the stuff.

But establishing a family foundation hasn't been as easy as making everyone in the family a trustee and giving everyone a vote. It took some time to find our focus. In fact, it took a while before we even realized we needed to find it.

I've always felt that starting our family foundation was the best thing that we've ever done with our money.

I don't think when we started our foundation, we realized how satisfying it would be to develop focus and I think that may have accounted for how slowly we drifted toward it.

Trustees would come to the table with requests for contributions that they had received in the mail or with articles they had yanked out of newspapers. But although we were contributing to good organizations, we didn't feel much satisfaction. It seemed like a cold process to us and we didn't have a feel for what these organizations were really involved in.

Our problems were compounded because no one in the family wanted to turn any other family member down, which led to scattering our efforts. We did a little of what everyone wanted.

We escaped from this cul-de-sac in an interesting way. Our family had a habit of

everybody talking at once. This was a trait that had perhaps once been adaptive, but it was not working so well at these meetings. We sent Robert's Rules of Order to all the trustees and asked everyone to study them. Soon after, we found ourselves voting someone down on an issue and it was a liberating moment. We realized that everybody was still alive and we were still a family.

Now we could make tougher decisions. Oddly enough by letting the majority rule and risking excluding someone, we found the more inclusive sense of being part of a group. We felt movement forward.

But we still weren't closing in fast enough on a focus. We were still making last-minute decisions, giving to organizations we knew little about. We weren't involved.

We began looking around for somebody who had experience with foundations, somebody who could help us find some common ground in our giving, something we were passionate about. Someone suggested an organization in Boston called The Philanthropic Initiative.

We invited them to a meeting and we realized immediately that these people could

help us. In one session, they got us to explore our interests and to see that we actually have a remarkable number of overlapping concerns. It's odd that until then we hadn't seen our focus staring us in the face.

I think it's clear, with meetings at which babies are present nursing, that there's a strong family feeling in our group. The name of our foundation, Jenjo, reflects that. (J-E-N is for Jenia, Arlene's mother, and J-O is for my mother, Joan.) When we began the foundation, two of our daughters had recently given birth; one daughter is a child therapist; another daughter teaches young children. Arlene writes children's books. Many of our concerns revolved around youth and the family. With TPI's help, we realized we had a beginning for focus. We decided to concentrate on projects that fell into four main areas: early childhood; youth development; violence prevention, including domestic violence; and microenterprise organizations that serve the needs of women and families.

We're still narrowing that focus, but it was a great relief to realize we had an interest that we could name in a sentence. Of all the ways we could choose to help make

continued on page five

The Philanthropic Initiative, Inc.
77 Franklin Street
Boston, Massachusetts 02110



Printed on Recycled Paper

the world a little better, youth and families was the way we would go.

TPI also helped us act on this growing sense of focus. They agreed to put us together with the kind of organizations we were interested in and to set up site visits.

I can't tell you how much these site visits have meant to us. We can see the organization's work, and we can evaluate the effectiveness of the people doing it. Site visits have given us a sense of participation and, with it, a tremendous sense of satisfaction. We feel connected now to the organizations that we give to.

We're so animated by these visits that we recently decided not to make a grant to any organization where we had not made a site visit.

Finding our focus has been, in a way, finding our own identity.

And another important step for us, with TPI's help, was coming up with our own set of guidelines. It was long in coming and hard to do. It's made us commit to a description of who we are and I think the guidelines have made it clear to us as well as to the outside world what we're trying to accomplish.

Finding our focus has been, in a way, finding our own identity.

We've also begun to think about what kind of effect we want to have. For instance, how big an organization do we want to help? Do we want to help very large organizations that could get along without us? Or do we want to help small ones, maybe some that are just starting out, where we can make a big difference? We tend in our group to veer toward the latter. We like the feeling that we're making a difference.

We've started thinking about specializing even more.

We've begun thinking about what we call spreadability. What is there in a project we like that can be replicated in other geographic areas? Barring the possibility that it might be working only because of a charismatic leader, is there anything about this program that could be transferred to a similar neighborhood with similar problems? We're thinking of taking the next couple of years to see if we can be effective along these lines. But one of the things we've learned from this conference in San Antonio is that we'd be foolish to do it all on our own, foolish to risk inventing the wheel yet again. We realize that the first thing we have to do is to find out who's already covered this ground and how we can be helpful to them. If any gaps exist in a process that's already in motion, can we find a niche for ourselves? It's very satisfying to know where you can serve, how you can be useful. It's not so satisfying to find out that you're knocking yourself out on something that's already being done better by somebody else.

I keep mentioning satisfaction because, to me, satisfaction is one of the great engines of philanthropy. Sometimes, in fact, I get the impression that the purpose of philanthropy is to make the philanthropist feel better. It may not be the main purpose, of course, but it sure better be one of the things that happens, because I think without that feeling of excitement you start looking for other things to do with your time. In a way, we may all still be Romans after all.

I know from our experience at Jenjo that you don't get reinforced in your desire to help just by responding to what comes in over the transom. You have to find your passion for giving. I think you find that passion face to face with people. You find it, for instance, in a site visit. And I don't mean just by meeting with the staff of a program. You find your passion by sitting with the people they serve, by looking into their faces, by finding out how their lives have been changed by this program. That can be a revivifying experience.

So, I've come to feel that giving feels

good, but I think giving strategically feels terrific.

I'm on the boards of both a very small foundation and a very large one. And having covered the gamut, it seems to me that whether you have a hundred thousand dollars to give away or a hundred million, it's a good idea every once in a while to hold your strategy to the grinding stone. Are we really working on root causes? Can we have more focus? Can we improve our strategy? Can we achieve greater leverage?

There are dozens of ways to increase leverage. Some foundations use a challenge grant to double their effectiveness. By awarding a prize they generate a large amount of activity with a relatively small amount of money. Some foundations are increasing their reach by finding partners. Some are convening conferences so that the best minds in a field are brought to bear on key issues. Some have begun to think about an aggressive redefinition of asset management.

For instance, the Jessie Noyes Smith Foundation, which is devoted to sustaining a healthy environment, has a \$60 million fund and gives away about \$3.5 million in grants each year. They've decided to invest a million of that \$60 million corpus in companies whose specific business objective is to benefit the environment. One is an energy services company, another makes enzyme-based cleaning products.

At the other end of the scale is the Rockefeller Foundation. With \$2.2 billion in its corpus, RF has set aside a small percentage of its fund to invest in community development corporations, organizations that will help rebuild their own communities.

The point, of course, is that if we can find companies that do the kind of work we support with our grants, we may be able to support them with our investments, increasing our leverage while getting a return on our capital.

Whatever path we take, if we think about leverage in everything we do we're bound to find ourselves having more impact.

It's important to remember that increased

effectiveness like this can come about through the investment of time and imagination; not necessarily of more money. Although, there's plenty of room for more money.

We live in a period, as we all know, when the national government is retreating from every area that philanthropy has traditionally funded: from social services, from the arts, from science and even from education. The slack, of course, is supposed to be taken up by charity. But the wealthiest people in our country give only a small percentage of their wealth during their lifetimes. Only one half of 1%, according to the latest estimate. Only 20% of individuals' wills contain charitable bequests.

Just at the time when there is a greater reliance on personal giving, it is declining. According to the IRS, charitable giving has gone down from 12.8% of the wealthy's estates in 1976 to 6.3% in 1990. With figures like these it's vital, whatever we give, that we make it count.

Since I've begun working consciously at giving in an organized way, I've been humbled by the realization of how immense the world's problems are, how pervasive and entrenched suffering is.

It's only after you embark on this voyage of philanthropy that you realize how far there is to go.

We're adrift in a sea of need. I don't think we can paddle aimlessly in our little boats. We'll have to stitch together sails from whatever we can find and catch the wind. On the other side of this vast ocean, there's a new world. But it's a better, more possible new world than all the new worlds we've ever known.

This time we're not sailing to fill our pockets with the spices of India. And we're not trying to touch the shores of a Utopian mirage.

We're sailing this time toward a world that will have to do more with less. But we're sailing toward a people we've seen far too little of in this world.

What we're sailing toward is our better selves. ▲

The Philanthropic Initiative, Inc. is a not-for-profit organization offering philanthropic design and management services to individuals, family foundations and corporations.

Initiatives is published three times a year by TPI.

Leslie Pine
Naomi Shank
Editors

Karen Corinha
Design & Layout



THE CHRONICLE OF PHILANTHROPY SPECIAL REPORT

From the issue dated February 7, 2008

SEARCH THE SITE

SITE MAP

SECTIONS:

[Home Page](#)
[Gifts & Grants](#)
[Fund Raising](#)
[Managing Nonprofit Groups](#)
[Technology](#)
[Philanthropy Today](#)
[Jobs](#)

FEATURES:

[Guide to Grants](#)
[The Nonprofit Handbook](#)
[Facts & Figures](#)
[Events](#)
[Deadlines](#)

CHRONICLE IN PRINT:

[Current Issue](#)
[Back Issues](#)

SPONSORED INFORMATION

PRODUCTS & SERVICES:

[Directory of Services](#)
[Guide to Managing Nonprofits](#)
[Continuing-Education Guide](#)
[Fund-Raising Services Guide](#)
[Technology Guide](#)

CUSTOMER SERVICE:

[About The Chronicle](#)
[How to Contact Us](#)
[How to Subscribe](#)
[How to Register](#)
[Manage Your Account](#)
[How to Advertise](#)
[Press Inquiries](#)
[Feedback](#)
[Privacy Policy](#)
[User Agreement](#)
[Help](#)

How a Recession Would Affect Fund Raising: Certain Gifts Could Grow

By [Holly Hall](#)

Here's the outlook for different types of efforts to raise donations and generate income, along with suggestions from charity veterans and other experts:

ALSO SEE:

ARTICLE: [Bracing for Tough Times](#)

GRAPHS: [How the Economy Affects Giving to Different Types of Charities](#)

ARTICLE: [Charity Hopes to Benefit in Slow Market by Raffling a Historic Home](#)

ARTICLE: [Fund-Raising Strategies for Troubled Times](#)

Direct marketing. One of the first signs that the economy is affecting fund raising will be whether organizations have trouble attracting repeat donations through direct mail, experts say.

Meanwhile, efforts to find new donors, even when they are asked for modest gifts, usually become much harder in a bad economy, and many charities halt such efforts then. But they should not stop trying to find new donors altogether, says Keary Kinch, a senior vice president at Adams Hussey & Associates, a Washington company that helps charities with direct mail.

After the 2001 terrorist attacks, many charities stopped mailing appeals to potential donors because they feared alienating people during a time when they were focused on a national tragedy. "About 18 months after 9/11, clients started to panic because their donor base had started to shrink," Ms. Kinch recalls. "They had cut acquisition for three, four, or five months."

Instead of cutting back altogether, Ms. Kinch says, charities should curb solicitations to mailing lists that have not performed well in the past or are unproven. "It is possible to trim around the edges," she says.

What should be curtailed in a bad economy are test mailings and other efforts to try out different, unproven solicitation messages, says Ms. Kinch. "If you are testing something brand new at an odd time like a recession, you cannot trust the results," she says.

Special events. "During a recession, we tend to see donors pull back on the number of events that they will attend," says Laura Fredricks, vice president for philanthropy at Pace University, in New York. She says her university cut several events after 2001 and has kept the number of events at the same level ever since.

Particularly in hard times, Ms. Fredricks says, "donors would rather

SCHEDULE
REPORTS

YOUR
WAY

orange leap

see their money go to the program or project itself. If they are going to spend \$500 on a dinner, they would rather have the full amount go to the organization without any overhead costs coming out of it."

Steven's Hope for Children — an Upland, Calif., group that aids families with hospitalized children — already sees a problem for its special events. The charity until now has mostly relied on events that attract donors and sponsors from the housing industry and other related businesses. The charity raised \$50,000 after expenses last May by holding a golf tournament, but if the same event were held today, it would probably raise about half that amount, says Tony Cappelli, the charity's president.

"We looked at our list and saw that for many people this year, instead of writing a check for \$3,000 and bringing a foursome, maybe they'd write a check for \$275 or not come at all."

To offset declining donations, Mr. Cappelli says, his group is focusing on donors who make small gifts. Mr. Cappelli and his wife, who co-founded the charity, plan to get some fund-raising training, and have enlisted marketing students at a local college to provide free help promoting their cause.

Foundation and government grants. With many state and local economies already in trouble, some charities in those regions are reporting cuts in government aid.

If the economy continues to worsen, grants from private and community foundations could also decline in coming years as grant makers see their endowments fall and groups that have lost donors or government grants intensify the competition for private aid.

Rodney Bivens, executive director of the Regional Food Bank of Oklahoma, in Oklahoma City, says he would not be surprised to see a drop in foundation grants next year, if the economy continues to worsen. Mr. Bivens says his charity experienced the biggest decline in foundation grants following the 1987 recession, when stocks plunged by nearly 20 percent.

"We are very dependent on private foundation grants," he says. "We saw reductions in the dollar amounts of grants, and many foundations also stopped making multiyear commitments." Since the 1980s recession, he adds, the food bank has worked hard to bring in other types of contributions; foundation grants now account for about 10 percent of donations.

Corporate donations. Companies affected by the mortgage crisis — especially banks — will probably be the first to cut donations substantially, says Rick Cohen, former executive director of the National Committee for Responsive Philanthropy. In a recession, companies that form marketing deals to sell or promote products that benefit charities are often not as willing to enter into such arrangements.

Kyle Zimmer, president of First Book, a charity that provides needy children with books, says her charity faced two difficult years after the 2001 recession, as companies slashed their cause-marketing budgets.

"We took a hit like everyone else. It was a nervous period," she recalls.

"In hard times, companies get very traditional," says Ms. Zimmer, and they are less responsive to the "glow" of aligning themselves with a charitable cause. Instead, she says, "they start asking if their advertising fulfills the goals of the company, and they get back to fundamentals," such as focusing on sales figures, number of customers, and other bottom-line measures.

Ms. Zimmer says that's why charities should work as hard as they can to measure financial returns and other benefits companies receive from joint marketing deals.

Large gifts and capital campaigns. Charities beginning efforts to raise large gifts from wealthy people are likely to run into problems, says Del Martin, an Atlanta fund-raising consultant. The turbulence of the economy will make those donors more cautious, she says.

Donors with longstanding ties to an institution will probably still honor their commitment to make a sizeable gift, says Ms. Fredericks of Pace University. However, she says, some people will alter their pledges to either extend the number of years over which they make payments, or they might choose to make smaller payments in the first few years and pay more later when the economy improves.

Some charities are worried that they will not be able to raise enough in their capital campaigns to meet a sharp rise in construction costs over the past year.

Mr. Bivens of the Oklahoma food bank says that his charity will this month conclude a drive it started last year to raise \$6-million, a goal that was already increased once to keep up with rapidly escalating construction costs for its new facility. But in recent months, the cost has ballooned to \$6.9-million.

"This is an indication of what is happening with concrete and steel costs," Mr. Bivens says. He says the food bank is now figuring how to eliminate \$400,000 worth of features, such as a canopy, from the new structure.

Bequests. Declining stock and real-estate values could mean that charities will suffer a loss in the amount they receive through bequests, the most common type of planned gift, says Edward F. John, vice president of planned giving at United Way of America.

A recession, he says, "doesn't affect the number of bequests we get, but it affects the average size of bequest, because United Way usually gets a percentage" of a donor's estate. Stock, property, and other assets in an estate are generally worth less.

Robert F. Sharpe, a Memphis planned-giving consultant, says he recently advised one of his clients to stop mailing bequest information to potential donors aged 50 to 65, a change that will save the organization hundreds of thousands of dollars a year.

"You do not want to waste your time on gifts that won't come in for

decades," says Mr. Sharpe, adding that the median age of bequest donors is 85. "Instead of mass mailings about bequests and planned gifts to people in their 50s," he says, "switch to asking them to check a box in other fund-raising materials if they have your organization in their will, or are thinking about it."

Jeff Comfort, executive director of planned and principal gifts at Georgetown University, says donors tend to gravitate in uncertain times to bequests and other gifts that give them flexibility rather than making donations with terms they can't change.

He says financial advisers are increasingly likely to advise wealthy elderly clients to forgo a big outright gift and instead put a charity in their will or into a living trust, which operates like a will but enables the donor or a financial manager to set aside assets and manage them until they are given to a charity. The terms of both types of gift can be changed if the donor's financial situation grows dire.

Other planned gifts. Certain types of planned gifts, such as charitable annuities, are more popular than other forms of donations when interest rates decline and the economy sours, Mr. Sharpe and other planned-giving experts say.

In some cases, people who plan to make a bequest might be willing instead to transfer some of their assets into a gift annuity, which provides donors with a fixed stream of income during hard times, in exchange for leaving a portion of those assets to charity.

"But the institution needs to understand that a gift annuity puts the investment risk on the institution," not the donor, says Georgetown's Mr. Comfort. For example, if a donor transfers \$1-million in stock into a gift annuity, he or she would receive a fixed percentage of the original gift, say 7 percent or \$70,000, annually for life and a sizeable charity tax break.

But if the stock's value drops to \$850,000 and does not regain its value for a long time, the charity is still obligated to pay the donor the same amount and could end up losing money on the arrangement.

Meanwhile, falling interest rates are likely to make people look harder at charitable lead trusts, which enable donors to set up a trust that pays a variable or fixed income to charity. When a donor dies — or otherwise takes back assets in the trust — whatever is left goes to the donor or heirs.

The appeal to donors — especially those looking for a way to pass on their wealth to heirs — is that when interest rates are low, the Internal Revenue Service determines that the value of the assets ultimately going back to heirs will also be low, says Vaughn Henry, a Springfield, Ill., planned-giving adviser.

The end result is that donors have more money to pass to their heirs and often avoid estate or gift taxes by using such trusts.

Charity-run companies. Charities that run their own businesses may also find new chances for growth, says Warren Tranquada, chief executive officer of Aperio, a social-enterprise consulting firm in East

Orange, N.J.

"Nonprofits, especially human-service agencies, perhaps have a better understanding of people with limited incomes than any other organizations in the country. If there's an increase of people with needs," he says, charities "may be able to design or redefine their products to be competitive."

For example, more people may want to take advantage of thrift stores and credit-counseling services, he says. Charities could also start temporary-help agencies that would provide income for clients and might appeal to businesses in a down economy, he says.

Sam Kean and Elizabeth Schwinn contributed to this article.



[Easy-to-print version](#)



[E-mail this article](#)



[Subscribe](#)

To discuss this item with other readers, go to <http://philanthropy.com/forums/>. You may also send a private message to comment@philanthropy.com.

[Copyright](#) © 2008 [The Chronicle of Philanthropy](#)

--	--

What is Associated Content?

Submit your own content on any topic

Get this info in a widget/feed

Nonprofit Information [Society](#) [History](#) [People](#) [Religion & Spirituality](#) [View All Categories](#)

Do more with AC

How to Get Monthly Donations for Your Charity

September 22, 2006 by [Suzie Vigon](#)

[Recommend \(10\)](#) [Font Size](#) [Read comments \(4\)](#)

More topics [Donations](#) | [Charity](#) | [Get Aways](#) | [How to Get a Promotion](#) | [Charity Work](#)

Use Your Charity Website to Help Attract Regular Donations

In this article, I would like to focus on how to attract website visitors to make monthly donations to your charity. Fact, lots of little dollars add up to big dollars. Never turn down a donation, no matter how small you think it is.



Using your charity website and pay pal, you can create plenty of options for your supporters to make monthly donations. But how do you get them to take the leap and sign up?

Here is how:

Before launching your program for online donations, contact different companies and request a gift certificate donation to your organization. Use these as gift give aways each month, BUT only for those making monthly online donations. With giving, comes priviledge, the priviledge of having an opportunity to win a gift each month. You can pick a winner each month(or winners), and reward them for their monthly donations. In return, your

company sponsor gets online promotion on your site in [exchange](#) for the gift certificate. You might also offer them a banner ad or larger ad space on your site. If you do monthly online newsletters, you can also offer to include their banner ad in your newsletter each month they donate gift certificates.

Some great companies to target as possible gift sponsors are : restaurants, salons, spas, gym memberships, gift certificates to local shops, and local event tickets. A good rule of thumb is to try and make sure your give away gift is of at least \$50 value or more each month. Of course you want your charity itself to be reason enough for someone to make a monthly donation, but promoting give aways gives them added incentive to be a regular supporter.

Once you have two or three months of gift certificates collected, you can launch your online donations program. I suggest making 3 options available, \$5, \$10, and \$20. Be sure and create an online form and database so you can track all donations and send thank you letters before tax season ends.

You might even offer an incentive for someone who becomes a \$20 monthly sponsor by rewarding them with a perk or small gift certificate. You may come across a restaurant that wants to give you \$100 of gift certificates. Ask for them in increments of \$10, and each time a \$20 donor signs up , you send them a \$10 restaurant certificate.

Or if you really want to offer the most bang for their buck, offer \$20 montly sponsors more then one gift!!! Get creative.

Not only will your monthly give aways add incentive to get someone to make a monthly donation, but will also give them incentive to come back to your site to see who [the winner](#) is each month.

Find local websites to market your online donations program, call local newspapers and magazines to do stories on your unique fundraising efforts. And don't forget to submit public service announcements to all local [radio stations](#) promoting the program as well. Using your website and once a month prize give aways, you will be able to work towards building ongoing donations for your charity.

More information you may find valuable:

[Homeless Nation](#)

[\\$1,000,000 - It's All Yours](#)

[Charitable Donations: Giving in the USA...](#)

[Strip like a Virgin Customer for Charity](#)

[Charity](#)

Takeaways [Did You Know](#)

Lots of small dollars add up to big dollars for charities.

Use gift certificate donations from companies as give aways to 1 of your monthly supporters

Companies making gift certificate donations get great free advertising on your website.

[Print](#) [Save](#) [Read comments \(4\)](#) [Next piece](#)

Click to share this information

Nonprofit Strategies



SAN LUIS OBISPO COUNTY COMMUNITY FOUNDATION

Make a big difference by giving small

When thinking about charitable donations that make a big difference, it's easy to point to the million-dollar gifts as examples. To be sure, large gifts provide tremendous resources to nonprofit organizations. The recent gifts to French Hospital Medical Center for the cardiac care center from the Forbes, Copeland and Rossi families and others are certainly large in size and impact. These gifts have allowed the hospital to develop a much needed, leading-edge center for diagnosing and treating heart disease. A less obvious but equally important benefit is that these gifts signal a philanthropic focus on health care in the county in ways not previously seen.

While large donations are to be encouraged, it is important to remember that it's not only these major donations that have a big impact on nonprofit organizations. Occasionally, smaller gifts can have the same transformative effect.

How can smaller donations have the same impact as larger gifts? Consider first a small donation that is the right gift made at the right time. For example, a donation to an

educational foundation that allows a teacher to attend a workshop transforms the teacher as well as the students who will benefit from the teacher's additional training. A small gift can also have a high impact when it allows a nonprofit to take advantage of opportunities to leverage the money into additional gifts. The following two examples illustrate this point.

Planned Parenthood in San Luis Obispo is trying to expand its facility. Planned Parenthood has arranged to match every dollar of private support with \$5 from a state grant. If Planned Parenthood can raise \$40,000 in private donations, it will be able to use a \$200,000 grant from the state of California. This is a good example of leveraging and shows how small gifts can have large impact.

A second example is the project to install wastewater treatment systems at the San Luis Obispo Botanical Garden's new Education Center. Through the generosity of the Greg Hind Foundation, the Botanical Garden is able to turn every dollar donated to this project into \$2; and \$25,000 remains to be raised. This

project has the added feature of allowing the Botanical Garden to become the only location in California that has all three state-mandated

wastewater treatment systems. Once installed, the Botanical Garden will be able to generate additional income from becoming a training institute for individuals and organizations throughout the state.

These are two local examples of how small donations can have large impacts. Nonprofits are wise to find ways to leverage donations in meaningful ways. At the same time, nonprofits must use this strategy sparingly because it is the collective impact of small gifts through annual campaigns that is the lifeblood of organizations. Overuse of matching or challenge strategies will dilute the importance of annual gifts.

For more information about these projects or how your gift of any size to either one can have a large impact, please contact Alicia Morin, development associate, Planned Parenthood, at 549-0941; and Elizabeth Scott-Graham, executive director, San Luis Obispo Botanical Garden, at 785-0248.

Resource Use

- Support nonprofit leadership
- Board development/training
- Strategic planning

Nonprofit Business Column of The Tribune

The San Luis Obispo Tribune publishes a column every other Tuesday in the Business section dedicated to the business practices of nonprofit orgs. Barry VanderKelen, Executive Director of the San Luis Obispo County Community Foundation writes the bi-

weekly column to help strengthen nonprofit organizations in the community. Each column is reprinted here as a one-page handout for use by local organizations. Barry can be reached at 543-2323 or by e-mail at barry@slocf.org.