

# Nonprofit Nuts and Bolts

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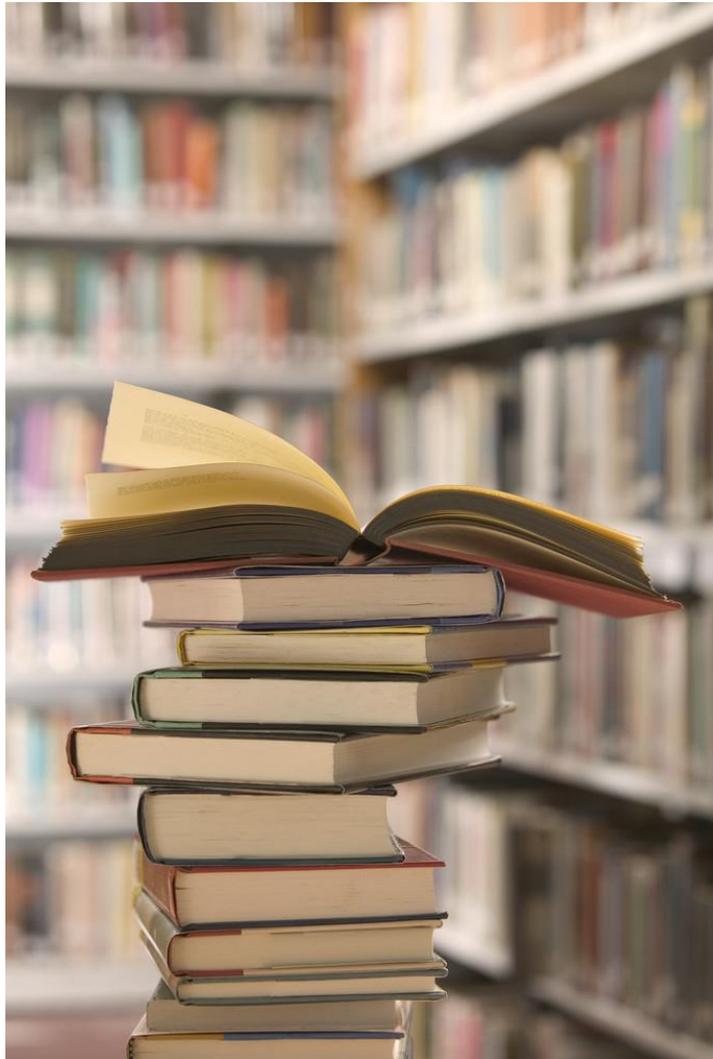
August 4, 2015

# Today's Program

- What is Donors Forum and how do you use it?
- What do you need to know about the world of philanthropy?
- How do you identify funding partners?
- Overview of the grantseeking process
- Best practices for your nonprofit – to stay on the right side of the law



As a membership association of over 1000 grantmakers, operating nonprofits, and their advisors, Donors Forum serves its constituents by **promoting an effective and informed** philanthropic and nonprofit sector.



**Special library whose collection focuses on nonprofit management, philanthropy, foundation and corporation funding sources for nonprofit organizations, and resources for grantmakers**

**A Cooperating Collection of the Foundation Center**

## **Donors Forum Library**

**Open to the public Monday – Friday  
12pm-5pm**

*free orientations every other Tuesday!*

*Direct Line: 312-327-8921*

How do you identify  
funding partners?

## Individual Giving

- Individuals
- Bequests

## Foundations & Corporations

- Independent & Community Foundations
- Family Foundations
- Corporations

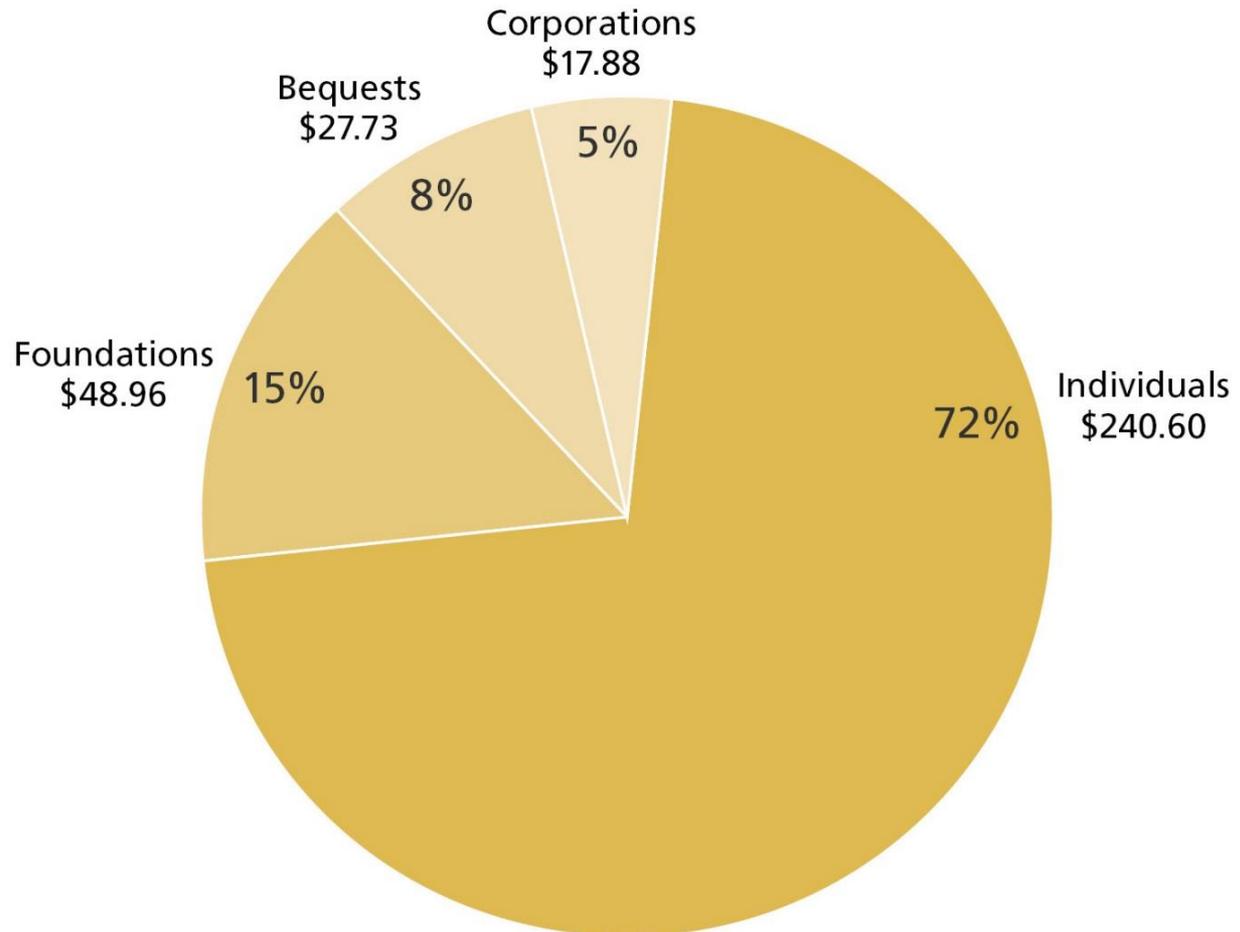
## Government

- Largest Source of Nonprofit Funding
- Significant Capacity Needed to Manage

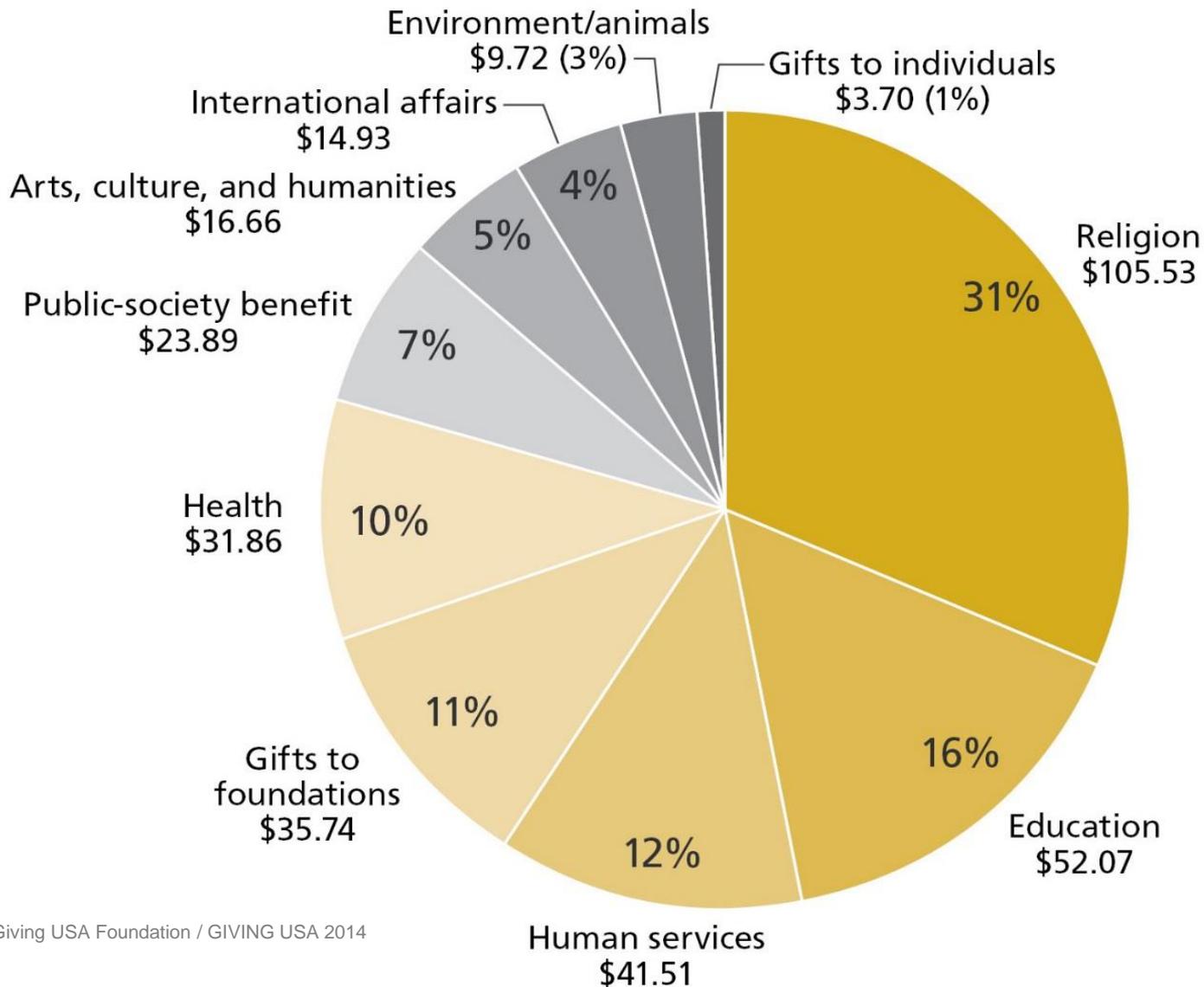
# 2013 Charitable Giving

**\$335.17 BILLION  
TOTAL  
CONTRIBUTIONS**

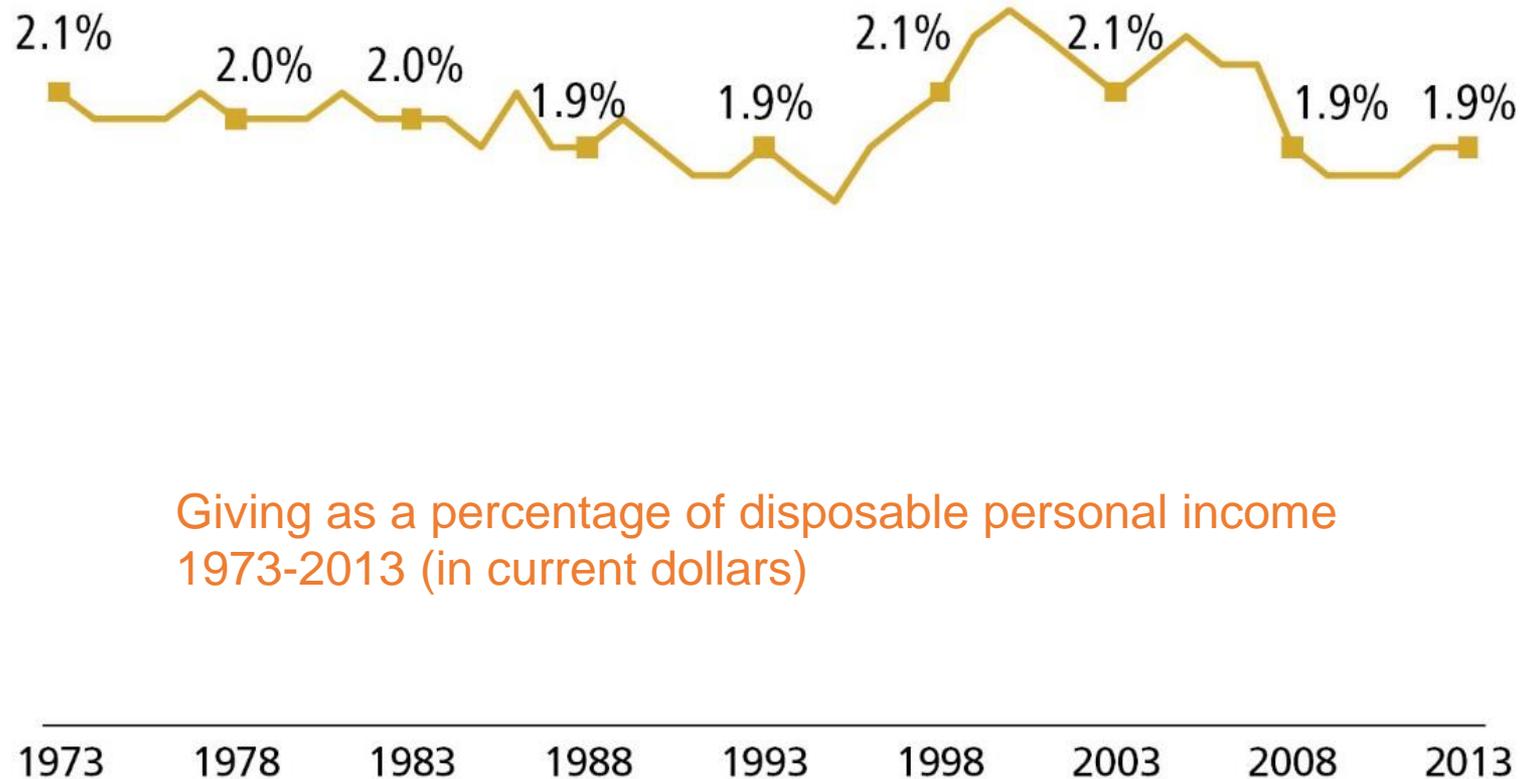
**LISTED BY SOURCE  
(IN BILLIONS OF DOLLARS  
– ALL FIGURES ARE  
ROUNDED)**



# 2013 Giving By Category



# Individual Giving Over Time



Giving as a percentage of disposable personal income  
1973-2013 (in current dollars)

# Prospect Research...

## *What is it?*

*The research and identification of grantmakers and donors who are capable **and** interested in giving a substantial gift to your organization*



# Prospect Research...

## *Why do it?*

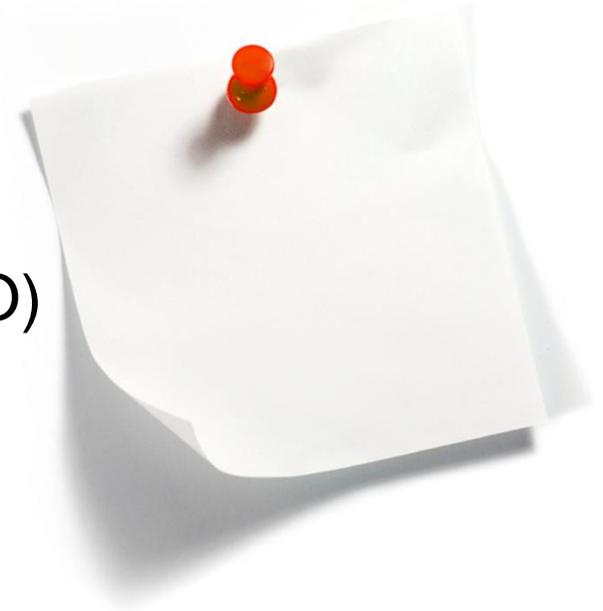
- The #1 piece of advice foundation staff offer development staff is, “Do your homework!”
- You feel more prepared and confident when submitting the proposal or making the ask

## *How to do it?*

- Three steps

# Step 1 | Build a Prospect List

- Databases
  - Foundation Directory Online (FDO)
  - Wealth Point\*
  - Others (Guidestar, NOZA\*)
- Websites
- Print directories
- Informal sources



*\*Used for prospect research on individual donors*

## Step 2 | Narrow Your List

- Prioritize prospects
- Focus on the match – look at mission!
- Look at funding history
- Look at tax reports (990s or 990-PFs)
- Pay close attention to exclusions!

# Grantmaking Sources

## 1. Private/Independent Foundations

- Initial funding comes from an independent entity

## 2. Grantmaking Public Charities

- Initial funding comes from a community

## 3. Corporate Giving Programs

- Initial funding comes from within a company



## Step 3 | Make Contact

- Follow guidelines closely!
- Some common “initial methods of contact” you’ll see are:
  - Telephone calls
  - Letters of Inquiry (LOI)
  - Full proposal



# What Are Funders Looking For

- ✓ 501(c)3?
- ✓ Within their giving priorities?
- ✓ Compelling need statement with objective evidence?
- ✓ Organizational credibility?
- ✓ Diversity: composition of staff and board
- ✓ Plans for continuation of project grant ends
- ✓ Realistic objectives
- ✓ Appropriate budget
- ✓ Possibility of replication

# Tips for Successful Grant Applications

- Do your research first
- Follow directions and guidelines!
- Follow-up
- Take a long-range approach
- Relationships matter!
- You will hear “no”



# Keeping it Legal

## Nonprofit Best Practices

# What will you learn in this session?

Why these  
practices and  
principles exist

The appropriate  
role of your Board

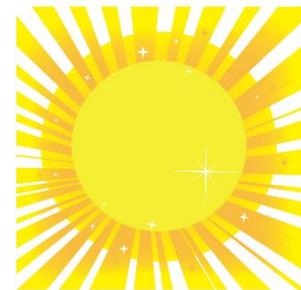
How best practices  
can protect your  
organization – and  
your Board

# Why does it matter?



Protection

Transparency &  
Accountability



To Do the Most  
Good

# In the news...

**Chicago nonprofit investigated for questionable spending** – *Chicago Tribune*, April 2014

**Anti-violence funds paid for salary of another pol's spouse** – *Chicago Sun-Times*, April 2014

**4 Cancer Charities are Accused of Fraud** – *New York Times*,  
May 2015

**Ford Heights mayor's taxpayer-funded nonprofit under investigation** – *Chicago Tribune*, July 2012

**Enron  
(2001)**

**Arthur  
Anderson  
Falls/Big 5  
breaks up  
(2001)**

**Senate  
hearings**

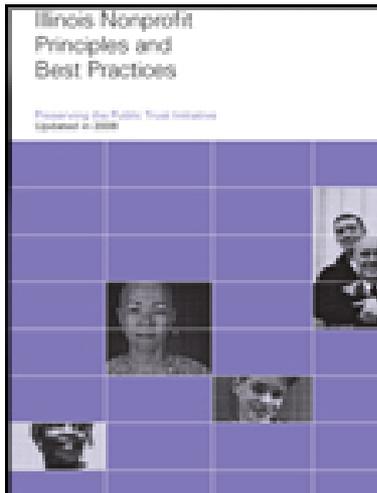
**Sarbanes  
Oxley  
(2002)**

# What the sector learned

If nonprofits don't  
self-regulate...

**...Someone else will.**

# How did the sector respond?



## *Illinois Nonprofit Principles & Best Practices*

- board governance
- legal compliance
- responsible stewardship
- communication issues

# Is your Board on the same page?

- All nonprofits must:
  - Operate for the **public good** (not personal gain)
  - **Comply** with the law
  - Uphold fundamental values like **honesty, integrity, fairness, and trust**
  - **Be RIGOROUSLY ethical** – there should be NO grey areas
  - Be financially **transparent and accountable**
  - Make **appropriate information available** to the public

# Illinois Nonprofit Principles & Best Practices



The organization has a clearly stated charitable or educational mission, approved by the governing body, in pursuit of the public good.

- *Mission and purpose*



The **role, responsibilities, selection, and tenure of the governing body** are clearly stated in the organization's governing and policy documents, **and understood by the governing body members.**

- *Governance*



The governing body ensures that its members are competent and knowledgeable, and **it seeks diverse points of view and experience** as needed to provide credible and effective oversight of all aspects of the organization's work.

# Principles & Best Practices



The governing body **regularly assesses** the organization's mission and the effectiveness of the organization and its leadership in achieving it.



The full membership of the governing body is responsible for the organization, and **each member acts at all times in an ethical manner** and in the best interest of the organization and the public.



The governing body and staff know about and **comply with all federal, state, and local laws, regulations and fiduciary responsibilities.**

- *Legal compliance, fiduciary responsibility and responsible stewardship*

# Principles & Best Practices



The governing body exercises **active oversight of the financial affairs** of the organization and sets policies to ensure that the organization's resources are used appropriately in furtherance of the organization's mission.



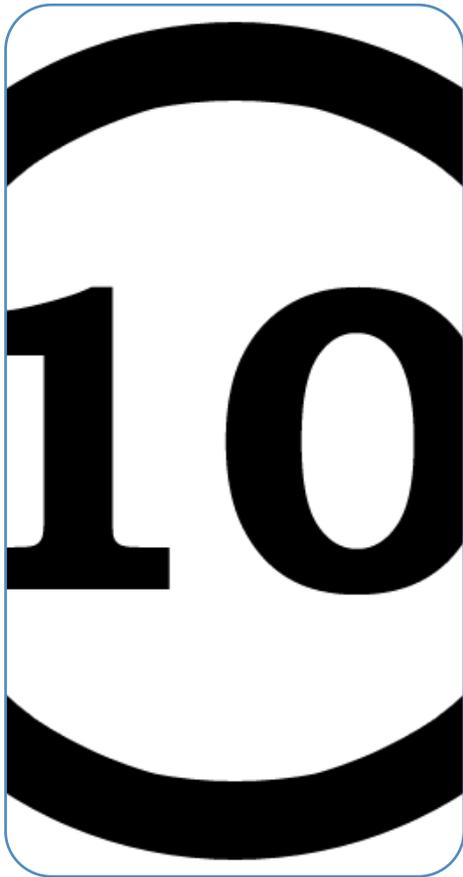
The organization **makes information about its mission, program activities, and finances available to the public** and communicates in a clear and timely manner with those who request information.

- *Communication, Accessibility & Disclosure*



Organizations that raise funds from the public or from donor institutions maintain solicitation policies that reflect the organization's mission and use of solicited funds.

# Principles & Best Practices



Grantmaking organizations establish, follow, and clearly communicate processes for receiving, reviewing, and acting on grant applications and for monitoring and evaluating grants made.

# We encourage you to speak with your Board about these expectations:

- All nonprofits must:
  - Operate for the public good (not personal gain)
  - Comply with the law
  - Uphold fundamental values like honesty, integrity, fairness, and trust
  - Be RIGOROUSLY ethical – there should be NO grey areas
  - Be financially transparent and accountable
  - Make appropriate information available to the public

**(And if you'd like us to help us to help you have this conversation, just let us know!)**

# 3 Messages

**The  
appropriate  
role of your  
Board?**

- To steward the organization so it can meet its mission

**Why do  
these  
principles  
exist?**

- To maintain public trust, transparency and protect our work.

**How do  
best  
practices  
and  
principles  
help you?**

- It helps you comply with the law; it can help with effectiveness & impact; it can help increase support for your organization.

# What are Donors Forum's 10 Strategic Initiatives?

- Funding Real Costs – Private / Government
- Promoting Individual Giving
- Advancing Diversity in Philanthropy
- Advancing Social Enterprise
- Protecting State Budget
- Protecting Charitable Incentives
- Streamlining Government Contracts & Grants
- Demonstrating the Sector's Impact
- Demonstrating Social Return on Investment
- Streamlining Volunteer Background Checks



**Workshops,  
Publications, &  
Resources:  
[donorsforum.org](http://donorsforum.org)**



**Library : 208 S.  
LaSalle, 15<sup>th</sup>  
Floor; Open M-F,  
12-5pm**

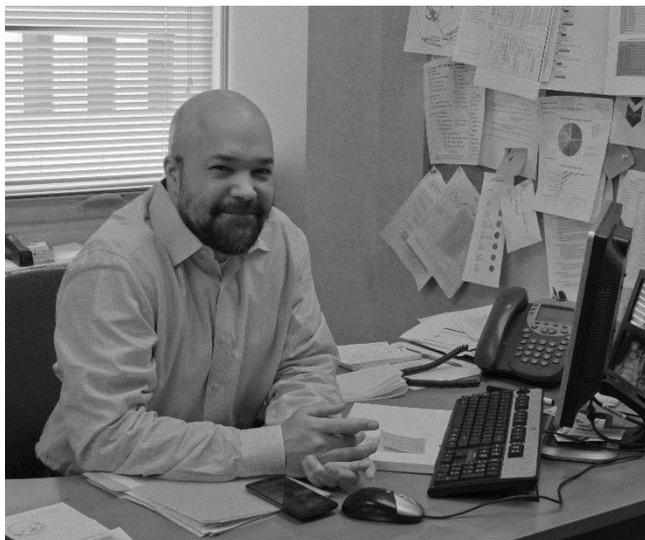


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# Questions

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