



Is It Better Not to Mail in the Summer?

If you don't receive many donations during the summer, should you still mail fundraising requests during those months?

Q. Since the summer months tend to be the lowest donation months for our organization, should we push harder during these months to try and drum up more donations? Or should we slack off and concentrate on the better donor seasons?

*Joyce Pyle
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A. This is obviously an important question, and a common one. The answer isn't so obvious.

There are two overarching factors to take into account in making this decision for your organization:

• **First, it's important that you communicate with your donors year-round**, if only for the sake of good stewardship. Letting your list lie fallow for months on end exposes your organization to the risk that donors will grow less aware of your work, and less interested. You won't be on their minds — as other charities may be.

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• **Second, it's good financial practice to make the best use possible of your available capital.** If you're like most nonprofits, you have a fixed amount of money available for fundraising. The more times you turn over that capital in the course of a year, the higher will be your return on investment (within the limits of prudence, of course). So, even though you may profit

less in the summer months, chances are that you add to the year's overall net profits by sending appeals during the summer. And much the same argument can be made for donor acquisition activities. ■

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How Large a Grant Can You Receive?

Does "tipping" forbid a foundation from making too large a grant to your organization?

Q. I understand that a foundation can't make a grant to a nonprofit if the grant is more than half the nonprofit's budget. For example, if a nonprofit's annual operating budget is \$100,000, a foundation can't make a grant of \$51,000, the theory being that it may be able to exert undue influence and "tip" the nonprofit to do the foundation's bidding? Is this true?

A. This is a piece of urban legend with a little basis in reality, but it's not true. The "tipping" that foundations worried about wasn't getting the grantee to do their bidding (there are lots of ways to do that), but "tipping" the recipient into private foundation status because the recipient didn't meet the public support test for a public charity. To qualify as a public charity as a matter of right, an organization that isn't a church, school, or hospital (or related entity) must receive at least one third of its support from qualified

public sources. It's possible to qualify with as little as 10% public support.

Foundations were concerned that if they gave too large a portion of a nonprofit's budget, they might "tip" the organization out of public charity status and into private foundation status, in which case the grantor would have to exercise expenditure responsibility over any grant. The IRS has lessened the requirements for foundation scrutiny of this issue, and it's almost never a realistic problem today. Some foundations, as a matter of policy, limit the percentage of a budget that they will fund, but it's not based on tipping. ■

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