

CHAPTER & VERSE

The newsletter for fundraising
professionals of the Genesee Valley

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Reporting Fund Raising Costs: Part Two

By Steven Smith, CFRE
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My last column on how some local organizations are not always accurately reporting their fund raising costs had a surprising result: people responded! I know many of you do read Chapter & Verse regularly, but it is rare to have an article prompt readers to contact us for more information and clarification.

While some may have been "concerned" by my strident tone, I am pleased that my blunt language encouraged people to reach out for clarification on how to accurately report their fund raising cost. (Read Steve's original article at www.afpgv.org). As I have responded to inquiries and also reflected on this topic, I have been drawn to some resources and discussions that have expanded my appreciation for how challenging this subject can be.

An example of why this issues matters: In the May 2003 issue of Harvard Business Review, the results of a study by the McKinsey and Company consulting firm are reported. The findings include the assertion that \$100 billion in savings can be achieved in the non-profit sector through a variety of reforms. On the top of the list is the recommendation that fund raising costs be lowered from an average (in this study) of 18% to a range of 5% to 10%. This low range is based on a study the authors completed of 990s from the 200,000 largest charities in the United States that found that their fund raising costs averaged 4.6 percent.

While there are many well-established fund raising efforts that can achieve this level of efficiency, there are many others, especially small organizations that cannot. James Greenfield in his article "Fundraising costs: A game of one-downmanship?" (www.afp.org) explores the increasing trend among non-profits to under report their fundraising costs and the harm it does to us all. He says it best: "We need to take the high road when it comes to costs...We've become almost afraid to talk about fund raising costs because they can be so difficult to explain, but underreporting does nothing to address the issue." He goes on to say "Only when the public becomes aware of what it takes to raise money will they appreciate what we do and be less wary of helping us defray expenses."

All of us need to talk about fund raising costs more. We also need to learn more about acceptable standards and practice. In addition to the sources cited in this story I would recommend that you explore AFP's website for other articles and resources. One of the best books written on the topic is "Fund-Raising Cost Effectiveness: A Self-Assessment Workbook" by James M. Greenfield (Part of the AFP Wiley Fund Development Series).

We all gain when the public, our donors and our Boards grow to understand the complexities and variability of costs. Tell them the truth, it will help all of us advance philanthropy! ■

The AFP Executive Job Referral Service

If your organization is looking to hire a well-trained professional for a development position, the AFP Genesee Valley Chapter Executive Referral Service is an important recruiting tool. Where else can you reach such a targeted market at a very reasonable cost and in a timely way?

The service provides emailed job listings available to all AFP members. Call the office at (585) 586-7810 or visit afpgv.org for the position listing form. The form is easy to complete on-line. The Executive Referral Service can help your organization with job fulfillment. Furthermore, fundraisers who have been successful in their job search as a result of the referral service will be good ambassadors for AFP. ■

Cuba – A Transformational Journey!

By John P. Gleason, CFRE
President, E.D.A./Gleason
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D. H. Lawrence once wrote that more than anything else, humans fear a new experience. New ideas can be easily dealt with in that they can be rationalized and be explained in relation to old ideas but the new experience negates old experiences and are more often than not-- transformative. I believe that most of the 51 members of the AFP Delegation to Cuba found our visit to be a transformative experience. Our host at the Evangelical Theological Seminary in Matanzas Cuba may have summed it up best when he said that Heaven exists neither in socialism nor in Miami!

The tour was provided by People to People Ambassador Programs, a not-for-profit organization based in Spokane, Washington dedicated to fostering understanding among different peoples of the world. This particular tour was exclusively for AFP members and was lead by Ron Carroll CFRE, Executive Director for the National Capital Area Council, Boy Scouts of America in Washington D.C. Members of the delegation had to be in fundraising for at least 10 years and hold a CFRE. Some guests included spouses and board members.

Ostensibly, the itinerary included visits to institutions that were comparable to not-for-profit institutions in the United States. Of course there were also obligatory visits to a cigar factory, rum factory, historic Old Havana and a day at the pristine beaches of Valadero and an evening at the world famous Tropicana Nightclub! All of these were of course, absolutely necessary to round out our understanding of Cuban culture. ;)

Are institutions in Cuba comparable to our not-for-profit sector? Not exactly. We were reminded that the uniquely American volunteer sector which enthralled Alexis deTocqueville more than 170 years ago remains, for the most part, uniquely American. There are, however many similar organizations which serve social needs. As in many nations, these are operated by the government. Among the organizations visited were a rural community ecological research center, maternity hospital, museums, The Federation of Cuban Women, and the Union of Jurists of Cuba (Bar Association). There were also three true not-for-profits on the schedule; The Evangelical and Theological Seminary of Matanzas, The Ludwig Foundation

which fosters the arts in Cuba, and Asilo de Paula, a retirement home for elderly women which is operated by the Daughters of Charity, a Roman Catholic Order which also founded and operated our own St. Mary's Hospital in downtown Rochester.

As one would expect from governmental organizations, there lacked the enthusiastic

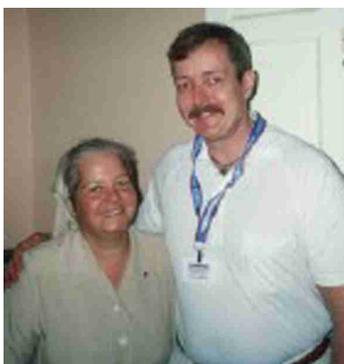
dedication and "energy" that one finds in most of our not-for-profits which emanates from the donors and workers who are dedicated to a cause. This "energy" was readily apparent in the last three organizations. In fact, members of the delegation were so touched by the good work of the Daughters of Charity that we hastily organized a capital campaign for them on the bus back to the hotel and raised more than \$30,000 in pledges for their building fund. Later The Seton Foundation in San Francisco matched these gifts! This, of course, proves that "you can take a fundraiser out of the country but you can't take the fun out of a fundraiser" (or something like that).

As an aside, I never felt safer on an airplane as I did on the flight out of Havana. I was certain that the Good Lord would never let a plane full of unfulfilled pledges to the nuns go down!

We were exposed to an ubiquitous national volunteer organization called the CDR; The Committee for the Defense of the Revolution. These are regional or neighborhood groups of citizens that canvass the area to organize blood drives and make sure that all children have been immunized. They also assure that families with two working parents have adequate day care coverage for children. A good model for grassroots organization? Not exactly. It became obvious to us at their block party that not everyone wanted to be there and that a major objective of this organization was to "spy" on their fellow citizens on behalf of the totalitarian regime.

Speaking of totalitarian regimes, people must really hate Castro. Right? Not exactly. While there are obviously many detractors and opponents, he does have his supporters. The United Nations and World Health Organization indicate that Cuba has become the second most advanced Latin American nation behind Argentina in terms of literacy, nutrition and health care. This is a far cry from the condition of the country prior to the 1958 revolution when most children were infected with parasites and education was beyond the reach of the vast majority of citizens.

Interestingly enough Castro is, for the most part, completely below the radar screen. Not exactly what we expected from a totalitarian dictatorship. We saw little evidence of him. Almost all monuments,



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schools, airports, streets and other honors were reserved for the 19th Century Revolutionary; Jose Marte and the 20th Century hero Che Guevara.



While the tour was “sanctioned” by the government we could not help but encounter the “real Cuba” on several occasions. My opportunity occurred one night when I “escaped” into the steamiest crowded ghetto one could imagine to meet a contact arranged for me by a mutual friend in the States. He took me

through the crowded streets to see his home and meet his family. The poverty was striking but so was the sense of safety that I felt in the street and the hospitality that I encountered in his one-room home. This was for me the “transformational experience”. Not because of what I came to learn about life in Cuba but rather because of what I came to realize about life in America! These people had nothing but generously shared what they had. I was also struck by how erudite they were. Almost all were well educated, many professionally, well traveled and multi lingual! Though life is very hard there they have strong social connections with family and friends. They are a joyful people who are in love with life and are constantly surrounded by music!

What the people of Cuba lack in economic wealth they more than compensate in social capital. How different this is from our country where increasingly we find ourselves experiencing the “poverty of affluence”. We seek bigger houses on bigger lots that result in greater privacy and greater social isolation. These children had nothing extra to eat but they had Grandma next door (or in the next room) rather than three states away! I finally understood what Mother Teresa meant when she spoke to us at Niagara University in the mid 1980s and said “The leprosy of America is loneliness.” She went on to say that the United States was one of the poorest nations that she had visited.

Ever since returning from Cuba I have been thinking of Mother Teresa’s words and I have noticed how worn out so many of us seem. We are over-fed, over-worked, over-scheduled, over-shopped and over-stimulated. Interestingly enough, the greatest lessons that I learned from this journey were lessons about my own society and



life style. I came away with a resolution to worry less, enjoy life more and give more thanks for what I have than attention to amassing more. In this sense the trip to Cuba was a transformational experience. I can’t wait to go back! ■

2003 Everymember Campaign is Underway

By Donna Pritchard
Campaign Chair

The updated 2003 Everymember Campaign report for our chapter indicates we have already reached \$7,085 in campaign pledges towards our \$11,600 goal. The following members, with 100% AFP board participation, have made that happen:

Jeffrey Barhite
Joan Belgiorno
Colleen Brade
Arlene Bullers
Susie Cohen
Ira Cooperman
Carol Demoulin
Beverly Gainas
John Gleason
Kim Hinckley
Lou Katz
David Kelly
Carolyn Kourofsky
Jane LeBlanc
Judy Lemoncelli
Elaine Lotto

Sara Neimeyer
Michael O’Neal
Kathleen Pavelka
Mark Peterson
Jill Pranger
Bill Pritchard
Donna Pritchard
Gerianne Puskas
Deb Salmon
Ellen Scalzo
Tracy Schleyer
Bradley Schreiber
Patricia Schwarzweiler
Steve Smith
Pamela White

Please make your pledge today by calling me or the AFP office. Every gift helps us provide significant programs and services to our colleagues as we meet our philanthropic goals – touching the lives of thousands in our community. Thank you!! ■

Save the Date

Registrations are streaming in for the Great Lakes Regional Fundraising Conference on October 3. To date, most attendees are signing up for the William Sturtevant session and registration forms are coming in from Toronto, Buffalo, Utica, Ithaca, Syracuse and Rochester. Sponsor and exhibitor space is almost at capacity with a few more businesses making final decisions. All AFPGV Board members and committee chairs are asked to send in their registrations as soon as possible. ■

Credit Card Payments

Now you can register and pay for all AFP events using your credit card. Our updated web site (www.afpgv.org) lets you register for all events, including the conference and luncheon programs, and pay for them online. Four major cards (Visa, Mastercard, American Express and Discover) are accepted. Save yourself time and money and use our web site for all your registrations! ■

A Letter to *Mythical Ethical*

Dear Myth Ethical,

We received a gift of \$100,000 from two brothers who asked that it be used to update our conference room. After the work is completed they would like the conference room named The Joanne Beresford Room in honor of their mother. Our Finance Committee maintains that we only need \$25,000 to update the conference room, and they want to spend the remaining \$75,000 on programs. Is this OK?

Signed, Grateful for Gift

Dear Grateful,

If the brothers designated their gift to your organization for the conference room your organization must use it exclusively for that purpose. So go ahead and spend the \$25,000 to make the updates. Now what to do with the remaining \$75,000? Ask your Finance Committee to calculate how much it will cost to clean and maintain the conference room for the next 100 years; include painting the walls, re-carpeting, new furnishings, etc. The remaining funds from the gift should be put into a quasi-endowment to support those maintenance costs. That way, when the great-great-great-grandson of Joanne Beresford comes to visit your conference room, they'll be as proud and pleased as your donors are today.

Signed, Myth Ethical

To contact Myth Ethical, send e-mail to: DanforthDev@aol.com

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