

# Philanthropic Foundations

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\* Note: The user is assumed to already have an operating budget and fundraising plan for his/her organization.

## 1 OVERVIEW

Philanthropic foundations, or simply “**foundations**”, are non-profit, non-governmental organizations (NGOs) with principal funds established by wealthy individuals, groups, or corporations to make grants to charitable organizations. Foundations are managed by their own trustees or directors. Some such entities use the term “trust” or “fund” rather than “foundation” in their names, such as Pew Charitable Trusts. Also, some organizations that are called “foundations”, such as the National Parks Foundation, are not philanthropic foundations. Rather, they raise money to carry out their own programs. Since these terms can cause confusion, it is important to research the foundation one is considering through a directory or the Internet.

A number of foundations grant funds for the purpose of environmental conservation at the international level; most are based in the United States. It is essential to partner with a conservation organization in the country of the prospective foundation in order to gain entrée. In fact, some U.S. foundations can only fund NGOs registered in the U.S.

Foundations have specific missions and interests, and sometimes geographical focuses. Grant application procedures often specify what types of organizations may be considered for funding. It is most effective to apply for a grant to a foundation whose mission is closely aligned with that of one's own organization. In any case, the request for funding, or **proposal**, should be tailored to the guidelines of the specific foundation. Some foundations do not accept a formal proposal until they receive a letter of inquiry from the applicant. One should pay close attention to the prospective foundation's application process and deadlines.

Foundations generally do not fund operational, overhead or recurring costs. A proposal for a specific project or activity with clear goals and objectives is more likely to be successful than a general proposal that solicits funds for continuing operations of the organization. In addition, foundations are a good source for start-up funding of new initiatives and tend to be interested in the future self-sustainability of a program. They also tend to prefer to fund activities that benefit stakeholders in the proposed project area.

Without establishing credibility for one's organization with the prospective foundation, there is no chance of receiving funding. The applicant organization must demonstrate financial solidarity and accountability. When working with a foundation for the first time, it is useful to approach the officers through a member of the Board of Directors of one's organization, especially if there is a “connection”. Collaborating with a partner organization that already has a effective relationship with the foundation can help establish credibility.

It is appropriate to apply for a grant from a foundation if the funding needs of one's organization can be foreseen well in advance; it can take two years from the time of first contact to the time when a check actually arrives. Competition from other potential grantees is intense. A key point to remember when formulating a foundations fundraising plan is “not to put all your eggs in one basket”. Assuming that significant time has been invested in preparing a good proposal, it makes sense to identify several foundations that will consider it. The proposal should then be individualized to every foundation that receives it. Once a grant has been made, (as with any other donor) it needs to be acknowledged, the foundation should be thanked, and its officers should be kept involved.

## 2 PROPOSAL GUIDELINES

A successful proposal is one that gets funded. A well-written proposal will not achieve its purpose unless the potential donor is properly researched and **cultivated** and the proposal is tailored to the donor's specific application guidelines. An ineffective strategy is to request funding for a project that does not fit the mission of one's organization just because it fits the foundation's mission.

If an organizational strategic plan is not available, one can write a comprehensive proposal or **case statement** that portrays all of the projected activities of the organization for a period of one to three years. This statement can also be useful in the cultivation process when one is unsure of a foundation's particular areas of interest. The case statement can be presented as a "menu" of activities to the donor. However, a request for funding of a specific project will always have to be prepared, including details about how the applicant proposes to spend the grant money.

It is useful to prepare a general proposal for a project, which should then be adapted to each foundation's organizational mission and guidelines. The proposal should be personally addressed to the individual recipient in the foundation. Some grant-makers do not accept written, formal proposals until an initial letter of inquiry has been reviewed or a two-page proposal summary has been submitted. Unsolicited proposals do not tend to be as effective as those that follow the steps of the fundraising methodology (see Section 4).

A circumstance could arise where the applicant organization receives adequate funding from one or more grant-makers while the proposal for the same activity is still being considered by other grant-makers. It is imperative that the other grant-makers are promptly informed that their funds will not be necessary for that specific project so these donors can allocate their funds to other deserving applicants.

### 3 STRENGTHS AND WEAKNESSES OF PHILANTHROPIC FOUNDATIONS

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Relatively clear application procedures</li> <li>• Straightforward grants accounting</li> <li>• Good source of revenue for start-up activities or specific projects (1 – 3 years)</li> <li>• Purpose of foundation is philanthropy – less awkwardness for fundraiser to ask for gift</li> <li>• Relatively easy to determine programmatic interests through research</li> <li>• Information publicly available due to non-profit status of donor</li> <li>• Competition is limited to charitable organizations (NGOs)</li> </ul>	<ul style="list-style-type: none"> <li>• Not a strong source for recurrent funding</li> <li>• Not a strong source for management and administrative expenses</li> <li>• Significant time spent on proposals that do not get funded due to intense competition</li> <li>• Proposals must be written in language of foundation's country</li> <li>• Potentially lengthy process</li> <li>• Amount of grant funds can fluctuate significantly depending on foundation's investment portfolio</li> </ul>

## 4 SUCCESS FACTORS

- **Transparent accounting** procedures and audited financial records
- **Clear mission and strategic plan**
- **Demonstrable results** from past projects
- Well-thought-out **fundraising plan** required
- **Alignment of interests** of foundation with grant applicant's organization
- **Other funding sources** available for operational expenses
- **Specific project or activity** is theme of proposal
- **Researching and cultivating** foundation
- Applying to **several foundations** and **tailoring** proposal to each one
- Preparing **effective materials** (such as annual report and case statement)
- Outlining in **detailed budget** projected expenses of activity to be funded
- **Demonstrated support** of project by head of applicant organization
- **Additional value** provided by project at local, national, or international level
- **Involvement of stakeholders** and beneficiaries in local project area a plus
- **Partnership with conservation NGO** in country of prospective foundation a plus

## 5 STEP-BY-STEP METHODOLOGY

### 5.1 STEPS FOR SUCCESSFUL FUNDRAISING

(From *Resources for Success*)

1. **Planning:** Determine your funding needs.
2. **Identification:** Make a prospect list.
3. **Proposal:** Write your basic proposal.
4. **Research:** Know your prospective donors.
5. **Visit:** Cultivate prospective donors.
6. **The Request:** Ask for a gift.
7. **Acknowledgements and Gift Processing:** Thank your donors.
8. **Grant Tracking and Reporting:** Keep your donors involved.

### 5.2 PROCEDURE FOR MAKING A FOUNDATION REQUEST

(Adapted from *Resources for Success*)

1. Research the foundation and its interests (see Resources section).
2. Write a brief letter to the appropriate foundation official and ask the extent (if any) of the foundation's interest in your programs.
3. You may choose to follow up your initial letter with a telephone call or personal visit to the foundation. Personal contact can help ensure your request will "stand out from the crowd" of organizations requesting funding. However, do not make the mistake of using personal contact to take the place of a clear, concise, well-thought-out proposal. International travel for donor contact is an extremely expensive venture. If you plan to visit a donor, write or telephone first to make sure that the donor is willing to see you and the visit will be beneficial to both parties. Then, before you go, review the points you wish to make in the discussion:

- State the purpose of your visit and the request. Describe the project for which a grant is requested. Suggest how the project might fit in with the recent philanthropic interests of the foundation.
  - Justify the amount requested.
  - Outline the benefits or values your project will produce; state its current relevance, significance, urgency, and need.
  - Show why your institution is well-qualified to undertake such a project. Bring supporting materials such as annual reports, pictures, and brochures of successful projects.
  - Describe how the project has been carefully planned for soundness and effectiveness; and, if pertinent, state by whom it was planned.
  - Take along your case statement or plan document.
  - Explain the qualifications of the person who will administer the project. Foundations most often give to qualified people.
  - Promise to keep the foundation appropriately informed about the use of any grant it may make. In fact, the points you want to make in your meeting are more or less the same as what you will write in your proposal. As you prepare for your meeting, keep in mind: Do not do all the talking yourself – listen. Ask questions. Find out what interests the donor has and what experiences he/ she can contribute. Let the donor set the tone and style.
4. Write your formal proposal.

## 6 RESOURCES

### 6.1 Bibliographic references

- Krit, Robert L.. (1993) "The Fund-Raising Handbook." Society for Nonprofit Organizations. Dubuque, Iowa.
- Bath, Paquita – Editor (1993). "Resources for Success: A Manual for Conservation Organizations in Latin America and the Caribbean." The Nature Conservancy. Arlington.
- Curtis, R. and Vanzella-Khouri, A. (2001) "Funding Protected Areas in the Wider Caribbean: A Guide for Managers and Conservation Organizations." The Nature Conservancy and UNEP Caribbean Environment Programme. Arlington.
- Philips, Adrian – Series Editor (2000) "Financing Protected Areas: Guidelines for Protected Area Managers.: IUCN and Cardiff University. Gland.

### 6.2 Web sites

- The Foundation Center:  
<http://www.foundationcenter.org/>
- Synergos Institute Foundations Database (currently for Latin America; Southeast Asia and Southern Africa to come):  
<http://www.synergos.org/globalphilanthropy/database/>

### 6.3 Directories

- Environmental Grantmaking Foundations:  
<http://www.environmentalgrants.com/>
- The Foundation Center's Funding Directories and Databases by Subject:  
[http://fdncenter.org/marketplace/catalog/category\\_subject.jhtml?id=cat10012](http://fdncenter.org/marketplace/catalog/category_subject.jhtml?id=cat10012)

### 6.4 Tools

[Selected environmental grantmaking overview table \(click here to link to Excel file\)](#)  
[Proposal tracking table \(click here to link to Excel file\)](#)

## 6.5 Sample documents

Sample budget (Adapted from *Resources for Success – Page VII-5*)

[Click here to link to Sample Budget](#)

**SAMPLE BUDGET****Green & Blue Protected Area Project 2001 - 2003 Budget  
Equipping park guards for management and protection**

	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>TOTAL</b>
Project director				
Salary	18,000	20,000	22,000	60,000
Benefits	3,000	3,500	4,000	10,500
Subtotal	21,000	23,500	26,000	70,500
Preparation of map/ guide:				
editorial consultant (2 mos. At \$300/ mo.)	600	-	-	600
artist fees	200	-	-	200
printing copies (1,000)	500	-	500	1,000
Subtotal	1,300	-	500	1,800
Office supplies for park headquarters staff:				
computer	2,000	-	-	2,000
printer	1,000	-	-	1,000
computer supplies	200	200	200	600
2 desks	300	-	-	300
3 file cabinets	225	-	-	225
Subtotal	3,725	200	200	4,125
Field equipment for park guards (6):				
2 tents	100	-	-	100
6 sleeping bags	435	-	-	435
6 pairs of boots	180	-	180	360
6 rain ponchos	100	-	-	100
6 backpacks	225	-	-	225
Subtotal	1,040	-	180	1,220
Trail construction/ transport for volunteer crews:				
at .30/ mile	225	300	250	775
lunches (30)	100	100	100	300
materials for construction of trail markers	300	200	200	700
Subtotal	625	600	550	1,775
One four-wheel drive truck for use by project manager and park guards	25,000	-	-	25,000
Maintenance	500	1,000	1,000	2,500
Subtotal	25,500	1,000	1,000	27,500
Research: Four fellowships of three months to students at national university for park field work	4,000	4,000	4,000	12,000
Subtotal	4,000	4,000	4,000	12,000
Community outreach: two workshops (20 people)				
Staff travel	1,000	1,000	1,000	3,000
Materials	150	150	150	450
Printing/ mailing	100	100	100	300
Subtotal	1,250	1,250	1,250	3,750
Training for staff on XYZ, San Jose, Puerto Rico	1,400	-	-	1,400
Subscriptions	100	100	100	300
Subtotal	1,500	100	100	1,700
Project evaluation consultant fee	-	-	1,000	1,000
<b>TOTAL</b>	<b>59,940</b>	<b>30,650</b>	<b>34,780</b>	<b>125,370</b>