

# Opinion



Shared goals

## Collaboration becoming a capital idea

While our government is engaged in a revolution that is rewriting the social contract, two of the other major parties to that contract - nonprofits and business - are looking for ways to do a better job. In the process, many organizations in both sectors are finding they can be more effective by learning from and working with one another.

The growing collaboration between nonprofits and business brings together two sectors that have different missions and constituencies.

Nonprofits traditionally have been America's social entrepreneurs. They identify community problems and find ways to solve them.

Businesspeople traditionally have been America's commercial entrepreneurs. Their goal is to create wealth and jobs by identifying

needs and creating products and services to meet them.

Today, with government cutting spending for social programs, nonprofits and business find their paths converging. Nonprofits are becoming even more enterprising in their search for solutions to our deepest problems - and for the resources to make those solutions work.

And businesses, faced with the information revolution and intense global competition, are finding that good corporate citizenship can improve the bottom line.

Many nonprofits are becoming more businesslike in running their operations. They are trying to become more innovative and aggressive about securing resources they need to get the job done. And they are becoming less resis-

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tant to the idea of marketing themselves through sophisticated public relations and sales techniques.

At the same time, many businesses are becoming more organized and focused in their philanthropy. Companies, for example, are targeting their support to particular causes, such as the public schools. Businesses are encouraging more employee voluntarism and finding ways to contribute their products, services and expertise to nonprofits.

And many companies are asking grant recipients to predict the impact that they expect corporate support to have and to work together in order to be better stewards of the support they receive.

Indeed, some companies are integrating

their philanthropy more directly into their marketing, tying their giving directly to their corporate mission.

The nonprofit and for-profit sectors have much to gain from working together even more closely. Nonprofits can benefit from the resources and techniques of business. And businesses can benefit from better serving the communities from which they draw their workers and look for their customers.

Business will never be philanthropy, although it certainly creates philanthropists. And philanthropy will never be business. But the two sectors can learn from one another and work together for the common good of the communities they both serve.

A debate over giving

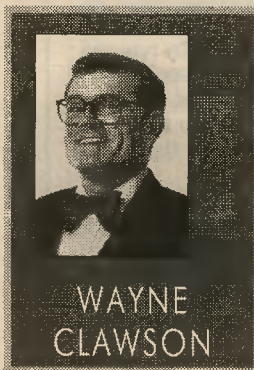
## Charitable gift annuities attacked

*Editor's note: When the Philanthropy Journal went to press, the U.S. House had unanimously passed the Charitable Gift Annuity Antitrust Relief Act and the Philanthropy Protection Act - both designed to protect charities from lawsuits arising from investment practices. The lawsuit mentioned in this column was filed by the heirs of a Texas widow who had contributed \$800,000 in a gift annuity to the Lutheran Foundation of Texas. The heirs contend that the charity violated antitrust laws by conspiring to provide a lower rate of return on the gift annuity.*

If it looks like a gift - money or property passing to the control of a recognized charity - and it acts like a gift - the Internal Revenue Service recognizes it as legitimate and has tables and formulas for calculating the proper tax deduction - then what is it?

It's an investment. Or so say some disgruntled individuals in Texas regarding one of the

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oldest and most widely-accepted forms of charitable giving in the U.S.

The charitable gift annuity has existed in this country for over a century. It is a simple contract wherein a charity agrees to return investment income to a donor in return for a charitable gift.

The income is payable during the donor's lifetime and is based upon a negotiated percentage of the value of the original gift. The income stream is secured by the assets of the charity. The value of the future interest to the charity - determined by a simple calculation - is a tax-deductible item on the donor's federal income tax return.

Annuity agreements have served both charities and donors well over the years. Donors secure tax deductions and the satisfaction of supporting the work of their favorite charities while reserving income for their lifetime needs. Charities gain irrevocable commitments for the support of their missions and - unlike the case of charitable bequests - are privileged to be able to appropriately express their appreciation to living donors.

Although it is believed that charitable annu-

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A potential partner

## State should tap black colleges

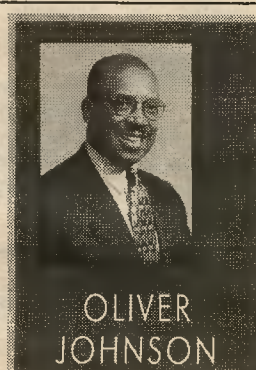
When poet, lyricist and novelist James Weldon Johnson wrote "Lift Every Voice and Sing," he composed a song of hope for all people who rise up from struggle or disadvantage.

Still, every voice does not rise up and sing in our state today. We know that blacks earn much less than whites, that women earn less than men and that occupational segregation by gender is extremely high in North Carolina.

The imperative to achieve the full economic participation of all the state's residents is compelling. By the year 2010, the majority of youth under the age of 18 in this state will be black and Latino.

At the same time, North Carolina faces a looming shortage of teachers and skilled labor. Blacks and Latinos constitute a growing percentage of the labor force from which those technical specialists must come. By 2000, two-thirds of new entrants to the labor force will be female and over 42 percent will be minority or

*Oliver Johnson is executive vice president of the North Carolina Child Advocacy Institute. This article is excerpted from a recent presentation to a conference in Raleigh on funding resources for children sponsored by the state Youth Advocacy and Involvement Office.*



OLIVER JOHNSON

immigrant.

It is no exaggeration to say that our futures are bound together, white and black, male and female, native-born and immigrant.

North Carolina has a unique set of assets. It is home to 11 historically black colleges and universities. These institutions are an invaluable resource that can make a huge contribution to the preparation of a healthy and educated workforce. With limited financial resources and facing challenging odds, historically black schools have made great strides in building competitive academic programs in education, engineering, business, mathematics and computer sciences.

North Carolina's future economic health is dependent on more historically black schools being counted among the state's major research institutions and producers of talented graduates. This state has a responsibility to maintain a strong network among its varied institutions of higher education and to ensure that these institutions have "real world" connections to the state economy.

Given the crucial role of historically black schools in educating blacks - as well as their

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Hard-working courtship

## Donors, charities find common ground

### ABOUT CHANGE

When I was a kid, I liked to watch a television series about a fictional millionaire who helped people in need. Each week, the show told the tale of a different person's plight. At the close of each show, the millionaire's hand was seen signing a check that, I imagined, would ease the recipient's suffering.

I was reminded of the almost magical powers I had attributed to the TV millionaire when I learned last month that Massachusetts businessman Peter Nicholas was giving \$20 million to Duke University.

Philanthropy does indeed seem to involve a mystical transaction in which resources with the power to heal and repair move from the donor to the needy. With the mere stroke of a pen, a wealthy industrialist can inject millions of dollars into charity and, with proper aim, can have a huge impact. The gift to Duke, for example, will support interdisciplinary environmental education and research that will bear fruit for generations.

It is natural to daydream about the impact that a major gift might have were it to be divvied up among the myriad small nonprofit organiza-

tions for which simply surviving can be a constant struggle.

The biggest gifts from the wealthiest philanthropists and foundations tend to be directed to large and already healthy institutions, particularly colleges, universities and hospitals. That tendency is understandable: Clearly, large institutions share with small organizations the need for a steady stream of support to pay the bills and expand the good that they do. Unlike small organizations, though, the big institutions are engaged in the work of teaching, research and public service whose reach and impact can be enormous.

The reality, though, is that any gift is important to the recipient and to the people the gift is intended to serve. Philanthropy that proceeds slowly and with tiny steps can have significant impact. A small gift can go a long way for a small organization. A volunteer performing a simple act of kindness and caring can make a world of difference to a person in pain.

What's more, the small gift can take as much work for the small organization to secure as can the large gift for the large organization. The \$20 million gift is not likely to go to the food pantry or hospice, but they, like Duke, work hard for the support they do receive.

Fundraising is slow and painstaking. Cultivating a donor can take years for any organization. The goal is to engage the donor in the mission and activities of the organization, and fashion a gift that will do the most good for the recipient and meet the interests of the donor. And the impact of any gift always is relative to the size of the gift and the organization involved.

It's rare in real life that the assistant to a millionaire shows up on your doorstep with a fat check just when you need it most, although such philanthropy does happen. More common is the courtship of nonprofit and donor in which each partner invests the hard work and compassion most likely to produce a marriage that will endure and make a difference.

Todd Cohen