

Firm brokers unpaid bills for charity

A Raleigh firm is acting as a broker for an Oklahoma City company that aims to help nonprofits secure corporate contributions in the form of unpaid bills owed to corporations.

Raleigh-based American Diversified Funding, the broker, has hooked up with Heritage Financial Services Inc. in Oklahoma City. Heritage, which buys and sells nonperforming assets, or unpaid accounts receivable, has begun a new service that helps corporations contribute their nonperforming assets to nonprofits after writing those assets off. The nonprofits sell the nonperforming assets to Heritage.

American Diversified Funding works to match nonprofits with Heritage.

Judy Dalton, vice president of American Diversified Funding, says that uncollected corporate debt, once it is written off, is worth little to the corporation but can be of great value to nonprofits.

Call Dalton at (919) 870-7883.

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profits to the point where joining trade associations is no longer feasible.

"We're just pedaling as fast as we can," she says. "We've just got more going on than we can say grace over."

Stacey Todd, a spokeswoman for Virginia-based NSFRE, says the national organization did a pilot study of the effects of a two-tiered dues structure that offered lower charges to small, grassroots organizations.

"But the outcomes really showed that grassroots organizations — even with reduced dues — did not join," she says. "So based on the number of new members we did receive, the board voted against a reduced dues structure."

The NSFRE now has about 18,000 members in the U.S. who pay \$185 in annual dues and whatever added fees their local chapters charge. Although the NSFRE does not offer lower dues to small organizations, it does offer a reduced rate of \$68 annually to people who are just getting started in the fundraising field, Todd says.

As for the Wilmington NSFRE chapter, members and supporters are not sure about its future.

"There is no plan for transition or new people coming on in 1997," Griggs says. "The dues-paying members who are left are going to have to wrestle with that."

Despite the difficulty of attracting new members, Lineberger says, it's possible that the coastal chapter will be revitalized at some point. The chapter was scheduled to hold its annual Philanthropy Awards ceremony honoring local nonprofit fundraisers last month.

Other North Carolina chapters of the NSFRE operate in Asheville, Boone, Charlotte, the Triangle and the Triad. For information about the association, call (703) 684-0410.

Have a story idea?



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WEB

CONTINUED FROM PAGE 1

nal business plan," says Fox. "I want to make sure they have the chance to participate in developing a solid plan for the future of Charlotte's Web."

When the *Philanthropy Journal* went to press, the fate of Charlotte's Web had not been decided. But supporters were optimistic they could incorporate the service as a nonprofit and secure the financing needed to retain its independence.

The evolution of Charlotte's Web offers a glimpse into the organizational and financial challenges that nonprofits can face. Here's what happened:

To launch the local online service, Mecklenburg County secured a \$950,000 grant from the U.S. Department of Commerce. The grant, however, expired last Oct. 1 and, in November, the county-funded library agreed to help fund and staff the service.

In all, the county has invested more than \$1.4 million in equipment and employees since Charlotte's Web was launched in 1994.

The service has received high marks for making the Internet accessible to local organizations. But Charlotte's Web did not incorporate itself, did not create a board of directors and did not develop a plan for long-term funding.

Snow recently did present the county with a business plan for continuation of the service. But county officials say it failed to show how the service would support itself financially.

"There was insufficient success in securing grants at the time that would allow it to survive, but the desire was there," says county spokesman John McGillicuddy.

Snow initially declined to comment. He later responded by email to questions posted publicly to an email dis-

ussion group.

County control never was the vision for Charlotte's Web, Snow says, and he and other employees of the service never considered themselves employees of the county library — even though it paid some of their salaries.

"My personal naiveté put us in this position," he says. "When we got the initial grant, I was told not to worry, that everything would be fine; we could just use the library's umbrella for deductibility and things would work out. Right. To that, I say now: 'I will always get paper for every dealing with government.'"

Snow says he attempted to convert the service into a nonprofit one year ago, but that the county repeatedly put off his requests to meet about the option.

By the end of the year, he says, Fox had warmed to the idea of nonprofit status for Charlotte's Web, so Snow created a business plan that included a request for county support, which was rejected.

That is when Fox issued his initial ruling to merge Charlotte's Web into county government. Then, in the face of protest by supporters, Fox gave the group until May 1 to submit a new plan.

An emergency board now has been created by a group of 10 interested volunteers. If the board cannot develop an acceptable plan to make Charlotte's Web financially independent, the county will take over the service July 1.

The volunteers say the plan will call for incorporating the service as a nonprofit and will spell out how the organization will secure the financing it needs.

Snow says Charlotte's Web so far has obtained grant support by subcontracting through other organizations. This includes a \$900,000, three-year grant that the service shared with Central Piedmont Community College.

Charlotte's Web will begin seeking

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— Steve Snow
Charlotte's Web

grants once it obtains its nonprofit status, but Snow says grants eventually will make up less than half its revenues.

"We intend to focus on strong projects/applications where we hope we can bring new value or added value to communities and community networks."

In April, board members divvied up the tasks associated with forming a nonprofit. Chair Robbi Meador of Aardvark Computer Consulting is writing the bylaws, and Frank Croke of Soundview Communications is working on finances. The group also has

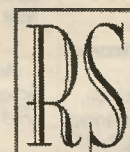
obtained pro-bono legal and accounting professionals to help with the incorporation and application for tax-exempt status.

Croke says it may be tough to convert Charlotte's Web into a financially secure nonprofit organization by July 1. But he says a good faith effort that is making solid progress toward that goal may be enough to satisfy county officials.

"We have to show them enough," he says, "so they feel its worthwhile."

The group's Web address is www.charweb.org.

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