

## Supporting Unsung Organizations ©

Matthew Schuerman , CFA

The charities in almost any community that attract the biggest donations tend to be the familiar ones: the university, the children's hospital or local chapters of the Boy Scouts. There are good reasons to support these institutions, but some individual donors feel that the less money they have to give away, the more sense it makes to give to organizations with a lower profile.

That's because a few thousand dollars can make or break a small nonprofit's budget, enabling a new program to begin or an existing one to continue. In return, the donors often get a much closer tie with the organization and its staff, and the emotional reward of feeling like they have made a bigger impact than if they had contributed to a larger or more well-known organization.

"The reality is, there is so much need out there, you have to be thoughtful about what you support," says Lee Everding, a social worker and member of a prominent family in Denver. Her three donor advised funds at The Denver Foundation have supported a number of small causes, including a scholarship program for international students and an interfaith lecture series at a local seminary. "These places I support, I know they really count on my money to survive."

### Why Support Unsung Organizations?

Philanthropy often has a snowball effect: a large charity has a broad reach that will attract donations, which in turn make it larger and able to attract even more money. Everding says other members of her family tend to give to the big charities in Denver- large part because they have personal ties there. Everding became interested in lesser-known organizations when she was a trustee of the community foundation a few years ago and became exposed to the variety of Denver's nonprofit sector.

Giving to unsung organizations requires more commitment than supporting big-name charities, but it doesn't need to be intimidating. The most important part is for a donor to know what sort of activity he is interested in, be it arts classes for young people or a job training program for the disabled. Donor services departments at community foundations will be able to share names of nonprofits that they have already investigated and found to be trustworthy, but donors also need to be willing to do research on their own.

One way to reduce the footwork is to network, perhaps through a donors circle. Deborah McManus, a donor at The New York Community Trust, co-founded a circle that is entirely dedicated to funding young nonprofits. Each of the approximately 25 members, all donors at the foundation, contributes \$5,000 to a kitty each year and then recommends between six and ten grants a year to organizations that members research and nominate.

"When we all looked at each other for the first time," McManus says, "someone said, 'Won't we get lost

if we give to big things? We're a little group. Shouldn't we give to little organizations?"

Because it focuses on small nonprofits the donors circle has been able to see how a well-timed grant can propel an organization to a whole new level of impact. One of their grants helped a group that collects job interview clothing for poor women to hire staff and eventually open branches in other cities.

### Getting Started

Donors recommend looking for enterprising organizations with a clear mission, trustworthy leadership and a realistic financial plan. The nonprofit should have a feasible business plan with clear performance metrics to ensure accountability. One of the common shortcomings of small nonprofits is that they easily fall behind if they undertake too much or suddenly lose an employee.

"They might not do what they say they are going to with a grant, or not do so in a timely fashion," says Jay Talbot, director of special programs at The Cleveland Foundation. Careful research should minimize those risks, Talbot says.

In return for taking those risks, though, donors can tap into a level of energy at the grass roots that they wouldn't be able to if they confined themselves to large, high-profile institutions. Talbot says that a program for small grants that he oversees for the community foundation, called Neighborhood Connections, has penetrated communities to a degree that would not have happened had the focus been on large, citywide organizations. They have paid for mural paintings, handbooks for neighborhood watch participants, field trip money for foster children in a group home and other similar projects.

"We're involving whole new groups of people," he explains. "We're talking about people who may have been the target population of a bigger or more well-known program who now get to be the developers of a grassroots program in their own neighborhood."

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