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Business of Giving II: Nonprofits

By Sarwar A. Kashmeri

For the Valley News

The bottom-line connection between nonprofit organizations and businesses is not readily apparent. “Many businesses don’t have the faintest idea of the impact that the loss of funding for nonprofits is having on their employees’ morale,” said Len Cadwallader, executive director of Vital Communities, one of the region’s best-known nonprofits. “An increasing number of people are scrambling to take care of their parents while holding down full-time jobs, and the result is growing absenteeism and lower productivity.”

There is less and less money coming through federal channels than used to be the case, according to Cadwallader. “The cuts are across the board, and businesses are only just beginning to become aware of how people are going to be turning to them for help to maintain the social fabric of a decent society,” he said.

Nonprofits in the Upper Valley are adapting to this down-cycle in funding using creativity, dedication, scrupulous customer relations, and by becoming more risk-averse.

One half of the operating budget of the Hanover-based Upper Valley Business and Education Partnership comes from the modest fees it charges the 25 schools that are its customers. Business donations, mainly through the United Way, cover the remainder.

“UVBEP serves as a bridge between students and businesses,” Kathi Terami, the organization’s executive director told me. A recent field trip to Timken Aerospace in Lebanon let students and teachers compare the math they were teaching to the math that is actually being used at Timken’s precision manufacturing facility.

UVBEP charges schools \$5 to \$17 per student based on grade level. Quite a deal in these inflated times, but cuts in federal and state aid, property tax issues and health insurance costs “are hitting schools hard,” Terami says, “and they are cutting teaching positions, textbook aid and computer lab help.”

Her advice to nonprofits is to “diversify funding sources, don’t live on donations alone, and keep the donors involved not just at solicitation time but throughout the year.”

Two Rivers Printmaking Studio, a nonprofit organization based in White River

Junction that offers membership to artists and amateurs interested in learning new and traditional forms of printmaking, seems to have taken Terami's advice to heart -- virtually all of its operating budget is covered by membership fees.

“We keep a low overhead and can sustain ourselves with around 23 members,” Mary Mead, its executive director, told me. “For \$900 for a year, or \$100 on a monthly basis, members have unlimited use of our print making facility.”

Two Rivers started life with donations from the Mascoma Bank Foundation and the Byrne Foundation. The latter supported it with annual help for three years -- “our most vulnerable period,” Mead said. Two Rivers' Board was astute enough to realize that its mission would be a hard sell in the competition for donations, given that the Upper Valley has so many other pressing, needs -- children, the elderly, preservation of land. That's why it adopted the fee model.

But it is not always possible to be a membership-driven nonprofit, or to charge fees for services.

Take Women's Information Service (WISE), in Lebanon. WISE provides services to survivors of domestic and sexual violence, primarily women and children. With its small staff of eight, it served about 800 victims throughout the Upper Valley area last year.

“Because of what we do, it wouldn't occur to us to charge fees. Philosophically and ethically we couldn't do it” Peggy O’Neal, the executive director, told me. “I believe people who we help will support us at a different time in their life, and we have seen that happen. We take a lot of pride in keeping an open door.”

O'Neal says her challenge, and that of other small nonprofits, is to compete in the increasingly sophisticated world of fund raising. Large organizations, such as Dartmouth, Dartmouth-Hitchcock Medical Center and the Montshire Museum of Science, can afford to pay for experienced development staffs. But many donors to smaller nonprofits don't like to see their money used for administrative functions, such as fund raising. “So it would really help us if our donors would consider fund raising to be the equivalent of a cost of doing business and let us use donations for this purpose,” she told me.

Kevin Peterson, executive director of the New Hampshire Charitable Foundation's Upper Valley Region, shares that opinion.

His advice for donors is to “find a charitable organization or a cause that you feel passionately about, then offer to underwrite that organization in an unrestricted way and for as long as possible. You will be investing in the long-term stability of that organization, and they can then devote more resources toward program implementation, good management and paying their employees a living wage.”

Two Rivers' Mead echoed the sentiments of everyone I spoke to: “You can never be off your guard about thinking of ways to make others interested in your passion. It's as though you want to infect them. I know that is true with me. I am very proud of my association with Two Rivers and often wonder what I would be doing with my life if it hadn't come along. I am a lucky person.”

Sarwar A. Kashmeri of Reading, Vt., advises corporations on communications and

marketing strategy and is a fellow of the Foreign Policy Association. This twice-monthly column explores the Upper Valley's "business climate," focusing on the issues and conditions affecting the region's economic health. Kashmeri can be reached at skashmeri@aol.com.

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