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Latino Organizations in San Francisco, Oakland, and Berkeley: Meeting the Challenges of Fundraising

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Latino Organizations in San Francisco, Oakland, and Berkeley:
Meeting the Challenges of Fundraising

A THESIS SUBMITTED

by

Mónica Natalia López

In partial fulfillment of the Requirements

for the Degree of

Master of Nonprofit Administration

The University of San Francisco

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Latino Nonprofit Organizations in San Francisco, Oakland, and Berkeley:
Meeting the Challenges of Fundraising

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ABSTRACT

The purpose of this study was to describe the fundraising effectiveness of Latino nonprofit organizations in the San Francisco Bay Area. A number of critical issues that contribute to fundraising effectiveness, such as the diversity of funding sources, board involvement in fundraising, organizational capacity to conduct fundraising, and relationships with the funding world, were explored. The study also describes the impediments to fundraising and the technical assistance needs of the Latino nonprofit organizations in the sample.

The study suggests that dedicated staff for fundraising is the most significant factor in accounting for the fundraising effectiveness of the organizations in the sample. Data collected in the study support the hypothesis that Latino nonprofits benefit from government and private sources alike. Organizations in the community service and economic development fields benefit from greater support from the government than advocacy and arts and culture organizations. On the private side, corporate funding is the largest source of support followed by foundations, and very distantly by individuals. While 33 percent of the organizations in the sample solicit donations from individuals through special events, only 16 percent of them conduct individual donor campaigns.

More than half of the organizations do not have dedicated staffing for fundraising and rely on their executive directors to raise grants and donations. Board involvement in fundraising is low among the participating organizations, with 63 percent of respondents reporting they were dissatisfied with their board's performance. Thirty-seven percent of the organizations have dedicated fundraising staffing and only 15 percent of them were successful in hiring Latinos to fill these positions.

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CHAPTER I: INTRODUCTION

This research project is a qualitative study on the fundraising effectiveness of Latino nonprofit organizations located in San Francisco, Oakland, and Berkeley. Specifically, this project explores the fundraising effectiveness of Latino nonprofits in a number of critical areas including:

- Diversity of funding sources
- Board involvement in fundraising
- Organizational capacity, including the staffing pattern dedicated to fundraising and the roles and skills of the executive director and fundraising staff
- Technical assistance needs
- Relationships with the funding world

This study will provide a description of the fundraising strengths and weaknesses of Latino nonprofits and shed some light on how they might become more effective and secure a long-term future.

Thirty nonprofit organizations located in San Francisco, Oakland, and Berkeley were randomly selected for this study. Personal interviews were conducted with the executive directors, development staff, or the main contact on the board of directors.

Background

The Roots of Latino Nonprofits

The family and community values that Latinos share are a critical part of this community's philanthropic spirit. Latinos often transfer their family values to the

extended community in order to build systems of support or self-help efforts. For example, self-help or *mutualista* organizations have been part of the Mexican American and Chicano communities for more than a century (Cortés, 1987, 1999; Hernandez, 1977; Gallegos & O'Neill, 1991). These groups were created because of the social, economic, and discriminatory conditions faced by people of Mexican origin. Mexican-Americans and Chicanos formed self-help or mutual aid societies and pooled resources to offer their members funeral benefits, low interest loans, etc. (Hernandez, 1977, p. 14).

According to Rodolfo Acuña, Chicano historian and educator, the *mutualistas* were the oldest social organizations in the Chicano community, from which trade unions and political associations came into being (Hernandez, 1977, p. 15). These mutual benefit societies were similar to those immigrant aid and benevolent associations established by Germans, Jews, Irish, African Americans and Asians in the United States. Mutual-aid or self-help groups in Mexican-American urban neighborhoods provided people with community life and collective self-help (Hernandez, 1977, p. 15). These mutual benefit communities were an extension of the family unit (Hernandez, 1977, p. 15).

Mutual benefit societies were the predecessors of today's Latino nonprofit organizations (Cortés, 1989, p. 7). Although each Latino nationality has a different history of self-help, they all engage in self-help as a way to protect themselves against the harsh conditions they face in the United States (Smith, Shue, Vest, & Villarreal, 1999; Cortés, 1987, p. 7; Rivera, 1987, p. 393). Contemporary examples of Latino self-help are such national organizations as Mexican American Legal Defense and Education Fund (MALDEF), League of United Latin American Citizens (LULAC), National Council of

La Raza, and hundreds of local and regional organizations located throughout the country.

Values still present in contemporary self-help efforts include: 1) kinship values which are primary sources of support in times of need, and 2) traditional family values, which in some cases can include members of the community who are not family relatives (Smith, Shue, Vest, & Villareal, 1999, p. 146-148). Among immigrants these ties are strengthened by the fact that they are immigrants in a strange country (Smith, Shue, Vest, & Villareal, 1999, p.147);

Changing Times

Despite a strong self-help identity, times have changed for many of these Latino nonprofits. The Latino community is one of the largest and fastest growing ethnic communities in the United States. Now comprising 15 percent of the U.S. population, it is estimated that Latinos will make up as much as 25 percent of the nation and become the largest ethnic minority by the year 2050 (Campoamor & Díaz, 1999, p. 3). Yet, the social problems facing Latino communities in the United States are critical. Twenty-nine percent of Latinos live in poverty, 39 percent of Latino children are poor, and 66 percent of children in female-headed households live in poverty (Cortés, 1999, p. 20).

As the numbers of Latinos in need have increased, so has the need to finance the activities of Latino nonprofit groups. Latino nonprofits are a viable strategy for social change and a significant mechanism to integrate Latinos into the country's economic and political institutions (Cortés, 1999, p.18). Despite increasing awareness and actual grant making from organized philanthropic institutions, funding to Latino communities continues to be low. Research indicates that Latinos receive between .75 and 2 percent of

foundation grants (Cortés, 1991; Hispanics in Philanthropy, 1992; Ramos, 1990; Valdez, 1984). Most current data estimates that Latino foundation dollars have dropped sharply to 0.9 percent (“No Profit from Foundations,” 1999).

Many Latino nonprofits turn to the government for continued support of their work. Government funding to Latino nonprofits began during the mid-1960s and early 1970s through the implementation of the Equal Opportunity Act. As a result, many Latino organizations became dependent on the financial support of the government (Cortés, 1987, p. 3). Although the government's partnership with Latino nonprofits has continued, it has also suffered a great setback due to continued cuts and the lack of a targeted coordinated funding effort towards this sector.

The private sector is often regarded as a critical source of funding for Latino nonprofits. While there is much emphasis placed on building a stronger partnership between the Latino nonprofit sector and private foundations and corporations, private philanthropy has not played a large role in supporting Latinos—in fact, most foundations and corporations do not make grants to Latino communities (Cortés, 1987, p. 4). One of the few foundations that has provided long-term, consistent support since the 1960s has been the Ford Foundation (Cortés, 1999, p. 10).

The Bay Area Latino Nonprofit Sector

Many nationalities comprise the Latino community of the Bay Area—among them Mexicans/Chicanos, Guatemalans, and Salvadoreans. The Latino community has had an impact on the cultural and economic structures of the region. One of the impact areas is the nonprofit sector.

Latino nonprofit organizations are as diverse as the population they seek to serve. In

1992, the Hispanic Community Foundation published a study on Latino nonprofits. The objective of their study was to assess the status of Latino nonprofit organizations and their capacity to serve the growing needs of Latinos in the San Francisco Bay Area (Hispanic Community Foundation, 1992, p. v). To date, this is still the only survey of its kind in the Bay Area.

One of the eight areas that the study examined was the funding situation of Latino nonprofits. Among the findings was the need for technical assistance in fundraising, growth management, and strategic planning (Hispanic Community Foundation, 1992, p. ix). The study also found that the major challenges faced by these organizations in the area of fundraising were insufficient funds, insufficient staff, and the lack of trained boards and staffs (p. ix).

The Hispanic Community Foundation study also states that the majority of Latino nonprofit organizations have a diverse mix of funding sources and for the most part do not rely exclusively on government funding (Hispanic Community Foundation, 1992, p. x). The survey does not describe the proportion of sources of funding beyond foundation, government, and corporate funding (p. 10). The report does state, however, that in aggregate terms, the largest source of funding was the federal government, followed by the state government (p. 10). According to this survey, the implication is that a Latino nonprofit organization can receive 60 percent of its funding from one government source and 40 percent from one foundation and still have diverse funding. Most fundraising experts would urge these organizations to have a more diverse funding mix. Although there is not a specific formula that prescribes the ideal funding mix, the general rule is that:

Organizations should not receive more than 30 percent of their funding from any one source. An organization could lose 30 percent of its funding and probably survive, though it would be difficult, but the loss of more than 30 percent of funding would put any organization in dire straights. (Klein, 1996, p. 22)

Furthermore, the Hispanic Community Foundation's study does not describe the specific obstacles or challenges encountered by Latino nonprofits in the area of fundraising. The survey states that the organizations indicated a need for technical assistance in fundraising (Hispanic Community Foundation, 1992, p. ix) but did not specify the type or areas of such assistance. In addition, the study does not describe whether Latino nonprofits have been affected by government cutbacks and by the low foundation giving to this sector.

Statement of the Issue

Institutions are established organizations that function over extended periods of time. Although organizations constantly change and grow, some manage to evolve and adapt their structures for the long haul. Longevity alone does not guarantee institutionalization. For institutionalization to take place, the management practices of these groups need to become permanent and standardized, their effectiveness needs to be measurable, and their financial situation needs to be secure.

The process of institutionalization among Latino community groups is naturally a difficult one. Not only is it important to fulfill a need in the community and secure political support for the organization, it is equally important to obtain a solid financial base. Financial stability often takes years to achieve. However, many nonprofits do not focus their efforts on achieving long-term financial stability; because of their multiple goals and their emphasis on program, money is often a secondary goal (Dabbs, 1991, p.

69; Drucker, 1989, p. 89; Gallagher & Weinberg, 1991, p. 29; Mason, 1984, p. 97). Yet, according to the legendary management expert Peter Drucker, without a substantial surplus of money the nonprofit has little room for action (Ernstthal, 1989, p. 23). The nonprofits that pursue bolder financial strategies tend to be older, more established, and have greater fundraising savvy. These nonprofits also tend to have an established fundraising program, as well as a diverse funding mix (Klein, 1996; Setterberg & Schulman, 1985, pp. 106-107).

For Latino nonprofits financial stability is also an issue. The 1992 Hispanic Community Foundation survey on Latino nonprofits concluded that despite continued organizational growth, the funding of Latino nonprofits is critically low (Hispanic Community Foundation, 1992, p. ix). The study also revealed a trend of diminished corporate and foundation funding (p. x), such that corporate and foundation funding combined did not even equal the high levels of government funding (p. 10).

We have reason to be concerned for the long-term health of the Latino nonprofit sector. Despite increasing awareness and actual grant making from organized philanthropic institutions, funding to Latino communities continues to be low. Research indicates that foundation dollars targeting Latino communities have dropped sharply to 0.9 percent ("No Profit from Foundations," 1999). The literature reviewed also suggests that government funding towards Latino nonprofits has suffered a setback due to continued cuts and the lack of a targeted coordinated funding effort towards this sector. Given this funding context, a valid question arises: How effective are Latino nonprofits in raising donations from individuals and government, corporate, and foundation grants? The present research project describes the fundraising effectiveness of Latino nonprofits

in the Bay Area as measured by the diversity of their funding sources, the level of board involvement in fundraising, organizational capacity, technical assistance needs, and by the strengths of their relationships with the funding world.

Normative Definitions of Relevant Variables

The definitions that are important to this study are:

Dominant culture: In the case of the Latino community living in the United States, the dominant culture is the Anglo culture because it is this sector of society that sets the norms for political, social, and economic behavior in this country.

Exposure to traditional fundraising techniques: This term refers to the level of knowledge that a group has regarding mainstream fundraising methods, e.g., direct mail, major donor solicitations, foundation proposals, and government grant writing.

Funding mix: The combination of sources of funding that support a nonprofit organization. Possible sources of funding may be: foundation, church, and corporate grants; city, state, and federal government grants; and individual donations.

Fundraising: Raising money in the form of grants and donations from corporations, foundations, government, and individuals to support the mission of a nonprofit organization (Seltzer, 1987; Klein, 1996).

General support/unrestricted funding: Grants that are given to a nonprofit organization by the government, corporations, and/or foundations to support the general work and goals of the organization.

Grassroots: Generally refers to organizations representing a broad range of people and reflecting their interests.

In-kind donations: Donated goods and services, e.g., printed materials.

IRS 990 form: Form filed annually with the Internal Revenue Service (IRS) by all nonprofit organizations with an income of \$25,000 or more. The information filed reports all annual revenue and expenses during the year.

Latino: Latino refers to cultural heritage originating in Latin America and transferred to the United States. However, some Latinos have historical roots originating in the United States, as is the case for Chicanos, Mexican-Americans, and Puerto Ricans. This term may also refer to Indian and Black aspects of Latino culture.

Nonprofit organization: An organization whose purpose is to provide a service (including arts and culture) or solve a social problem, on behalf of the public. Nonprofit organizations are those groups given tax-exempt status by the Internal Revenue Service, and which are classified under section 501(c)(3) of the Internal Revenue Code.

Large nonprofit: An organization with an expenditure and revenue level of one million dollars.

Medium nonprofit: An organization with an expenditure and revenue level that is less than one million dollars and more than \$500,000.

Small nonprofit: An organization with an expenditure and revenue level that is less than \$500,000.

Latino nonprofit: An organization managed by Latinos that seeks to serve the Latino community.

Project related/restricted funding: Grants given to a nonprofit organization by a grantor to underwrite a particular endeavor that is of value to its constituency and fulfills the mission of the organization (Seltzer, 1987, p. 227).

Resources: In the case of a nonprofit organization, this term refers to the goods, services, and money required to fulfill the mission of the organization. However, in this study the resources that will be examined are the monetary resources received by the organization to develop its mission in the form of grants from foundations, corporations, and government as well as donations from individuals.

Self-help organizations: Groups that care about or contribute to the advancement of the members of their group.

Social and economic stressors: These terms refer to the problems that many Latinos confront in this country. Some of the stressors are lack of housing, food, jobs, money, education, health, and the disruption of family roles and structures.

Systems of support: Groups and networks that help people cope with their problems, including self-help Latino nonprofits, churches, family, informal groups, the extended family, and the Latino community at large.

Specification of Research Question

How effective has the Latino nonprofit sector in the Bay Area been in raising donations and grants? How diverse is the funding mix of Latino nonprofits? funding mix? Have Latino nonprofits been able to develop their internal capacity to conduct fundraising? What are the external/internal factors—such as relationships with the funding world, and the roles of the executive director, board, and other staff—that contribute to the fundraising effectiveness of Latino nonprofits? What impediments to fundraising are faced by the Latino nonprofit sector? What types of technical assistance are needed by Latino nonprofit organizations to build their internal fundraising capacity?

This study addresses these questions in a primarily qualitative manner, through the

experience of 30 Latino nonprofit organizations located in the cities of San Francisco, Oakland, and Berkeley. The researcher is assuming that Latino nonprofit organizations are those that are managed by and serve Latinos. It is also assumed that the resources referred to in this study are monetary donations received in the form of grants and donations, including general support and project related funding. It is understood that project related funding (or restricted funding) are grants or donations given to a nonprofit organization to underwrite a particular endeavor while general support funding (or unrestricted funding) are grants or donations given to support the general work and goals of an organization.

Importance of the Study

This study focuses on Latino-based and managed nonprofits. It is an attempt to describe how Latino-managed nonprofit organizations that serve the Latino communities of the Bay Area raise money through grants and donations. This research project also describes the external/internal factors and impediments that influence the fundraising process in these organizations.

So far as is known, this is the only study available on this subject. As such, this project highlights a segment of the nonprofit sector that is little known and that has been a persistent advocate for the welfare of Latinos. Many of the organizations included in the study have been serving the community for several decades.

The organizations included in this project provide living testimony that self-help and philanthropy are alive and thriving in the Latino community. The work performed by Latino-managed organizations challenges the common perception that Latinos are constantly relying on government assistance to fulfill their needs.

The self-help initiatives of Latinos need further recognition and financial support from society in the United States if they are to thrive in the new millenium. It is imperative for society at-large that Latino nonprofits further develop their financial strength so the continuity of a broad array of services is guaranteed in the future. Latino nonprofits are an important source of opportunities for the advancement of thousands of Latino individuals and families who wouldn't have access to these opportunities otherwise.

More importantly, a description of the obstacles faced by Latino nonprofit organizations in their fundraising efforts should shed light on understanding ways to assist them. The findings of this project can be used in developing training and technical assistance as well as future funding initiatives for Latino nonprofits. Future funding initiatives, technical assistance, and training are just a few strategies that can be used to develop greater organizational capacity and financial strength in the Latino nonprofit sector.

CHAPTER 2: LITERATURE REVIEW

Introduction

Research on the activities of Latino nonprofit organizations nationwide is limited. The accomplishments and difficulties experienced by Latino organizations are for the most part unknown. However, these groups continue to thrive and provide much-needed services.

In the San Francisco Bay Area, Latino nonprofits have been functioning for a long period of time. A few of these groups have been in existence since the 1930s and 1940s, as in the case of the *Sociedad Mutualista Morelos* based in South San Francisco (Hispanic Community Foundation, 1992, p. 6). Other examples of long-standing Latino nonprofits in the Bay Area are: The American G.I. Forum in San Jose, the Community Services Organization, and the Mexican American Political Association (MAPA) (Hispanic Community Foundation, 1992, pp. 6-7).

In its 1992 survey of Latino nonprofits in the Bay Area, the Hispanic Community Foundation reported the existence of 215 such organizations locally (Hispanic Community Foundation, 1992, p. 2). The Hispanic Community Foundation's survey is one of the few comprehensive studies on this topic. Their survey is the only partial reference that exists regarding the fundraising activities of Latino organizations in this region.

Support for Latino nonprofits during the past 15 years has fluctuated between .75 percent and 2 percent of all the money granted by private foundations (Cortés, 1991, pp. 144-5). Most recently, according to the Foundation Center, despite an increase in foundation funding to nonprofit organizations, dollars donated to Latino communities

have dropped sharply, from 2 percent to 0.9 percent of the foundation total ("No Profit", 1999, p. 20). Moreover, throughout its existence the Latino nonprofit sector has depended primarily on non-Latino sources of funding, namely the government and a few large foundations such as the Ford Foundation (Cortés, 1999, p. 10; Nicolau and Santiestevan, 1991).

Government support has been the main financial alternative for Latino nonprofits. During the mid- and late-1960s many Latino nonprofits were created through the implementation of the Equal Opportunity Act (Cortés, 1987, p. 3). The federal "War on Poverty" assisted many Latino nonprofit organizations devoted to the integration of Latinos through self-help and self-determination efforts (Cortés, 1987, p. 3). During the past 15 years, however, the federal government has phased out EOA support to the nonprofit sector so that there is no longer any comprehensive coordinated federal effort to assist the Latino nonprofit sector. What remains is a set of federal grant programs that are available to all nonprofits (Cortés, 1987, p. 4). Today, Latino nonprofits are funded by a mix of federal, state, and local government programs. Periodically, the government announces more cuts at all levels of support. The impact of government cutbacks on the Latino nonprofit sector has not been assessed.

Locally, government support of Latino nonprofit organizations in the Bay Area grew from 1991 to 1992 by 17.3 percent (Hispanic Community Foundation, 1992, p. 11). The Hispanic Community Foundation also claims that Latino nonprofits in the Bay Area are not dependent on government funding (Hispanic Community Foundation, 1992, p. x), supporting this assertion by reporting on the variety of funding sources received by Latino nonprofits. However, in aggregate terms the largest source of funding to this

sector is the government (Hispanic Community Foundation, 1992, p. 10). Sources of private support received by Bay Area Latino organizations are much less diverse than government funding sources. Government support to this sector should be further analyzed in light of the continuous cutbacks in government funding programs and their impact on Latino nonprofits (Cortés, 1987). Given these circumstances, and the fact that private philanthropic support to this sector is low, how effective are Latino nonprofit organizations in the area of fundraising?

This literature review covers several related topic areas that will brief the reader on the subject of fundraising and Latino nonprofits. This section of the study also explores why there is a need for Latino nonprofits, their historical roots, and the reasons for funding these groups, while emphasizing that Latino nonprofit organizations share many experiences with their counterparts in other ethnic communities in the United States.

An informed study on the fundraising effectiveness of Latino nonprofits must review some general fundraising literature of the nonprofit sector. Key fundraising concepts and models typically embraced by nonprofit organizations are defined and summarized, and the concept of a healthy funding mix is described, so that the reader may gain an understanding of the language and concepts used throughout this study. Description of the functions of the executive directors, staff, and board of directors in the fundraising process are also included.

The concluding section of this literature review covers the fundraising history of Latino nonprofits, traditional sources of funding, and strategies that have been used by these organizations over the years. Specific challenges and problem areas impeding the efforts of Latino nonprofits to become more established or institutionalized are described.

It should be emphasized that information regarding the fundraising effectiveness of Latino nonprofits is limited. The only such study is the 1992 Hispanic Community Foundation's survey of Latino nonprofit organizations in the Bay Area. More information exists on the topic of foundation giving to Latino communities. However, there is no information on their staffing patterns, involvement of board members, the effectiveness of their funding relationships, or other challenges that Latino organizations face in the area of fundraising.

Reasons for Funding Latino Nonprofit Organizations

Many authors agree that there is a need for Latino nonprofits. These authors generally reaffirm the notion that Latino nonprofits are capable of providing services that are more culturally and linguistically relevant (and therefore more effective) to the growing community of Latinos in the United States (Hispanic Community Foundation, 1992; Cortés, 1987, 1991, 1999).

By the end of the year 2004, the Latino community will be the largest ethnic community in the United States (U.S. Bureau of the Census, 1996; Cortés, 1999). By the year 2050, Latinos will comprise one out of four U.S. residents (U.S. Bureau of the Census, 1996; Cortés, 1999). Yet the problems this community faces are serious. The national Latino poverty rate is 25.6 percent—more than triple the rate for non-Hispanic whites (U.S. Bureau of the Census, 1997). In education, the statistics are equally sobering. Only 54 percent of Latino adults have a high school education (Cortés, 1999, p.2). The National Center for Education Statistics (NCES) reported that nearly one-third of all Latinos between 16 and 24 years of age have dropped out of high school and that in 1996 of those Latino young adults who do graduate from high school, only 16.5 percent

are continuing on to college and earning a bachelor degree (NCES, 1997, p. 13; NCES, 1996, p. 276).

Latino organizations have played a primary role in improving the social, political, and economic conditions of Latinos at the local, regional, and national levels (Cortés, 1999, p. 18). Latino nonprofits provide services to Latino communities in such fields as job employment placement and training, community economic development, education, housing, social services, legal assistance, public policy research and advocacy, cultural programs, and the arts. These services help strengthen the well-being of Latino communities and enable them to participate effectively in the mainstream of U.S. life (Cortés, 1999, p. 18).

The History of Latino Nonprofit Organizations

Self-help efforts are created by ethnic communities as a way to keep their identity in a complex society (Weber, 1982, p. 17). In analyzing the history of several ethnic groups in the United States it is not surprising to find a rich tradition of self-help. Despite this tradition, there has been little acknowledgement of self-help efforts of ethnic communities living in the United States.

There are obviously many differences in the ways ethnic groups create self-help efforts. In the development of self-help organizations among Latinos, the primary motivation has been to achieve mutual protection (Rivera, 1987, p. 393). The majority of Latino organizations have developed their self-help efforts because of the adversities and lack of opportunities that Latino communities faced.

Many nationalities comprise the Latino population of the United States, and multiple factors influence the history of these groups, but despite this diversity, the literature found

on this subject traces mainly the Mexican American and Puerto Rican roots of Latino nonprofits. The philanthropic influence of more recent immigrants from Cuba, Central, and South America is not as fully documented. However, this study will cover some of the material found on the philanthropic traditions of Central Americans as well as Mexicans and Chicanos. The history of Latino nonprofits sheds light on the constant lack of financial resources available to this sector. Furthermore, reviewing the roots of Latino nonprofit organizations is important because it illustrates why these organizations are needed.

The situation of Mexican Americans as minorities in the United States and the establishment of their voluntary organizations can be traced to 1848. In that year, the Treaty of Guadalupe Hidalgo ended war between Mexico and the United States, and Mexico ceded large territories of the American Southwest to the U.S. People of Mexican origin living in those territories suddenly became an ethnic minority subject to the United States government with a dominant Anglo culture (Gallegos & O'Neill, 1991, p. 3; Camarillo, 1991, p. 15; Hernandez, 1977, p. 14). Mutual benefit groups or *mutualista* associations were formed as a result of Anglo culture becoming the dominant culture in the southwest (Gallegos & O'Neill, p. 3; Camarillo, p. 16; Hernandez, p. 14). The mutual aid associations provided cultural continuity and ethnic identity to Mexican-American communities during a period of dramatic change (Camarillo, 1991, p. 17). José Hernandez claims that in some cases, the *mutualistas* acted as an unofficial government (Hernandez, 1977, p. 15).

Much like their contemporary counterparts, the *mutualista* associations were formed because of the devastating effect of discrimination on Mexican-Americans. For example,

the *Alianza Hispano Americana*, founded in 1894, served the cultural and social needs of the Tucson Mexican-American community (Camarillo, 1991, p. 17) and, at the same time, was formed to counteract discrimination (Camarillo, p. 17; Rivera, 1977, p. 390). Due to the political and economic circumstances of the mid- to late 19th century, the *mutualista* associations were forced to have a multifaceted approach in serving the Mexican-American communities (Camarillo, 1991, pp. 17-18). This approach secured a certain degree of stability for Mexican-Americans during periods of difficulty. Due to limited financial resources available and the high level of community needs contemporary Latino organizations have been forced to adopt a multi-faceted approach to their work, often delivering multiple services to all Latino age groups and conducting advocacy efforts on behalf of the community.

As the number of Mexicans in the United States increased in the beginning of the 20th century, new kinds of organizations developed. According to Armando Navarro, three types of organizations emerged after 1910: 1) social action organizations; 2) mutual benefit associations; and 3) unions (Navarro, 1974, p. 62). Social action organizations were formed by small businessmen from the emerging Chicano middle class. These groups were mainly interested in "Americanizing" their constituents and fought against discrimination and other injustices for this reason (Navarro, 1974, p. 62). The two most important social action organizations during the early part of the twentieth century were *La Orden de los Hijos de America* (OSA) and the League of United Latin American Citizens (LULAC) (Navarro, 1974, p. 62).

Albert Camarillo states that mutual aid organizations "were responsible for the development of Mexican-American labor unions throughout the period [1900-1939],

especially during the 1920s and 1930s" (Camarillo, 1991, p. 20). Mutual aid societies took the lead in organizing Chicano workers into unions to counter the discriminatory and exploitative conditions that many Chicano workers faced. For example, a federation of mutual aid societies from throughout southern California gathered in Los Angeles and formed the first Mexican-American labor union in 1928, *La Confederacion de Uniones Obreras Mexicanas* (Camarillo, 1991, p. 20).

In the 1940s Chicano organizations gained new influence as some of them were able to access foundation support and government contracts (Camarillo, 1991, pp. 23-4).

During the 1950s two other organizations emerged that engaged in political action – the Mexican American Political Association (MAPA) in California, and its counterpart in Texas, the Political Association of Spanish-Speaking Organizations (PASSO) (Camarillo, 1991, p. 25; Navarro, 1974, p. 69). These two organizations were overtly political in their orientation and objectives. The organizations during this period paved the way for others that emerged during the Chicano Movement in the 1960s. Many of them continued but were eclipsed by the groups that were founded in the 1960s.

During the 1960s and 1970s there was a dramatic increase in the number of nonprofit groups serving Chicanos (Camarillo, 1991, pp. 23-24).

Chicano participation in the civil rights movement of the 1960s fostered the development of many organizations that adopted a variety of approaches, ideologies, and objectives. The Chicano movement involved a larger number of activists, leaders, and organizations than any previous period of Chicano history (Camarillo, 1991, p. 26).

While the values of these new organizations were not very different from those of their predecessors, many older themes were given new vision and meaning by leaders and

organizations during the 1960s and 1970s.

Some of the organizations created during the 1960s were the United Farm Workers (UFW), *El Movimiento Estudiantil Chicano de Aztlán* (MECHA), the *Alianza Federal de Pueblos Libres*, and The Crusade for Justice. The 1960s also saw the creation of the Mexican-American Legal Defense and Educational Fund (MALDEF) and the National Council of La Raza (Camarillo, 1991, p. 28), two organizations that have survived to this day. Both of these groups, as well as many others, obtained grants from federal government agencies, corporations, and private foundations (Camarillo, 1991, p. 27). The Ford Foundation provided the initial funding for many of these organizations through its Hispanic Initiative (Camarillo, 1991, p. 27; Ylvisaker, 1991, p. 162; Nicolau & Santiestevan, 1991, p. 51; Gallegos & O'Neill, 1991, p. 4). Despite the availability of funding support, several authors concur that many of the groups that were formed during this period were debilitated and later disappeared due to the lack of resources and full-time paid staff (Navarro, 1974, p. 79; Nicolau & Santiestevan, 1991, p. 52). This trend continues to this day and has been exacerbated by the termination of many government programs and the lack of interest in Latino nonprofits on the part of private foundations and corporations. Several authors agree that the growth and survival of the Latino nonprofit sector will depend on its ability to attract financial resources from the government, corporations, and foundations (Cortés, 1999, p. 40; Gallegos & O'Neill, 1991, p. 12; Camarillo, 1991, p. 32; Ylvisaker, 1991, p. 166).

Smith et al. (1999) observed that much of the giving and volunteering among recent Guatemalan, Salvadorean and Mexican immigrant communities in the San Francisco Bay Area is not directed toward organizations other than churches (p. 150). A second-

generation Guatemalan woman interviewed in the 1999 study by Smith et al. stated “Latins do not follow the American model of charity; we do not give to strangers.” Giving money or time to organizations is regarded with mistrust in these communities because they are seen as large, impersonal organizations operated by strangers and benefiting strangers (p. 150). The study found that almost all giving and volunteering within these communities was on a personal basis and consisted of offering goods, money and services (p. 150). The implication of this finding for Latino nonprofit organizations is an interesting one and requires further research to determine if a high number of Latino organizations are successful in raising donations from Latinos. This study will examine the types of support Latino nonprofit organizations obtain from the general public, including donations obtained from Latinos.

Most recently, Michael Cortés analyzed data from the Internal Revenue Service to measure the formation of Latino nonprofits and found 4,068 organizations, half of which are located in the states of California, Texas, or New Mexico (Cortés, 1999, p. 26). Cortés reports that the rate of formation of new Latino nonprofits now exceeds 300 per year (Cortés, 1999, p. 27). Bearing this information in mind, where are these organizations obtaining funding? Is the funding base of Latino nonprofits diversified? The documentation found suggests that the contemporary history of Latino nonprofits has been affected by the lack of financial resources, which has had a significant impact on the effectiveness and scope of these organizations. The statistical profile of Latino nonprofit organizations compiled by Cortés states that almost 62 percent of all Latino organizations nationwide have budgets of less than \$25,000 and are not required to report their income to the Internal Revenue Service (Cortés, 1999, p. 27). Most of the literature, however,

refers to financial solvency in a peripheral manner and does not directly deal with the effectiveness and capacity of Latino nonprofit organizations to conduct fundraising, which is the focus of this study.

Fundraising Organizational Capacity and Models Available to Latino Nonprofits

Based on the available literature, it is unclear how many Latino nonprofit organizations engage in building their infrastructure and skills to conduct fundraising. One of the purposes of this study is to describe how Latino nonprofits in San Francisco, Oakland, and Berkeley have built their infrastructure and board and staff skills to raise grants and donations.

A fundraising operation must have the required fundraising know-how (technical skills) as well as the institutional skills to set a strategic vision and build the organization's infrastructure for the long haul, while guaranteeing that the original vision of the organization is maintained throughout the fundraising process. Catering to funding sources requires technical and institutional skills. Successful nonprofit managers apply a variety of fundraising skills, marketing skills, and interpersonal skills to obtain funding. "No other sector [besides the nonprofit sector] seems to put such diverse demands on managers to maintain organizational sources of sustenance and growth" (O'Neill & Young, 1988, p. 6). This study will describe the roles and skills of the board of directors, executive director, and staff involved in fundraising in Latino nonprofit organizations.

Maria Gonzalez Borrero argues that the biggest challenge for Latino nonprofit organizations "is to balance direct service and institutional change while improving the management and internal operations of the organization" (Borrero, 1991, p. 116). She also states that many Latino nonprofit organizations distrust "firm and fixed

administrative structures and organizational strategies" because they fear becoming distant bureaucracies removed from serving the interests of their communities (Borrero, 1991, pp. 116-117). Therefore, promoting an institutionalization agenda among these organizations may be complicated. However, some of the problems experienced by these groups require skills that are "firm and fixed" and can still allow the organization to serve the interests of its community. Firm and fixed fundraising skills, strategies, and staffing are necessary to ensure effectiveness and organizational continuity in this area of work.

Many nonprofit organizations are limited by their lack of expertise in raising money, or by an infrastructure insufficient to allow them to develop time-consuming fundraising strategies. Such limitations are often found among Latino nonprofit organizations. Furthermore, many nonprofit leaders and staff find fundraising distasteful or, at the very least, frightening (Klein, 1996, pp. 44-45 & 152-156). This attitude stifles the fundraising effort of any organization and limits its ability to become financially stable. It is unclear to what degree these aversions hamper the fundraising of Latino nonprofits, but this study will explore this question.

The main attitude that limits the fundraising possibilities of many nonprofits is the fear many people feel when asking for money. Many of us were taught that asking for money is rude, even a forbidden topic (Klein, 1996, p. 153). As Kim Klein (1996) says, we forget that "Money in itself has no good or evil qualities. It is a substance . . . it has no morality" (p. 153).

In the nonprofit sector, money is also often taboo. By definition, a nonprofit organization does not focus on its financial profits; it provides benefits and its success is measured by the quality of its benefits (Mason, 1984, p. 89). Many times a nonprofit's

goals exclude monetary objectives because there is a prevalent attitude that a nonprofit organization is a noneconomic entity (Mason, 1984, p. 90; Ernsthil, 1989, p. 23; Gallagher & Weinberg, 1991, p. 29; Dabbs, 1991, p. 69). This ambivalence about money results in financial considerations not always being given the attention they deserve. This can lead to problems with an organization's efficient use of resources and problems with its fundraising efforts (Mason, 1984, p. 97). Without careful planning to raise the financial resources required to operate a nonprofit organization, many of these groups won't survive long-term. Failure to follow sound fundraising practices among Latino nonprofit organizations may partially explain the serious shortage of financial resources available to these groups.

Numerous books outline the strategies employed by nonprofit organizations to raise money. Most of these books also advise nonprofits to develop a budget, articulate an annual fundraising plan, involve the board in the fundraising process, and assess the organization's capacity to develop the fundraising plan (Klein, 1996, pp. 314-321; Flanagan, 1982, pp. 32-35; Seltzer, 1987, pp. 399-402; Setterberg & Schulman, 1985). This study will assess whether the Latino nonprofits targeted for this study follow some of these important fundraising models, and if so, to what degree the models contribute to greater fundraising effectiveness.

The Fundraising Plan

This study examines how many Latino nonprofit organizations use an annual fundraising plan or other planning tools to conduct fundraising, and the impediments they experience in pursuing their stated goals.

The literature reviewed for this section incorporates the notion of planning as an

essential part of the fundraising process. The fundraising authors reviewed are strong advocates for long-term fundraising plans as necessary preparation for any sound fundraising effort (Klein, 1996, pp. 314-321; Flanagan, 1982, pp. 281-291; Setterberg & Schulman, 1985, pp. 108-13; Seltzer, 1987, pp. 400-456). The reason for a fundraising plan is simple: it will help the organization raise more money in less time (Klein, 1996, p. 314; Flanagan, 1982, p. 281). Planning will help an organization think about its goals, opportunities, and risks during the fiscal year, or even longer if the organization engages in long-term planning (Flanagan, 1982, p. 283).

Much like the organization's budget, a fundraising plan is a management tool that helps the organization monitor its fundraising efforts by setting specific income goals and selecting the fundraising strategies that will to be used to raise money. The fundraising plan is meant to be revised during the year as events evolve that might determine the amount of money that can be raised. If the fundraising plan is properly used it will help the organization evaluate its progress (Setterberg & Schulman, 1985, p. 102). In addition, well-constructed plans can have a positive impact on funders. Many funding sources will be pleased to see the organization thinking ahead and will reward the group for its initiative (Setterberg & Schulman, 1985, p. 102).

What is a Healthy Funding Mix?

A diversified funding base is one of the main goals of any fundraising effort; it is the key to the organization's financial stability. There is no specific formula that defines the ideal funding mix. This study will examine carefully the issue of a diversified funding mix among Latino nonprofit organizations.

Many nonprofits are still struggling to achieve a healthy funding mix, and Latino

nonprofit organizations are no exception. Setterberg and Schulman stress that before the 1970s many nonprofits did not think about continuity in fiscal planning (Setterberg & Schulman, 1985, p. 107). Today, it has become more competitive to obtain government and foundation resources. To grow and flourish, nonprofit groups must now look to a variety of fundraising methods they may have previously ruled out, including direct mail and membership campaigns, canvassing, personal recruitment of major donors, or planned giving (Setterberg & Schulman, 1985, p. 107). Generally, the returns from these fundraising efforts will bring peace of mind to a growing organization during times of emergency and will offer the possibility of becoming independent from the program priorities of any one funder. Fundraising success also builds a positive image among an organization's constituents (Klein, 1996, p. 21; Setterberg & Schulman, 1985, p. 107).

Board Involvement in Fundraising

Little is known about how much leadership boards of directors of Latino nonprofit organizations exercise in the area of fundraising; nor is much known about how well trained or experienced they are. The quality of fundraising and management skills among Latino nonprofit organization executive directors is also largely unknown. This study will explore these questions in some depth.

Involving an organization's board of directors in the fundraising process is considered by many authors on the subject an essential element in raising and diversifying the organization's funding base (Flanagan, 1982, p. 36-37; Klein, 1996, p. 44-45; Setterberg & Schulman, 1985, p. 13; Seltzer, 1987, p. 41). Several of these authors contend that each board member should make an annual financial contribution to the organization as an example of their support for the organization, because they are

regarded by potential supporters as the people who should be most committed and dedicated to the organization (Setterberg & Schulman, 1985, p. 13; Seltzer, 1987, p. 41; Klein, 1996, p. 44). Equally important, the board should be involved in requesting money for the organization. The staff's role in fundraising should support the board's efforts. Klein (1996) writes that staff should:

help plan fundraising strategies, coordinate fundraising activities, keep records, take care of routine fundraising such as renewal appeals, and assist board members by writing letters for them, form fundraising plans with them and accompany them to solicitation meetings. Fundraising staff provide all the backup needed for effective fundraising (p. 45).

The central message found in the literature reviewed is that the board of directors is responsible for the well-being of the organization and for its success and should be taking a leadership position in raising money. Although most of the literature stresses board involvement in fundraising, some of the authors acknowledge the fact that many board members dislike asking for money and are reluctant to take leadership in this area (Klein, 1996, p. 44; Flanagan, 1982, p. 37). These authors suggest that fundraising training for board members is a key to overcoming their fear of asking (Klein, 1996, p. 44; Flanagan, 1982, p. 37).

The Roles of the Executive Director and Staff in Fundraising

This study will examine the priority given by Latino nonprofit organizations to raising funds and their level of effectiveness in doing so. The roles exercised by Latino nonprofit executive directors, development directors, and other staff in the area of fundraising will be described.

The executive director of any nonprofit is the institutional builder of the organization. As such, her or his responsibility is to communicate the vision of the

organization and to make sure it is carried out in every aspect of the organization's work. It is imperative that this vision be included in the fundraising work of the organization. The executive director develops the program and organizational strategies including fundraising strategies with the assistance of the staff. The executive director is a key member of the fundraising committee, which also includes members of the board and development staff.

The special functions of executive directors in the nonprofit world place them in a leadership position among funders and the community in general. Latino executive directors are also regarded as leaders within their community. In the literature available on Latino nonprofit organizations, there is no specific reference to the managerial skills of Latino executive directors. Therefore, this study will refer to the information available about executive directors for all nonprofit organizations in general.

Executive directors are expected to be both managers and leaders. The literature available on management and leadership offers a wide array of interpretations for characterizing leaders and managers. A strong vision and values are necessary ingredients for people to follow leaders (Bennis, 1989; Cox, 1990; Kiechel, 1994; Badaracco & Ellsworth, 1990). A strong organizational vision needs to be present in all the different aspects of the nonprofit's work and plays a significant role in the organization's fundraising efforts. An organization that lacks a compelling, challenging, meaningful, worthy, and credible vision will have problems raising funds. People must believe that it is possible to succeed in the pursuit of the vision. Organizational vision is in part communicated by the leader's expectations, behavior, and activities that are congruent with the organization vision (Nadler & Tushman, 1990, pp. 82-83).

There are two schools of thought among fundraising experts regarding the involvement of the rest of the staff in the fundraising process. Some authors state that the work of the fundraising committee is usually coordinated by staff (Setterberg & Schulman, 1985, p. 20). In this model, the staff is also involved in asking for money as well as in the planning and development of fundraising projects. Other fundraising experts contend that asking for money should be left exclusively to the board of directors (Flanagan, 1982, p. 36). The reason for this role division, says Flanagan (1982) is because:

[p]ower in any organization goes to the people who raise the money. For this reason, most groups recommend that the board of directors and the members raise the money, rather than paid staff. If the board raises the money, it can hire and fire the staff and can control the plans of the organization (p. 36).

The role of the staff is to prepare fundraising materials, do the record keeping, and, most importantly, train the leaders in fundraising techniques (Flanagan, 1982, p. 37). The board fundraising model poses some practical problems for a nonprofit organization. First, it doesn't address the role of the executive director, who, like the board of directors, is in a leadership position, and as such has an important vision to communicate and presumably fundraising contacts to share. Second, because of their leadership position in the community, board members are generally busy people who have conflicting schedules and may have competing fundraising responsibilities that can often translate into a lack of follow-through. Third, the board fundraising model does not address who is in charge of inspiring, motivating, and coordinating the fundraising work of the organization. These tasks are generally time consuming, but are necessary to the success of any fundraising effort. These responsibilities are usually assigned to the executive director and her/his

development staff. It is common, however, to find many nonprofit organizations without a development staff, as is the case in many Latino nonprofit organizations. In the absence of a development staff, the fundraising responsibility is generally shared by the executive director and key board members.

The Fundraising History of Latino Nonprofits

The literature describing the fundraising history of Latino nonprofits is scant. Yet, the information available stresses that philanthropic support of Latino nonprofit organizations was practically nonexistent 30 years ago (Cortés, 1987, p. 3). Latino nonprofits have received funding from different sources of support since that time. During the 1960s and well into the 1970s federal “War on Poverty” programs and the Ford Foundation’s Hispanic Initiative provided vital grants that led to the creation of many present-day Latino nonprofit organizations (Cortés, 1999, p. 10). Furthermore, the Latino nonprofit sector has depended on non-Latino sources of funding (Cortés, 1999, p. 10; Nicolau and Santiestevan, 1991). Government and a small number of large foundations (e.g., the Ford Foundation) constitute most of that support (Cortés, 1999, p. 10). In the last decade, corporate contributions have played an important role (Cortés, 1999, p. 10).

Over the last 20-years cutbacks in federal and government support have affected the financial health of Latino nonprofits. Private, foundation funding for Latino nonprofits has fluctuated between .75 percent and 2 percent of all dollars granted by private foundations (“No Profit”, 1999, p. 20; Cortés, 1987, p. 4; Ramos, 1990, p. 4; Hispanics in Philanthropy, 1992, p. 1; Nuiry, 1992, p. 22). The current proportion of foundation dollars going to Latinos is at 0.9 percent (“No Profit”, 1999, p. 20). Hispanics in

Philanthropy as well as several authors on the subject of Latino philanthropy have affirmed that private sector support to Latinos is exceedingly low in comparison to the numbers of Latino people in need (Hispanics in Philanthropy, 1999, p. 3; Nuiry, 1992, p. 21; Cortés, 1987, p. ii).

Presently, the giving trend from foundations nationally seems to be focusing on project support grants.

Although there is little research on this point, it appears that funders prefer to support new, short-term service objectives within Hispanic communities, instead of supporting long-term survival of Hispanic self-help organizations, (Cortés, 1987, pp. 4-5)

The continued reduction of government funding to the nonprofit sector and the lack of unrestricted foundation support, pose a severe threat to the long-term survival of Latino nonprofits (Cortés, 1987, p. 5).

In the Bay Area, the Hispanic Community Foundation found in its 1992 report that Latino nonprofits in the region were critically underfunded. Of the organizations surveyed, 62.1 percent reported that funding levels had not kept pace with increased demand for services (Hispanic Community Foundation, 1992, p. 15). The Fund reported that diminished support from state and federal funding sources was the main reason reported for funding decreases (Hispanic Community Foundation, 1992, p. 11). While the Hispanic Community Foundation's study reports that the Bay Area Latino nonprofit sector enjoys a healthy funding mix, it also reports that state and federal funding levels are higher than corporate and foundation levels combined (p. 10). To assume that this constitutes a healthy funding mix is erroneous. Further analysis regarding the number of sources per funding category is required to validate such a statement. For example, if an

organization obtains the bulk of its funding from two major government sources and also secures a minimal percentage of its funding from an array of private sources, it still is dependent on government funding for its long-term survival.

The Fundraising Challenges Faced by Latino Nonprofits

The literature reviewed claims that one of the major challenges faced by Latino nonprofits in the future will be meeting the needs of an impoverished community during a period of limited financial resources. The pressure to diversify the funding base of these organizations is necessary and critical (Borrero, 1991, p. 113; Estrada, 1991, p. 135; Cortés, 1991, p. 139; Ylvisaker, 1991, p. 166). Paul Ylvisaker is hopeful regarding the future of Latino nonprofits in the area of fundraising:

Necessity is the mother of invention, and the necessity is there. Leadership and sophistication continue to emerge in the Hispanic community. I am particularly struck by the emergence of assertive leadership and participation by Hispanic women . . . Much of philanthropy's slowness to respond is due to donors' unfamiliarity with Hispanic circumstances and needs. This knowledge gap arises less from hostility than from social distance separating donors and Hispanics. Closing the gap will require movement on both sides—more from the donor community because of its advantaged position. (Ylvisaker, 1991, p. 166)

Although creating donor sensitivity to the work of Latino nonprofits is necessary, it will take time. This strategy, however, does not fully address other possible sources of diversification, nor areas in which Latino nonprofits need to be better prepared in order to diversify their funding base, such as individual donor fundraising and, in particular, the development of a Latino donor base.

It has also been suggested that Latino nonprofits might need assistance in order to prepare them to diversify their funding base (Cortés, 1999, p. 10; Borrero, 1991, p. 122). In general, Latino nonprofits need to develop strong management and organizational

systems but have resisted the development of their infrastructure in this manner, as mentioned earlier, for fear of becoming bureaucratic and inflexible (Borrero, 1991, p. 117). One of the issues explored in this study will be whether or not Latino nonprofit organizations in San Francisco, Oakland, and Berkeley are resistant to developing the fundraising models management and organizational systems advocated by fundraising experts.

Strong management is necessary to reach inaccessible funders. Michael Cortés suggests that Latinos should improve their fundraising skills and knowledge if they want grantmakers to take more initiative in reaching out to them (Cortés, 1991, p. 151). He states that:

In the early days of Hispanics in Philanthropy, several of its members volunteered to spend time helping nearby Latino community organizations improve their grantsmanship. Volunteers found the need overwhelming. The Latinos they worked with typically had no training and very little experience at fundraising. There was little or no prior contact with fundraising programs . . . Even national and other relatively sophisticated Latino nonprofit organizations could benefit from additional fundraising training and assistance, particularly when they are soliciting individual contributions. (Cortés, 1991, p. 151)

Furthermore, Cortés claims there is no information regarding the relationship of Latino staffing patterns and other management practices and fundraising effectiveness (Cortés, 1991, p. 151).

At least in the Bay Area, the Hispanic Community Foundation's survey reports that among the pressing needs of Latino nonprofits in the region were staff training and development (with some respondents specifically identifying the need for training in fundraising) and the need for general support funding, long-term funding, and capital funds (Hispanic Community Foundation, 1992, pp. 19-20). The information on the

fundraising needs of Latino nonprofits is limited because it does not identify the areas within the fundraising field where training is most needed. Furthermore, the capacity of Latino organizations to respond to fundraising has not been assessed. The state of executive leadership in fundraising, board involvement, and specialized fundraising staff were not fully taken into account in the Hispanic Community Fund's survey. This project seeks to answer these questions in detail through research with Latino nonprofits located in San Francisco, Oakland, and Berkeley.

CHAPTER 3: METHODOLOGY

Purpose of the Study

Private grant making to nonprofit organizations managed by and for Latinos is low, amounting to only .75 and 2 percent of all foundation grants ("No Profit," 1999; Cortés, 1991; Hispanics In Philanthropy, 1992; Ramos, 1990; Valdez, 1984), and government grants to community-based groups have decreased in the last two decades (Cortés, 1991). Given those facts, how effective are Latino nonprofits in the Bay Area in raising donations and grants? Do these organizations have an opportunity of establishing program continuity and a management infrastructure that allows for such continuity with seemingly limited fundraising options? What kinds of assistance do these organizations require that would help them become more successful in fundraising? What are the internal and external impediments that these groups encounter in their fundraising efforts? How effective are these organizations in forging relationships with funders?

This study describes the effectiveness of 30 Latino nonprofit organizations in San Francisco, Oakland, and Berkeley in obtaining donations from individuals and grants from government, foundations, and corporations.

Subject and Sampling Procedure

The subjects of this study are 30 Latino nonprofit organizations located in San Francisco, Oakland, and Berkeley. This research project includes only Latino nonprofit organizations. Only those groups that serve a majority Latino constituency and/or are managed by Latinos were studied.

The 30 organizations included in this study were selected through a stratified random sample from a list provided by the Hispanic Community Foundation. The Foundation's

listing is the most complete source of information regarding organizations serving a majority Latino constituency and/or managed by Latinos.

In its 1992 survey, the Foundation reported that there were 215 Latino organizations in the Bay Area. Although the current study only focused on Latino organizations located in San Francisco, Oakland, and Berkeley it is probably fair to assume that there are several more groups that have been created since 1992. It is unclear whether these new organizations have been included in the Foundation's current listing of Latino nonprofits. Furthermore, those organizations that chose not to respond to the Foundation's 1992 survey or more current requests for information were probably not included in the list.

The Hispanic Community Foundation's original survey list was complemented by a current listing available from the same foundation and was also updated by the researcher. The researcher selected a stratified random sample of 30 groups from a list of the 56 organizations located in the cities of San Francisco, Oakland, and Berkeley. To ensure inclusion of the groups with greater organizational capacity, the researcher selected the 10 largest organizations in each of the three cities. However, not all of those organizations were included because of the difficulty in securing the interviews with each organization. The geographic limitation imposed on this study enabled the researcher quicker access to the individuals involved with these organizations.

Most of the questions that this study explores deal with sensitive fundraising issues that nonprofit organizations are not always willing to discuss with strangers. Therefore, the choice was made to limit the number of organizations studied, and pursue personal interviews to obtain a more complete story about how these organizations obtain

donations and grants. The interviews were conducted with a mix of small, mid-size, and large organizations.

The following criteria were considered in selecting the organizations that were studied in this project. All of the nonprofits studied are located in San Francisco, Oakland, or Berkeley. Most of these organizations were founded by members of the Chicano, Mexican American, or Central American communities. Although some of the groups chosen for this project were started by other nationalities within the Latino community, and were not excluded from this project, the nationalities mentioned above are the largest groups that comprise the Latino communities of the Bay Area.

The 30 Latino nonprofit organizations considered for this study have different types of fundraising efforts. Some of these groups rely on government, foundation, and/or corporate funding to finance their programs. Others rely on donations solicited from their constituency or individuals of the community at large. The size and age of these organizations is also diverse. Finally, all of these groups provide some type of social, cultural, or economic service to the Latino communities of the Bay Area, and the majority are managed by Latinos.

Research Design

Initially, the researcher was going to conduct half of the interviews via phone and the other half in person. However, once it became evident how inaccessible the interviewees were and how difficult it was to obtain the IRS 990 information, the researcher proceeded to secure personal interviews to obtain answers for all of the areas being assessed

The researcher conducted personal interviews with either the executive director, fundraising staff (if there was any), or board members involved in raising donations and

grants. The personal interview format was chosen to ensure that the respondents answered all the questions. Personal interviews also provided the space for the respondents to share their opinions regarding the difficulties that their organizations may have in obtaining donations and grants. Furthermore, through the personal interview format the researcher had the opportunity to explain those questions that were not easily understood. Since this is a qualitative study some of the answers to the questions posed were lengthy and most organizations were unlikely to take the time to fill out a survey. The personal interview format allowed them to be lengthy in their responses without imposing additional responsibility.

The personal interviews took place during the latter six months of 1999. The researcher usually spent 45 minutes to an hour with each respondent although several of the interviews extended for longer periods of time. The respondents were told that their interviews were confidential with the hope that confidentiality would encourage the interviewees to be more forthcoming with their answers, especially in responding to those questions dealing with organizational conflicts or problems experienced in raising grants and donations for their organizations.

The researcher attempted to include the organizations with the largest budgets in each city, to insure inclusion of the groups with greatest organizational capacity. Presumably the groups with bigger budgets have greater capacity to conduct fundraising. However, the process of securing the interviews was a difficult and labor-intensive one that extended for a period of six months. Ensuring access to the largest organizations in each city was not completely achieved. The original sample frame included the following geographic spread: four organizations in Berkeley, six organizations in Oakland, and 45

groups in San Francisco. The geographic breakdown of the respondents in the final sample is: two agencies in Berkeley (not necessarily the largest ones), six in Oakland, and 22 in San Francisco (several large organizations were included but it is unclear whether they are the largest).

All of the organizations were contacted by phone, introduced to the project, and asked to participate in the interviews. An appointment was set up during the initial contact. Immediately after the call, a letter was sent to reiterate the content of the conversation and thank the individual for her/his participation.

All of the organizations on the list were called at least once. Specifically, 23 groups were called one to seven times over an extended period of time and were replaced by other groups on the list as a result of calls not being returned or finding out that the groups were unable to participate in the study. The 30 organizations that were finally included in the sample received an average of three to five calls prior to securing the interview. Only in one instance was an interview obtained with the first call.

The interviews were primarily conducted with executive directors because they were considered by the researcher to best understand their organization's fundraising strategy and performance, and most capable of providing an overview of their organization's fundraising process. Prior to making any calls, the researcher thought that a high number of development directors would participate. However, in the process of calling it was found that a majority of the organizations lacked such a position. Other personnel performing finance and associate director functions were interviewed because of their fundraising responsibilities. In one instance, the board chair of the organization was interviewed. Table 1 provides a breakdown of those persons who were interviewed.

Table 1
Job Titles of Respondents

Job titles	Number
Executive director	21
Development director	3
Executive director and development director	1
Associate director	2
Board chair	1
Development consultant	1
Finance director	1
Total	30

As individuals in the targeted organizations agreed to participate in the study, the researcher also attempted to obtain each organization's IRS 990 information or audited financial statements. This strategy proved to be unsuccessful and none of the participants sent their materials prior to their interview. The researcher proceeded to request the same information during the interview with the hope that the materials would be sent by mail. A few of the groups responded to this request, and some of them required several reminders. After obtaining mixed results through this method, a new strategy was adapted and the researcher offered the participants the following choices: to mail the

packet, or photocopy the materials after the interview took place, or personally pick up the documents on an agreed upon date. Table 2 captures the method that was utilized by the organizations to get the stated materials to the researcher.

Table 2
Method Used to Obtain 990 IRS Information

Method used	Number
Sent by mail with no reminder	4
Received when interviewed	6
Sent by mail with several reminders	10
Picked up personally after several reminders	5
No information sent, but promised	2
Denied access to information	3
Information purchased from registry of charitable trust	5
Total	30

The participating organizations received an average of three to five reminders to send the documentation. Three of the participants denied access to the information. Two of these groups told the researcher that their board's policy was to not provide such information to the public, despite common knowledge that IRS 990 information by law must be given to anyone who asks for it. The other group had never dealt with this type of request before and was unsure what to do, finally deciding to deny a copy of the

documents. Another two organizations promised to send the information but never sent it to the researcher, even after receiving at least five reminders. Only one organization provided audited financial statements.

Two of the organizations that submitted materials to the researcher claimed that the information was lost in the mail. In both instances, the researcher went to retrieve the materials personally. Another organization had to get permission from its board of directors to release the documentation. In the end, the researcher purchased copies of the missing IRS 990 information for five of the participating organizations from the Registry of Charitable Trusts. One of the groups was missing Form 990s for two of the three years requested.

The information that was finally obtained was very uneven and did not allow the researcher to explore the diversity of funding sources for each participating organization. Usually a breakdown of the donations of \$5,000 or more is provided to the IRS as an attachment to the 990 Form. Seventeen of the organizations were missing these attachments. The researcher was unsuccessful in obtaining a copy of the attachments from the Registry of Charitable Trusts but was unsuccessful.

Instrumentation

The interview questions covered several major areas:

- Demographics of the organization and the fund development strategies through which it obtains grants and donations
- Diversity of funding sources
- Board involvement in fundraising

- Fundraising organizational capacity, including the staffing pattern dedicated to fundraising and the roles and skills of the executive director and fundraising staff
- External and internal impediments to fundraising
- Technical assistance needs
- Relationships with the funding world

The specific questions are provided in the enclosed interview questionnaire in Appendix A.

The IRS Form 990s obtained for 1996-98 were used to measure in detail the diversity of funding sources for each organization and were complemented by information provided during the interviewing process.

Operational Definitions

Organizational profile: The basic demographic information for each organization, obtained from responses to question one in Section I of the interview questionnaire. The question in this section relates to the primary focus of work of the organization.

Board of directors' profile: This information was obtained from responses to questions one through six in Section II of the interview questionnaire. The categories include: existence and activity level of the fundraising committee of the board, perceived strengths and weaknesses of the fundraising committee, fundraising training received by the board, types of training, and future fundraising training needs.

Fundraising effectiveness: Measured by responses to questions throughout the interview questionnaire. The questions cover the following information:

- ❑ Diversity of funding sources (number of different sources supporting each organization).
- ❑ Fundraising strengths and weaknesses of the board of directors
- ❑ Organizational fundraising strengths and weaknesses, including the fundraising skills of the executive director
- ❑ Whether fundraising goals are met or not
- ❑ Changes in funding received from corporations, foundations, government, and individuals
- ❑ Relationships with the funding world

Funding mix: Refers to the responses to question one in Section III of the interview questionnaire, and to data obtained from IRS Form 990 or financial audit.

Fundraising capacity: The fundraising capacity of the organizations studied is described by the responses to questions 1 through 12 in Section IV of the interview questionnaire. The questions included request descriptions of the involvement of staff, board of directors, and the executive director in the fundraising process of the organization. The obstacles faced by each organization in fundraising, use of annual fundraising plans, whether fundraising goals are met or not, and perceived weaknesses and strengths as well as technical assistance needs, are also described.

Relationships with the funding world: Assessed by the responses given to questions one through seven in Section V of the interview questionnaire.

Treatment of Data

This study is descriptive and exploratory in nature. The information obtained during the interviewing process was carefully taken by the researcher in the form of notes that

were coded and later typed into a computer database that permitted the analysis of the data.

Most of the data obtained is qualitative and is presented in narrative form. However, some of the information is quantitative, particularly the information obtained from the IRS 990 forms. For example, the revenue raised annually for a period of three years from government and private sources, and organizational budget amounts, are displayed in tables. Tables are also included for the revenue raised by organizations within a primary service area for a specific year, and to summarize the percentage that each funding source represents for each service area for the entire three years that were tracked. The table format is used throughout the study to clearly show quantitative information.

Due to the qualitative nature of this study, the interview data are for the most part used in the narrative to describe the commonalities and patterns shared by the organizations studied. Some of the information obtained during interviews is presented in table form to support the narrative. When possible, the researcher also contrasts the organizations and describes the main differences among them if such patterns exist.

Comparisons are made among sampled organizations on such items as organizational strengths and weaknesses, fundraising capacity, scope of fundraising efforts, the types of technical assistance needed, and relationships with the funding world. The researcher also analyzes the differences between small and large organizations and their fundraising effectiveness.

When relevant, the researcher includes information and observations on the trends of the organizations within each service area. The primary service sectors are: economic development, community services, arts/culture, and advocacy.

Limitations of the Study

Because this research project is a qualitative study assessing the effectiveness of Latino Bay Area nonprofit organizations in obtaining grants and donations, it is natural to assume that the experiences of these organizations are similar to those of all Latino nonprofits. It is important to clarify that there is a great deal of diversity among Latino groups. Many of these groups were organized by members of the various nationalities within the Latino community, which may contribute to differences in their approach to fundraising. This study does not explore these possible variations influenced by nationality.

Another factor to consider is that within the Latino nonprofit community there are differences in degrees of alignment with the dominant Anglo culture of the United States. It could very well be that those organizations that have chosen to be in closer contact with Anglo culture are more established and have an easier time obtaining grants and donations for their work. This study does not measure how alignment with Anglo culture impacts the effectiveness of a Latino nonprofit organization in fundraising.

Furthermore, the study focuses only on those groups located in San Francisco, Oakland, and Berkeley. Focusing on these cities narrows the number of organizations studied in this project and might exclude other results inherent to Latino nonprofits in the areas not included in this study.

The 30 organizations studied also cover a broad spectrum of services, budget size, and fundraising strategies. Due to the diversity of the groups and the qualitative nature of the information obtained, the degree of validity of the data presented cannot be extrapolated nationally or even to the entire Bay Area. However, the data provide a

profile on the diversity and complexity of Latino nonprofit organizations that suggest further research.

Only Latino nonprofit organizations that have been in contact with the Hispanic Community Foundation have been approached for this study. More informal groups of Latinos that might be classified as nonprofits and which have very small budgets (less than \$25,000 per year) and an entirely volunteer base might not have the capacity or the desire to respond to the Hispanic Community Foundation's surveys and contacts.

All of the respondents were asked to assess the fundraising skills of their executive directors. Given that the majority of the respondents are primarily executive directors, it is safe to assume that the study may have come to different conclusions if individuals other than the executive directors were interviewed.

Seventy-three percent of the 30 sampled organizations (22) are located in San Francisco, with the remainder located in the East Bay communities of Oakland (6) and Berkeley (2). Given the greater representation of San Francisco-based organizations, the study does not draw any conclusions about the similarities and/or differences of Latino nonprofits among the targeted cities. Additionally, the study does not explore whether the longevity of the organizations contributes to greater organizational capacity to conduct fundraising.

CHAPTER 4: RESULTS

Introduction

This chapter summarizes the findings and results of personal interviews with executive directors, development staff, and board members of 30 Latino nonprofit organizations located in the cities of San Francisco, Oakland, and Berkeley. The respondents at the participating organizations described their fundraising processes and evaluated the success of their efforts in great detail. The fundraising areas assessed by this research project include:

- Diversity of funding sources. This factor was assessed through review of revenue information from IRS Form 990 or from audited financial statements for three consecutive years
- Board involvement in fundraising
- Organizational capacity and technical assistance needs
- Relationships with the funding world

Organizational Profile

The participating 30 organizations provide a wide spectrum of services to the Latino community. Many of them have been in existence for several decades. The size of their budgets and scope of work varies immensely. The 22 organizations serving their immediate locality represent a large proportion of the sample. In addition, there are two regional and five national organizations, and one international organization. Of the five national organizations, three do not have offices in other parts of the country beyond the Bay Area. Of the other two national groups, one has an office in Boston and the other

operates several offices nationwide.

The majority of the sample is composed of organizations providing a range of community services that encompass physical and mental health, youth development, violence prevention, and parenting skills (Table 3). There are eight groups focusing on some type of advocacy work such as immigration rights or provision of legal services. Six agencies offer economic development services such as job training or job placement. Three of the organizations focus on cultural activities or the arts. The other two organizations provide support to other groups. One of these manages a facility shared by more than 20 agencies; the other provides grants to other Latino organizations in the Bay Area. During interviews, at least nine respondents reported that their organization's ethnic constituency had evolved over time and they were now serving other non-Latino members of their communities due to changes in the population of the neighborhoods in which they are located. The remaining 21 respondents are serving the Latino community exclusively.

Table 3
Organization Types by Primary Service Provided

Service	Number
Advocacy	7
Arts/culture	3
Community service	12
Economic development	6
Other	2
Total	30

The budget size of the 30 participants covers a wide spectrum. Forty percent of the organizations have a budget that ranges between \$1,000,000 and \$10,000,000.

The smallest organization has a budget of less than \$50,000 and the largest has a budget of \$13 million (Table 4).

Table 4
Organization Budget Size

Budget size	Organizations
Under \$100,000	3
\$100,000 - \$499,000	10
\$500,000 - \$999,999	4
\$1,000,000 - \$4,999,000	8
\$5,000,000 and over	5
Total	30

Note. Budget information obtained from most recent available IRS Form 990.

How Diverse is the Funding Mix of Latino Nonprofits?

The revenue raised through grants from private and governmental sources as well as donations from individuals is substantial. Ninety percent of the organizations obtain project related or restricted grants, representing 80 to 100 percent of their funding. Only one respondent reported 100-percent general support funding. In addition, only two respondents (6 percent) stated that they received mainly unrestricted funding (70 percent and 80 percent respectively). Ninety percent of respondents mentioned that their

fundraising efforts and revenue obtained through grants and donations had grown during the last three years.

Table 5
1996 Revenue from Government, Corporate, and Foundation Grants, and Individual Donations

Revenue	Government grants	Foundation/corporate grants and individual donations
\$250,000 or less	12	14
\$250,001-\$1,000,000	7	9
\$1,000,001-\$10,000,000	7	2
No revenue	3	4
No information available	1	1
Total	30	30
Total revenue	\$ 29,544,739	\$12,111,513

Note. One organization reported government grants combined with foundation grants, and tracked individual donor donations separately. Please refer to Table D-1 in Appendix D for a more detailed breakdown of grants and donations by organization.

Tables 5, 6, and 7 provide a synopsis of the government, corporate, and foundation grants and individual donor donations received during 1996 through 1998. The information was obtained through available IRS 990 forms or audited financial statements. All of the organizations in the sample filed an IRS 990 form. Organizations

with annual expenses and income at or above \$25,000 are required to file such a form by the Internal Revenue Service. It is important to note that the organization that provided audited financial statements tracked its government grants combined with private foundation grants. This group also tracks individual donor donations separately. The researcher was unable to obtain a breakdown of the government, foundation, and corporate support for this organization. The researcher was also unable to obtain further breakdown of corporate, foundation and individual donor support from 29 other organizations in the study sample.

Table 6
1997 Revenue from Government, Corporate and Foundation
Grants, and Individual Donations

Revenue	Government grants	Foundation/corporate grants and individual donations
\$250,000 or less	7	17
\$250,001-\$1,000,000	10	6
\$1,000,001-\$10,000,000	7	2
No revenue	5	4
No information available	1	1
Total	30	30
Total revenue	\$24,913,854	\$11,740,213

Note. One organization reported government grants combined with foundation support, and tracked individual donor donations separately. Please refer to Table D-2 in Appendix D for a more detailed breakdown of grants and donations by organization.

On the government side, the organizations benefit from a variety of county, state, and federal government grants. Although the breakdown of governmental sources is unavailable, anecdotal information obtained through the interviews seems to suggest that the biggest supporter is the county, followed by the state. Very few agencies secure grants from the federal government. However, several groups in the sample expressed an interest in obtaining such funding but were unclear on the process to follow.

Table 7
1998 Revenue from Government, Foundation, and Corporate Grants, and Individual Donations

Revenue	Government grants	Foundation/corporate grants and individual donations
\$250,000 or less	8	17
\$250,001-\$1,000,000	9	8
\$1,000,001-\$10,000,000	7	2
No revenue	6	2
No information available	0	1
Total revenue	\$26,614,268	\$12,368,441

Note. One organization reported government grants combined with foundation grants and tracked individual donor donations separately. Please refer to Table D-3 in Appendix D for a more detailed breakdown of grants and donation by organization.

Only two organizations (6 percent) in the entire sample do not solicit any type of government funding. Their fundraising strategies focus on individual donors and private institutional funders. The largest amount of government support was received in 1996, with more than \$29 million reported in grants (Table 5). The 1997 figures dropped

sharply by \$4.6 million, perhaps due to funding cuts (Table 6). During the interviews, 30 percent of the respondents stated they had experienced government cutbacks during the previous three years. The cuts that took place were due to several reasons: 1) a few funding sources redirected their funding to other priorities; 2) lack of organizational compliance with the agreed-upon scope of work; 3) decreased funding from the National Endowment for the Arts, Medicaid, and local youth funding; and 4) late submission of proposal. In 1998, the amount of government support increased by \$1.7 million but did not return to the 1996 level (Table 7).

Despite the reported cutbacks, the majority of the respondents stated that their government funding had increased during the last couple of years. This is supported by revenue amounts shown for 1998. However, the growth experienced did not bring up the total to the 1996 level. Given the three years of information tracked, it is unclear whether the sample has been impacted by consistent cutbacks in government grants. A longer period of time needs to be studied to resolve this question. However, it is clear that the participating organizations are very dependent on government funding.

Government grants exceeded the level of support from private sources, representing 71 percent of total support for 1996 (Table 5). In 1997, government support continued to be the main source of support for these organizations, although it decreased to 68 percent (Table 6). During 1998, government support remained at the reported 1997 level but still represented the majority (68 percent) of support (Table 7).

Information obtained during the interviews also supports the notion that the government is one of the main funding partners for this sector, as was confirmed by the descriptions of the relationships the respondents shared with the researcher during the

interview process. What remains unclear is the relative level of the dependency on local, state, and/or federal grants, given that the information cannot be disaggregated to assess the number and mix of funding sources per agency.

Perhaps another way to begin measuring the level of dependency on government support is to compare the available government information with private funding. During the three years that were tracked, 56 percent of the organizations obtained grants of more than \$250,000 from the government, whereas only 36 percent of organizations secured grants of more than \$250,000 from private sources. In the same three years, 66 percent of the organizations obtained grants of \$250,000 or less from private sources, and 34 percent of organizations obtained grants of \$250,000 or less from government sources.

Furthermore, government support combined for the three years 1996-1998 totaled \$81 million, whereas private institutional/individual donor support was only \$36 million for the same period of time.

On the private side, the level of support was much lower than governmental support. However, the amounts remained fairly consistent during the three years, decreasing by a small amount in 1997 and increasing some in 1998. In 1996, private support constituted 29 percent of total support for that year. In 1997, support from private sources increased to 32 percent and remained at the same level during 1998. The amounts could not be further disaggregated by source to assess the mix of foundation, corporate, and individual donor sources.

At least three of the respondents reported not receiving any donations from private institutions or individual donors. However, during the interviewing process, all of the respondents stated they solicited grants and/or donations from private institutions and

individuals. This discrepancy can be attributed to the fact that the IRS requires the reporting of donations/grants of \$5,000 or more. It is possible that the donations received from these sources amounted to less than \$5,000 and were simply not reported by the two organizations.

Information provided during the interviews suggests that the primary source of support on the private side is from corporations, followed by foundations, and that donations from individuals lag considerably. Half of the respondents spoke about the corporate sector's positive response to the work of their organizations, and that it was much easier to develop ties with corporations than with foundations. Many of the respondents perceived the corporate sector's interest in the work of Latino nonprofits as a way of generating markets in Latino communities.

Foundations were regarded as lagging behind in their support of and interest in the Latino community. Many of the respondents reported that foundations did not understand their work (see the section "Relationships with the Funding World" in this chapter for more details). One respondent of a small arts/culture organization stated: "Catering to foundations and corporations is very labor intensive. Corporations want visibility and glitz and foundations want us to cover all minority communities without really understanding our work."

While there is much to be said regarding the lack of grants from foundations for the Latino nonprofit sector, it is also true that (at least in this sample) Latino organizations are simply not asking as much as they should from foundations or from individual donors. What remains to be explored are the internal or external factors that might impede these organizations in developing foundation funding and/or an extensive

individual donor bases. A description of the impediments experienced by these organizations in developing additional fundraising initiatives are explored later in this chapter.

Funding Mix Information by Organization Type

Table 8 provides the funding percentages that government grants and private sources represented for all of the organizations in each of the sectors for 1996 through 1998. By far, the government is still the largest source of support for most of the sectors tracked. Economic development, advocacy, and community service organizations obtain the most support from the government (80, 94, and 68 percent of their funding, respectively). However, if we analyze the breakdown of the data for advocacy organizations (Table D-3, Appendix D) we find that it is skewed by one organization that tracks its grants from private sources and government together and keeps records for individual donations separately. This particular group obtains more than \$5 million dollars annually in grants from government and private sources combined. The other four organizations received much lower amounts from the government, with the highest amount at almost \$500,000 per year. Two of the respondent advocacy groups do not solicit grants from the government.

Arts and culture organizations are the only groups in the entire sample that did not receive at least half of their fundraising revenue from the government. Arts and culture groups depend on government funding sources for approximately 24 percent of their revenue on an annual basis, and have a much greater base of support from private sources in comparison to the other three sectors. Community service organizations also benefit from a moderate percentage of support from private sources.

Table 8
Percentage of Revenue Raised by Source of Funds for Latino
Organizations in the Bay Area, 1996-1998

Organizational type	Revenue	Percent
Economic development		
Government grants	\$22,408,957	80%
Private sources	5,662,462	20
Advocacy		
Government grants	17,843,817	94%
Private sources	1,099,703	6
Community Service		
Government grants	41,493,904	68%
Private sources	19,164,074	32
Arts/culture		
Government grants	730,523	24%
Private sources	2,309,456	76

Note. See Table D-4 through D-7 in Appendix D for a breakdown for each organization per service area.

Data disaggregated by organization type for 1998 are the most recent data available for the Latino organizations in the sample. The data for 1996 and 1997 by organization type were analyzed, but were not included in this section because the data did not reveal information that has not been observed through the 1998 information. Two groups were not included in the analysis of 1998 data disaggregated by organization type because they did not focus on any of the four primary service areas.

Government grants play a pivotal role in supporting the majority of organizations. However, a possible new trend, as shown in Table 9, seems to indicate that the government is more willing to fund community service and economic development organizations as opposed to advocacy and arts/culture organizations—as the high medians

for both of these areas show (both are above \$500,000). Government support of these two sectors raises an interesting notion regarding the funding climate in which these organizations operate. One possible explanation is that government support for these two sectors may stem from their willingness to fund programs that can track their impact in the community in measurable ways that advocacy and arts/culture organizations cannot. As stated before, only one advocacy group out of seven obtained considerable support from the government. For the advocacy and arts/culture sectors it is often difficult to state how people are better off as a result of receiving their services. Furthermore, the work of advocacy and arts organizations is often politicized and consequently may be considered more controversial by government as well as private funders.

Table 9
1998 Revenues by Source of Funds and Organization Type

	Number	Low	High	Median
Government grants				
Economic development	6	\$93,145	\$5,015,368	\$579,825
Advocacy	7	0	5,412,915	66,047
Community service	12	0	5,714,549	557,737
Arts/culture	3	28,800	140,129	64,990
Private sources				
Economic development	6	\$12,586	\$844,441	\$167,206
Advocacy	7	58,591	1,319,755	163,732
Community service	11	0	5,122,760	233,094
Arts/culture	3	0	789,916	36,881

Note. One arts/culture organization was missing information for two years. Two organizations in the sample provided other services not included in the table's categories and are not reflected in this data. Please refer to Tables D-4 through D-7 in Appendix D for a breakdown for each organization per service area.

On the private side, the median revenue for economic development and community service organizations show that they benefit from a strong level of support from foundations, corporations, and individuals, receiving more than \$160,000 from each funding sector. However, the figures for community service are skewed by one large organization in particular, which raised more than \$5 million of its revenue on an annual basis through private sources. The remaining organizations in the community service area generated less than \$500,000 each on an annual basis from private sources.

Advocacy organizations obtain stronger support from private sources than from government sources. The data suggest that Latino advocacy organizations may be more effective in cultivating private funding sources than government sources, with a higher median from private sources than from government grants. Information obtained during the interviews tends to suggest that the main sources of support are foundations that are willing to support more controversial activities. A couple of the organizations in the advocacy category do not solicit donations from the government. One of these groups has an extensive individual donor base.

Arts and culture organizations seem to get less support from private sources than from government. The government median is \$64,000 whereas the private median is \$36,000. One large arts organization in the sample skewed the data for the arts category. However, the figures still support the argument that arts and cultural organizations receive less funding from governmental and private funding sources than the other three sectors.

Board Involvement in Fundraising

Most of the literature on nonprofit boards concurs that the board of directors should

not only provide a strategic vision and direction for the organization, but should also take a lead role in fundraising. While the respondents from the participating organizations in this study were familiar with the expectations of the traditional board of directors' model, 63 percent reported not having their board members involved in fundraising. During the interviews, 63 percent of respondents also reported experiencing some type of major transition or crisis during the prior three to five years which impeded their boards from being involved with ongoing organizational matters such as fundraising. Many of these groups placed a higher priority on dealing with basic needs—such as recruiting new executive leadership, stabilizing the governance and management structures of the organization, getting rid of debt, and streamlining programs—than they did on fundraising.

In at least a couple of instances of intense crisis or transition, radical organizational shifts took place that led to a positive impact in fundraising. In these situations, a new board composition, recruitment of professional staff for program and operations, development of a strategic plan, and development of the fundraising infrastructure of the organization translated into an increased effort in fundraising, higher visibility, a bolder fundraising approach, and increased revenue. In other words, board involvement in fundraising alone did not trigger an improved performance in fundraising; other changes were necessary for such a positive shift to take place.

Thirty-six percent of respondents reported different levels of board involvement in fundraising, ranging from connecting the organization to a potential funding source, to input on a proposal, to making personal donations. Respondents from a couple of small organizations stated that their entire board shares the responsibility for organizing a key fundraising event. Sixteen percent of the respondents stated that their boards had adopted

a policy of making personal donations but only one respondent reported actually having 100 percent follow-through from their board on their donation pledges. This particular organization's board is composed of managers from a variety of corporations who are committed to raise at least \$25,000 per year. The other four groups had mixed to weak results in this area.

All of the respondents felt that their boards understood the needs and missions of their organizations, which could help them state their case to potential funders. Forty-three percent of respondents alluded to their board members' ties to potential sources of money; and 40 percent reported that their board members were actually well connected to funding sources such as foundations, local government, corporations, and wealthy individuals. Twenty percent of the respondents mentioned that their board members understood the fundraising process, actually had some level of fundraising expertise, and were concerned about the growth of the organization.

The information by organization type also confirms that board involvement in the Latino organizations in the sample is not high. However, 57 percent of the respondents in advocacy organizations and 66 percent in arts and culture organizations reported that their boards were involved in fundraising. Only 8 percent of the respondents in community service groups and 14 percent of the respondents in economic development reported board involvement. It is possible that the boards in advocacy and arts organizations are more involved due to the funding environment in which these organizations operate that makes it difficult to obtain institutional support. Boards of economic development and community service organizations may be more passive because of the relative ease in obtaining greater funds from government and private sources. Although the

disaggregated data sheds some light on what types of organizations tend to have more involvement from their boards, the reader should bear in mind that the total number of organizations in each sector is relatively small compared to the entire sample. However, the predominant pattern is a lack of board involvement in fundraising across all service areas.

Table 10
Reasons Reported for Low Board Involvement in Fundraising

Reasons	Number
Lack of time	28
Limited or no fundraising skills	13
Afraid to ask for money	7
Lack of clarity on their fundraising role and responsibilities	6
Limited access to potential sources of funding	6

Lack of board involvement in fundraising was the most common board weakness mentioned by all of the respondents. Respondents were asked about the factors they thought that prevented their boards from becoming more involved. Their responses are presented in Table 10. (Some respondents listed multiple reasons).

Respondents were also asked if they had provided their boards with any type of fundraising training to enable them to become involved with the fundraising process. Forty percent of the organizations had provided board members some type of fundraising training. Past training mainly covered basic board fundraising roles and responsibilities.

Two organizations had built upon the basic training by providing additional opportunities for the board to learn how to ask for money from individuals and overcome their fear of asking. Neither one of these groups was having much luck involving their boards further, but at least one group was coaching their board members as a follow-up to the training and was having some limited success. One of these respondents expressed her frustration: “Our board has been trained a lot and doesn’t need additional training. What we need is to have them do something!” This respondents’ board became reluctant to ask for donations because they did not want to be solicited by their counterparts in other nonprofits.

Twenty-six percent of the organizations had not provided any type of fundraising training to their boards. When asked about the type of fundraising training that might be helpful in the future, two respondents stated that additional training would not be helpful and that their boards needed to use their newly acquired skills. Twenty-six percent of respondents reported that they were not planning to conduct future fundraising trainings. For the majority of the respondents, the level of board involvement in fundraising was not satisfactory. At least 16 percent of respondents were very explicit in stating that they had struggled with this issue and did not know how their board could increase its effectiveness. Fifty-three percent of the respondents reported that they did not have plans to involve their boards in fundraising. The remaining respondents stated that the training topics listed in Table 11 would be helpful.

It is not surprising to find that the majority of respondents would like their boards to understand their fundraising role better. Most of the respondents would also like their board members to better understand the mechanics of raising money from individuals,

especially for capital projects.

Table 11
Topics in Fundraising Training for Board Members

Topics	Number
Basic roles and responsibilities	6
Soliciting money from individuals	4
Raising money for a capital project	3
Clarification on fundraising roles	2
Corporate fundraising	2
Changing phases of boards	2
Coordination of fundraising events	2
Developing a solicitation strategy to reach Latino donors	2
Raising money for an endowment	1

Have Latino Nonprofits Developed their Internal Capacity to Conduct Fundraising?

Latino nonprofit organizations are designed and managed by people, and consequently take on most of the limitations and potentials that people have. Fundraising efforts are particularly influenced by the leadership provided by the board members and executive director, the fundraising skills and knowledge available to the organization that enable it to articulate a sound strategy and plan, and dedicated staff members who can implement and coordinate. To build a profile on the fundraising process of Latino organizations, and to gain an understanding on how effective these organizations have

been in tackling fundraising, the participating organizations were asked several questions regarding their fundraising capacity. The questions aimed to gain an insight on:

- The dedicated staffing in charge of fundraising
- The executive director's involvement in fundraising and the strength of her or his skills
- The use of planning tools, such as strategic or annual plans, that enable the group to meet stated goals
- The major fundraising obstacles faced by each group
- The types of technical assistance needed to overcome identified obstacles

Staffing Pattern

Respondents described at length the time and staffing they allocate to fundraising. Just over half of the respondents reported that their executive directors are responsible for the coordination and implementation of all fundraising activities. In most cases, the executive director involved administrative staff and/or program staff in the development of proposals. Board members are often asked to provide potential donor contacts, obtain donations for a special event, or in a few cases, were involved in meetings with potential funders. Table 12 outlines the staffing pattern dedicated to fundraising efforts.

The information disaggregated by organization type reveals that a high proportion of organizations in the advocacy area tend to have development staff or consultants, with four out of seven respondents reporting such assistance. Three out of six respondents in economic development organizations and 5 out of 12 community service organizations respondents also reported that their organizations hired development staff or consultants.

Of the three arts/culture organizations, only one had a development staff.

One respondent from an arts/culture organization reported that their board was responsible for all fundraising implementation and coordination. This organization's annual budget is under \$100,000 and several of the individuals on the board have been long-standing members of the organization, enabling them to provide continuity and leadership for several decades.

Table 12
Personnel Assigned Primary Fundraising Responsibility

Personnel	Organizations
Development director or associate	11
Executive director	16
Board members	1
Development consultants	2
Total	30

Thirty-seven percent of the respondents in the entire sample reported having some level of dedicated staffing for fundraising, from part-time to full-time arrangements. Three of these organizations have full-time development positions that had remained vacant for extended periods of time even after several recruiting attempts. Respondents stated that the main reason they were unable to secure a development person was lack of qualified applicants. Two of the positions had salary levels above the average rate in the Bay Area's nonprofit sector; the third position was well under the going salary rate.

Two of the organizations with vacant development positions were among the largest of the five organizations in the sample. In fact, one of the organizations has a fairly elaborate development department with seven full-time staff dedicated to fundraising: three development officers, a grant writer, a major gifts officer, an event coordinator and three administrative assistants. In addition, the executive director of this organization also dedicates three-quarters of her time to fundraising, and the finance director about one-third. The organization raises its money mainly through individual donor campaigns and will be implementing an extensive work-place giving campaign in the future.

Two organizations have hired consultants to implement their fundraising activities. One of the groups hires a full-time consultant to organize events and develop corporate and individual donor support, as well as a part-time consultant to work on raising grants from foundations. The executive director manages all government funding requests. This organization decided to bring on consultants due to internal conflict when development staff were unable to secure the agreed-upon financial goals. Prior to the hiring of the consultants, the organization had an in-house development component for a period of five years that was staffed by two development people. The other organization utilizing consulting services on an ongoing basis had hired its current consultant as a development director in the past, and decided to retain this person as a consultant.

It is important to note that only 2 of the 13 organizations with some type of development staffing were successful in recruiting Latinos as development directors. Some of the respondents reported difficulty in recruiting qualified Latinos in fund development for this leadership position, and also stated that finding qualified Latino fundraising consultants is difficult. Some of the respondents also reported hiring

unskilled Latino personnel and experiencing great difficulty in training and coaching them in a short period of time. The respondents added that their organizations simply did not have the time or the infrastructure to provide such training and that the fundraising still needed to be done while the person was in training.

It is also worth noting that 20 percent of the organizations participating in this study have moved beyond the one-person development component. These organizations share the following traits:

- Budgets of more than \$1 million (the largest budget is over \$13 million dollars)
- Their scope of service is beyond their immediate locality: three are national organizations, one is international, another is state-wide, and one is county-wide
- At least four organizations solicit funding from individuals and foundations
- Two organizations also request funding from the government
- Two organizations are developing capital campaigns to purchase their own building; one organization is building an endowment and launching six regional offices in the coming years
- Five organizations have more than three development staff; a sixth organization has only two development staff
- Only two organizations reported board involvement in fundraising
- The executive directors of all these organizations are heavily

involved in developing fundraising strategies as well as conducting face-to-face solicitations

All of the respondents spoke extensively about their lack of capacity to conduct fundraising and how the lack of dedicated staffing diluted their efforts, impeded growth, and stalled their continuity. One executive director shared his thoughts on this issue: “Our fundraising efforts have become very successful and allowed for much needed growth but now I feel less effective in fundraising because the stakes are higher and I am the only one raising the money.” This particular executive director felt he needed to stabilize the organization’s growth, streamline programs, and hire a development person.

Executive Director Involvement in Fundraising

Fifty-three percent of respondents reported that their executive directors are in charge of managing and implementing all fundraising activities. The budget size for these organizations tends to be smaller than those with fund development staff. However, there are two organizations with budgets of more than \$600,000 and less than \$1 million, and two with budgets of more than \$1 million. The fundraising strategies adopted by these organizations are as diverse as those of their smaller counterparts. While there is one national group in the sample, most of the organizations tend to serve their immediate localities.

Given the high level of involvement from all executive directors, respondents were also asked about the strengths that their executive directors brought to the fundraising process as well as skills needing improvement. (It should be noted that the majority of the interviewees were themselves executive directors.) Several of the respondents stated that their executive directors are considered leaders in their field. Thirty-three percent of

respondents also mentioned that their executive directors have strong fundraising skills and a compelling organizational vision. Sixteen percent of respondents stated that their executive directors have strong writing skills that were being utilized to develop proposals or other fundraising materials. Thirteen percent of respondents reported that their executive directors follow through on the organizational commitments made to funders.

Table 13
Problems Experienced by Executive Directors in Fundraising

Problems	Responses
Lack of time	10
No capacity to develop the board of directors	10
Writing skills need improvement	4
Experiences embarrassment asking for money	2
Lack of knowledge on what funders want	2
Dislikes cultivating donors	2
Frustrated with funders' perception of nonprofits	1
Dislikes terms stipulated by funders	1
Lack of individual donor experience	1
Lack of capital campaign experience	1

The highest-ranking problems experienced by executive directors in fundraising were lack of time to conduct more fundraising and lack of skills to build the board of directors (Table 13). Skill in writing proposals was another important issue brought up as an area that some executive directors could improve in. Lower-ranking issues that were

mentioned—such as lack of capital campaign experience, lack of individual donor experience, lack of knowledge about what funders want, and disliking the cultivation of donors—point to a need for further training in these areas.

Many of the interviewees described at length how difficult it is to motivate or train their boards to do fundraising. One of the executive directors being interviewed finally concluded: “It is impossible to turn a volunteer into a proposal writer.” Another one said: “Involving our board in fundraising is completely unrealistic and I just don’t have the time to develop their role.”

Use of Fundraising Plans

Many fundraising experts concur that fundraising plans will help an organization raise more money in less time through the constant assessment of goals, opportunities, and risks. A fundraising plan allows an organization to think ahead. Survey respondents were asked if they made use of this planning tool and whether or not it helped them achieve their goals. The respondents reported:

- 67 percent of the organizations use an annual fundraising plan
- 33 percent of the organizations do not have an annual or long-term fundraising plan

Of the respondents whose organizations make use of an annual plan, 50 percent felt that it helped them achieve their fundraising goals. Fifteen percent of the other half stated that they did not meet their fundraising goals because they lacked follow-through, had defined unrealistic fundraising goals, and/or lacked dedicated staffing to implement fundraising activities.

A high number of the respondents in all service areas reported using a fundraising

plan. All of the respondents in arts/culture organizations and six of the seven respondents in advocacy organizations use a plan. The economic development and community service sectors have fewer organizations making use of a plan, with only half of the groups in each category having a fundraising plan. The findings by organization type simply reinforce the trend for the entire sample: A majority of the respondent organizations make use of a fundraising plan.

Some of the reasons given for not developing a fundraising plan at all were: (1) “The plan falls on the board’s deaf ears;” and (2) the leadership (board and executive director) of the organization does not believe in planning. Among the organizations not using plans, at least four achieved great fundraising success and were able to raise more than \$500,000. Consequently, the lack of a fundraising plan does not necessarily consign an organization to poor fundraising results. However, the organizations involving a greater number of individuals in fundraising tended to adopt a fundraising plan, which suggests that planning tools are helpful in bringing a group of people to a common understanding and sense of direction.

What are the Fundraising Impediments Encountered by Latino Nonprofits?

The interviewees were asked to describe the major obstacles that they typically encounter while raising money (Table 14). In the board area, a few respondents mentioned that they needed board members who were connected to funding sources. Difficulty in integrating development staff was also mentioned by a couple of respondents. The main reasons attributed for the difficulty in integrating development personnel were the staff’s limited fundraising skills and the lack of organizational capacity to train and coach them. Another reason given was the conflict that arose in one

of the organizations as a result of not achieving its stated financial goals. The challenge of finding Latino development staff was also mentioned as an obstacle by several respondents.

Table 14
Fundraising Obstacles

Obstacles	Percentage
Lack of staffing	33%
Difficulty obtaining general support	23
Too labor intensive to fulfill funding requirements	20
Lack of board involvement	13
Difficulty in recruiting qualified Latino fundraisers	10
Hard to rebuild organizational image due to internal crisis	10
Competition from other organizations	10
Limited number of funders for advocacy work	10
Limited knowledge on developing a Latino donor base	6
Difficulty in integrating development staff	6
Board members are not well connected to funding sources	6
Changing funding climate creates a tentative internal financial situation	3
Lack of knowledge about developing corporate support	3
Lack of knowledge on building an endowment	3
Limited skills in proposal writing	3

Table 14 also provides additional insight into other challenges that have not been mentioned before, such as the difficulty in securing unrestricted funding. The respondents spoke at length regarding the Catch-22, need to finance the strengthening of the organizations' management and administrative capacity, countered by the reluctance of government and private funding sources to provide general support grants. Many respondents also alluded to difficulty in developing project-specific proposals, which are widely supported by funders, when their greatest need is to finance existing programs and operations.

Several respondents found that obtaining funding was a mixed blessing due to the reporting requirements imposed by a majority of funding sources. As one executive director expressed her frustration, "Extensive reports are required that include very labor intensive and elaborate evaluative measurements, for which we are not funded, nor are set up to do. What's worse is that many times after submitting a report, the funding source never provides us with any feedback."

Several respondents reflected on the hardship of rebuilding their organization's image among funders following a disruptive internal crisis. However, two respondents had positive experiences to share. One organization had turned a negative situation around by deciding to hire a professional staff, streamlining their programs, and implementing a very bold fundraising plan that produced high results. Another organization was developing a strategic plan and a capital campaign.

Limited skills were mentioned by several respondents in an array of fundraising areas such as developing corporate support, proposal writing, and raising money for an endowment. Interestingly enough, a few respondents reported that they lacked

experience and skills to solicit donations from Latinos. (It is also important to note that very few organizations in the sample raise money from a Latino constituency, and at least five respondents wanted to learn about developing this new funding base.) None of the respondents found it odd that their organizations did not raise a significant amount of money from a Latino constituency. One of the respondents involved with an organization that is conducting a capital campaign wanted more insight on developing a Latino donor base. Only 10 percent of the respondent organizations have an extensive constituency of Latino individual donors.

Only a few external impediments to fundraising were identified, such as the fierce competition from other organizations for funding. Several respondents from legal advocacy organizations stated that there is very little support for their work among private and governmental funders. None of these groups have developed a large individual donor base to overcome this obstacle. One respondent from a major national advocacy group, reported that they were on the way to developing a successful individual donor strategy.

What are the Fundraising Technical Assistance Needs of Latino Nonprofits?

Respondents identified areas of technical assistance needed to improve their fundraising efforts (Table 15). These areas range from basic introductory trainings, to coaching, to specific consulting services. Several respondents pointed out that introductory workshops with no follow-up or coaching opportunities were of little help. Many stated that they would like the training to address their particular circumstances.

Despite the participants' emphasis on targeting an array of institutional funders that all require proposals, several respondents said they needed assistance in proposal

development. Workshops provided by training organizations such as the Bay Area's Support Center were considered somewhat helpful, but most of the respondents said what they really want is assistance/coaching with the proposals they have to submit. A majority of the respondents reported having a working knowledge of proposal writing but felt their skills needed to be improved to tailor proposals to each funder. This explains why general workshops are not considered as helpful as being coached on actual proposals that they have to submit.

Several of the respondents would like training on individual donor development. Development of an individual donor base can address the need for general support or for unrestricted funding which many respondents ranked as a pressing issue. Training in database management and identification of cost-effective donor databases should complement this training they said. They also thought that training in developing relationships with Latino donors should be included.

Respondents from organizations with larger budgets and development efforts requested endowment, capital campaign, and planned giving training. Several organizations currently developing a capital campaign expressed a high need for capital campaign training. Some of these groups are well positioned to develop their capital campaign because they have developed both institutional and individual donor support in the past. One of the organizations is experiencing trouble with its campaign due to lack of an individual donor network they can target. Another organization is developing a major donor effort and capital campaign simultaneously, with some degree of success, but realizes that under ideal circumstances they should have developed their major donor strategy first.

Table 15
Technical Assistance Needs Cited by Respondents

Needs	Citations
Proposal development	7
Training on individual donor development, including major donors	7
Board development	7
How to develop an endowment/capital campaign	6
Acquiring an effective individual donor database and obtaining training	5
Developing a planned giving program	2
How to build personal relationships with funders	2
Computer skills	2
Strategic planning	2
Training for fund development person	1
Organizational development	1

How do the Relationships with the Funding World Contribute to the Fundraising Effectiveness of Latino Nonprofits?

The relationships that nonprofits forge with the funding community will impact the success of their funding efforts. Cultivating relationships, reporting, and solicitation should take place on an ongoing basis. The individuals interviewed for this project assessed the funding relationships for their organizations, identified the funding community's receptiveness to the work of Latino nonprofits, discussed the most common

problems they encounter with funders, and described their most successful funding partnerships. The results of their assessments are provided below.

Type of Relationships

Fifty-six percent of the respondents reported that their organizations have good to excellent relationships with their current funding sources. Seventy percent of the organizations enjoy the benefits of a loyal funding base composed of governmental, private institutional, and some individual donor support. The main source of support comes from governmental sources and to a lesser degree from private institutions. Only a couple of respondents reported that most of their organization's funding comes from individual donors. Eighty percent of the respondents stated that their organizations have a small base of support among individuals.

Fifty-six percent of respondents stated that although they had well developed relationships with current funding sources, their network was small and required expansion. The main reason given for not developing a more extensive network of funding sources was lack of staffing. Having staffing capacity would allow them to submit more requests and cultivate more relationships.

At least four respondents reported that their funding sources were very supportive during times of internal crisis. These respondents also stated that many of the funding contacts had worked closely with them to get their organizations on track again. None of the respondents reported feeling completely satisfied with the number of funders they have, and a majority of them felt they needed to increase their contacts as well as broaden the spectrum of sources.

Receptiveness to the Needs of Latino Nonprofits

Insight was also provided on the funding community's receptiveness to the needs and work of Latino nonprofits. Fifty-six percent of the respondents reported that most funders are receptive to the needs of the Latino community, and in particular, to their own organization. At least 30 percent of the respondents added that their ethnic constituency had evolved over time and that they were now also serving members of the non-Latino community due to changes in the population of the neighborhoods they are located in. The remaining 70 percent of the organizations sampled are serving the Latino community exclusively.

Although a majority of participants reported high receptiveness and support from funders, they also identified differences in the support provided by various funding sources. Governmental sources were identified as the most understanding and supportive of all funders, with 57 percent of the participating organizations ranking them high on their list. Foundations are considered the least supportive by 67 percent of the interviewees. One of the respondents shared his experience with the foundation world: "It is hard to understand what they really want. There is hardly any consistency with their requirements and criteria; they are usually all over the map." Corporations and banks are regarded as very supportive of the Latino community, and half of the participating organizations have established ongoing relationships with them. The respondents also said they believe that corporations and banks regard Latinos as potential customers and that their grant making is a business strategy to cultivate Latino markets.

Several respondents stated that there is greater awareness from foundations about the needs of the Latino community and its nonprofit organizations. The prevailing perception, however, is that foundations lag behind governmental and corporate sources

in their support of the Latino community. Three of the participants spoke extensively regarding this matter and mentioned that many foundations refrain from supporting controversial causes such as bilingual education, and seem to regard the work of Latino nonprofits as divisive. Another interviewee expressed the view that foundations simply do not understand why it is important to give to Latino organizations, and also agreed that foundations seem to regard Latino nonprofits as socially divisive.

Respondents who work with organizations providing legal services (10 percent of the sample) stated that foundations vary in their support for their work and fail to understand their mission. Many respondents said that the prevailing anti-immigrant sentiment has not helped in developing support from foundations. A couple of executive directors mentioned that government sources are perhaps more supportive than the foundations because they tend to have Latino staff in decision-making positions who are knowledgeable about the needs of the Latino community.

A majority of the respondents from the Mission District and Fruitvale-based organizations mentioned the political funding rivalry that occurs among the various organizations. At the same time, many of the participants spoke at length of successful funding partnerships involving the collaboration of several Latino organizations. Some examples of these collaborations are provided later in this chapter.

Common Problems Encountered with Funders

Participants were asked about the typical problems they encounter with funders. Most of the issues raised are also familiar to non-Latino nonprofit organizations. The following table highlights the most common challenges Latino organizations experience with government and private funders.

Table 16
Common Problems Encountered with Funders

Problems	Percent
Limited understanding of capacity building/general support needs	50%
Hard to understand what funders really want to fund	40
Not knowledgeable of program implementation	33
Reporting criteria extensive & unrealistic	33
Program funding priorities are whimsical	17
Too much emphasis on collaboration	17
Sustainability criteria is unrealistic	17
Funders lack accountability	13
Funders are not sympathetic to equipment requests	10
Year-to-year funding cycle causes burnout	7

Building the organization's infrastructure is a pressing need for all of the organizations involved in this study. All of the participants said that obtaining grants to support their organizational infrastructure is important in achieving long-term sustainability and program continuity. A few respondents expressed the view that the prevailing focus of project-related funding did not support long-term community change. As one executive director said: "Funders should ask the community what needs to be funded and then take on a holistic approach to their funding instead of the project-focused

funding they do. You can't achieve long-term community change on a project-by-project basis."

Thirty-three percent of respondents felt that funders did not understand the reality of program implementation, but if they did, they would provide general support grants or unrestricted funding to build the infrastructure and organizational capacity to assess long-term program impact and provide the (often extensive) reporting required.

Another viewpoint on program implementation, shared by an executive director of an agency helping people overcome their substance abuse issues, was that "Funders are not knowledgeable about harm reduction and impose the abstinence model on the community. Many of these funders often believe that individuals with a substance abuse problem can not turn their lives around." Another said: "Funders are not knowledgeable on the practicalities of program implementation. Otherwise they would not impose such a rigid evaluation scheme on us. Programs do not work the way they want us to track our impact." Some of the respondents from organizations providing economic development services also expressed their frustration with funders who failed to understand that getting low-income people to become productive members of the economy is not something that can be done quickly.

A few respondents felt that funding priorities were sometimes whimsical and out of touch with the community's reality. Many of them urged the funding world to work with community-based organizations to develop priorities based on their realities. Twelve respondents mentioned that the priorities were too widespread and unrealistic to expect that an organization could meet all of the requirements 100 percent. Five respondents also stated that the sustainability criteria that most government and private funding

sources require are unrealistic; but if they are going to be required, they highlighted the need to provide assistance to work on sustainability as well as multi-year funding to avoid the burnout caused by year-to-year funding stress.

Some of the participants also brought up the lack of accountability from most of the funding community, which sometimes doesn't even acknowledge receipt of funding requests. The respondents felt that it was also important for funders to provide specific feedback on funding requests that are rejected.

Examples of Successful Funding Relationships and Collaborations Among Latino Organizations

Examples of successful funding relationships provided by the interviewees tended to reinforce information previously provided. A majority of the groups have fairly good relationships with both government and private funders. The San Francisco Foundation was identified by most of the agencies as a consistent, realistic, and accountable funder. The Ford Foundation was also highly regarded for its open and frank communication with grantees. Several respondents mentioned that Ford had done more grantmaking in the Latino community than most foundations over an extended period of time and their support had leveraged other foundation funding that would otherwise not have been given.

Other examples of successful funding relationships mentioned were:

- The San Francisco Mayor's Office of Community Development sponsored a small business ownership program in the Mission District by providing five percent of business costs for matching money given by other institutions.

- The Lilly Endowment will fund the launching of six regional offices of a national organization. School districts in different locations will provide matching funds.
- The Emma Lazarus Fund brought together organizations in the Mission District to work on a citizenship campaign. This collaboration has leveraged additional funding, including national funding.
- A Latino national organization has partnered with another Latino group to cultivate a potential major donor for both organizations.
- Catholic Healthcare West provided a 1 percent loan to purchase the facility for a multiservice agency. The CHW support leveraged funding from the East Bay Community Foundation and Clorox.

Another example worth mentioning is the recent briefing conducted by several Latino organizations on the needs of the Mission District at a Northern California Grantmaker's (NCG) forum. The forum brought visibility to the four collaborating agencies as well as to the issues needing support in the Mission District. This forum was the second most attended of all the NCG events.

As stated by all of the interviewees, the funding of collaborative programs is a top priority for both government and private funders. At least four groups had no prior collaborative experience. Some of the other respondents expressed concern regarding current funding priorities focusing on collaborations, stating that many of these are not effective. Specifically, the interviewees identified lack of leadership from the lead agency, and difficulty in discussing budgetary concerns, major obstacles to sustainability.

They also said that even though funders love collaborations, they seldom provide grants to sustain the collaborative process, which usually takes an enormous amount of time. However, most of the respondents are supportive of collaborative efforts and feel that they are effective in fulfilling the multifaceted needs of the community.

CHAPTER 5: SUMMARY AND CONCLUSIONS

Review of the Problem

The purpose of this study was to describe the fundraising effectiveness of Latino nonprofits in the San Francisco Bay Area. As such, the study explored a number of critical issues that contribute to fundraising effectiveness:

- Diversity of funding sources
- Board involvement in fundraising
- Organizational capacity, including staffing pattern dedicated to fundraising and the roles and skills of the executive director and/or fundraising staff
- Relationships with the funding world

The research also describes the impediments to fundraising and the technical assistance needs of the Latino nonprofits in the sample.

As a whole, the data collected support the notion that Latino nonprofits benefit from government and private sources alike. The study shows that government support is the largest source of funding as compared with foundation, corporate, or individual donor funding. Although the data obtained could not be disaggregated by funding source to measure the diversity of funding sources per nonprofit service category, the data reveal that the organizations in the sample need to build greater organizational capacity and develop a broader spectrum of support beyond government grants. The findings suggest that dedicated staff for fundraising is the most significant factor in accounting for fundraising effectiveness. Data disaggregated by organization type suggest that certain service areas such as community service and economic development acquire funding

more readily than other types of service providers. What follows is an interpretation of the results concerning the effectiveness of local Latino nonprofits in raising grants and donations.

Interpretation of Results and Discussion of Findings

Organizational Profile

The subjects of this research project are 30 organizations that primarily serve a Latino constituency and are managed by Latinos. All of the organizations have budgets that are larger than \$25,000 per year and all are required to file a Form 990 to the Internal Revenue Service on an annual basis. A total of 21 executive directors were interviewed for this study and are the primary respondents for this project. The remaining nine respondents are a mix of development staff, associate and finance directors, and one board member.

Forty percent of the organizations in the sample provide a range of community services encompassing youth development, and physical and mental health programs, among other services. Other primary areas of work are advocacy and economic development (which constitute 23 and 20 percent of the sample, respectively). Arts and cultural organizations are 10 percent of the sample. A foundation and an organization managing the facility shared by several nonprofits are also included, and together represent 6 percent of the sample.

Thirty percent of the respondent organizations reported that their constituency had evolved over time, and that they had expanded their services to include other non-Latino members of the community. Changes in the demographics of the communities the organizations serve were offered as an explanation for this change. It is unclear how this

trend will impact other Latino organizations as the neighborhoods in which Latino nonprofits operate change. Funders will most likely press them to broaden the scope of their services.

How Diverse is the Funding Mix of Latino Nonprofits?

The budget size of the organizations in the sample covers a wide range, from \$33,000 to \$13.5 million. Forty percent of the organizations have budgets larger than \$1 million. Thirty-three percent of the organizations have budgets larger than \$250,000, and 24 percent have budgets of less than \$250,000. The remaining organization reported to the IRS a budget of \$13.5 million.

While 40 percent of the respondents stated that their organizations' budget size ranged between \$1 million and \$7 million, 90 percent reported that at least 80 to 100 percent of the revenue raised in the form of grants and donations is project-related or restricted. This finding may explain why 50 percent of the respondents said that funders do not understand the capacity building/general support needs of their organizations. How this finding compares to the rest of the nonprofit sector is not clear. However, the need to build organizational infrastructure is a pressing issue for this sample of Latino nonprofits, a finding also raised in the 1992 Hispanic Community Foundation survey (p. ix).

Government (local, state, and federal) is the largest source of support for the organizations in the sample. During 1996-98, government grants represented 68 to 71 percent of all revenue raised through grants and donations, totaling \$81 million. In comparison, private grants and donations represent 29 to 32 percent of support during the same period and total \$36 million.

It is not coincidental that the government plays such a central role in the funding of the Latino organizations in the sample. Many of the respondents have a strong feeling that the government should be accountable to the Latino community and that this explains why government plays such a distinct role in the funding of Latino organizations. Some of the organizations came into being as a result of demands made to the government to fund specific services to Latinos, such as Instituto Familiar de la Raza, a mental health agency in San Francisco's Mission District. In comparison, a strong consciousness that private sources should increase their support to this community seems to be lacking among the respondent organizations.

Thirty percent of the respondents reported cutbacks in government grants during the last three years. From the information gathered, consistent cuts during the entire three-year period examined resulted in a net decrease from 1996 to 1997. During the interviews, the respondents said the government tends to cut a funding source but then redirect funding through other channels, such as was the case with economic development funding and legislative changes resulting from the Welfare Reform Act. An extended period of time needs to be studied in order to substantiate whether or not government support to Latino nonprofits has decreased.

The majority of the respondents did not express a lot of concern about decreasing government support to the Latino community; in fact, many of them expressed the view that support from the government had increased. There was a net \$1.7 million increase in government funding from 1997 to 1998. The notable exception was that arts organizations experienced consistent cutbacks from such government as the National Endowment for the Arts (NEA). Legislative changes such as those associated with

welfare reform help explain the growth in government funding from 1997 to 1998 as reported by respondents. Further research is needed to understand how specific legislative changes impact government funding to Latino nonprofits.

Although a breakdown of governmental sources was unavailable, anecdotal information collected during the interviews suggests that local government is the main source of support for Latino nonprofits in the sample, followed by the state government. Ninety-three percent of the respondents obtain grants from city and county governmental sources, while 23 percent of them obtain grants from the state. Only six percent of the respondents obtain grants from the federal government. The organizations obtaining grants from federal sources have budgets of more than \$5 million and have the skills and internal capacity to develop fairly sophisticated fundraising strategies. Federal funding is highly competitive and perhaps only organizations with more developed skills and capacity can tap into this funding source. What remains to be explored is how this funding pattern compares to the rest of the non-Latino nonprofit sector and whether non-Latino organizations have greater capacity to tap into federal funding sources.

While private funding is less than government support, it still represents 29 to 32 percent of the revenue raised through grants and donations during 1996-98. The fluctuations in private funding during 1996-98 were very minimal in comparison to fluctuations in government grants, which dropped considerably from 1996 to 1997 by \$4.6 million. Three organizations did not report any private funding to the IRS, although all of the respondents reported receiving some level of funding from private sources. This discrepancy can possibly be explained by the fact that donations of less than \$5,000 do not have to be reported to the Internal Revenue Service.

The respondents reported corporate funding as the largest source of support on the private side, followed by foundations, and very distantly by individuals. Unfortunately, the breakdown of grants and donations was not made available to the researcher, nor was the IRS Form 990 attachment containing such information provided by the respondents.

The interviews revealed more positive feelings toward corporate funders than toward foundations. One of the respondents from an arts organization summarized the general attitude toward corporate funding: “I wish all funders were as approachable and concrete as some of our corporate funders, who are very specific on what they want from us and have been a reliable source of income for many years now.” In addition, many of the respondents were of the opinion that corporate funding of Latino nonprofits was a strategy by corporations to develop potential Latino markets for their products.

Is the experience with corporate funders reported by the respondents of the Latino organizations in this sample similar to experience in the rest of the nonprofit sector, or is there a special effort being carried out by corporations to carry favor with the Latino community? Indeed, corporate funding has targeted minority communities for some time now and may explain why the respondents stated that their organizations are obtaining more corporate than foundation support. The impact of corporate funding on Latino nonprofit organizations, and how these compare to similarly funded non-Latino nonprofit organizations, is an area for further inquiry.

The respondents did not regard private foundations as positively as they did corporate funders. Several reasons for this difference were shared with the researcher. The main concern expressed was that private foundations lack understanding of the work of Latino nonprofits. One respondents from an advocacy organization stated,

“Foundations tend to look at the world in black and white, and even though some of them understand and sympathize with the plight of undocumented immigrants, many still don’t get why bilingual education is needed and feel that our litigation work is divisive.”

Several respondents said it was difficult to approach foundations because it was hard to interpret what they really wanted to fund. Do other non-Latino nonprofits have experiences with foundations similar to those of the Latino organizations in the sample? Are there certain types of nonprofit organizations that are more likely to have negative experiences with foundations? The present study did not explore these relevant questions and further research on the subject is needed. However, among the study sample it does appear that those in certain service areas such as advocacy tend to have more difficulty in obtaining foundation support.

Respondents spoke little about their fundraising efforts among individual donors. Anecdotal information revealed that 33 percent of the sampled organizations organize special events through which they solicit donations from individuals, whereas only 16 percent conduct individual donor campaigns.

The low level of support from private funders to Latino organizations may be attributable to several factors. First, very few of the respondents were aware that foundation funding to Latino communities is low. Information obtained during interviews suggests that a majority of the organizations are simply not asking for money from private sources as much as they should. There doesn’t seem to be a strong sense that the private sector should increase its support to the Latino community.

Second, generating private support is very labor intensive, requiring extensive customization of proposals and other promotional materials as well as consistent personal

contact. Given that many of the respondents stated that they did not know how to interpret what foundations really wanted and 53 percent of their organizations did not have dedicated fundraising staff, it is not surprising to find a low level of private support received. Furthermore, some of the respondents lack the skills needed to raise money from individuals. At least 23 percent of the respondents stated that their organizations would benefit from such technical assistance. Although raising money from government sources is labor intensive and requires less personal contact than private funding sources this again points to a need for greater organizational capacity to improve funding from individual donors. It is fair to assume that organizational capacity is also a challenge for non-Latino organizations. How the fundraising organizational capacity needs of the rest of the nonprofit sector compare with those of Latino organizations is an issue that requires further research.

Funding Mix by Primary Area of Service

Government grants are a larger source of support than private sources across all organizational types. Economic development and community service organizations obtain the largest share of their support from the government, totaling from 68 to 80 percent of their revenues during 1996-98. By contrast, advocacy and arts/culture organizations tend to receive less government support and benefit more from private funding.

Two out of the seven advocacy groups in the sample do not solicit grants from the government, in part because they believe their work wouldn't be supported by government, and also because one of the groups does not want its mission compromised. The median 1998 grant size from private sources for the sampled advocacy organizations

is \$163,732 in contrast to the government grant median size of \$66,047.

The respondents expressed their belief that they have difficulty in securing institutional support, particularly from the government, because the work they perform is considered controversial. The interview information suggests that the foundations that support the work of Latino advocacy groups are the more liberal foundations, such as the Emma Lazarus Fund; however, this area warrants further research. Only one of the advocacy organizations in the sample has an extensive individual donor base. Obviously, nonprofit organizations can be less reliant on foundation or government support when they have a strong base of individual donors.

Arts/culture organizations tend to receive less support from government and private sources than the other three service sectors. In addition, information collected during interviews also suggests that attracting funding for arts/culture organizations is more difficult than for community service and economic development organizations because they are not considered essential services. Two of the respondents spoke extensively about cutbacks from the National Endowment for the Arts and other sources, including private ones. An issue that warrants research is whether private support (particularly individual donor support) of Latino arts and culture groups is comparable to that for non-Latino arts/culture organizations in the nonprofit sector. Many arts organizations tend to develop sophisticated fundraising strategies targeting individual donors. Only one of the Latino organizations in the sample had such an effort focused on individual donors.

Board Involvement in Fundraising

The respondents were fully cognizant of the traditional board of directors model and the fundraising responsibilities typically assigned to board members. Quite contrary to

the model, board involvement in fundraising is low among Latino organizations in the sample, with only 37 percent of the respondents reporting some level of fundraising activity from their boards. How board involvement in fundraising in Latino organizations compares to the rest of the nonprofit sector is unclear. However, it is not uncommon for board members in non-Latino organizations to disengage from fundraising. Many of the study respondents (63 percent) are dissatisfied with the involvement of their boards and do not know how to improve their participation. Only one respondent reported that his board is responsible for raising the organization's budget. In summary, the majority of respondents reported board involvement in fundraising was not essential to their fundraising effectiveness. All the organizations were able to raise money by other means, as matter of necessity.

The interviews revealed that lack of stable board governance could be an issue for many of the organizations in the sample. Sixty-three percent of the respondents reported that their organization had experienced or were experiencing some type of major transition or crisis during the last three to five years, which usually resulted in the transformation of their board of directors. This transformation was often difficult and its outcome was not always positive. Upheaval usually implied that the organizations could not focus on fundraising but were instead giving higher priority to recruiting executive leadership, stabilizing the governance and management of the organizations, getting rid of debt, and streamlining programs.

Two fairly large organizations turned crisis to their advantage in ways that led to increased fundraising effectiveness. Both faced situations demanding radical changes in the composition of the board of directors, which led to greater involvement by board

members in fundraising. The transformation of both of these groups also involved additional changes such as recruitment of professional staff for the program and operations functions, formulation of a strategic plan, and development of a fundraising infrastructure that allowed both groups to increase their fundraising efforts, achieving greater visibility and increased revenue.

Data disaggregated by organization type also confirmed a low level of board involvement in fundraising. Only 8 percent of community service respondents and 14 percent of the respondents in economic development organizations reported that their boards are involved in fundraising. While the sampled number of organizations in the advocacy and arts and culture sectors is small, board involvement in fundraising is more active, with 57 and 66 percent of these respondents reporting board involvement, respectively. It is possible that the boards of advocacy and arts and culture organizations are more likely to get involved because of the tough funding environment in which their organizations operate.

The higher level of funding available to economic development and community service organizations, and the greater relative ease in obtaining these funds, may explain why board members for these groups tend to be less involved in fundraising.

Sixteen percent of the respondents in the sample targeted for this study stated that their board had committed to making personal donations and/or raising a stated amount of money. However, only one of the respondents reported that his entire board followed through on their giving commitment. This particular board is composed of corporate managers who have pledged to raise \$25,000 each on an annual basis.

Despite the level of dissatisfaction with their boards' performance in fundraising, the

respondents acknowledged that their board members did contribute to fundraising by other means such as understanding the mission of the organization (100 percent), having ties to potential sources of funding (43 percent), and having some level of fundraising expertise (20 percent).

The main impediments to board involvement in fundraising cited by the respondents were lack of time (93 percent of respondents), and limited or no fundraising skills (33 percent of respondents). Only 23 percent of respondents reported that their boards were afraid to ask for money. It is possible that this last percentage could be higher, since 63 percent of the respondents reported that their boards are uninvolved. Lack of involvement could be attributed to being afraid to ask for money, lack of fundraising skills, or both.

Less than half of the respondents (40 percent) stated that their boards had been trained in their fundraising role. Only two organizations had built upon basic training to offer guidance in soliciting money from individual donors. All of the respondents reflected on how hard it was to change their board's role. This may explain why 53 percent of the respondents said their organizations were not planning to involve their boards in future fundraising.

Lack of board involvement in fundraising is not uncommon among non-Latino organizations either. Many of the respondents spoke of the difficulty in recruiting potential board members in the Latino community, and the need to build board candidates' skills so they can become effective board members. This finding reaffirms one of the major obstacles identified by the 1992 Hispanic Community Foundation's study regarding Latino organizations in the Bay Area (p. ix). One respondent from an

organization in need of new board members summarized the issue that many of the organizations in the sample confront: “It’s already hard enough to find Latinos who might be interested in joining our board but it’s even harder to find any who might have experience raising money and having connections with funding sources.”

Fundraising Staffing Patterns and Capacity to Conduct Fundraising

A majority of respondents singled out lack of dedicated staffing as one of the main impediments to fundraising. As one of the executive directors in charge of fundraising summarized, “I feel we’ve reached a threshold and we can’t be as successful in fundraising. Managing our growth and raising the money now requires more people than me.” Fifty-three percent of respondents reported that their organizations had no staffing capacity for fundraising and that their executive directors were in charge of all coordination and implementation of fundraising activities. Thirty-three percent of the respondents stated that the main problem experienced by their executive directors in fundraising was lack of time.

Only one of the organizations in the entire sample has a board of directors that is fully responsible for raising the group’s entire budget. Thirty-seven percent of the respondent organizations had hired development staff to manage the fundraising effort. Only 6 percent of the organizations were able to afford hiring a development consultant on a consistent basis.

Four of seven organizations in the advocacy area have development staff or consultants, which has allowed them to be more proactive in securing private funding. Three of six respondents in economic development organizations and five of 12 community service groups have development positions or consultants. Only one of three

arts/culture organizations has a development staff.

Twenty-seven percent of the organizations with a development position were unable to hire for this position due to lack of qualified applicants. Only 15 percent of the organizations with development positions had been successful in hiring Latinos. The main reason given for not being able to hire Latinos for the development position was the lack of qualified candidates. This finding points to a need for professional training of future fund-raisers in the Latino community.

Dedicated fundraising staffing was found to contribute to increased efforts in fundraising. Twenty percent of the organizations with development staff had moved beyond the one-person development component, and all had budgets in the range of \$1 million to \$13 million. All of the organizations with a development staff serve beyond their immediate locality and have mounted special fundraising efforts such as expanding their major donor base, conducting a capital campaign, or building an endowment. Only two organizations in this category have a board of directors that is active in fundraising. In contrast, the budgets for groups with no development staffing tend to be smaller, although 25 percent of the organizations in this category have budgets that range between \$600,000 and \$1million.

Executive Director Involvement in Fundraising

Executive director involvement in fundraising is crucial to the effectiveness of the fundraising operations among the Latino nonprofits in the sample, including those with development staff. Respondents from organizations with development staff all stated that their executive directors were critical to fundraising, especially in strategy development and communicating a vision to funders. The Latino organizations without development

staff were more heavily reliant on their executive directors to conduct fundraising, with 53 percent of those organizations identifying the executive directors as the primary person responsible for all fundraising.

Executive leadership and vision were regarded as essential executive director skills contributing to fundraising effectiveness. All of the respondents stated that their executive directors were regarded as leaders in their field, which in their estimation has a positive effect on the fundraising. Thirty-three percent of the respondents also mentioned that their executive directors have strong fundraising skills and a compelling organizational vision. One respondent said the executive director of his organization “is highly regarded by funders for her leadership in the field and astuteness. More than half of the time, funders are willing to listen to our story because of the role she plays.”

The top three problems experienced by executive directors in fundraising were lack of time (33 percent), no capacity to develop the board of directors (33 percent), and needing to improve their writing skills (13 percent). It is understandable that lack of time was ranked as a top problem given the number of tasks an executive director often juggles. Lack of capacity to develop the board of directors reinforces the notion that the executive directors of these organizations have no time to engage board members in fundraising and also do not know how to motivate their boards to get involved. The first two problems are probably common among executive directors of non-Latino groups and would probably receive a similar ranking. The writing skills of executive directors in Latino organizations may be more of a problem than in non-Latino organizations, especially among executive directors whose primary language is not English; but this question also needs further research.

Use of Fundraising Plans

Having a fundraising plan helped 50 percent of the organizations using a plan achieve their goals and provided a sense of direction to the people involved in fundraising. Sixty-seven percent of the organizations in the sample use an annual fundraising plan. Only 15 percent of the respondent organizations that had plans reported not meeting their fundraising goals. They attributed their shortfalls to unrealistic goals and/or lack of staffing capacity to implement their plans. These findings are probably not unique to the Latino nonprofit sector. Many nonprofit organizations in other sectors have become aware that planning tools can assist them in reaching their goals.

The findings by organization type show that a high proportion of organizations across all of the service areas use a fundraising plan. All of the arts/culture organizations, six out of seven of the advocacy groups, and half of the economic development and community service organizations in the sample used a fundraising plan.

Organizations that did not have a fundraising plan found no value in using planning tools. Lack of a fundraising plan apparently did not impede some of these groups in achieving their goals. As one of the executive directors said, “I don’t believe that using a piece of paper can help you raise \$1 million. I think if you know your organization is headed that way, you need to keep moving in that direction. Simple as that.” In fact, four organizations in the sample that did not use fundraising plan were able to raise more than \$500,000.

What are the Fundraising Impediments Encountered by Latino Nonprofits?

The main obstacle the respondents identified as an impediment to effective fundraising was lack of internal capacity or lack of staffing allocated for this activity,

with 33 percent of the respondents stating this was true in their case. This perception supports the main finding of this study, that lack of dedicated staffing is the main impediment to fundraising among Latino organizations.

Other perceived obstacles, such as difficulty in obtaining general support grants, are also common among other nonprofit organizations and are characteristic of the funding environment in which they operate. Twenty-three percent of the respondents stated that it was difficult to obtain unrestricted funding. Only six organizations have any type of individual donor constituency. One would think that many more organizations in the sample would develop a reliable and unrestricted base of support among individual donors to counter the lack of general support grants available. Latino nonprofits are not the only groups in the nonprofit sector that remain undeveloped in the area of individual donor solicitation, partly because this particular fundraising strategy is labor intensive and partly because many people are reluctant to conduct more personally direct fundraising. In other words, it is easier to submit a proposal to a faceless funder than to have to cultivate and build a relationship with an individual. However, it is encouraging that 23 percent of the respondents said they would like to learn more about individual donor fundraising.

Twenty percent of respondents said the labor-intensive requirements of the application and reporting procedure for government and private institutional funding is an obstacle. This finding reiterates the need identified to develop the fundraising infrastructure of the organizations.

Given that 63 percent of respondents reported that their organizations had gone or were going through crisis, it is interesting that only 10 percent reported difficulty in

rebuilding their organizational image.

Very few Latino organizations in the study have actually explored strategies to develop Latino donors. Further research on how to develop a Latino constituency should help Latino organizations as well as the rest of the nonprofit sector.

The most important external impediment to fundraising identified by the respondents from Latino advocacy organizations was that there are very few government and private institutional funders who are willing to support their advocacy projects.

What are the Fundraising Technical Assistance Needs of Latino Nonprofits?

The main areas identified as priorities for technical assistance by 23 percent of the respondents were proposal, board, and individual donor development. Given that the majority of the organizations in the sample are accustomed to submitting proposals to an array of government and private institutional funders it was surprising to find that the respondents wanted more assistance with their proposals. The respondents explained that they need more assistance in shaping their proposals for specific funders. It is unclear if there are specific problems with the proposals they are submitting, or whether the funders they deal with are not sufficiently specific about their requirements for proposals. The anecdotal evidence suggests that many respondents may be uncomfortable or have difficulty with articulating measurable outcomes and evaluation strategies that are realistic for their organizations.

Given the general support needs of Latino nonprofit organizations, it was not surprising that several of the respondents said they would like to learn how to develop an individual donor base. Fundraising experts consider an individual donor base to be a reliable and consistent source of unrestricted money. Assistance in this area should be

complemented with training to develop a Latino donor base.

While technical assistance in developing a Latino individual donor base should be helpful to the Latino nonprofit sector, it's important to note that qualitative research on this topic seems to suggest that Latinos rarely contribute to organizations (Smith, Shue, Vest, & Villarreal, 1999, p. 150). Further exploration on whether or not Latinos will give to Latino nonprofit organizations needs to be done. Specific strategies need to be explored on how to motivate Latinos to give to Latino nonprofit organizations.

Twenty percent of the respondents (including the largest organizations in the sample) said they wanted to learn more about capital campaigns and endowment fundraising. Four out of six of these organizations were in the midst of developing such efforts. It seems that the large size of these organizations enables them to develop new fundraising efforts. Yet, two of these groups were experiencing difficulty with their capital campaigns partly due to lack of experience.

How do the Relationships with the Funding World Contribute to the Fundraising Effectiveness of Latino Nonprofits?

The respondents mostly spoke about the relationships their organizations have with governmental sources. Few relationships exist with private sources, particularly individual donors. Fifty-six percent of the respondents reported that their organizations maintain close relationships with their current funding sources. The same 56 percent of respondents stated that their relationships with funders needed to expand and that this would only be possible if their organizations were able to hire development staff to cope with the volume of work an increased fundraising effort will generate.

Receptiveness to the Needs of Latino Nonprofits

The majority of respondents (56 percent) stated that government and private sources of funding were receptive to the work of their organizations. Government funders were identified as most sympathetic to Latino organizations, perhaps because government often tends to hire Latino staff who may have greater insight to the needs of Latino communities. In comparison, private institutional funders—especially foundations—have very few staff who come from the Latino community. This may partially explain why 67 percent of the interviewees regarded foundations as the least supportive of their work. Another plausible explanation may be the reportedly prevailing perception among private funders that the work of some Latino organizations is controversial. The respondents in this study believe that private funders simply do not understand the need for culturally specific organizations and perceive them as socially divisive. Respondents identified corporations as generally supportive of the work of Latino organizations, but several respondents said they thought that corporate grant making was a marketing strategy to develop and cultivate a Latino market.

Common Problems

Fifty percent of respondents were very direct in communicating that their need for general support to build their organizational infrastructure was one of the most common problems they encountered with funders. This finding reappears in most areas assessed by the study and should be considered a pressing need.

Another common problem identified by 40 percent of the respondents is that they are unclear about what sorts of projects foundations really want to fund. This confusion about funding preferences may explain why the organizations in the sample do not obtain

better support from foundations. It is unclear whether proposals are being rejected because they do not fit the funders' interests or whether the foundations' lack of clarity about their priorities dissuades organizations from submitting proposals.

Thirty-three percent of the respondents identified funders' lack of knowledge about program implementation as a problem area. The same percentage of respondents felt that reporting criteria required by funders were unrealistic and not attuned to their programs. Respondents said that reporting requirements are too extensive for their organizational capacity to generate such reports, again indicating the need to build internal capacity by hiring development staff.

Recommendations for Action and Future Research

This study highlights the need for further investigation into factors contributing to the fundraising effectiveness of Latino nonprofit organizations. Several questions need to be explored in greater detail. Is the current study sample reflective of or significantly different from other Latino nonprofit organizations in the Bay Area and/or the rest of the country? Perhaps more importantly, how diverse is the government and private institutional funding mix of Latino organizations?

Another area for further research will be to identify examples of successful individual donor programs among Latino groups. Case studies should serve to answer the following questions: What are some of the considerations Latino nonprofit organizations need to think about in developing effective individual donor programs? How can Latino organizations tap and develop a Latino donor constituency? Are there factors that need special consideration, such as culture and class, in soliciting donations from Latinos?

The respondents in this study occasionally spoke about the funding environment in which their organizations operate. Further research is necessary to understand how trends in the funding environment, including private sector and government funding, impact Latino organizations and whether these effects are significantly different from those for non-Latino nonprofit organizations. Is there a trend toward a sustained interest in Latino organizations by government and private funders?

Furthermore, additional research into successful governance models and successful examples of such governance that can be applied to strengthen Latino nonprofit boards would be important.

Although the findings of this study did not raise the issue of self-identity as having any impact on the effectiveness of Latino nonprofit organizations in fundraising, it may be an important consideration because their sense of organizational purpose stems from a strong Latino identity. Many contemporary Latino groups were created to counter the effects of discrimination and poverty on Latino communities, just as their *mutualista* predecessors. The ethnic constituency of a few groups in the sample has changed to encompass other non-Latino members of the community. How pervasive are these constituency changes? What are the implications for fundraising that a broader constituency offers?

Further research on the fundraising effectiveness of Latino nonprofit organizations may ultimately provide better methods to assist Latino organizations developing their fundraising potential. Greater involvement from private and government funders will help Latino organizations sustain their vital work in the community for the long haul.

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APPENDIX A

Interview Questionnaire for Latino Nonprofits Located in San Francisco, Oakland, and Berkeley

Section I - Organizational Profile

1. Which of the following categories best describes the primary focus of your organization?

☐ Community services organization

☐ Advocacy Organization

☐ Arts/cultural organization

☐ Information and referral

☐ Economic development

☐ Other

Section II - Board of Directors Profile

1. Does your board have a fundraising committee structure? If so, how many times a year do they meet?

2. How many board members work with the fundraising committee? or help in the fundraising effort?

3. How would you describe your board's strengths and weaknesses in fundraising?

4. Has your board received any fundraising training?

5. If yes, what kind of training?

6. Has training been adequate? Do they require further training? In what areas?

Section III - Fundraising Profile

1. What funding sources does your organization benefit from:

☐ Government Grants ☐ Individuals ☐ Foundations ☐ Corporations

2. Please state the size of your fundraising goal for the last three years. Have you met these goals?
3. What percentage does your organization receive in unrestricted vs. project related funding?
4. Has your level of funding increased, decreased, or stayed the same in the past three years? To what do you attribute that change?
5. Has your organization been impacted by government cutbacks?

Section IV - Fundraising Capacity

1. How many people on your organization's staff participate in the fundraising effort?
2. Is there a staff person(s) in charge of managing the fundraising effort?
3. How does the executive director of the organization participate in the fundraising process?
4. What are the executive director's strengths and weaknesses in fundraising?
5. Do you consider your board's involvement in this area adequate? What would you change?
6. How would you describe your organization's effectiveness in fundraising?
7. Has your fundraising effort increased, decreased or stayed the same in the last three years? Why?
8. Does your organization develop annual fundraising plans? Do you meet most of your goals in your plan?
9. What are the major obstacles being faced by your organization in the area of fundraising?

10. What do you think is necessary to overcome those obstacles?
11. What kind of technical assistance in fundraising might be helpful to your organization?
12. Have you considered developing other sources of funding? Why? or why not?

Section V: Relationships with the Funding World

1. How would you describe your organization's relationship with private foundations, government funders, corporations and individuals?
2. Have you found private foundations receptive to your organization?
3. Have you found your funders receptive to the needs of Latino nonprofits?
4. Please describe the problems your organization typically has with foundations, corporations, and government sources of funding.
6. How would you characterize your organization's contacts in the fundraising world? well developed? Few contacts? If there are only a few,?
7. Describe some of the successful partnerships you've had with funders.
8. Have you tried to raise money with other Latino nonprofit organizations? If so, how would you rate your collaboration with these groups and the reaction of funders to this partnership?

APPENDIX B

Directory of Latino Nonprofit Organizations in San Francisco, Oakland, and Berkeley

Provided by the Hispanic Community Foundation of the Bay Area and updated by Natalia

López 7/99.

Berkeley

Elma Gameros, Executive Director
Adelante Inc.
830 Bancroft Way
Berkeley, CA 94710
(510) 549-0232

Beatriz Leyva-Cutler, Executive Director
Bay Area Hispano Institute/Centro Vida
1000 Camelia Street
Berkeley, CA 94710
(510) 525-1463

Helen Lara-Cea, Executive Director
Frente Foundation
2336 Piedmont Avenue
Berkeley, CA 94704
(510) 540-1984

Diana Campoamor, President
Hispanics in Philanthropy
2606 Dwight Way
Berkeley, CA 94704
(510) 649-1690

Oakland

Victor Ochoa, Executive Director
Centro Legal de la Raza
1900 Fruitvale Avenue, Suite 3A
Oakland, CA 94601
(510) 261-3721

Jane Garcia, Executive Director
La Clinica de la Raza
1515 Fruitvale Avenue
Oakland, CA 94601
(510) 535-4000

Maria Verdugo-Oaks, Executive Director
Narcotics Education League
3315 International Boulevard
Oakland, CA 94601
(510) 535-2303

Luz Alvarez Martínez, Executive Director
National Latino Health Organization
P.O. Box 7567
Oakland, CA 94601
510-534-1362

José Arredondo, Executive Director
Spanish Speaking Citizens' Foundation
1470 Fruitvale Avenue
Oakland, CA 94601
(510) 261-7839

Arabella Martínez, CEO
Spanish Speaking Unity Council
1900 Fruitvale Avenue, Suite 2A
Oakland, CA 94601
(510) 535-6900

San Francisco

Juan Gonzáles, Board Chair
Adela Marquez, Managing Editor
El Tecolote
Acción Latina
2601 Mission Street, Suite 700
San Francisco, CA 94110
(415) 648-1045

David Bracker, Executive Director
Arriba Juntos
Mission Street
San Francisco, CA 94110
(415) 863-9307

José R. Padilla, Executive Director
California Rural Legal Assistance
631 Howard, Suite 300
San Francisco, CA 94105
(415) 777-2752

Ramón Cardona, Executive Director
CARECEN
1245 Alabama Street
San Francisco, CA 94110
(415) 824-2330

Connie Cisneros
Director of Operations
Centro del Pueblo
474 Valencia Street
San Francisco, CA 94103
(415) 431-1724

Luis Flores, Executive Director
Centro Latino Cuzcatlán
1300 South Van Ness, Suite 204
San Francisco, CA 94601
(415) 824-5928

Chuck Ayala, Executive Director
Centro Latino de San Francisco
1656 15th Street
San Francisco, CA 94103
(415) 861-8758

Rosalía Valencia, Executive Director
Cine Acción
346 9th Street, 2nd Floor
San Francisco, CA 94113
(415) 553-8135

Maria Cristina Gutierrez, Director
Compañeros del Barrio
Centro del Pueblo
474 Valencia Street
San Francisco, CA 94110
(415) 431-9925

Carolina Ponce de León, Executive Director
Elena Anaya, Board Chair
Galeria de la Raza/Studio 24
2857 24th Street
San Francisco, CA 94110
(415) 826-8009

Richard Navarro, President
Hispanic Community Foundation
50 California Street, Suite 440
San Francisco, CA 94111-4605
(415) 981-8421

Nora Rios Reddick, Director
Horizons Unlimited of San Francisco, Inc.
440 Potrero Avenue
San Francisco, CA 94110
(415) 487-6700

Concha Saucedo, Executive Director
Instituto Familiar de la Raza, Inc.
2837 Mission Street
San Francisco, CA 94110
(415) 647-4141

Sara Shaker, Executive Director
Instituto Laboral de la Raza
2947 16th Street
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APPENDIX C

Letter Sent to All Respondents After Setting their Personal Interview

Date

Name

Address

Dear Colleague:

Thank you for agreeing to participate in the thesis research I am conducting for my Master's degree in Nonprofit Administration from the University of San Francisco.

This project explores the fundraising effectiveness of Latino nonprofit organizations in the cities of San Francisco, Oakland, and Berkeley. Nationally, Latino nonprofits receive 1-2 percent of all foundation support in the United States -- an inequitably small figure given the growing numbers and needs of this community. Furthermore, nonprofit organizations nationwide are affected by government cutbacks in funding. This study explores how Latino nonprofit organizations in the Bay Area have been affected by these national trends and also explores their fundraising effectiveness.

As stated earlier in our phone conversation, I am hoping to conduct an interview with you on Monday, September 29th at 2 pm. Your identity as well as the identity of your organization will remain confidential throughout the study. The results will be expressed in group terms. In addition to the information provided through the interview, I will also need a copy of your organization's IRS 990 forms for the last three years to obtain quantitative information on the grants and donations obtained.

Again, thank you for agreeing to participate in this study. Your contribution will assist me in completing research that may prove meaningful for Latino organizations that are seeking to strengthen their fundraising capacity. I look forward to speaking with you soon.

Cordially,

Natalia López

APPENDIX D

Table D-1
1996 Revenue from Government, Corporate, and Foundation
Grants and Individual Donations for Bay Area Latino Nonprofits

Organization	Government Grants	Foundation/Corporate Grants and Individual Donations
1	\$ 7,200	0
2	96,841	545
3	1,172,363	413,356
4	452,425	0
5	380,094	254,549
6	684,160	497,669
7	N/A	N/A
8	163,492	911,832
9	5,118,953	128,650
10	40,413	24,618
11	12,374	45,609
12	6,119,245	0
13	0	358,773
14	220,000	4,832,141
15	1,479,418	0
16	48,000	45,760
17	0	153,300
18	206,118	578,665
19	170,412	0
20	238,325	75,348
21	555,019	231,992
22	368,738	63,621
23	2,433,820	4,560
24	0	633,762
25	1,059,688	27,182
26	75,334	44,604
27	314,805	516,977
28	325,296	12,590
29	7,695,353	2,034,169
30	104,853	221,244
Totals	\$29,544,739	\$ 12,111,513

Note. One advocacy organization reports government grants and foundation grant sums combined and tracked individual donor donations separately.

APPENDIX D

Table D-2
1997 Revenue from Government, Corporate, and Foundation
Grants, and Individual Donations for Bay Area Latino Nonprofits

Organization	Government Grants	Foundation/Corporate Grants and Individual Donations
1	\$ 18,000	0
2	91,670	1,125
3	626,899	440,564
4	465,214	1,000
5	292,181	287,683
6	682,185	444,422
7	N/A	N/A
8	268,806	1,417,993
9	5,246,241*	161,329
10	0	23,555
11	0	112,536
12	6,306,644	0
13	0	286,591
14	220,000	5,143,951
15	1,473,317	0
16	50,932	49,856
17	0	154,635
18	265,286	903,994
19	334,112	0
20	299,317	39,287
21	1,211,624	169,640
22	600,548	80,621
23	2,409,104	1,420
24	0	179,628
25	1,054,319	20,000
26	150,666	10,179
27	481,053	239,677
28	215,076	184,976
29	2,009,309	282,493
30	141,351	103,058
Totals	\$24,913,854	\$ 11,740,213

Note. One advocacy organization reported government and foundation grant sums combined.

APPENDIX D

Table D-3
1998 Revenue from Government, Corporate, and Foundation Grants, and Individual Donations for Bay Area Latino Nonprofits

Organization	Government Grants	Foundation/Corporate Grants and Individual Donations
1	\$ 28,800	0
2	93,145	12,586
3	909,143	618,030
4	448,230	68,793
5	41,454	674,872
6	667,244	517,818
7	64,990	36,881
8	215,566	1,319,755
9	5,412,915	116,498
10	0	30,090
11	0	163,732
12	5,714,549	233,094
13	0	265,390
14	220,000	5,122,760
15	1,713,149	24,863
16	66,047	58,591
17	0	120,702
18	140,129	789,916
19	690,998	0
20	265,664	20,233
21	671,651	309,411
22	488,000	25,000
23	1,557,838	N/A
24	0	375,497
25	1,102,201	24,073
26	0	59,233
27	444,633	188,842
28	447,729	105,194
29	5,015,368	844,441
30	194,825	242,146
Totals	\$26,614,268	\$ 12,368,441

Note. Two organizations in the sample reported their government and foundation grant sums combined.

APPENDIX D

Table D-4
Percentage of Grant and Donation Revenue Raised by Source of
Funds for Latino Community Service Organizations in the Bay Area,
1996-1998

Total per organization		Government %	Private %
\$	1,435,662	95%	5%
	1,930,833	37	63
	2,826,254	48	52
	18,735,532	99	1
	15,758,825	4	96
	4,690,747	99	1
	1,195,522	100	0
	6,405,322	100	0
	5,401,480	99	1
	340,016	66	34
	1,290,861	77	23
	1,007,477	44	56
Total	\$60,657,978		

APPENDIX D

Table D-5
Percentage of Grant and Donation Revenue Raised by Source of Funds
for Latino Economic Development Organizations in the Bay Area,
1996-1998

Total per organization	Government %	Private %
\$ 295,912	95%	5%
4,180,355	65	35
938,174	86	14
1,626,528	90	10
17,881, 133	82	18
3,149,337	77	23
<hr/>		
Total \$ 28,071,419		

APPENDIX D

Table D-6

Percentage of Grant and Donation Revenue by Source of Funds
for Latino Advocacy Organizations in the Bay Area, 1996-1998

Total per organization	Government %	Private %
\$ 4,297,444	15%	85%
16,184,586	97	3
334,251	3	97
428,637	0	100
1,188,887	0	100
2,185,987	57	43
319,186	52	48
Total \$18,943,520		

APPENDIX D

Table D-7

Percentage of Grant and Donation Revenue by Source of Funds
for Latino Arts/Culture Organizations in the Bay Area, 1996-1998

Total per organization		Government %	Private %
\$	54,000	100%	0%
	101,871	64	36
	2,884,108	21	79
Total \$ 3,039,979			