

Volume 4, Issue 4

Originally Published  
February 25, 2010

# Nonprofit Strategies



SAN LUIS OBISPO COUNTY COMMUNITY FOUNDATION

## So Whose Money Is It Anyway?

*By Barry VanderKelen*

In order for a charitable donation to occur, three things must happen. First, someone must transfer an asset, such as cash or stock, to a qualified nonprofit. Second, the donor must give up control of the asset. Finally, the nonprofit must accept the donation. Even if all three conditions are met, whose money is it?

How the board members, volunteers and staff talk about donations frames how the organization will interact with donors. Donors transfer ownership of money to a nonprofit, thus allowing it to conduct important work in the community. However, if the members of the organization consider the money to be theirs -- "it's our

money" -- the nonprofit probably won't be reporting out in a manner that satisfies donor interest.

Donors often feel that they haven't given money to the nonprofit as much as they have invested in the organization's work. Indeed, much of the language of nonprofits fosters this type of thinking. Nonprofits that talk about their money, their work and their accomplishments are subject to criticism that they are "tooting their own horns."

An alternative approach is to speak of the donations as money entrusted to the organization. Such reframing encourages people to act more like a fiduciary. Fiduciaries act for and on behalf of others, most

commonly in regard to money. Fiduciaries are required to be wise stewards of the money entrusted to them. Those involved with nonprofits are acting on behalf of the public to accomplish something important in the community. Nonprofits don't pay certain taxes and donors receive tax benefits because the work accomplished is greater than what the taxes would have afforded.

Whose money is it? Ultimately, it's the public's money.

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### Resource Use

- Support nonprofit leadership
- Board development/training
- Strategic planning

### Nonprofit Business Column of The Tribune

The San Luis Obispo Tribune publishes a column every other week in the Business section dedicated to the business practices of nonprofit orgs. Barry VanderKelen, Executive Director of the San Luis Obispo County Community Foundation writes the bi-

weekly column to help strengthen nonprofit organizations in the community. Each column is reprinted here as a one-page handout for use by local organizations. Barry can be reached at 543-2323 or by e-mail at [barry@slocf.org](mailto:barry@slocf.org).