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ABOUT OUR COMPANY

Background

CyberGrants, Inc. was founded as a sister corporation to Integrated Data Solutions, Inc., an IT consulting and Web-development company specializing in the philanthropic arena.

Since 1991, we have grown with the changes in technology and have smoothly transitioned from the once predominant client/server world to the new era of Internet, intranets and extranets. While our technical strengths are highly regarded by our clients, we also possess a wealth of talent in creativity and conceptualization. Our staff is well-educated, hard-working and responsive to client needs, and our customer service and support is heralded by our clients as perhaps our greatest strength.

Our Staff and Culture

Our team is like none you have worked with before. Experience in developing software for virtually every industry has taught us to listen to customer needs, recognize opportunities to improve processes and always strive to maintain a positive and forward-thinking relationship with our customers.

As a 'dot com' company, we work hard and enjoy opportunities to improve the quality of grantmaking by using enabling technologies such as intranets and the World Wide Web. Highly educated, personable and dedicated employees are the key ingredients to developing the innovative software you need in 'Internet time'.

Company Credentials

As an IT consulting company, we have exhibited the technical prowess and responsiveness required to be successful in a competitive field. Our clients have ranged from small startups to the largest Fortune 1000 companies including AT&T, Addison-Wesley Longman, McKinsey & Company, Koch Industries, NEBS, Bell Atlantic, Cross Creek, WANG and many others.

As experienced leaders in the philanthropic arena, we now present you with CyberGrants, the only 100% browser-based grants management tool equipped with the power, convenience and innovation required to increase your strategic grantmaking capabilities.



Built with Your Input

During the past several years of research and development, we have listened with keen interest to your concerns about utilizing grants management software in your foundation or contributions program. Our discussions with you have identified several common threads. Some of your concerns have consistently focused on:

Your Concerns

- Quality Customer Service
- Absence of Software Choices
- Required Hardware Infrastructure
- Standard and 'Create Your Own' Reports
- Software Complexity
- Price
- Lack of Software-Enabled Process Improvements

Our efforts have targeted each of these issues to bring you a grants management solution complete with all of the critical functional components you expect from a high-end product at reasonable prices and with responsive and friendly customer support.

Our Product and Its Goals

By harnessing the power of the Internet, CyberGrants has streamlined the entire grant application and management process. From any PC, Mac or Unix computer with access to the Internet, nonprofit organizations can now enjoy the benefits of electronic proposal development and submission directly to their funders. At the same time, corporate and private foundations become more strategic in their grantmaking through secure, robust, and easy-to-use grants management software that makes the old method of paper applications obsolete.

CYBERGRANTS UP-CLOSE

By Definition

First and foremost, CyberGrants is a powerful grants management system for foundations and corporate giving programs. The software provides all of the traditional grants administration functions like:

- ✓ Proposal and request tracking
- ✓ Grant classifications by demographic
- ✓ Payment scheduling and processing
- ✓ Standard and 'Create Your Own' reporting
- ✓ Letter writing and communications
- ✓ Budgeting, security levels and administration
- ✓ Approval processing and workflow

In addition, CyberGrants capitalizes on opportunities afforded by the Internet and provides streamlining features such as:

- ✓ Automatic verification of Nonprofit tax exempt status
- ✓ Online applications from nonprofits (optional)
- ✓ Web presence / mini site for foundations (optional)
- ✓ Secure access to your data from any computer in the world
- ✓ E-mail broadcasts to contacts instead of tedious letters
- ✓ Filtering processes for online applicants to insure qualified proposals (optional)

Rent It (ASP) or Bring It In-House

Grantmakers are given the option of setting up CyberGrants on their office intranet, or using the service on an ASP/rental basis through the Internet.

With 'ASP Usage', you use the Internet to access the central CyberGrants database. Under this licensing approach, the physical database, the database server and your data are stored in a facility managed by CyberGrants which is highly secure and highly available for fast web access. ASP usage makes CyberGrants an attractive option for foundations of all sizes, as an internal IT staff and infrastructure are not needed.

With 'Intranet Usage', the physical database and your data are stored on one of your own servers within a department of your company.

Sign up for a **Free 30-day trial** of CyberGrants at <http://www.cybergrants.com/gmfree.htm>

Getting started is a snap! Install nothing on your computer. Simply register online and begin to explore the grants management database.

Overview of the OnLine Process

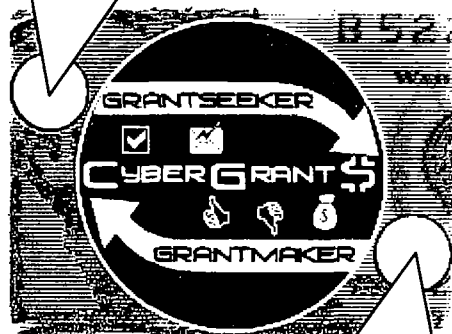
CyberGrants, in its simplest form, takes foundations beyond the traditional use of grants management software. It has been built from the ground up based on browser technology. Online features are provided for foundations to use as they wish. These components can be turned on and off depending on the policies of your foundation.

Nonprofits' Activities

- Pre-qualify by entering Tax ID, funding principles (e.g. arts, education, ...) and other criteria **before** seeing a list of potential funders
- Review profiles of potential funders
- Create and submit proposals online to selected funders for which they pre-qualified

Result for Nonprofits

- Streamline and qualify online applications
- Know the proposal was successfully received



Foundations' Database Activities (Partial List)

- Review **qualified** online proposals (optional)
- Maintain contacts, organizations, requests, payments and budgets
- Setup approval processes, user security and your own web page; communicate electronically
- Customize YOUR own proposal
- Run many reports or build and save your own

Result for Foundations

- Review proposals with no rekeying
- Approve or decline requests with one click
- Spend more time face-to-face with grantees
- Align with e-business initiatives
- Respond faster to constituents

FEATURES

Simple and Flexible Sophistication

For the past six years, the developers of CyberGrants have listened to your needs and have designed a grants management system that extends beyond traditional requirements for managing grants.

Our skilled development team has built in the flexibility necessary to allow CyberGrants to work for nearly every foundation and giving program.

If you have 'surf'ed the web', you will know how to use CyberGrants. System pages load just like every other web page. Our robust servers insure they load quickly.

System Features

- Pre-Qualification Filters and Online Application
- Automatic Verification of Nonprofit Tax IDs
- System Administration and Security Levels
- Contact, Organization and Request Tracking
- E-mail Notifications and Reminders
- Comprehensive Budgeting / Payment Processing
- Configurable Approval and Review Process
- Standard, 'Build Your Own' and Export Reporting
- Letter Writing and Broadcast E-mail Capability
- Matching Gifts and Volunteer Recognition Modules
- Customizable Classifications, Proposals & More...

A Few Screen Shots of the System...

The screenshot shows the main interface of the CyberGrants system. It features a navigation bar with links for Home, Search, and Help. Below the navigation bar, there is a table displaying a list of organizations. The table has columns for Organization Name, Address, City, State, Zip, and Date. The first few rows of the table are as follows:

Organization Name	Address	City	State	Zip	Date
AMERICAN... (partially obscured)	3018 14TH AVE W	SEATTLE	WA	98107	11/12/99
AMERICAN... (partially obscured)	672 F STREET, SE	WASHINGTON	DC	20003	06/27/99
AMERICAN... (partially obscured)	164 FIRST STREET	BATON ROUGE	LA	70802	11/02/99
AMERICAN... (partially obscured)	175 ARLINGTON	MINNEAPOLIS	CA	94222	06/22/00
AMERICAN... (partially obscured)	903 CENTRAL AVE	CHARLOTTE	NC	28204	07/29/00
AMERICAN... (partially obscured)	60 BOX 347	ELICOTT CITY	MD	21037	03/31/00
AMERICAN... (partially obscured)	546 MARKET STREET	SAN FRANCISCO	CA	94107	02/07/99
AMERICAN... (partially obscured)	1000 MARKET STREET	SAN FRANCISCO	CA	94107	02/07/99

The screenshot shows the 'Setup Checklist' and 'Admin Menu' sections of the CyberGrants system. The 'Setup Checklist' lists 10 items that must be completed to begin processing grants. The 'Admin Menu' provides links to various administrative functions.

Setup Checklist

The following items must be completed in order to begin processing grants:

- Primary Organization Information:** Please review the default primary info settings of your GrantMaker account.
- Mission Statement:** Please establish the Mission Statement for your organization.
- Grant-making Guidelines:** Please establish the Grant-making Guidelines for your organization.
- Funding Priorities:** Please establish the Funding Priorities for your organization.
- Funding Regions:** Please establish the Funding Regions for your organization.
- Accepted Organizations:** Please establish the Accepted Organizations from which to receive proposals.
- Budget Years:** Please establish a Budget Year and primary budget for your organization.
- Budget:** Please establish a Budget for your organization.
- Budget Security:** Please establish budget security for your organization. Please be sure to allocate yourself with a budget.
- Website Setup:** Please customize a Website for your organization.

Admin Menu

- Grantmaker Profile:**
 - Primary Info
 - Mission Statement
 - Grant Guidelines
 - Funding Priorities
 - Funding Regions
 - Accepted Organizations
 - Funding Years
- Manage Users:**
 - Create New User
 - Modify Users
 - Edit User
 - Deleted Organizations
 - Deleted Users
- System Maintenance:**
 - System Info
 - System Log
 - System Mapping
 - System Type
- Proposal Customization:**
 - Proposal Customization
 - Proposal Customization
 - Proposal Customization

The screenshot shows the 'APPLY ONLINE' form, which is a welcome message from Berkeley Performance. The form contains a list of steps for the application process and a section for user information.

APPLY ONLINE

Welcome, from BERKELEY PERFORMANCE

The On-line application process consists of the following steps:

1. Complete Contact Information page
2. Complete Basic Information page
3. Compose the Proposal your organization
4. Complete Communities Served Info

We recommend printing out our application form and using it to compose your responses in your favorite text editor as you go along. Please notice, all required information will be indicated in red. If any of the required information is left blank, your proposal will not be submitted and your work will be lost. Once completed, all proposals created in Apply Online are immediately submitted to the GrantMakers you selected and cannot be edited at a later time. Each page will have a time line like the one below to help you monitor your progress. The red line and text will indicate your current position within the application process. Right now you are on the 'Welcome' page.

Progress Bar:

1. Welcome (Current) 2. Basic Information 3. Contact Information 4. Communities Served Info 5. Proposal 6. Review 7. Submit

User Information:

First Name: Last Name: Title:

Organization: Address: City: State: Zip:

Phone: Fax: Email:

Website:

Notes:

The screenshot shows the 'Grant Listings By State' report, which displays a table of grants and their details. The table has columns for Grant Name, Amount, Date, and Status.

Grant Listings By State

Grant Name	Amount	Date	Status
AMERICAN... (partially obscured)	\$12,000.00	04/22/00	Approved
AMERICAN... (partially obscured)	\$12,000.00	04/22/00	Approved
AMERICAN... (partially obscured)	\$12,000.00	04/22/00	Approved
AMERICAN... (partially obscured)	\$12,000.00	04/22/00	Approved
AMERICAN... (partially obscured)	\$12,000.00	04/22/00	Approved
AMERICAN... (partially obscured)	\$12,000.00	04/22/00	Approved
AMERICAN... (partially obscured)	\$12,000.00	04/22/00	Approved
AMERICAN... (partially obscured)	\$12,000.00	04/22/00	Approved
AMERICAN... (partially obscured)	\$12,000.00	04/22/00	Approved
AMERICAN... (partially obscured)	\$12,000.00	04/22/00	Approved

Description

ASP is the acronym for Application Service Provider. Under this licensing approach, the physical database, the database server and your data are stored in a facility that is highly secure and highly available for fast web access. That's our job. We are your ASP and technical team. Think of the ASP model as synonymous with 'renting' or 'leasing' software.

Ideal for...

Although ASP usage is suitable for foundations of all sizes, it is particularly well suited for those who do not have the required infrastructure to run it on their own intranet. Foundations with few staff members typically do not have the luxury of a full-time system administrator and many do not even have networks in their office. With ASP usage, all you need is a dial-up connection to the web, and you can enjoy robust grants management capabilities at competitive prices.

How it Works

As an ASP user, you only need to connect to the Internet via your preferred Internet Service Provider (ISP) and start your browser. Simply go to <http://www.cybergrants.com> and click the GrantMaker Login button in the upper right corner of the site. You will be prompted for your username and password and once you log in, you now have full access to your grantmaking database at any time.

What You Will Need

A browser and a web connection is all it takes. Netscape v. 4.0 or higher and Microsoft Internet Explorer v. 4.0 or higher are the required browsers. Although we recommend as fast an Internet connection as possible, you'll be amazed at how fast CyberGrants is even at lesser connect rates like 28800 bps!

Your Responsibilities

With ASP usage, your only responsibilities are to your grantmaking efforts. We take care of your data by making sure it is always available at high speed. We perform routine nightly backups of your data and maintain security and system administration for you. No need for buying expensive servers and hiring system administrators. Just simply logon to our site.

Benefits and Advantages

An ASP membership with CyberGrants requires no IT staff or technical knowledge. You are free to focus on your strategic grantmaking while we handle the technical side. The following is a list of some key concepts to consider when deciding between ASP usage or intranet usage.

ASP Advantages

- Your IT cost is zero (we are your tech team!)
- Avoid software installs and updates while still receiving the latest features automatically
- Eliminate networking costs and problems
- Get up and running in an afternoon
- Your data is always there and available to you
- Total avoidance of server hardware costs
- Free website presence for your foundation

Get Started Quickly!

Visit <http://www.cybergrants.com/gmfree.htm> to sign up for your free 30-day trial membership. The free trial is a great way for you to experience the CyberGrants system first-hand. Many foundations benefit from a quick call to our staff to help explain the system and jump-start the free trial. Once you are underway, we recommend talking with a few nonprofits you have funded in the past and asking them to create 'sample' proposals online and submit them to your database. This way, you will see the full advantage of our system and the benefits of a new type of web portal: online grantmaking.

Frequently Asked Questions

- Q.** Can my existing data be converted into CyberGrants?
A. Yes. We have performed many conversions of millions of records of information. Conversions are done quickly and accurately.
- Q.** Who owns my data?
A. Your data is 100% yours. We only host it on our servers. It can be sent to you in raw format anytime you wish.
- Q.** How fast can we get started?
A. Registration and setup usually takes an hour.

INTRANET USAGE

Description

'Intranet Usage' means that your foundation chooses to install CyberGrants on your own intranet. With this model, the system and database are physically located within your organization and the online application becomes part of your website.

Ideal for...

Intranet usage is perfect for foundations that have the internal IT hardware, networking and personnel resources to assist in the implementation and administration of the CyberGrants database. Usually, larger foundations who wish to make the online application 'look and feel' like part of their existing website will choose intranet usage. This approach also lends itself nicely to customizations of the system and, potentially, integration with other systems.

How it Works

Intranet users access the CyberGrants system as they would any other system installed on their intranet. As with ASP usage, no software needs to be installed on the user's computer except for a web browser. Once you are on the network and have started your browser, you will go to the hostname of the server on which CyberGrants is installed and simply log in with your username and password. Upon logging in, you will gain access to all of the features of the system including online review of proposals received via the online application process (now part of your website!).

What You Will Need

A browser and an intranet network connection. Netscape v. 4.0 or higher and Microsoft Internet Explorer v. 4.0 or higher are the required browsers. If your organization supports remote dial-up into your intranet, you will be able to access CyberGrants remotely from your laptop.

Your Responsibilities

Intranet customers are responsible for providing their own server, networking, technical administration and database licensing. We set up a process to create a backup file, but your organization is responsible for its safe storage in a secure remote location.

Benefits and Advantages

If investments have already been made into the internal technical infrastructure to support and maintain an intranet, there are opportunities for these customers. The features and functionality of the system are, however, identical for both ASP and intranet users. The following list shows some of the opportunities afforded by intranet installations:

Intranet Advantages

- Potentially high-speed bandwidth (depending on your intranet)
- Ability to make the online application 'look and feel' like part of your existing website
- Create feeds to other legacy systems
- Opportunities to customize CyberGrants (call)
- Utilize existing server hardware investments

Get Started Quickly!

Visit <http://www.cybergrants.com/gmfree.htm> to sign up for your free 30-day trial membership. The free trial is a great way for you to experience the CyberGrants system first-hand. Many foundations benefit from a quick call to our staff to help explain the system and jump-start the free trial. Once you are underway, we recommend talking with a few nonprofits you have funded in the past and asking them to create 'sample' proposals online and submit them to your database. This way, you will see the full advantage of our system and the benefits of a new type of web portal: online grantmaking.

Frequently Asked Questions

- Q.** Can my existing data be converted into CyberGrants?
A. Yes. We have performed many conversions of millions of records of information. Conversions are done quickly and accurately.
- Q.** How long does installation take?
A. With proper planning, installations and training take two days.
- Q.** How do we receive feature updates?
A. We maintain a remote connection to your server.

PRICING INFORMATION

Responsible Pricing

The design of our system combined with the economies of scale provided by the Internet have allowed us to set prices of CyberGrants at fair and responsible levels. We realize that too many foundations can not take advantage of high-end grants management tools due to prohibitive prices.

Our objective is to provide CyberGrants to fifty thousand foundations across the United States at prices they can afford.

Price Factors

With price, performance, availability and maintainability in mind, we decided to embrace the Internet and browser technology in order to pass off significant cost savings to our customers.

As an application service provider (ASP), we eliminate the need for our customers to spend significant investments on in-house technology and personnel. The result is that we can make prices scalable based on several factors.

These factors include:

- How many users?
- How many grants do you process per year?
- Do you accept unsolicited proposals?
- What is your annual giving level?
- What level of technical support is required?

Each of these factors is important to insure that thousands of foundations can take advantage of CyberGrants. These questions are geared to determine an estimated usage level for each foundation that requests a quote. Those who use the system more lightly than others should, in fairness, be required to pay less. However, those who process thousands of grants are also quite pleased to know that our prices do not require startup fees and the annual cost is highly attractive compared to competitive products.

Other Savings for ASP Users

ASP users can potentially save thousands by avoiding the costs of expensive servers, network hardware, technical personnel salaries and other costs related to maintaining a system internally.

Requesting a Quote

Requesting a price quote is easy and our response is less than one business day. Visit our online quote page <http://www.cybergrants.com/abpriceform.htm> and complete the simple form. Below, is an example:

Your Name:	Your Organization Name:
Your Email Address:	Your Phone Number:
How many users will access the CyberGrants grants management database?	
1 User	
What is your organization's estimated annual giving?	Approximately how many grants does your organization make per year?
☐ \$0 - \$100,000	☐ 1 - 25
☐ \$100,001 - \$250,000	☐ 26 - 100
☐ \$250,001 - \$1,000,000	☐ 101 - 250
☐ \$1,000,001 - \$5,000,000	☐ 251 - 500
☐ \$5,000,001 - \$10,000,000	☐ 501 - 1,000
☐ \$10,000,001 - \$20,000,000	☐ 1,001 - 2,000
☐ Over \$20,000,000	☐ 2,001 - 4,000
☐ More than 4,000	
Does your organization accept unsolicited proposals?	
☐ Yes ☐ No	
What level of support will the users from your organization require?	Do you wish to receive this price quote for 'rental usage' or 'intranet usage' (see differences...)?
☐ 12 calls per user per year	☐ Rental
☐ 30 calls per user per year	☐ Intranet
☐ Unlimited calls per user per year	☐ Both
How did you hear about CyberGrants?	
Submit Reset	

Price Differences (ASP vs. Intranet)

ASP pricing is simply based on a scalable annual fee based on the factors to the left.

Intranet pricing is similar except for additional factors such as database licenses, installation and remote maintenance for software upgrades and other updates.

Seeing Is Believing!

Every day, millions of people are finding and using new cost-effective solutions on the web to simplify their lives at home and at work. Some use online calendars, web-based e-mail, faxes and word processing. Now you can use CyberGrants for all of your grants management software needs.

CyberGrants is available to you free of charge for 30 days. Signing up is fast and easy. Just visit <http://www.cybergrants.com/gmfree.htm> and click the 'Sign Up' button. There is no software to install, and we encourage you to call us for a brief walkthrough of the system to get you started.



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CyberGrants, the First-Ever Online Grantmaking Web Portal, Announces New Matching Gifts Module for Grant Makers and Not-For-Profits

April 28, 2000 – CyberGrants, Inc. is pleased to announce the launch of its Matching Gifts Module. The Matching Gifts component is a new enhancement to the CyberGrants interactive online philanthropy Web portal, which was launched in December of last year. The Module is available as a supplement to users of the CyberGrants Grants Management System, which can be accessed by logging on to www.cybergrants.com from any PC, Mac or UNIX computer with access to the web.

“CyberGrants is the first entirely web-based grants management system allowing grantmakers and grantseekers to streamline their processes by eliminating much of the time consuming, paper-based activities necessary for charitable giving to happen.” Sean Flanagan, President of CyberGrants, Inc., remarked. “Based on the initial enthusiasm for CyberGrants and feedback from our customers, Matching Gifts was the logical next step in our efforts to service all segments of the grantmaking arena from competitive grants to employee programs.”

Matching gifts, also known as challenge grants, or employee matching grants are donations, usually cash, which are made by a foundation or corporate giving program to match funds provided by another donor or corporate employee. They are often used to encourage giving, by making the donor's individual contribution more valuable. In order to track and confirm these contributions, match them appropriately, and make payments, a great deal of follow up is required by both parties. A non-profit must receive a donor's payment, and grantmaker match information, then contact the Matching Gifts Administrator to take the next steps required for fulfillment of the grant. Separately, an administrator may need to follow internal procedures to determine that the criteria for payment of a Matching Gift have been met.

CyberGrants' Matching Gifts Module allows much of this follow-up to take place online. By logging in at www.cybergrants.com, a non-for-profit, looking to receive a grantmaker's portion of a matching gift can confirm a donor's payment and provide any other information the grant maker requires to issue the payment. On the other end of the spectrum, grantmaking users can customize the information they receive based on their needs and can view confirmation information entered by the non-profit. "Matching Gifts Administrators and non-profits spend a lot of time tracking each other down, looking for missing pieces of information. Now, many of those phone conversations can stop focusing on when the money will be sent and instead center around how the money is being spent and how the non-profit's programs are benefiting from the gifts", Sean Flanagan notes.

About CyberGrants, Inc. CyberGrants was founded as a sibling corporation to Integrated Data Solutions, Inc. an IT Consulting and Web-development company and has become the new home for online philanthropy. Team CyberGrants has detailed knowledge from years of experience in philanthropy and is committed to making customer satisfaction a top priority. For more information, please contact us at: 978-794-0900 or go online at: <http://www.cybergrants.com>.

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**First-Ever "Online Philanthropy" Web Portal Revolutionizes Grantmaking By Linking
Not-For-Profits And Grantmakers Over The Internet**

December 16, 1999—CyberGrants, Inc. has announced the introduction of their innovative, interactive online philanthropy Web portal that streamlines the grant application and grantmaking process for not-for-profit organizations and corporate and private foundations. By simply logging on to www.cybergrants.com from any PC, Mac or UNIX computer with access to the Web, foundations can now establish an immediate, free Web presence that lists their grant guidelines, mission statement and other pertinent background information, and obtain a free 30-day trial of the system's robust Web-based grants management software. Nonprofits can access CyberGrants free of charge to research grant guidelines and create, maintain and submit online proposals directly to member foundations.

With more than 50,000 foundations and over 600,000 nonprofits currently operating in the United States, there is an enormous need for efficient, affordable and secure electronic grant proposal development and management solutions. CyberGrants, Inc. is meeting this need for enhanced communication between nonprofits and foundations with their unique Web site. In the past, submitting and evaluating grant proposals was a time-consuming process that involved hours of paperwork. According to CyberGrants, Inc. President Sean Flanagan, "Today, about 97% of foundations are doing this work by plowing through mountains of paper. Only about 3% to 5% are using commercially available software which often requires in-house computing servers, significant IT staff and sizeable implementation, support and maintenance costs. Because we're the only pure-Web solution, we've brought the costs way down so foundations of all sizes can participate and free themselves up to build the important relationships they seek."

In addition to lowering costs, CyberGrants offers participants unparalleled speed and ease-of-use. Now, nonprofits can apply for grants and grantmakers can evaluate them instantly twenty-

four hours a day, seven days a week, from anywhere in the world. CyberGrants makes the process more convenient by streamlining the labor-intensive work and allowing grantmakers to spend more time face-to-face with grantees. As Sean Flanagan notes, "It gets you out of the business of processing paper, and frees you up to spend more time building relationships and doing the important work of philanthropy."

Grantmakers also enjoy the efficiency of operating online. Suzanne DuBose, President of the Bell Atlantic Foundation says, "We are very pleased with CyberGrants because it does a tremendous job at helping us be effective grantmakers. We have seen an improvement in the quality of grants we receive online, and by using the system we are able to have more time to meet face-to-face with nonprofits outside of the office instead of spending time in the office working on administrative tasks."

In addition to online submission of proposals directly into the database of member grantmakers, CyberGrants offers the total package to its members. The cutting-edge, comprehensive grants management database showcases important features such as highly configurable budgeting, payment scheduling, tracking, reporting and many other conveniences such as electronic communication, automated notifications, 'only-mine' capabilities and much more. By utilizing the system, foundations can track all submitted proposals and significantly increase their decision-making capabilities by providing a historical context to evaluate new proposals. The truly customer-focused staff at CyberGrants, Inc. can transfer all of a foundation's existing grant data quickly and easily to the site.

With CyberGrants, the future of online philanthropy has arrived.

About CyberGrants, Inc. CyberGrants was founded as a brother/sister corporation to Integrated Data Solutions, Inc., an IT consulting and Web-development company, and is quickly becoming the new home for online philanthropy. Team CyberGrants has detailed knowledge and experience in philanthropy and is committed to making customer satisfaction a top priority. For more information, contact the above phone number or go online at <http://www.cybergrants.com>.

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**Three Hundred Grantmaker Users Sign Up for CyberGrants' New Online
Grants Management System**

January 26, 2000—Since CyberGrants introduced the first online philanthropy Web portal this past December, they have been inundated by grantmakers eager to sign up for a free trial of their innovative online grants management system. In just one month, over 300 users have decided that logging on to **<http://www.cybergrants.com>** to process grant proposals online is the easiest and most affordable method for grantmaking today.

The Mitsubishi Electric America Foundation, dedicated to helping young people with disabilities maximize their potential, is one of the many grantmakers currently using the CyberGrants.com system to enable grantseekers to apply for grants online. According to Rayna Aylward, Executive Director of the Mitsubishi Electric America Foundation, based in Arlington, Virginia, "This is the direction that philanthropy is heading. CyberGrants has positioned itself to provide a powerful tool for foundations all over the world that wish to offer a convenient grantmaking service for nonprofits. CyberGrants is a pioneer in this area and is serving an important need in the philanthropy field."

The Mitsubishi Foundation will now be able to streamline the grantmaking process by using many features of CyberGrants.com including: 24 hours a day, 7 days a week access to grant data, Web-based proposal receipt and review, robust reporting, budgeting, and general ease of use. When asked what benefits she expects to receive from processing grants online, Aylward stated that "With CyberGrants, we can now give grantseekers a clearer idea of our foundation's mission and guidelines as well as streamline the process of applying and responding."

The site is BOBBY compliant for people with disabilities, an important feature that helped convince Mitsubishi to sign on with CyberGrants. BOBBY certification requires a Web site to

have accessible design standards so that people with disabilities can navigate the site and access its contents.

About CyberGrants, Inc. CyberGrants was founded as a brother/sister corporation to Integrated Data Solutions, Inc., an IT consulting and Web-development company, and is quickly becoming the new home for online philanthropy. Team CyberGrants has detailed knowledge and experience in philanthropy and is committed to making customer satisfaction a top priority. For more information, contact the above phone number or go online at <http://www.cybergrants.com>.

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The Eagle-Tribune

The Pulitzer Prize-winning newspaper of Lawrence, Massachusetts

Friday, December 24, 1999

Web Site Links Nonprofits with Charitable Foundations

By Shona Crabtree
Eagle-Tribune Writer

NORTH ANDOVER -- Applying for a grant could be simplified with a click of the mouse instead of mailing off reams of paper, according to a North Andover businessman.

Sean P. Flanagan, president of CyberGrants Inc. and a Boxford resident, launched a Web site, www.cybergrants.com, last month that connects private and corporate foundations with nonprofit groups. Grant applications are submitted via the Internet. The service is free for the nonprofits but costs range from \$400 to \$3,500 for the foundations.

About 100 foundations have signed up already for a free 30-day trial, including some corporations from Fortune 50 companies. CyberGrants has received numerous e-mails from nonprofits that are interested in using the service next year for their next round of funding.

"Until a week ago, no one knew about this," Mr. Flanagan said. "It's really been overwhelming."

There are an estimated 50,000 foundations and over 600,000 nonprofits in the United States.

The Web site also contains a database for nonprofits to research what foundations have to offer, Mr. Flanagan said. Even if foundations are not paying members, they can list their information on the Web site but without nonprofits being able to apply via the Internet. The

grants are not limited to a particular area and range from education to the arts to healthcare.

CyberGrants is a sister company to Integrated Data Solutions, an information technology company at 790 Turnpike St. in North Andover. Together, the privately-held companies employ 10 people. Financial information was not disclosed.

Integrated Data Solutions has done work for companies including Addison Wesley Longman Publishing, NYNEX and AT&T. Mr. Flanagan said CyberGrants grew out of work Integrated Data Solutions has done for corporate foundations, such as the Bell Atlantic Foundation.

Juan N. Rodriguez, of the New York-based Bell Atlantic Foundation, said CyberGrants has enabled it to become a more effective grantmaker by improving the quality of the applications and cutting down on administrative time and costs. Bell Atlantic has used the system for about five years.

Bell Atlantic gives \$38 million a year to nonprofits and receives about 20,000 grant applications a year.

Mr. Rodriguez said being connected electronically enables him to spend more time in person visiting regional offices and nonprofits to build relationships.

"I can be in Florida or California and have the laptop and look at grants," he said. "I think there is a lot more that can be done. The potential is unlimited."

Mr. Flanagan said CyberGrants plans to add to its Web site with services that focus on specialized areas such as matching gifts, employee programs and donation drives.

However, current foundation use of technology is not strong. He estimated only 2,000 of the 50,000 foundations have Web sites and between 3 percent and 5 percent use software to manage their data.

At the Bell Atlantic Foundation, all grant applications will be submitted online in 2000, Mr. Rodriguez said. "We have to push the nonprofits to get online," he said. "We're not there yet."

But now nonprofits will know within 48 hours that their submission has been received instead of having a 12-week waiting period.

"I think Mr. Flanagan is way ahead of everyone else," Mr. Rodriguez said. "Obviously, the Internet is catching on in all facets of our society. I think nonprofits are part of that society."

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INDEPENDENT
SECTOR

A PREVIEW TO THE NONPROFIT ALMANAC 2001

Facts & Figures

on the Nonprofit Sector

In the United States

In Brief

In 1998, there were **1.6 million** total nonprofit/tax-exempt organizations.

Of these, **1.2 million** were "independent sector" organizations—that is, the 501(c)(3) charities, the 501(3)(4) social welfare groups, and religious organizations.

In 1998, there were **734,000** 501(c)(3) organizations, more than two and a half times the number twenty years ago.

Total "Independent sector" revenues were **\$621.4 billion**, in 1996. Major sources of revenues included: private contributions (18.9%); dues, fees, and charges (38.6%); and government contracts and grants (31.7%).

Total expenditures in the nonprofit sector were **\$526.1 billion**, in 1996. Of this 54.5% was attributable to the health services field; 18.3% to education; 12.4% to social and legal services, and 9.2% to religious organizations.

4.6% of national income was generated by the nonprofit sector in 1998. Including the value of volunteer time, the percentage goes up to 6.7%.

1 in 14 Americans or 10.9 million people worked for a nonprofit organization in 1998. Including full-time equivalent volunteers, this number goes up to 1 in 10 Americans or 16.6 million people.

56% of adults volunteered in 1998—the highest ever recorded during INDEPENDENT SECTOR's survey series.

70% of households contributed in 1998—giving an average gift of \$1,075.

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FACTS *and* FINDINGS

INSIGHTS ON RESEARCH
FOR EVERYDAY USE

VOL. 1, NO. 1



AUTHORS:
SUSAN K.E. SAXON-HARROLD
AND **AARON J. HEFFRON**

inside

- WORKING TOGETHER:
COLLABORATION AMONG
THE SECTORS
- COMPETING IN
CIVIL SOCIETY
- COMMERCIALIZATION
AND BUSINESS IN THE
NONPROFIT SECTOR



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CROSSING THE BORDERS COMPETITION AND COLLABORATION

Among Nonprofits, Business and Government

AT A GLANCE

Nonprofit organizations and companies are "crossing borders" to provide services in areas not traditionally within their scope by competing for contracts and entering into partnerships and commercial arrangements. Researchers and practitioners are engaged in a vigorous debate about the implications of welfare privatization in an era of blurring structural boundaries and operations of government agencies, business and nonprofit organizations. So far there is little research that reveals how widespread this phenomenon is and its impact on civil society. INDEPENDENT SECTOR's 1999 Spring Research Forum brought together new research from the United States and abroad to discuss competition, commercialization and collaboration among the public, private and nonprofit sectors.

- Nonprofits are facing changes in their financial and operating environments—due partly to competition between nonprofits and business to win contracts to deliver services.
- Research is needed on what causes nonprofits to become more market driven and change how they operate in an era of welfare privatization and commercial contracts.
- While funders want nonprofits to be more efficient and accountable in their activities, many nonprofits do not know how to show the true value of their work. Appropriate methodology to quantify their contributions needs to be developed.
- Criteria being used by companies to assess their involvement in delivering welfare vary widely. Some businesses view contracting with government agencies to deliver welfare as a long-term, profit-making opportunity, while others see it as short-term. This raises questions about the geographical spread, coverage and quality of services provided over time.
- New research has found that some commercial partnerships and contracts have the effect of pushing nonprofits into new areas of work that may not be relevant to their mission to obtain regular income.
- To gain a competitive edge in a changing environment, nonprofits need to emphasize their core competencies of establishing connections and respect in the community, mobilizing member networks, and providing a human touch to community services.

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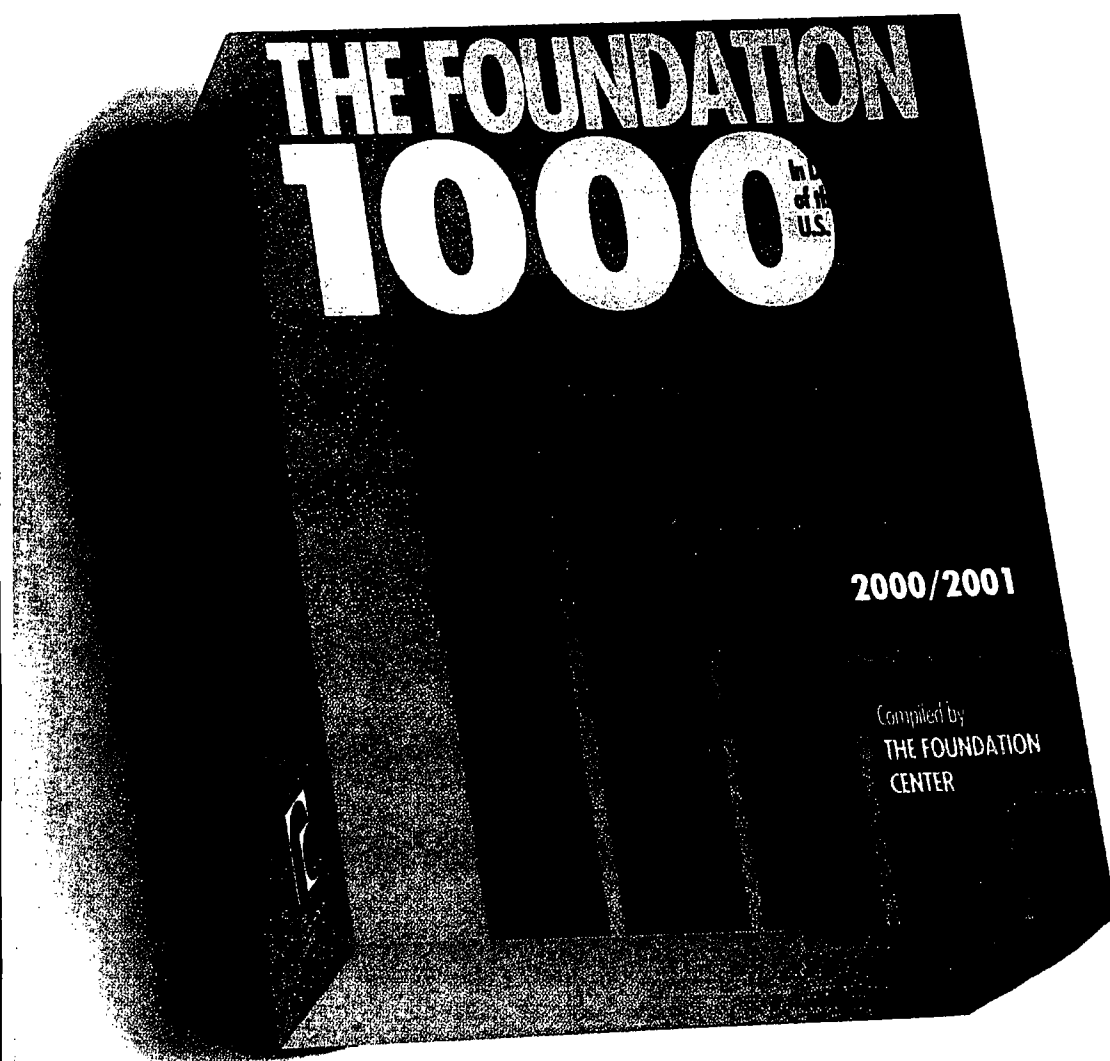
[Catalog of Fundraising & Nonprofit
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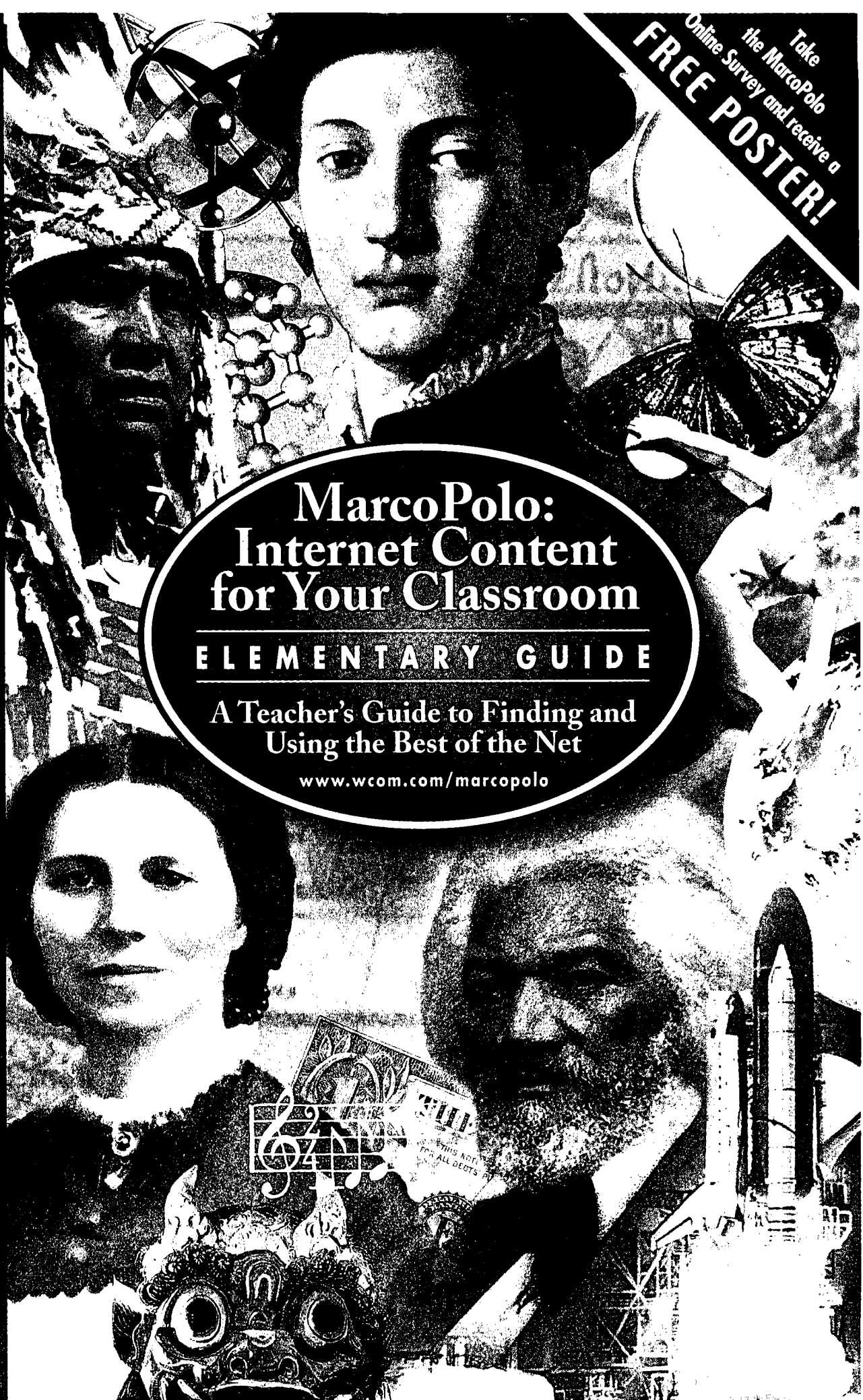
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7

[services for grantmakers]

SERVICES FOR GRANTMAKERS

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ELECTION 2000 POLICY RECOMMENDATIONS

for Candidates for President and Congress



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Towards a More Vibrant Society: *Strengthening the Role of Nonprofits*

ELECTION 2000 POLICY RECOMMENDATIONS
for Candidates for President and Congress

INDEPENDENT SECTOR

Sara E. Meléndez

President and Chief Executive Officer

INDEPENDENT SECTOR is a national leadership forum, working to encourage philanthropy, volunteering, not-for-profit initiative and citizen action that help us better serve people and communities. Founded in 1980 and based in Washington, DC, INDEPENDENT SECTOR is a national coalition of more than 700 voluntary organizations, foundations and corporate giving programs with national interest and impact in philanthropy and voluntary action.



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EXECUTIVE SUMMARY

INDEPENDENT SECTOR's Election 2000 Task Force (see APPENDIX A) was established to link political and nonprofit leaders, bring important issues to light and provide information to the people who will lead our nation into the 21st century. INDEPENDENT SECTOR offers the following recommendations for the consideration of both candidates for president from the major parties, members and prospective members of Congress and the new administration.

Policy Recommendations:

I. Encourage Giving and Volunteering

Enact legislation allowing individuals and families that take the standard deduction — roughly 70% of Americans — to deduct charitable gifts subject to an appropriate floor and allowing the direct, tax-free transfer of retirement account assets to charity. Recognize that the estate tax has a significant impact on charitable giving through bequests.

II. Preserve the Independence of the Nonprofit Sector

Protect and enhance the right of nonprofits to inform, advocate and lobby policymakers on issues of importance to them and their supporters. Support the rights of nonprofits to use their own resources to speak out on behalf of their constituencies and communities.

III. Strengthen the Capacity of Nonprofits

Ensure a level playing field on access to grants, contracts and other forms of financial support for both for-profit and not-for-profit organizations, with recognition of the limited access of nonprofits to working capital; and, establish and fund mechanisms to strengthen the capacity of nonprofit organizations.

IV. Increase Collaboration and Policy Dialogue with Government

Create an effective mechanism for on-going consultation and collaboration between government and the nonprofit sector.

V. Stimulate and Encourage Volunteering and Community Service

Encourage volunteering and community service activities and, where appropriate, create or expand community service opportunities through government action; enact legislation to reauthorize the Corporation for National Service and extend AmeriCorps.

VI. Ensure Accountability of the Nonprofit Sector

Ensure that the exempt-organization division of the Internal Revenue Service (IRS) effectively performs necessary oversight and guidance functions and is adequately funded (above current levels) to do so.

INTRODUCTION

The vibrancy of all three sectors of our society — government, business and nonprofit — is essential to the well-being of Americans and our communities. Of these, the nonprofit sector is less visible to our government and political leaders. However, for nonprofits to serve the public good effectively, policymakers and government representatives must hear their views.

Here are some important facts:

- 1.5 million nonprofit organizations exist in the United States.
- 10 million workers are employed by them, or about 8% of the working population.
- Annual revenues of nonprofits are \$650 billion, comprising 6.8% of national income.
- 109 million people volunteer in some capacity – the equivalent of more than nine million full-time employees at a value of \$225 billion.
- Corporate and private foundation grants paid out in 1999 totaled over \$30 billion.
- 70% of all households give \$190 billion to charity.

The facts are important. But in some ways the cold facts mask the unique contribution of this sector. Nonprofit groups are an important part of the fabric of American life. We add the essential ingredient of civil society and touch on virtually every aspect of our national life. Nonprofits enhance our cultural lives with museums, symphonies and dance. Nonprofit hospitals provide cutting-edge research and needed health care. Nonprofits provide critical human services — from childcare to emergency food and shelter to counseling and job training. Many universities and colleges are nonprofits. A large and important part of the nonprofit sector is comprised of religious institutions that not only offer people the opportunity to express their faith but also sponsor many programs and activities. Nonprofits help preserve our environment and provide education and training to millions of Americans each year.

In addition to providing services, nonprofits enhance our democracy. We help people exercise their civic responsibility and freedom to advocate on a wide range of issues, from fighting zoning changes and opposing or proposing family planning, to protesting wars and challenging discriminatory practices. Nearly every great social change in our nation's history, from the abolition of slavery, to the passage of voting rights for women, to civil rights protections for all citizens, has been nurtured in the nonprofit sector.

In this spirit, we offer the following policy recommendations for strengthening the role of nonprofit organizations.

I. ENCOURAGE CHARITABLE GIVING

A. Provide a Tax Incentive for Charitable Giving by All Americans

Enact legislation allowing individuals and families that take the standard deduction — roughly 70% of Americans — to deduct charitable gifts subject to an appropriate floor.

Background

Offering a charitable deduction to all individuals is consistent with our nation's tax policy framework and would result in an increase in charitable giving levels.

PricewaterhouseCoopers, in a recent study commissioned by INDEPENDENT SECTOR, estimates this proposal will increase charitable giving by more than \$18.5 billion over the next five years. There is parallel action in the states. North Carolina, Minnesota and Colorado have enacted legislation to provide a charitable deduction for non-itemizers and a number of other states have begun to examine similar proposals.

B. Allow Tax-Free Rollover of IRA Assets to Charity

Enact legislation to allow direct, tax-free transfer of retirement account assets to charity.

Background

As a result of careful planning, many older Americans are finding that the value of their IRAs and other retirement savings accounts substantially exceed their retirement income needs. Current law can discourage the transfer of retirement assets to charities. Now, the donor pays income tax on the full value of the gift to a charity, and attempts to claim an offsetting charitable deduction. However, if the donor does not itemize deductions, or if the amount of the transferred assets exceeds certain limits relative to the donor's adjusted gross income, then the donor will not be able to claim a full, off-setting income tax deduction.

C. The Estate Tax

Recognize that the estate tax has a significant impact on charitable giving through bequests.

Background

In 1999, Americans donated over \$15 billion to charities and foundations through bequests. Research by INDEPENDENT SECTOR has shown consistently that the decision on whether to give to charity is not based primarily on tax considerations, but the decision on how much to give is. In a study jointly commissioned by INDEPENDENT SECTOR and the Council on Foundations in 1997, PricewaterhouseCoopers found that the repeal of the estate tax would decrease charitable giving through bequests by \$3 billion per year.

II. PRESERVE THE INDEPENDENCE OF THE NONPROFIT SECTOR

Protect and enhance the right of nonprofits to inform, advocate and lobby policymakers on issues of importance to them and their supporters. Support the rights of nonprofits to use their own resources to speak out on behalf of their constituencies and communities.

Background

Lobbying laws affecting nonprofits unnecessarily restrict the important lobbying and advocacy role of nonprofits. The lobbying rights of nonprofits should be enhanced. In addition, public funding of nonprofit organizations must not infringe on the free speech rights of nonprofits. While government may generally regulate the use of government funds, it should not regulate what a recipient of such funds does with non-government resources.

III. STRENGTHENING THE CAPACITY OF THE CHARITABLE NONPROFIT SECTOR

A. Equitable Access to Public Funding for Nonprofit Organizations

Ensure a level playing field on access to grants, contracts and other forms of financial support for both for-profit and not-for-profit organizations with recognition of the limited access of nonprofits to working capital.

Background

Particularly since devolution, government and nonprofits are partners in the delivery of programs and services in communities across the country with public dollars making up three out of ten dollars to do this. Current rules and requirements can pose significant financial barriers to the participation of nonprofits in government-funded programs.

A level playing field means setting appropriate capital or reserve requirements and ensuring that payment schedules and reimbursement procedures do not unfairly restrict the ability of nonprofits to carry out both their publicly- and privately-funded activities. All service providers should meet minimum professional standards and agreed-upon performance measures. Safeguards should be built into programs to ensure that the rights of consumers are respected. And, accountability measures should be fair and consistent for all service providers.

B. Strengthen the Capacity of the Nonprofit Sector

Establish and appropriately fund mechanisms to strengthen the capacity of nonprofit organizations.

Background

Government provides infrastructure support to targeted segments of the business sector — particularly small business — to increase productivity, create jobs and grow businesses to benefit the economy. Nonprofit enterprises also add to the economy. As noted above, they employ almost 8% of the workforce and account for 6.8% of the national income. In addition, they provide valuable community services and enhance civic life. Investing in improving the infrastructure and capacity of the sector can pay big dividends in efficiency and effectiveness and increase the public benefit. Currently, many government services including access to capital, management training (including information technology) and networks are not available to small nonprofits.

IV. INCREASE COLLABORATION WITH GOVERNMENT

Create an effective mechanism for on-going consultation and collaboration between government and the nonprofit sector.

Background

Levels of government and various constituencies have access to the administration through White House offices. All major sectors of our economy have direct engagement with government through cabinet agencies including business, labor, agriculture, small business, transportation, technology, aviation, etc.

A mechanism should be created, either through a White House office on government-nonprofit relations or another mechanism with high-level access and clear lines of responsibility, that would:

- Assess the impact of public policy, as well as legislative and regulatory proposals, on nonprofit organizations, and where appropriate, develop policies that strengthen nonprofits;
- Serve as a channel for the views and interests of nonprofit organizations before other federal agencies whose policies and activities may affect these entities;
- Conduct outreach and research in support of the nonprofit sector. Data collection efforts of government should be reviewed to determine whether basic statistical information about the nonprofit sector or data that would be useful to the ongoing work of the nonprofit sector are being collected and appropriately disseminated.

V. STIMULATE AND ENCOURAGE VOLUNTEERING AND COMMUNITY SERVICE

Encourage volunteering and community service activities and, where appropriate, create or expand community service opportunities through government action; enact legislation to reauthorize the Corporation for National Service and extend AmeriCorps.

Background

The United States has a long history of community service programs that have improved communities including the Civilian Conservation Corps, the Senior Corps, the Peace Corps, VISTA and AmeriCorps. Many, many more have been created by partnerships of schools, universities, business and local communities. And, nonprofits work with millions of America's volunteers in communities every single day. This important civic function should be encouraged and supported with adequate funding and a legal and regulatory framework that does not inappropriately create barriers to community service activities.

Reauthorization of the Corporation of National Service and passage of legislation that would extend and strengthen programs such as AmeriCorps are critical to fostering community service across the nation. These programs have received broad bipartisan support from forty-nine governors, the Clinton Administration and a number of legislators from both sides of the aisle.

VI. ENSURE ACCOUNTABILITY OF THE SECTOR

Ensure that the exempt-organization division of the Internal Revenue Service (IRS) effectively performs necessary oversight and guidance functions and is adequately funded (above current levels) to do so.

Background

While the IRS has taken some positive recent steps through reorganization and elevating the importance of the role of the exempt organization function, it continues to suffer from lack of adequate staffing and financial resources. Such resources are necessary to provide guidance to tax-exempt organizations, to interpret new rules and regulations and to carry out the IRS's oversight functions. Appropriate federal government regulation, combined with state government regulation and self-regulation within the nonprofit sector itself, is a critical part of maintaining accountability of nonprofit organizations and the ensuing high public trust in the nonprofit sector.

CONCLUSION

INDEPENDENT SECTOR believes that the issues facing the nonprofit sector and our society must be urgently addressed. As the leading philanthropic organization bringing together foundations, corporate giving programs and voluntary organizations, we will seize every opportunity to participate in ongoing policy dialogue with the candidates for president and Congress. Many issues, in addition to those listed in the above statement, require broad policy consultation. We are encouraged that both major party presidential candidates have brought attention to the role that the nonprofit sector can play, and we believe that a renewed dialogue is needed now more than ever. INDEPENDENT SECTOR will widely distribute our recommendations during the election cycle and looks forward to working with the transition team, new administration and the 107th Congress to forge policy solutions that strengthen the role of nonprofits to promote a more vibrant society.

INDEPENDENT SECTOR
Election 2000 Task Force Members

We would like to thank the members of the Task Force for their valuable contribution to this statement. INDEPENDENT SECTOR, however, bears full responsibility for the statement.

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