

**Malcolm Wiener Center
for Social Policy**

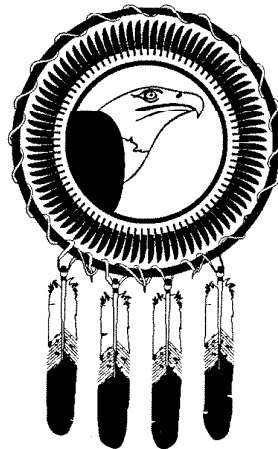
*Economics, Culture, Identity:
The Case of the Aquinnah Cultural Center*

by

Ronald T. Saavedra

PRS 99-3

April 1999



**Harvard Project on
American Indian Economic Development**

**John F. Kennedy School of Government
Harvard University**

The views expressed in this paper are those of the author(s) and do not necessarily reflect those of past and present sponsors of the Harvard Project on American Indian Economic Development, the Malcolm Wiener Center for Social Policy, the John F. Kennedy School of Government, or Harvard University. Reports to tribes in this series are currently supported by the Christian A. Johnson Endeavor Foundation. The Harvard Project is directed by Professors Stephen Cornell (Udall Center for Studies in Public Policy, University of Arizona), Joseph P. Kalt (John F. Kennedy School of Government, Harvard University) and Dr. Manley Begay (John F. Kennedy School of Government, Harvard University. For further information and reproduction permission, contact Dr. Begay at (617) 495-1338.

ECONOMICS, CULTURE, IDENTITY: THE CASE OF THE AQUINNAH CULTURAL CENTER

Table of Contents

	page
Executive Summary	i
Part 1 INTRODUCTION	1
Goals of this Report	3
Overview of the Report	3
Part 2 THE AQUINNAH CULTURAL CENTER AT A GLANCE	9
Overview	9
Conceptual Vision of the ACC	9
The Physical Design of the Center	10
Part 3 ADMINISTRATIVE STRUCTURE OF THE ACC	25
Overview	25
Evolution of the ACC	25
Needs Assessment	26
Enhancing the Capacity of the Board: Creating a Competitive Advantage	28
The Current Structure: A Brief Background	28
A Long-term Governance Structure for the Board	29
Restructuring the ACC Board of Directors	30
Options for Developing the ACC's Organizational Structure	37
Option 1: A Hierarchical Structure	37
Option 2: A Flat Structure	39
Part 4 THE ROLE OF THE ACC IN ECONOMIC DEVELOPMENT	45
Overview	45
Background & Context of the Tribe's Economic Situation	46
Economic Leakage & Lack of Multiplier Benefits	46
The Island Tourism Industry	47
Planning for Economic Development: The Role of the ACC	49
The Purpose and Goals of Economic Development	49
The Experience of Other Tribal Nations	50
Economic Linkages and Spin-offs of the ACC	52
The Big Picture: Tribal Cultural Center Models for Economic Development	54
Model 1: The Break-Even Model	54
Model 2: The Cultural Enterprise Model	58
The Cultural Enterprise vs. The Break-Even Model: Observations & Implications for the Aquinnah Wampanoag Tribe	60

Part 5 FUNDING THE ACC	65
Overview	65
Financial Situation: Background and Context	65
What the ACC Needs to Get Going	66
Key Factors in Securing Public and Private Funding	70
Funding Possibilities	73
Debt as a Means of Financing the ACC.....	73
Fundraising	77
Donations	79
Grants	80
Strategic Considerations	82
Leveraging Resources	82
Corporate Sponsorship.....	83
Diversifying the Financial Resource Base	83
Part 6 PUTTING THE PIECES TOGETHER: A COLLABORATIVE EFFORT	87
Overview	87
Internal and External Audiences	88
Internal Audiences	88
External Audiences	90
The Secrets of Success for Tribal Joint Ventures	93
Laying the Social Foundation: Obtaining Community Involvement	97
Consensus-Building Process	97
Marketing	102
State and Local Organizations Promoting Tourism.....	102
The Competitive Environment	102
Timetable for Action Items	105
Endnotes	107
Appendix A Marketing a Nonprofit: Common Questions	
Appendix B Board of Directors: Common Questions	
Appendix C Background on Aquinnah Cultural Center	
Appendix D Wampanoag Tribe of Gay Head (Aquinnah) Organizational Flow Chart	
Appendix E Government-sponsored Loan Programs Available to the Tribe	

Sources

EXECUTIVE SUMMARY

The Aquinnah Wampanoag Tribe can transform its vision of the Aquinnah Cultural Center into reality by enhancing the capacity of both the ACC Board of Directors and the Tribal government. Constructing the Aquinnah Cultural Center complex and sustaining the organization in the long-term requires that both the Tribe and the ACC Board: (1) enhance the management structure of the Center, (2) define the role of the ACC in Tribal economic development, (3) obtain the capital for the initial construction of the complex, and (4) collaborate to put the pieces together and make the Center a reality.

LESSONS LEARNED

Diversify

Diversification is the fundamental, guiding principle in building the capacity to create and sustain a robust, living cultural center. It is one of the primary factors influencing the success of joint ventures between tribal governments and tribal nonprofit cultural centers. This notion applies to almost every aspect of the Aquinnah Cultural Center development process. The Tribe and the ACC Board must work together to create a *diverse*:

- Financial base to support the initial construction and development costs
- Long-term sustainable funding source to minimize risk
- Board of Directors to maximize human resources available to the ACC
- Economic development strategy to decrease dependency on tourism in the event the industry substantially slows

Clarify

Making every aspect of the Aquinnah Cultural Center transparent and explicit to Tribal audiences is imperative. The Tribal government, the ACC Board, and the Tribal community must *clearly* understand:

- The role of the ACC in the Tribe's economic development strategy
- The responsibilities and expectations of each party
- The formal relationship between the Tribe and the Aquinnah Cultural Center, Inc.
- How the Center will be presented to external, non-Tribal audiences

Recognize and accept interdependent relationship

There is currently and will always be a degree of interdependency between the ACC Board and the Tribal government. A cooperative relationship will facilitate the ACC's likelihood of being sustainable. The Tribal government, the ACC Board, and the Tribal community must collaborate to make the Center become a reality. They must:

- Clearly understand the roles and expectations of all parties
- Recognize that the Tribal government will own the ACC complex and lease the facility and associated property to the Aquinnah Cultural Center, Inc.
- Establish standard operating procedures
- Realize the vast majority of action items require cooperation and collaboration

RECOMMENDATIONS

Restructure the management of the Aquinnah Cultural Center

The current Board can greatly enhance the financial and social resources available to the ACC by:

- Immediately establishing themselves as a temporary Board and work on creating an effective long-term governance structure for the organization
- Creating an Advisory Board or expanding the size of the current Board *and* strategically selecting a diverse group
- Deciding the organizational culture the ACC will foster and correspondingly choose a *hierarchical* or *flat* organizational structure

Define the role of the Aquinnah Cultural Center in economic development

Since tribal cultural centers can typically accomplish only one mission effectively, the Tribe faces many important economic development considerations. Tribal decision-makers must:

- Define the role of the ACC in the context of the Tribe's broader socioeconomic development goals
- Strategically plan for the long-term economic development prospects of the Center
- Decide whether the ACC will function as an enterprise or a traditional tribal nonprofit reliant upon philanthropic funds and subsidies from the Tribal government

Design a funding package to cover the initial construction costs and create a long-term, sustainable funding source

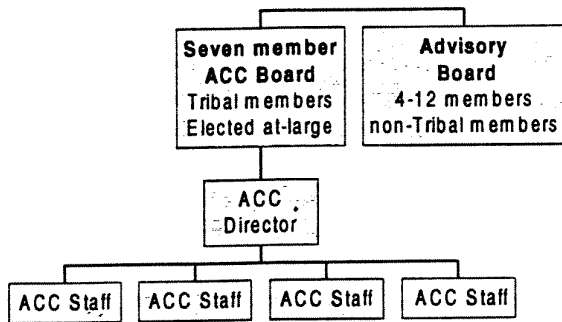
The Tribe will need to combine various financing instruments to obtain the capital to fund the initial construction costs of the Center and also must create a long-term sustainable funding source. It is recommended that the Tribe:

- Combine private sector loans, U.S. government-sponsored loans, capital construction grants, and other fundraising to create a financing package to fund the costs of constructing the complex
- Immediately begin working on creating a diverse, long-term sustainable funding source for the ACC

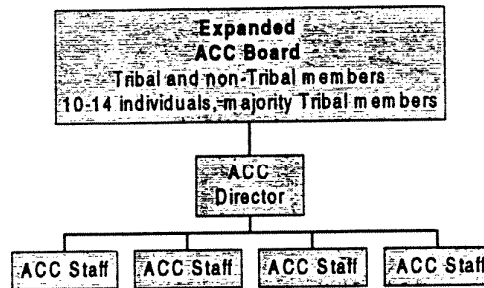
ENHANCING THE ADMINISTRATIVE CAPACITY OF THE AQUINNAH CULTURAL CENTER

RECOMMENDATION 1: RESTRUCTURE THE BOARD

Option 1: Create an Advisory Board

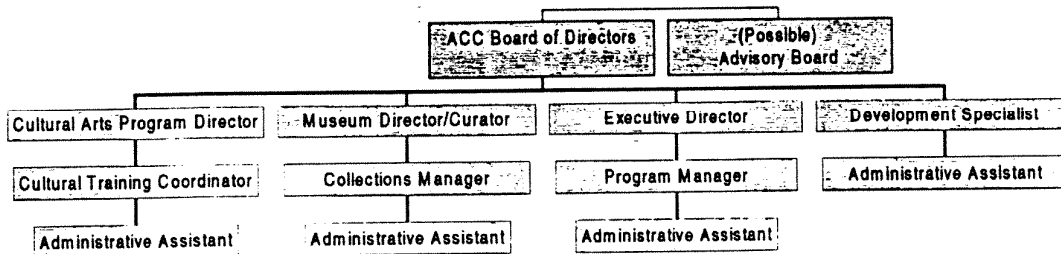


Option 2: Expand the Size of the Board

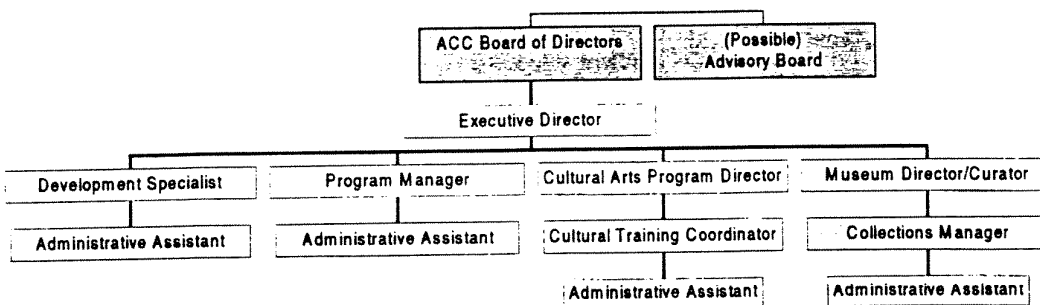


RECOMMENDATION 2: DESIGN AN ORGANIZATIONAL STRUCTURE

Option 1: A Flat Structure

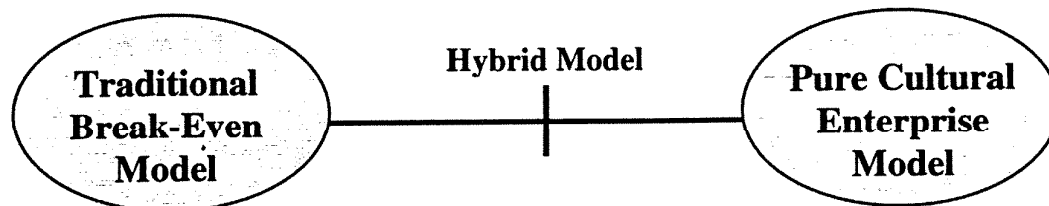


Option 2: A Hierarchical Structure



DEFINING THE ROLE OF THE AQUINNAH CULTURAL CENTER IN TRIBAL ECONOMIC DEVELOPMENT

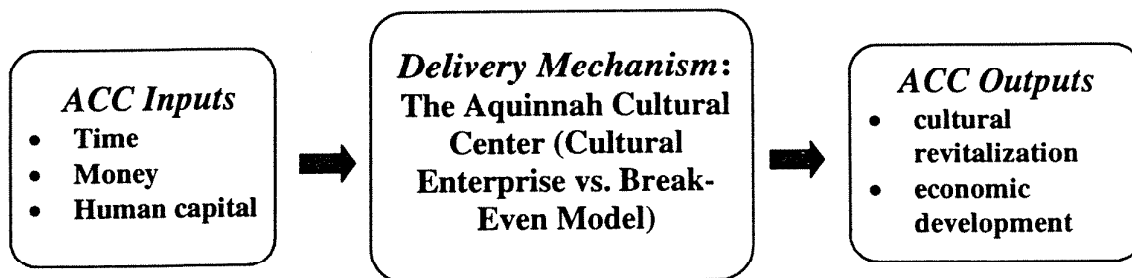
THE SPECTRUM OF VISIONARY MODELS FOR TRIBAL CULTURAL CENTERS



As a cultural center moves farther left on the spectrum the plausibility of it functioning as an economic development initiative becomes less likely

As a cultural center moves farther right on the spectrum the primary mission becomes economic development

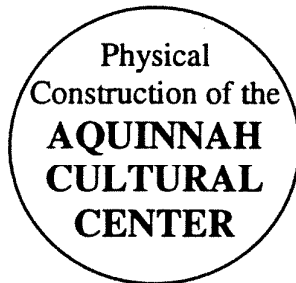
THE DELIVERY MECHANISM AFFECTS THE OUTPUTS



FUNDING THE AQUINNAH CULTURAL CENTER

PRIORITY #1: CREATE A PACKAGE TO FUND THE INITIAL CONSTRUCTION AND DEVELOPMENT COSTS

- *Loans (Private Sector, U.S. Government)*
- *Capital Construction Grants*
- *Fundraising (Individual, Corporate, Other)*
- *Tribal Government Funding*



- *Establish Physical Presence on Island*
- *Lay Foundation for: (1) Cultural Revitalization & Preservation and (2) Economic Development*
- *Create Community*

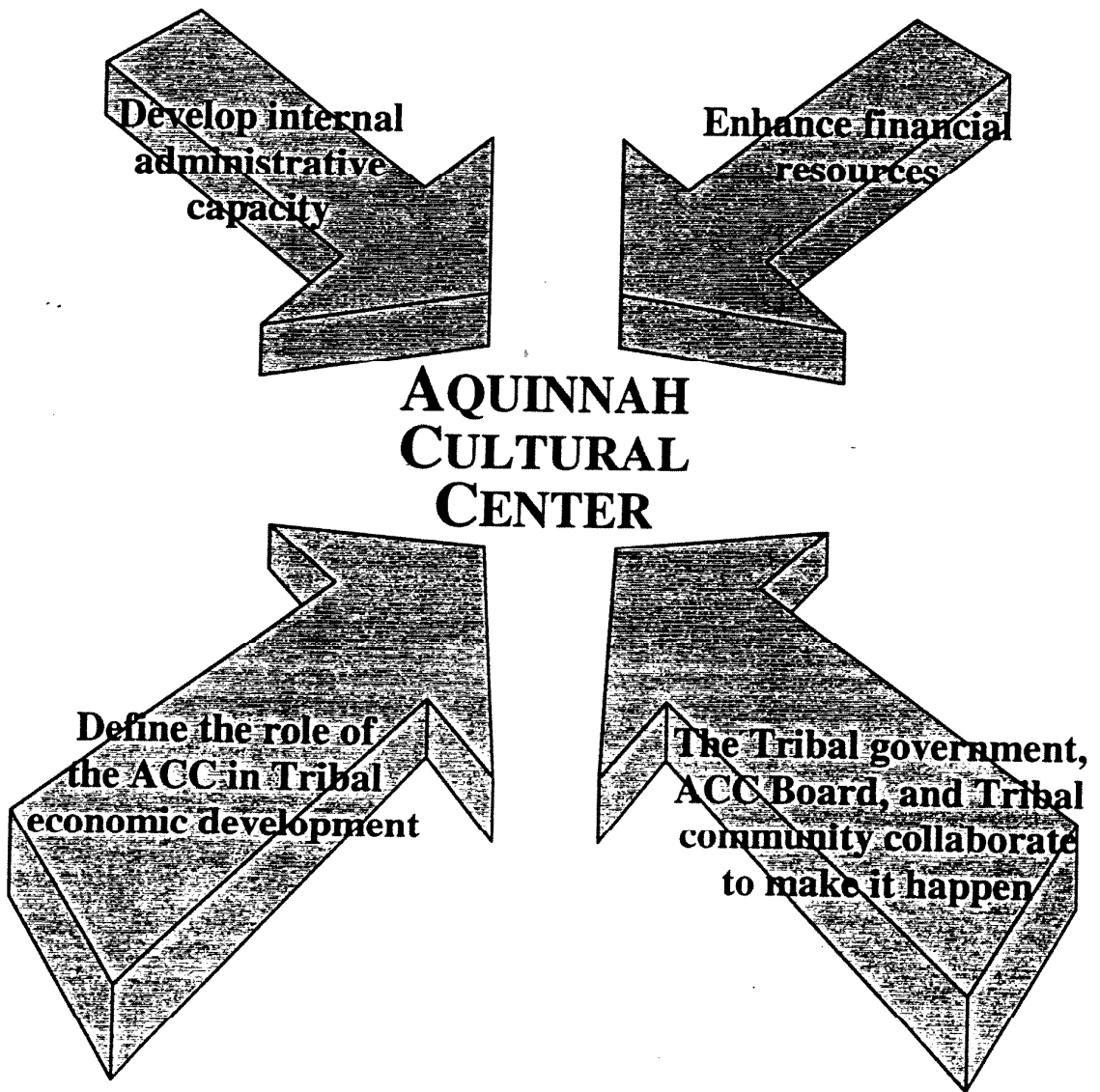
PRIORITY #2: CREATE A DIVERSE FUNDING SOURCE SUSTAINABLE IN THE LONG-TERM

- *Revenue Generated from Operations*
- *Programmatic Grants*
- *Fundraising*
 - *Individual*
 - *Corporate*
 - *Other*
- *Loans (if needed)*



- *Physical Presence Established*
 - *Become Bigger "Player"*
 - *Greater Leveraging Power to Empower Tribal Members*
- *Begin to Achieve Cultural Revitalization & Economic Development*
- *A Sense of Community Created*

PUTTING THE PIECES TOGETHER



Part 1

INTRODUCTION

The proposed \$6.5 million Aquinnah Cultural Center (ACC) complex has the potential to place the Tribe in a position of economic and political power on Martha's Vineyard and beyond. By establishing a *physical* cultural and economic presence on the Island, the Tribe can become a more powerful political and economic entity. Additionally, the Tribe can make significant progress toward achieving both cultural revitalization and economic well-being. These objectives are precisely what the

Aquinnah Wampanoag Tribe intends to accomplish with the creation of the Aquinnah Cultural Center. The Aquinnah Cultural Center, Inc. has received 501 (c)(3) status from the Commonwealth of Massachusetts and now functions as a formally separate and distinct legal entity from the Tribal government.

THE GOALS OF THE TRIBE

- **Rebuilding its cultural identity**
- **Becoming a bigger "player" on the Island and beyond**
- **Strengthening its political identity**

The Tribe has been proactive in the development process thus far, as it has already undertaken planning for the initial phases of the ACC. The Tribal government is also currently undergoing the difficult and often trying process of establishing an independent judiciary to increase government effectiveness and enhance the Tribe's institutional capacity. The Tribe has recently completed a *Cultural Tourism Plan* in an effort to become more competitive and to strengthen its economic development opportunities in the primary industry of the Island. Further, a five-year *Aquinnah Cultural Center Strategic Plan* which lays out the conceptual design of the ACC was completed for the Tribe by a professional consultant last year. The *Strategic Plan* primarily focuses, in great detail, on the programmatic aspects of the ACC. While it is recognized that all of the above-mentioned factors (programmatic aspects of the ACC, tourism, Tribal governmental structure) are critical components in the creation of the ACC, this report will not focus on these areas because they have been addressed in great detail elsewhere.²

THE GOALS OF THIS REPORT

- To present the Aquinnah Wampanoag Tribe and the Aquinnah Cultural Center Board of Directors with recommendations and action plans for implementing the conceptual design of the Aquinnah Cultural Center.
- To identify the key factors influencing the success of collaborative ventures between tribal nonprofit organizations and tribal governments.
- To examine possible funding options and strategic financial considerations for the Aquinnah Cultural Center.
- To propose how an effective administrative structure can be developed and implemented for the Aquinnah Cultural Center based on its unique circumstances and the experiences of other tribal cultural centers.
- To explore the role of the Aquinnah Cultural Center in the Tribe's larger socioeconomic development plan.

OVERVIEW OF THE REPORT

Part 1: INTRODUCTION

Provides a “roadmap” to the report that follows. It contains a brief description of the recent history of the Aquinnah Wampanoag Tribe and outlines the context in which the ACC is occurring. The goals of the report are put forth and an overview of the entire report is included.

PART 2: THE AQUINNAH CULTURAL CENTER AT A GLANCE

Briefly displays the conceptual vision and the physical design of the Aquinnah Cultural Center by highlighting some of its primary components. This section attempts to “paint the picture” of the Center. By displaying the design of the ACC up front, the rest of the report will “backward map.” The remaining sections of the report focus on the key elements necessary for the Tribe to achieve its objective of developing the Center; in other words, it will address the question: *How does the Tribe get there?*

PART 3: ADMINISTRATIVE STRUCTURE OF THE ACC

Displays potential administrative structures for the organization. Though this section is useful for all interested readers including the Tribal Council, the ACC Board of Directors is the primary audience to which this section is written; it is intended to function as a handbook for the Board. Various models of tribal nonprofit Board and organizational structures are highlighted and their implications put forth. The section includes a needs assessment focusing on the resources offered by the ACC Board of Directors. Suggestions for improving the administrative structure of the ACC in both the short-term and long-term are included.

PART 4: THE ROLE OF THE ACC IN ECONOMIC DEVELOPMENT

Examines the role of the ACC in the context of the Tribe's broader socioeconomic development goals. It includes a brief overview of the Tribe's economic situation (i.e. economic leakage and tourism) and covers important planning concerns regarding the economic development prospects of the ACC. The broader visionary models the Center could adopt to foster economic development are discussed. This section draws on the experiences of other tribal nations in planning for their cultural centers' role in economic development.

PART 5: FUNDING THE ACC

Addresses the critically important concern of funding the ACC. This section considers various financing instruments that can be combined to: (1) obtain the capital to cover the short-term construction and development costs of the Center, and (2) create a sustainable long-term funding source. It explores the most effective formal relationships between tribal governments and tribal nonprofits in securing both public and private funding. Strategic considerations such as leveraging resources, corporate sponsorship, and diversification are also discussed.

PART 6: PUTTING THE PIECES TOGETHER: A COLLABORATIVE EFFORT

Concludes the report and attempts to "put the pieces together" from the analyses of the previous sections. The key factors influencing the success of collaborative ventures between tribal governments and tribal nonprofit cultural centers are identified. It also contains an analysis of the ACC's internal and external audiences, a marketing discussion, and outlines a method by which the Tribe can obtain community involvement in the Center. A timeline for various action items is put forth for Tribal decision-makers to consider.

Note: This report is written and presented foremost for the Aquinnah Wampanoag Tribal Council and the Aquinnah Cultural Center Board of Directors. It is divided into six sections, all covering different material. Each individual section, however, is not meant to function as a stand-alone report. Each part is interrelated and must be looked at in the overall, broader context.

Boston

MASSACHUSETTS

Providence

RHODE
ISLAND

*New
Bedford*

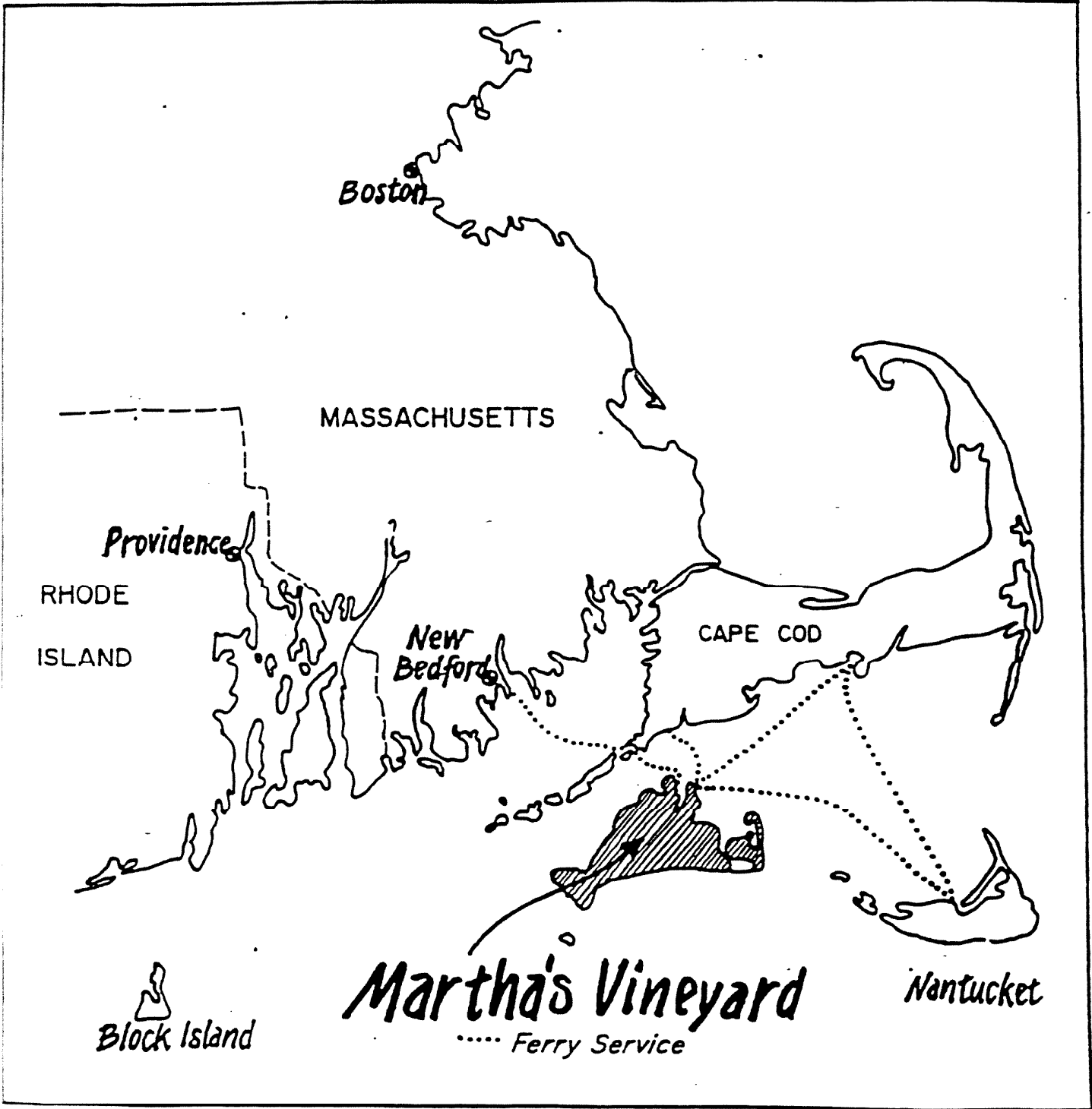
CAPE COD

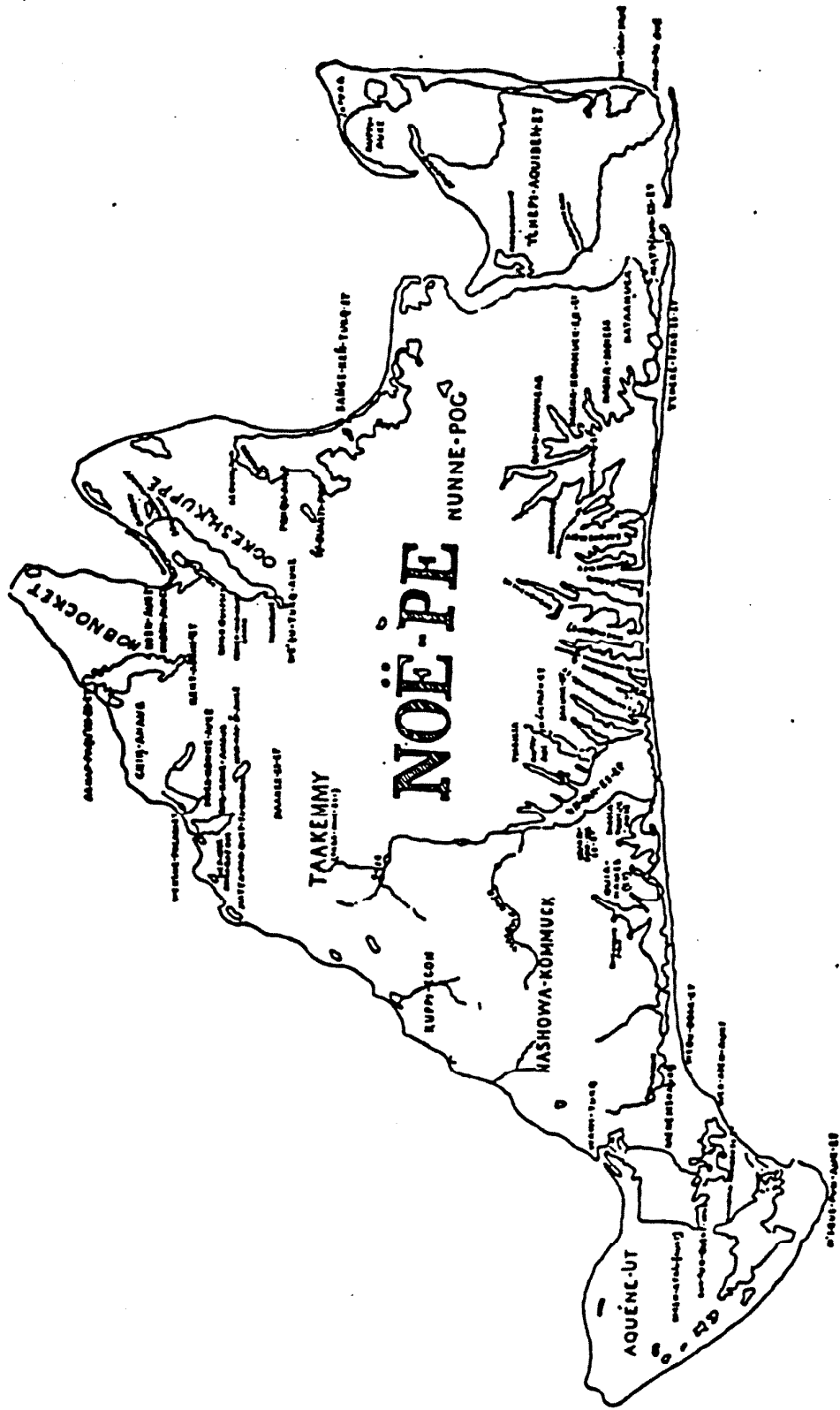

Block Island

Martha's Vineyard

..... *Ferry Service*

Nantucket





Map of Vineyard with Indian place names.

Courtesy DCMS

Part 2 _____

**THE AQUINNAH
CULTURAL CENTER
AT A GLANCE**

THE ACC AT A GLANCE

OVERVIEW

This section provides a brief overview of the conceptual vision and physical design of the ACC. The *Aquinnah Cultural Center Strategic Plan* addresses these aspects in detail. However, the purpose of this section is to *briefly* describe the vision and physical design to better “paint the picture” of the Center. This allows the remaining sections of the report to become more vivid and clear. The rest of the report will address the question: *How does the Tribe achieve this goal?* This section draws on the *Strategic Plan* to highlight the following two aspects of the ACC:

- The conceptual cultural vision of the Aquinnah Cultural Center, including planned cultural programs and museum exhibits.
- The preliminary physical design of the Center including the site plan, a map depicting the status of Tribal trust lands, and drawings for the three structures that will make up the ACC.

CONCEPTUAL VISION OF THE AQUINNAH CULTURAL CENTER

As outlined in the *Strategic Plan* developed by Susan Guyette, the cultural vision of the Tribe is to integrate traditional Wampanoag lifestyles and values with the contemporary lifestyle. The ACC will play a role in revitalizing Wampanoag culture by functioning as a gathering place for the community where entire families can be involved in classes, games, and language immersion programs. The Center’s cultural revitalization programs will have an intergenerational focus and will immerse young children in language and cultural activities. This will help to achieve long-term cultural rejuvenation for the Aquinnah Wampanoag people. The broader philosophy of the ACC is to integrate traditional Wampanoag culture with everyday life.

TRADITIONS & ACTIVITIES PRESENTLY UNDERWAY

- Arrowhead-making
- Beading
- Cranberry Day harvesting
- Shawl & Eastern Dancing
- Drumming
- Finger weaving
- Language instruction
- History teaching
- Outreach to public schools
- Pottery-making
- Regalia-making
- Shawl-making
- Pow-Wows
- Storytelling (Legend of Moshup)
- Traditional cooking

THE AQUINNAH CULTURAL CENTER EXHIBIT GALLERIES

As outlined in the *Strategic Plan*, the museum exhibits will reflect both physical and spiritual aspects of Wampanoag culture. The three themes for exhibits that have been developed thus far are: (1) *The Wampanoag Homeland*, (2) *History of Cultural Exchange and Conflict*, and (3) *Ongoing Contemporary Existence*. Plans for future exhibits include:

- Gay Head Cliffs
- The Aquinnah Homeland: A Living Gallery for Children of All Ages
- A Wild Cranberry Bog
- Marsh/Bay Shellfish Bed

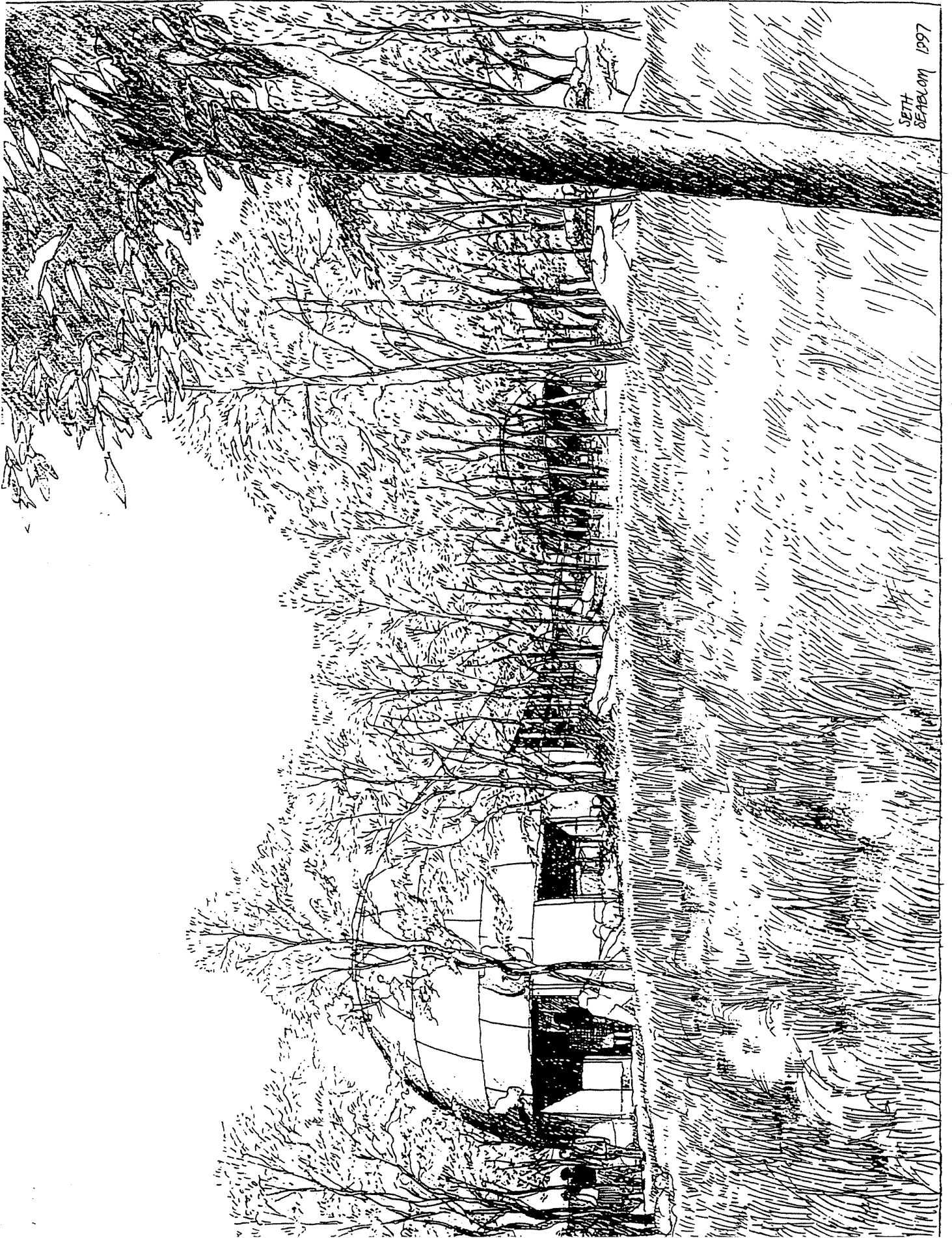
The museum will also include a "Children's Corner" resource area, a craft demonstration area, and outdoor living history exhibitions. The public education component of the Aquinnah Cultural Center will present the interpretation of the Aquinnah Wampanoag history from *their* perspective.

THE PHYSICAL DESIGN OF THE CENTER

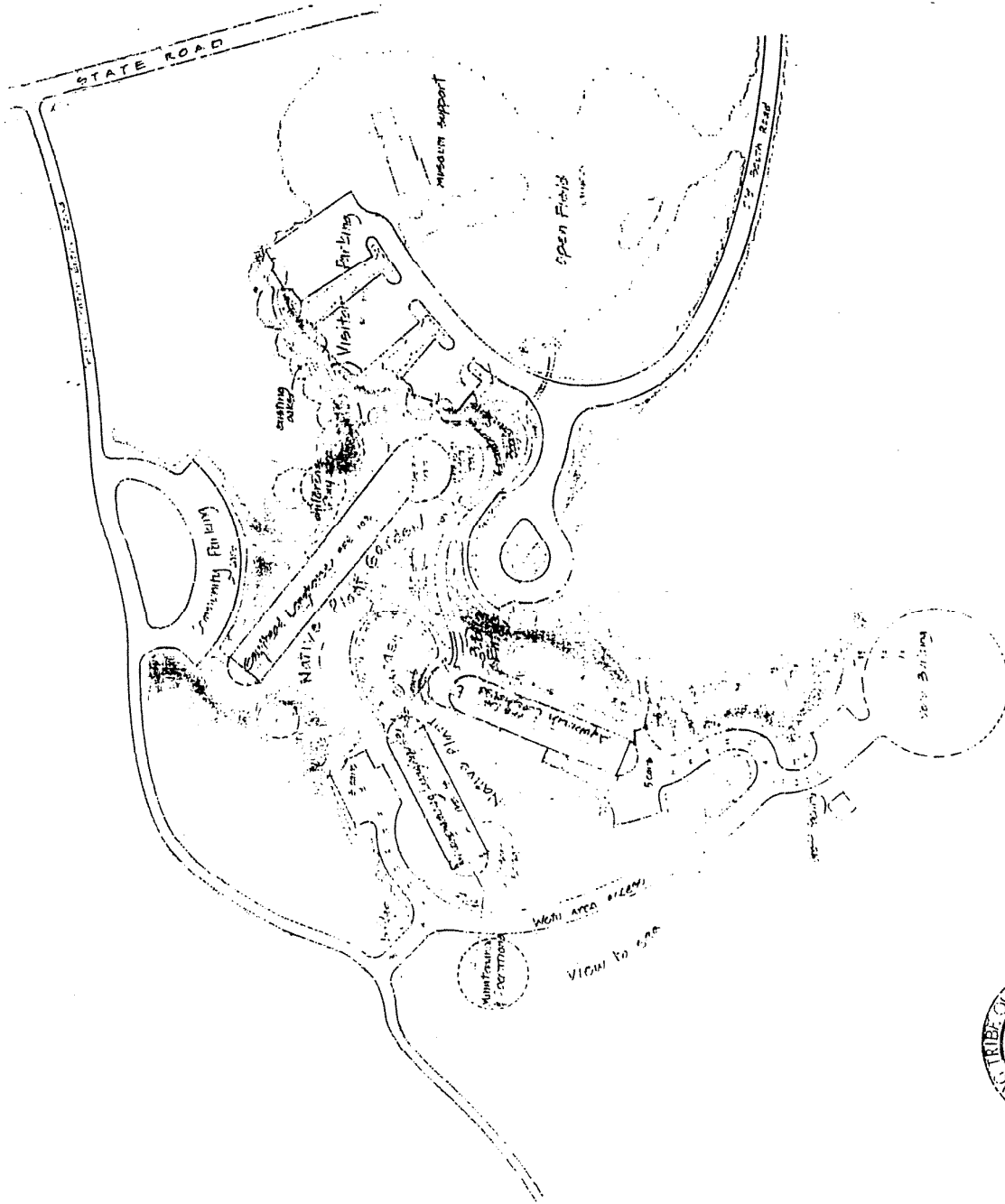
Through an interactive planning process, the preliminary design of the ACC was created in 1998. The complex was purposely designed into three separate structures to: (1) resemble a traditional village, and (2) be more cost efficient since any unused buildings can be turned off in the non-tourist season to reduce fixed costs. The Center is strategically located to have long-distance views of the ocean and to capture ocean breezes.³ The pages that follow represent the preliminary physical design of the Aquinnah Cultural Center.

PLANNED PROGRAMS & FUTURE TOPICS OF CULTURAL TEACHING

- Artifact registry database with digital images
- Seagrass and ash splint basketry
- Collections of photos from museums
- Hide tanning
- Cultural exchange with other Wampanoags
- Hunting skills
- Fishing & whaling
- Wampum jewelry
- Maritime fishing skills
- Aqua culture
- Water drums
- Native horticulture
- Photo archive
- Traditional gardening
- Traditional clambakes
- Wampanoag language
- A summer camp for youth to provide a cultural immersion experience
- A day care center with a cultural focus
- An after-school program with a cultural orientation
- Recreation programs that incorporate the teaching of cultural games



SETH
SEABLOM 1997

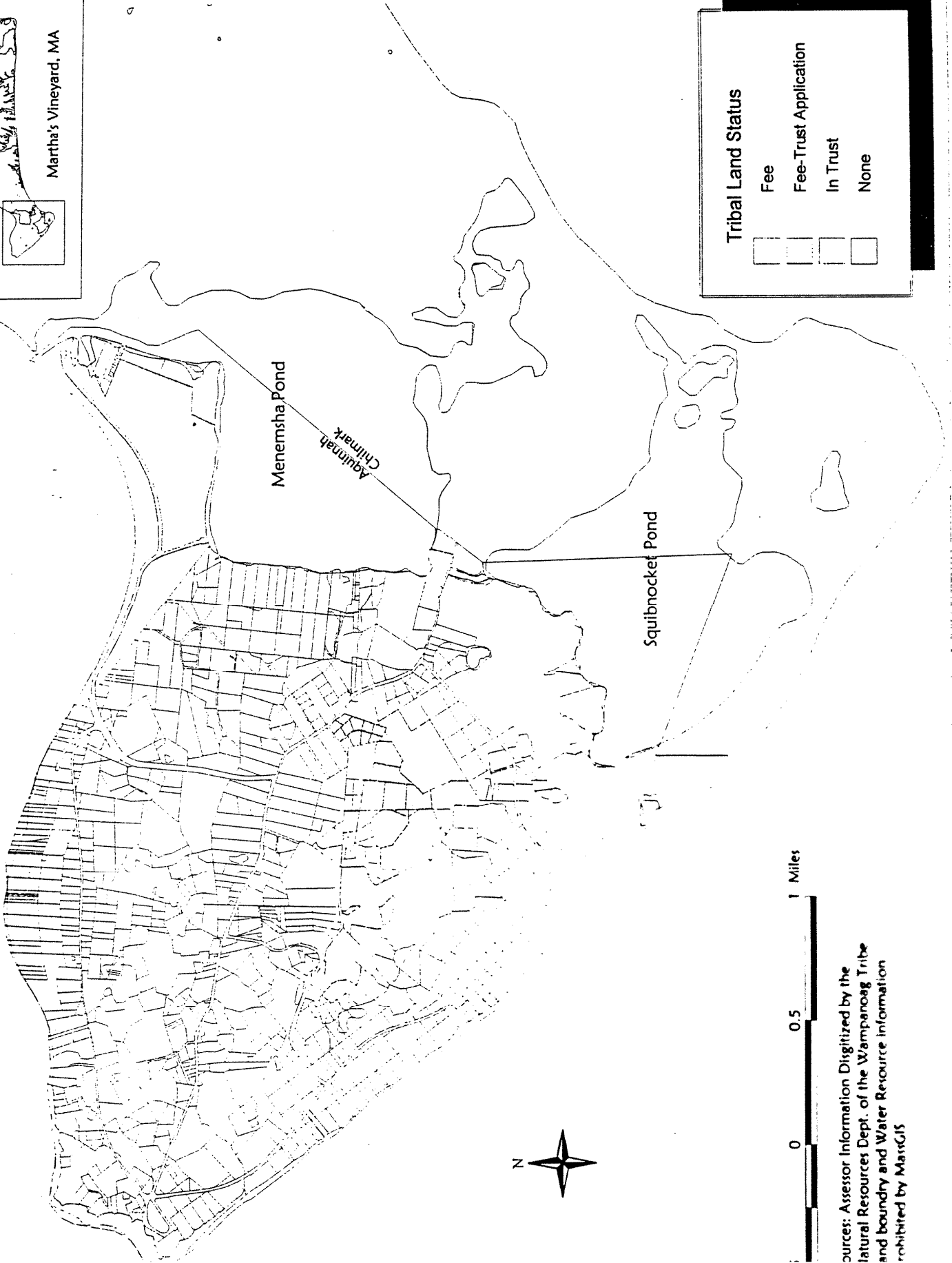
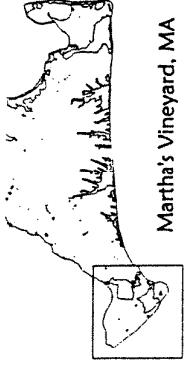


JONES
&
JONES
ARCHITECTS



Site Plan
AQUINNAH CULTURAL CENTER

Created on March 22, 1999 by the Natural Resource Dept.
of the Wampanoag Tribe of Gay Head, Aquinnah

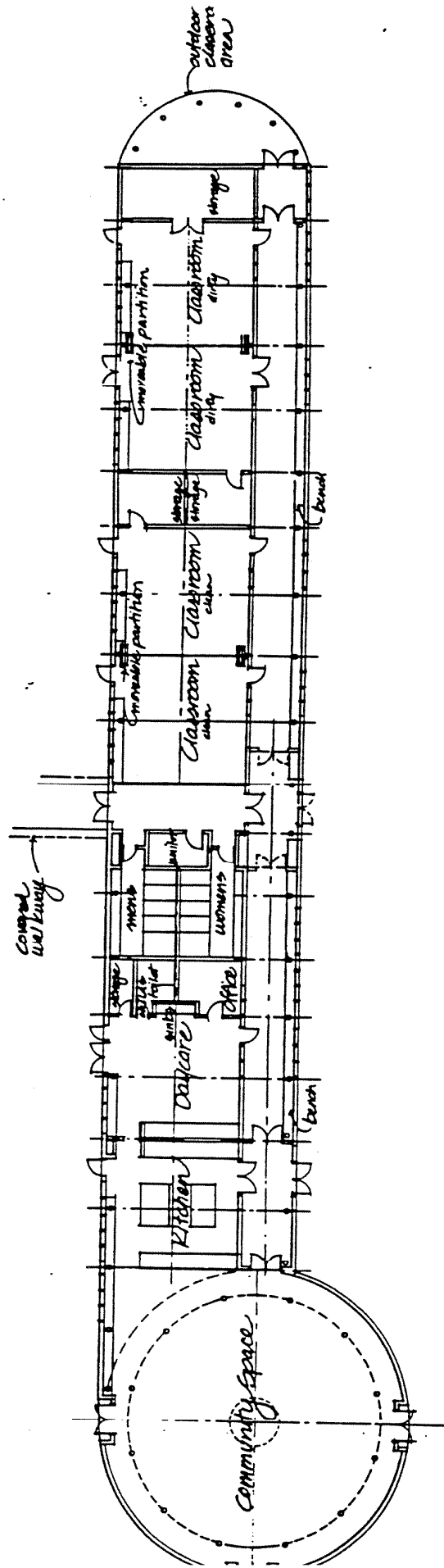


Tribal Land Status

<input type="checkbox"/>	Fee
<input type="checkbox"/>	Fee-Trust Application
<input type="checkbox"/>	In Trust
<input type="checkbox"/>	None



ources: Assessor Information Digitized by the
atural Resources Dept. of the Wampanoag Tribe
and boundary and Water Resource Information
rohibited by MassGIS



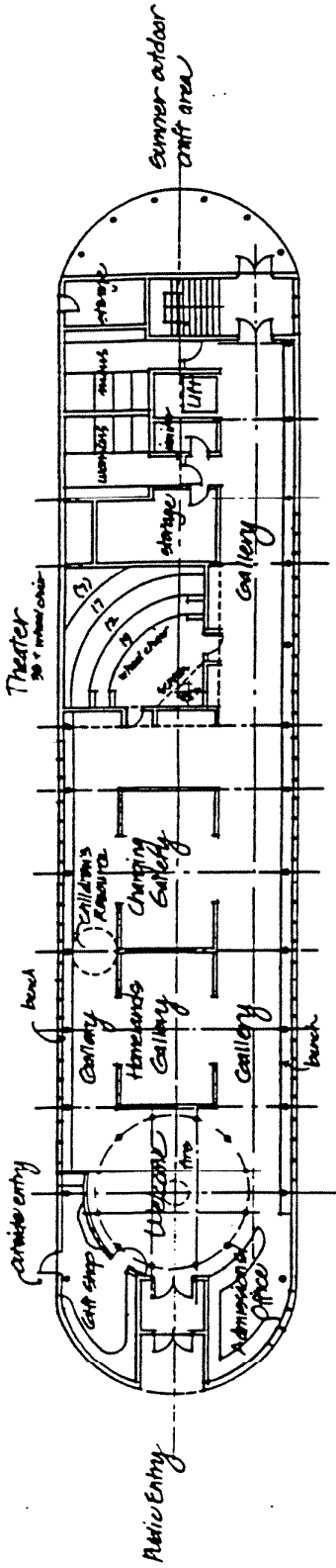
JONES
&
JONES
ARCHITECTS



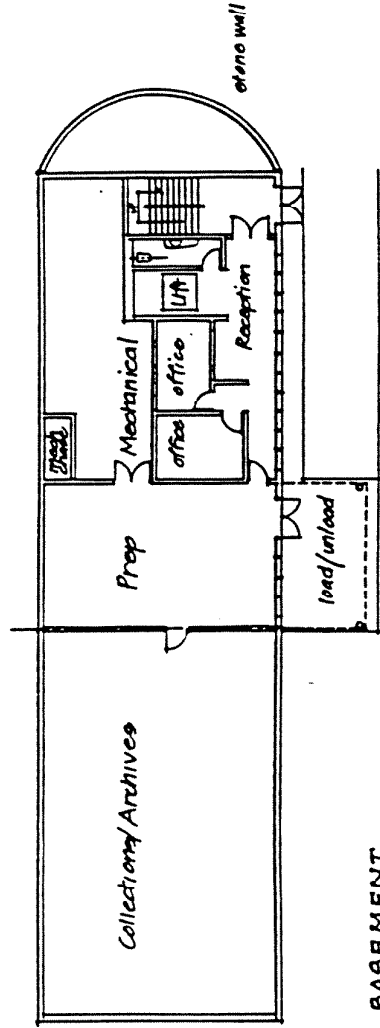
1 11 97

Gay Head Longhouse AQUINNAH CULTURAL CENTER





MAIN FLOOR



BASEMENT



Aquinnah Longhouse AQUINNAH CULTURAL CENTER

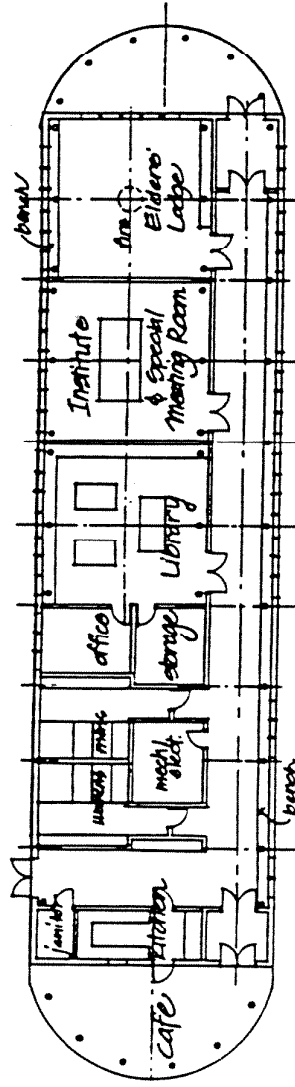
JONES & JONES ARCHITECT



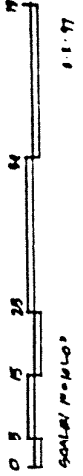
11.13.4



Wampanoag Longhouse AQUINNAH CULTURAL CENTER



JONES
&
JONES
ARCHITECTS



Part 3

**ADMINISTRATIVE
STRUCTURE OF
THE AQUINNAH
CULTURAL CENTER**

ADMINISTRATIVE STRUCTURE OF THE AQUINNAH CULTURAL CENTER

OVERVIEW

The extent to which the ACC incorporates an effective administrative structure will largely determine the organization's success. This consideration is often overlooked or not given sufficient attention by many nonprofit organizations. This section will address several critical questions regarding the administrative structure of the ACC:

- How can an effective Board of Directors structure be established for the ACC?
- How can the current Board create a long-term governance structure for the organization?
- What are some options for implementing a culturally appropriate organizational structure for the ACC?

An effective administrative structure is crucial to ensure the long-term sustainability of nonprofit organizations in general, and tribal nonprofit cultural centers in particular. Creating this structure is especially urgent for the Aquinnah Cultural Center Board of Directors and the Tribal government as they jointly enter the beginning phases of developing the ACC. The importance of an effective administrative structure cannot be understated; it is the foundation necessary for building the internal and external administrative capacity of the organization. The ACC Board as well as the ACC staff are two primary resources for the Center highlighted in this section.

EVOLUTION OF THE ACC

The ACC Board of Directors originally began as an advisory committee to the Tribal Council for a proposed Aquinnah Museum. The committee functioned for years in this capacity. The original idea of building a Tribal museum developed into a broader conceptual notion of creating a Tribal cultural center and the Museum Committee thus became the Aquinnah Cultural Center Advisory Committee. The Committee's formal advisory status changed when the Commonwealth of Massachusetts officially incorporated the ACC as a 501 (c)(3) nonprofit corporation in 1997. Through this act, the organization received formal legal separation from the Tribal Council.

NEEDS ASSESSMENT

Interviews were conducted with several stakeholders, including, but not limited to: (1) members of the ACC Board of Directors, (2) Tribal Council officials, (3) other Tribal community members, (4) Tribal government employees, and (5) non-Tribal Island community members. These interviews revealed that there are several areas the ACC Board of Directors and the Tribal government should consider as primary challenges to address.

1. **Translating the authority and autonomy of the Board into practice**

Effectively, when the ACC was recognized as a 501 (c)(3) nonprofit corporation, the ACC Advisory Committee simply changed names to become the ACC Board of Directors.⁴ Most Board members either do not understand or are uncomfortable with their new roles and appear to be waiting for the Tribal Council to take the initiative as decision-makers.⁵ The current ACC Board would benefit from training and development to better understand the role of nonprofit Boards. It must first understand the function of a Board of Directors before it can effectively perform its duties. Furthermore, it is crucial that the ACC Board of Directors demonstrate its intentions for the Aquinnah Cultural Center, Inc. to eventually operate as a self-sufficient entity.

2. **Building human capital for the Board of Directors**

The current Board of Directors lacks the human capital to effectively administer the organization. When the Aquinnah Cultural Center Committee evolved into the ACC Board of Directors after the organization was incorporated, there was no corresponding transfer of additional resources. An effective Board will be able to offer the ACC directors and staff suggestions to give the organization a *competitive advantage*. The Board can gain this by appointing qualified individuals and through training activities.

☞ **KEY CONSIDERATION**

Most cultural centers and museums in Indian Country choose their Boards based on a combination of two factors:

1. **The extent of a person's cultural knowledge and/or**
2. **The willingness of a person to make the time commitment to serve on a Board.**

Most mainstream museums and cultural centers select Board members according to their business expertise and social connections, which in turn allow the organization to develop a solid support base.

Nonprofit cultural centers in Indian Country would benefit greatly from incorporating the criteria used by most nonprofit organizations *with* an important consideration given to a prospective Board member's cultural knowledge.

3. Developing human resources in the Tribal community

The ACC will require a capable work force. While a strength of the Tribal community is generally its human resources, it is unlikely to have the human capital necessary *in certain areas* to support the ACC. The ACC Board of Directors envisions that the vast majority (if not all) of the ACC's staff will consist of Tribal members. Currently, many Tribal members do not possess the skills needed to operate a cultural center, museum, and gift shop. The commercial aspects of the ACC are an opportunity to increase human capital among Tribal members and create linkages for broader economic development.

4. Cultivating a strong volunteer pool

The ACC will need a strong volunteer pool of Tribal members, especially during the initial phases of the project, when the organization will likely face a tight budgetary situation. The phased development process will facilitate the Board's ability to gradually train individual Tribal members and create a strong volunteer pool. Additionally, volunteerism will be an especially important resource in the event the organization falls short of its fundraising goals. The use of volunteers will maintain the organization's short-term operational capacity.

ENHANCING THE CAPACITY OF THE BOARD: CREATING A COMPETITIVE ADVANTAGE

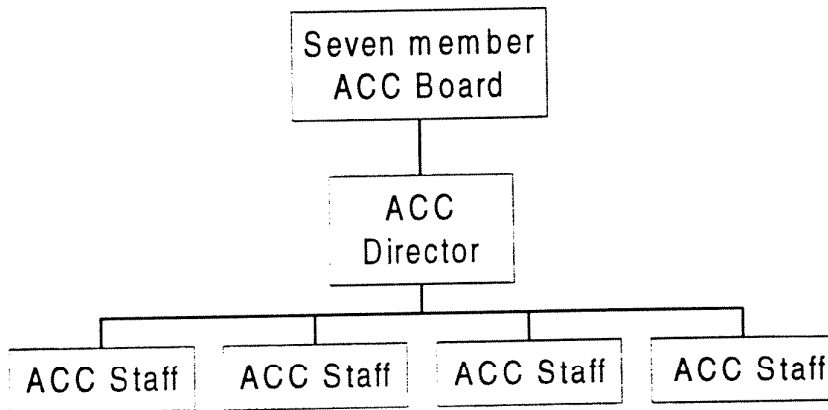
Any successful nonprofit organization needs “heavy-hitters” on its Board of Directors. These are individuals who create new opportunities for the organization that would not exist in their absence. Native American nonprofits are no different in this respect. *In this era of increasing competition for philanthropic funds and a steadily and rapidly growing number of nonprofits, it is becoming essential to have individuals on the organization’s Board of Directors who can give it a competitive advantage.*

THE CURRENT STRUCTURE: A BRIEF BACKGROUND

The current administrative structure of the ACC Board of Directors consists of a seven-member Board elected at large by the general membership. The core of the group has been working on the ACC conceptual design for several years. The group’s greatest asset is the extraordinary commitment it has displayed throughout the long and often trying process. As with most tribal cultural centers, the small core of dedicated and passionate individuals who were working toward the objective of creating the cultural center, evolved into the organization’s Board of Directors. The general management structure of the Board and the ACC is highlighted in Figure 1 below.⁶

Figure 1

Current Board Structure and Organizational Chart



Source: Interviews with ACC Board members

A LONG-TERM GOVERNANCE STRUCTURE FOR THE BOARD

The current ACC Board of Directors was not designed to serve as an integral part of the ACC's long-term governance structure. It assumed its current role by default. One of the primary resources the ACC development process benefits from at this point is the passion, commitment, and perseverance of this core group of Tribal members who will see to it that the Center is developed and physically constructed.

OPPORTUNITIES FOR IMPROVEMENT

- **Utilization of external, non-Tribal financial and social support networks**
- **Board development to strengthen the ACC's current management and long-term sustainability**
- **Clarification of Board members' individual and collective responsibilities and tasks**

THE CURRENT BOARD OF DIRECTORS SHOULD ESTABLISH THEMSELVES AS A PROVISIONAL BOARD

By establishing itself as a temporary Board of Directors, the current ACC Board would greatly facilitate the ACC development process. Under a provisional scheme, the current members would officially function as the ACC Board of Directors during the organization's initial start-up period. During this time, one of the responsibilities of the provisional Board would be to establish a long-term governance structure for the organization. By establishing an automatic "sunset" clause now, the current member's terms would end after the start-up period and the new long-term governance structure would take place.⁷ This simple change would allow the process to move along much smoother and would increase the likelihood of the Center being sustainable in the long-term.

Benefits

- The current Board can specifically concentrate on the challenges posed by the initial development process. It would not have to worry about responsibility for the ACC's long-term challenges—the permanent Board would assume this role.
- Establishing a long-term governance structure will allow more time to obtain qualified individuals to serve on the Board.
- Establishing a provisional Board would help to prevent burnout on the part of current Board members, give others an opportunity to become involved, and permit a fresh influx of new ideas.

RESTRUCTURING THE ACC BOARD OF DIRECTORS

There are several viable options for restructuring the Board and each should be carefully considered. The current Board structure makes use of the passion and commitment of its members as a resource, which is very important for the Tribe at this time. However, the current ACC Board of Directors simply does not have the capacity and human capital resources to give the Aquinnah Cultural Center everything the organization needs. Restructuring is important for the ACC's long-term sustainability. Some options for restructuring follow.

OPTION 1: CREATE AN ADVISORY BOARD

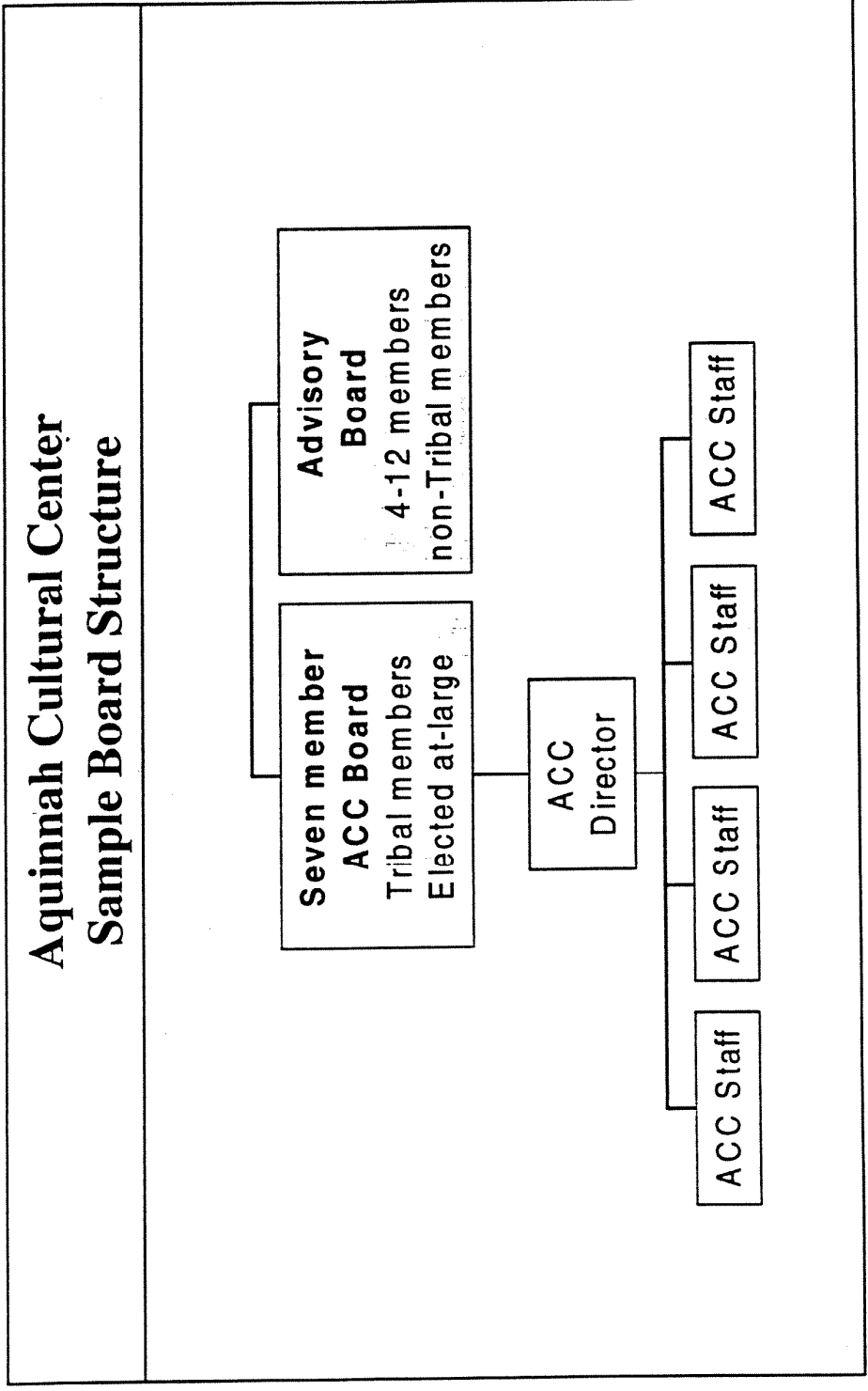
One option for restructuring the ACC Board of Directors is for the current Board to create an additional Advisory Board. These Advisory Boards often have different titles: Board of Patrons, Advisory Board, Honorary Board, and Founders Council. Each Board or Council performs a slightly different role. The purpose of this discussion is not to recommend that the ACC Board of Directors choose one Board or Council model over another, but rather to recommend the current Board adopt the overall conceptual model. The ACC Board of Directors should decide which particular model is best suited for the ACC.

With this proposed structure, the current Board maintains all official power as Board of Directors of the ACC; the Advisory Board need not have any formal powers over the ACC Board or the organization. Instead, it simply serves as an advisory council to the current Board and the Center. If the current Board of Directors continues to be comprised exclusively of Tribal members, it is strongly recommended that the Advisory Board consist primarily of non-Tribal members. This is necessary to broaden the organization's resources.

OPTION 2: EXPAND THE SIZE OF THE CURRENT BOARD

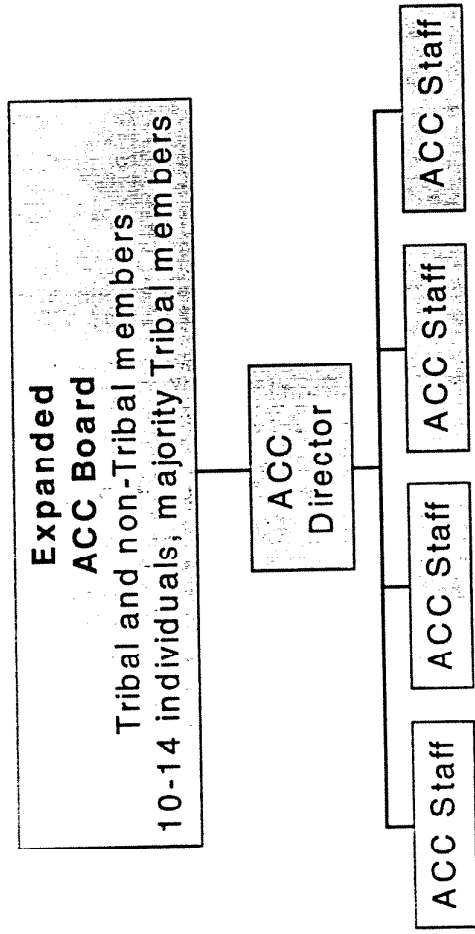
Another option available to the current ACC Board of Directors is to expand the size of the Board. The current size of the Board is quite small when measured by conventional nonprofit standards. *If the ACC Board opts for this model, the size of the Board should be increased incrementally over time; a very large Board could become unwieldy during the initial development stages.* Making the ACC Board of Directors larger would yield many of the same benefits that would result from creating an Advisory Board. The ACC Board should consider filling the additional positions with non-Tribal members. In most cases, having non-Tribal members on the Board translates into having non-Native Americans on the Board, though this does not necessarily have to be the case. Again, the point is to select a *diverse* group. Three to five additional Board members would greatly enhance the organization's resources.

Option 1: Create an Advisory Board



Option 2: Expand the Size of the ACC Board

Aquinnah Cultural Center Sample Board Structure



SAMPLE GUIDELINES FOR FORMING AN ADVISORY BOARD AND/OR EXPANDING THE SIZE OF THE CURRENT BOARD

- ☞ **Determine needs and select a diverse group accordingly.** Selecting members who work or have worked in the public, private, and nonprofit sectors *and* who offer expertise in marketing, financial management, fundraising, nonprofit management, programming, etc. is crucial.
- ☞ **Establish an effective mechanism (in by-laws) for Board turnover.** A common pitfall for nonprofit organizations is lack of an efficient and effective mechanism to remove Board members who do not perform their duties as expected and/or do not attend mandatory meetings.
- ☞ **Don't neglect your home base.** Year round or part time Martha's Vineyard residents should be the primary target of Board member selection efforts. The Island community should be the focus because of the abundance of social connections and financial resources available.

OPTION 3: EXPAND THE SIZE OF THE CURRENT BOARD AND CREATE AN ADVISORY BOARD

A long-term option for the ACC Board of Directors is to both expand the size of the current Board as well as create an Advisory Board. This option allows the Board to reserve a few seats for large donors because there are more overall seats available. These designated seats can help give the organization a *competitive advantage* in fundraising as they can be used as an incentive to offer potential contributors. Option 3 encompasses the benefits of both previously discussed models, but requires the most restructuring and should not be entered into hastily.

Since option 3 requires the most work, the ACC Board of Directors can potentially pursue it as a long-term goal while implementing one of the other options in the short-term. This model would likely be most effective if phased in over time rather than launched all at once as it would allow the ACC Board time to troubleshoot any issues resulting from the implementation of either of the first two options.

BENEFITS OF RESTRUCTURING THE CURRENT BOARD

1. Enhanced capacity to obtain funds for the Center

The *strategic selection* of a broad-based group of prominent individuals to comprise the Advisory Board and/or new Board can improve the Center's existing resources in two ways. First, these individuals can offer personal contributions to the ACC. The ACC Board can select relatively affluent new Board members whose summed personal contributions can dramatically increase the financial resources available to the organization. Secondly, the new

Board members will bring with them the resources of any organizations and associations to which they belong. These individuals will be affiliated with many other organizations and associations such as employers, professional associations, national, state and local associations, etc. New Board members can tap into their respective organizations for sponsorship and contributions to the ACC.

2. Opportunity to obtain free consulting services from Board members

The new Board members can be viewed as an additional resource from which the ACC can obtain free consulting services. Through the strategic selection of a *diverse* group, the ACC can obtain services in a wide variety of specialty areas. Having this capacity to obtain pro-bono work from new Board members can significantly reduce costs and expand the ACC's capabilities.⁸

3. Expanded networking resources

The current ACC Board of Directors can form a committee responsible for recruiting new Board members. Again, the committee's *strategic selection* of Board members will greatly increase the organization's existing resources. This proposed course of action should be thought of as a way to increase funding opportunities as well as an avenue through which the organization can expand its social support network. New Board members must clearly understand that, as part of their duties, they will be asked to tap into their respective networks.

4. The *Advisory Board* structure is attractive to prospective members

Often times, the intensive time commitment required by traditional nonprofit Board structures can be a disincentive for prominent individuals to become Board members. Advisory Board members would not have to sacrifice a great deal of their personal time and could instead concentrate on providing consulting services and references, and generally enhancing the Center's financial and social resources. The Advisory Board members would not have to attend all ACC Board of Directors meetings.

KEY CONSIDERATION IN RESTRUCTURING THE BOARD

The current ACC Board of Directors must weigh the pros and cons of the various options for Board restructuring. Pursuing Option 2 (expanding the size of the current Board) would result in an intensive time commitment required of new members as compared to Option 1 (the Advisory Board model). Thus, in pursuing Option 1, the ACC Board must be aware that the majority of new Board members will want to play a significant role in the ACC's affairs because of the amount of their own personal time they would be devoting to the organization. The Board, in deciding to pursue either option, must also discuss the very important issue of the number of seats by which it should expand.

Additionally, because of the time required in attending meetings and carrying out Board-member responsibilities, Option 2 (Board expansion) would likely lend itself to attracting individuals who have the extra time to participate in this activity. This can be both good and bad. The positive side of this is that the new members selected would most likely have adequate time to devote to the Board, while the flip side is that it would eliminate qualified people who otherwise do not have the time to serve.

BENEFITS ↓	CREATE AN ADVISORY BOARD	EXPAND THE SIZE OF THE CURRENT BOARD	CREATE AN ADVISORY BOARD & EXPAND THE SIZE OF THE CURRENT BOARD
<i>Enhanced financial resources</i>	✓	✓	✓
<i>Ability to obtain free consulting services</i>	✓	✓	✓
<i>Increased social resources</i>	✓	✓	✓
<i>Least likely to become unwieldy</i>	✓	✓	
<i>Most plausible in the short-term</i>	✓	✓	
<i>Most effective in the long-term</i>			✓
<i>Most attractive for potential members (time commitment)</i>	✓		
<i>Greatest opportunity to interact with new Board members</i>		✓	

There is a classic problem many nonprofits experience in Board restructuring. Generally, the greater the size of the Board of Directors, the more apt it is to becoming a remote, removed entity. Often times, a larger Board includes members who either reside or work in a location that is geographically very distant from the organization. Thus, in some cases, Board members can easily become divorced from watching over the management of the organization and making sure that the mission of the organization is accomplished. However, this does not necessarily have to occur. It can be avoided if: (1) the members are carefully and *strategically*

selected, (2) the organization has an effective mechanism to remove Board members who do not adequately perform their duties, (3) the Executive Director and/or staff keep the Board updated and engaged, and (4) new Board members clearly understand their role in the organization.

Case Study 1: The White Mountain Apache Tribal Museum & Cultural Center

On January 4, 1985 the White Mountain Apache Tribal Museum & Cultural Center burned to the ground. The fire not only took with it the physical structure, but also years of the community's hard work, hopes, as well as the social momentum the museum and cultural center had achieved. The Tribe reconstructed the cultural center and museum in another location and a new Board structure was implemented to maximize fundraising potential. The Tribal Museum & Cultural Center selected a Board made up of prominent state and local non-Tribal community members as well as Tribal members. These prominent community members were selected to assist in the organization's fundraising efforts. In addition to Tribal members, some of the non-Tribal Board members include a local business owner, an ex-Governor of the State, and ex-Laker basketball star Kareem Abdul-Jabbar. The White Mountain Apache Tribal Museum & Cultural Center additionally benefits from the human resources and knowledge of its Director, Nancy Mahaney, who holds Master's degrees in Museum Studies and Anthropology and is knowledgeable in almost every aspect of operating and managing a museum and cultural center.

OPTIONS FOR DEVELOPING THE ACC'S ORGANIZATIONAL STRUCTURE

The organizational structure adopted for the Aquinnah Cultural Center, Inc. will influence its culture. The ACC Board of Directors must carefully consider what type of organizational culture is desired and “fits” best with the ACC. It is best left for Tribal decision-makers to choose whether they want to implement an organizational structure that may be consistent with the traditional Wampanoag culture or if they instead want to develop a structure that is more in line with contemporary Wampanoag culture. The organizational structure employed will affect how ACC staff view their roles within the organization and further shape how they feel about the Center. It will also affect how potential tourists, donors, and granting agencies view the ACC.

The ACC needs a structure that is easily understood by both Tribal members as well as external, non-Tribal audiences. There are several options for organizational structures the ACC Board can pursue. In the discussion that follows, two typical models will be put forth as a basis for comparison. The ACC Board can choose either model, or can decide to pursue a variance or combination of the proposed models.

KEY CONSIDERATION

A common pitfall for tribal nonprofits is to assume that all Native American cultures were traditionally non-hierarchical and to correspondingly adopt a flat organizational structure. Contrary to popular belief, this is far from true. This assumption can result in a fundamental structural problem for the organization, rendering it ineffective and further threatening its long-term sustainability.

It is crucial for most tribal nonprofits that a *cultural match* exists between the people and the organizational structure. In the case of the Aquinnah Wampanoag Tribe, there are two essential cultural considerations: (1) that aspect of culture thought of in the traditional sense, and (2) contemporary Wampanoag culture. The Tribe should consider both of these in deciding what *cultural match* it will pursue.

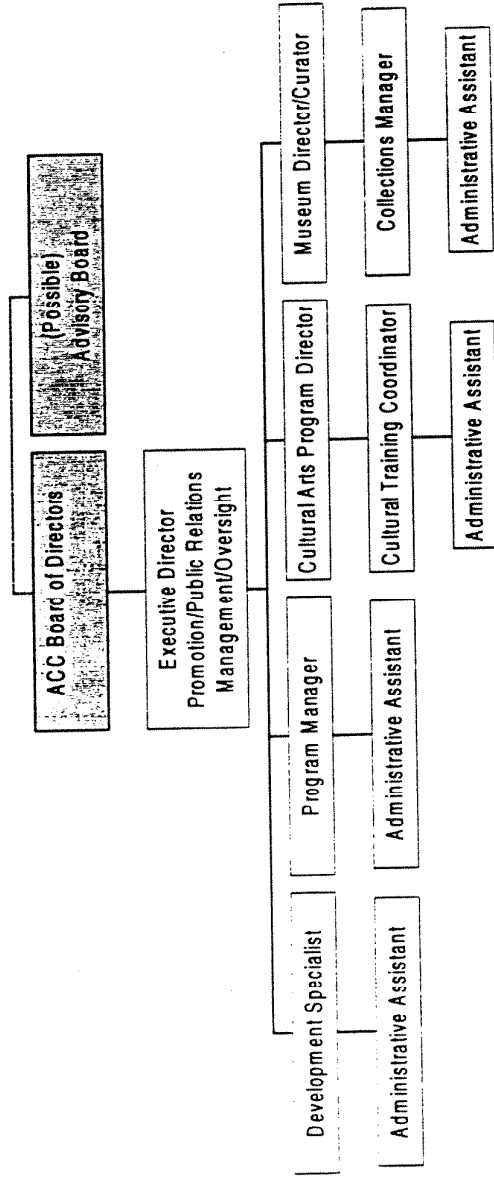
OPTION 1: A HIERARCHICAL STRUCTURE

The chain of command is clear and distinct

This structure may perhaps be easier for the Board of Directors because the Board deals primarily with a single person—the Executive Director. The Executive Director is afforded a great deal of credit or blame for the organization’s success or failure. Executive directors also typically have discretion over the entire

Option 1: A Hierarchical Structure

Aquinnah Cultural Center Sample Organizational Structure

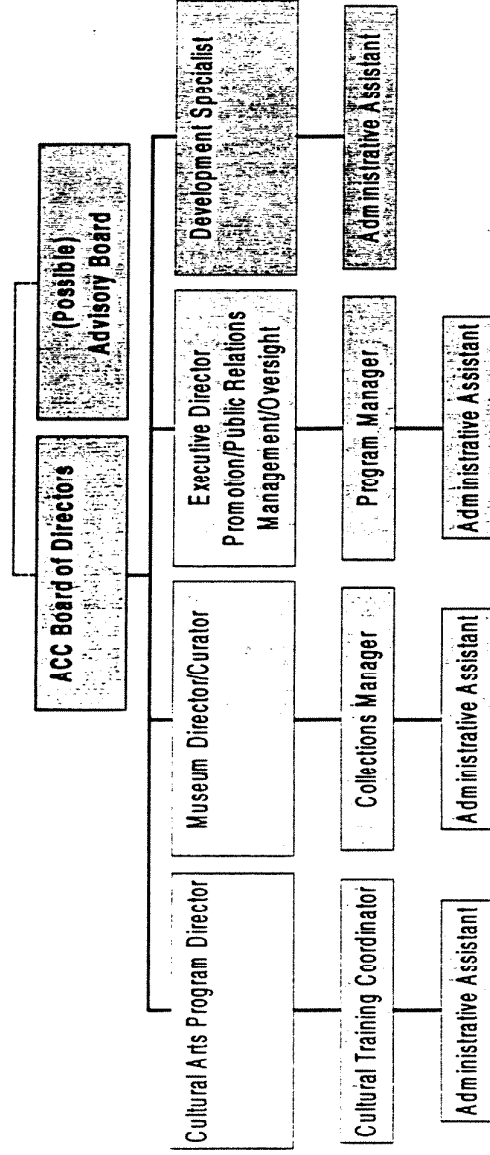


This structure can be more time intensive for the Board of Directors

There is not a single individual who can be held accountable for the organization's performance. Thus, accountability for performing individual duties and tasks can become more difficult as a distinct chain of command is blurred. The Board now has to deal with each director independently. The micro-management of tribal nonprofit organizations is neither desirable nor an effective way to administer the organization. Micro-management by either the Board or the tribal government is one factor that has contributed to ineffectiveness in other tribal nonprofits.⁹

Option 2: A Flat Structure

Aquinnah Cultural Center Sample Organizational Structure



Part 4 _____

**THE ROLE OF THE
AQUINNAH CULTURAL
CENTER IN ECONOMIC
DEVELOPMENT**

THE ROLE OF THE AQUINNAH CULTURAL CENTER IN ECONOMIC DEVELOPMENT

OVERVIEW

The Aquinnah Cultural Center will necessarily play a role in the Tribe's overall socio-economic development strategy by virtue of the fact the Tribe has very little economic activity and commercial development. The social component of this strategy has already been analyzed and described in great detail in the *Strategic Plan*. While it is recognized that both the social and economic elements are essential, this report adds the greatest value by focusing on the economic aspects of the strategy because this component has not yet been developed in previous reports, studies, and documents. More importantly, the Tribe urgently needs an understanding of the economic development prospects of the Center at this point in the development process. This section explores some of the key elements of the ACC's role in Tribal economic development. It includes discussions of the following issues:

- A brief overview of the Tribe's current economic situation. In particular, economic leakage (i.e. capital outflows) and the Island tourism industry will be highlighted. This section is *not* meant to function as an analysis of the Tribal economy, but rather to provide a brief snapshot of the Tribe's economic situation to better understand the role of the Center in economic development.
- Critical planning issues as they relate to the role of the ACC in Tribal economic development are considered and discussed. Specifically, the purpose and goals of Tribal economic development, the experience of other tribal nations in developing cultural centers and museums, and economic development planning considerations are put forth.
- Different visionary models for developing the ACC are examined and their implications for Tribal economic development discussed. For purposes of extrapolating complex data, this section highlights two distinct models. The traditional, "break-even" model used by most cultural centers and museums in Indian Country as well as the "cultural enterprise" model are displayed.

BACKGROUND & CONTEXT OF THE TRIBE'S ECONOMIC SITUATION

Tribal and reservation economies can often be more likened to those of developing nations than to the U.S. economy. Some characteristics tribal economies share with developing nations are that they: (1) import more than they export, (2) have inadequate infrastructures, (3) have an unskilled labor force, (4) lack capital, and (5) suffer from political instability.¹⁰ The Aquinnah Wampanoag Tribe does share some of these characteristics: its economy suffers from the fact that it imports more than it exports and it also lacks capital. However, the Tribe differs from many developing nations in that it does have abundant human capital resources as well as an adequate infrastructure, which can be easily improved.

This section will highlight the following economic development issues facing the Tribe: (1) economic leakage and the resulting loss of multiplier benefits, and (2) the fact that the Tribe will necessarily have to capitalize on the Island's tourism industry to achieve economic development.

ECONOMIC LEAKAGE & THE LACK OF MULTIPLIER BENEFITS

The Aquinnah Wampanoag Tribe suffers from economic leakage in two respects. First, the majority of Tribal members live off-Island and thus contribute very minimally, if at all, to the on-Island Tribal economy. On-Island Tribal members generally don't realize the resulting multiplier effect benefits from the economic activity of off-Island Tribal members. This would not occur if the majority of Tribal members were living on-Island *and* the Tribe had adequate commercial development to capture multiplier benefits and to prevent economic leakage. Secondly, because there is virtually no commercial development and

Economic Leakage occurs when money that comes into an economic system leaves it before circulating there to create new wealth. If a check reaches a family, and the family leaves its community and spends 90 percent of the check on shopping, groceries, gas, and the laundromat in another town, economic "leakage" from the family's home community is 90 percent.

Multiplier Effect is what happens when money circulates locally. A dollar spent on laundry is spent at the grocery store by the laundromat owner: the community has multiplied the economic impact of a dollar once over. When the grocer spends that same dollar on gas—twice over. Three times when that extra dollar makes the gas station owner decide its time to hire another hand at the pumps. And when the new hire puts that dollar toward a new outfit at the clothing store, the community has turned that dollar over four times, multiplying by four the economic impact of that initial dollar.

A high multiplier, low leakage revenue capture pattern is vital to the economic prosperity of communities.

Source: First Nations Development Institute. *Capital Decisions: Native America and the Community Reinvestment Act.*

economic activity in Aquinnah, the Tribe also suffers from on-Island economic leakage and the resulting loss of multiplier benefits. Tribal members living on Tribal trust lands, or in near proximity, must travel to other towns located anywhere from 20 to 40 miles away to purchase basic necessities. Thus, the Tribe realizes very minimal overall economic benefits.

Through interviews with Tribal government decision-makers, there did not appear to be a commonly understood, consistent economic development strategy for the Tribe. However, several Tribal members felt that the Tribe should focus *not* on creating a *major* commercial development, but rather to create *enough* commercial development to increase the economic well-being of Tribal members (and thus, prevent economic leakage and capitalize on the resulting multiplier benefits).

THE ISLAND TOURISM INDUSTRY

For the Tribé to achieve any meaningful economic development on Martha's Vineyard, it will have to find a way to benefit from the Island's primary industry—tourism. Because the Island economy is not diverse and is reliant upon tourism, it is very much seasonal in nature. This affects the Wampanoags as many Tribal members living on the Island suffer from either unemployment or underemployment in the non-tourist season. The tourism industry on Martha's Vineyard has been steadily increasing over the last several years and shows no signs of diminishing anytime in the near future. Many of the Island's communities, store owners, realtors, and other individuals and institutions have been able to capitalize on this trend. To this point, however, the Aquinnah Wampanoag Tribe has not. This can change with the development of the ACC. The Tribe can place itself in a position to capture tourist dollars and establish linkages for other economic development activities. Through interviews with Tribal members, there appears to be a willingness to begin economic development in this area. The majority of Tribal members interviewed realize that tourism on Martha's Vineyard

FOUR CLASSES OF SUMMER TOURISTS

- 1. Home owners who come for the entire summer.** One-half to one-third of the tourists are people who live on Island for the whole summer. *Likely visits to the ACC: Once or twice.*
- 2. Long-term home renters.** They usually stay for 1-2 months. *Likely visits to the ACC: Once or twice.*
- 3. Short-term renters.** This group rents hotels or houses and typically stays for about 1 week. *Likely visits to the ACC: Once.*
- 4. Day tourists.** These tourists go to the Vineyard for only one day. Most do not bring cars and thus, go to the destination attractions the bus companies take them. *Likely visits to the ACC: Once if the Center began working with the bus companies.*

will continue. The tourism industry affects the Tribe regardless of its decision to focus economic development efforts in this area. Although some museums and cultural centers can be financially successful with very few visitors, this is not the best strategy for the ACC. Because the Island tourism industry is so large, the best strategy for the Tribe is to be proactive and *manage* tourism. The Tribe can accomplish this through the Aquinnah Cultural Center. Tribal members will have the opportunity to teach outsiders their unique history from *their own* perspective.

PLANNING FOR ECONOMIC DEVELOPMENT: THE ROLE OF THE AQUINNAH CULTURAL CENTER

As expressed during interviews, there is a shared sentiment among most Tribal decision-makers that the Aquinnah Cultural Center will function in some capacity as an economic development initiative. However, the extent to which the Center will play a role in economic development is not clearly understood by most Tribal members. Furthermore, there does not appear to be consensus on some fundamental issues regarding the Center's role in economic development. Questions posed to Tribal members regarding this issue, corroborated this notion as responses covered both extremes. Some Tribal members indicated that the Center will have to be operated as an economic development enterprise while others felt that that the ACC should play a very minimal role in Tribal economic development. *Nevertheless, in addition to serving as a mechanism through which the Tribe can rejuvenate its culture, the ACC will also play at least some role in the Tribe's economic development strategy.*

THE PURPOSE AND GOALS OF ECONOMIC DEVELOPMENT

Economic development is a broad and often misunderstood concept. This is because it means different things to different people. Some of the common measurements and key indicators of economic development are: increasing employment, increasing mean or median income, and/or enhancing the overall quality of life. A broader understanding of economic development that encompasses all of these various components is *increasing long-term self-sufficiency* of individuals, families, communities, and institutions.¹¹ Ultimately, this is the precise economic development objective of the Aquinnah Wampanoag Tribe.

Economic development can be defined as increasing *long-term* self-sufficiency.

In the last 30 years, there has been a proliferation of nonprofit cultural centers in Indian Country.¹² The Tribe has the added benefit of being able to learn from the successes and failures of the many other tribal nations that have developed cultural centers and museums. The Aquinnah Cultural Center will create a *few* jobs for Tribal members, but they will not be high-income jobs and the overall economic benefits resulting from additional job creation will be marginal. Taking this into account, however, the Tribe can still realize its goal of increasing the economic well-being and long-term self-sufficiency of Tribal members.

THE EXPERIENCES OF OTHER TRIBAL NATIONS

Because tribes have such diverse needs and circumstances, generalizations should be made with caution. Nevertheless, it is useful to synthesize tribes' experiences in developing cultural centers for purposes of extrapolating and drawing meaningful conclusions. Numerous interviews with directors and staff of cultural centers and museums throughout Indian Country and beyond, as well as various other authorities on this subject have revealed several important lessons regarding the prospect of a tribal cultural center achieving economic development. They are summarized below.

THE ECONOMIC DEVELOPMENT ROLE OF CULTURAL CENTERS IN INDIAN COUNTRY: COMMON THEMES

1. **The most common misconception is that a tribal cultural center or museum is a mechanism through which the tribe can achieve economic development.** In most cases, it is misguided for tribal decision-makers to envision a cultural center as either a significant source of income or as a catalyst to attain comprehensive economic development. Museums and cultural centers, *by themselves*, have little to do with achieving economic development.
2. **The overwhelming majority of tribal cultural centers and museums do not make money.** Most of them are barely self-sufficient and typically struggle to break even. They usually don't have substantial revenue above their operating costs. New cultural centers usually operate "in the red" for the first few years.
3. **In terms of economic development, the function of tribal cultural centers and museums is better understood to be that of a supportive role.** In other words, they can *assist* in drawing people to remain at the reservation longer than they would otherwise stay and thus, spend money in other areas. They typically function well in a *planned development community* (i.e. bed and breakfast, café, restaurant, small business, gift shop, etc.).
4. **Many cultural centers in Indian Country are in an urgent situation to become self-sufficient.** Many cultural centers were created in an era in which there was less competition for philanthropic funds. It was relatively easy for these organizations to obtain grants, donations, etc. This has created somewhat of a culture of dependency for tribal cultural centers and museums. In today's more competitive environment, many of these organizations have found themselves in a situation in which they must become self-sufficient to survive.
5. **Many tribal cultural centers and museums find themselves in a "catch-22" situation.** Often, tribal members and tribal government leaders do not want a lot of tourists on tribal lands, yet the cultural center needs tourism to be self-sufficient. Further, to execute their missions they have to find a way to function to certain extent in a business-like manner.

DEVISE A LONG-TERM COMPREHENSIVE STRATEGY

A comprehensive *long-term* strategy is necessary to successfully develop the ACC's role in Tribal economic development. Interviews with Tribal members revealed that there does not appear to be a clear understanding of this role on the part of key decision-makers. Many times, in Indian Country and beyond, museums and cultural centers don't sufficiently plan for the long-term economic development implications; they instead assume a "build it and they will come" philosophy. While the Tribe does indeed have a much more captive audience than do most other tribes launching these endeavors, this assumption is hazardous to the ACC's sustainability.

Lack of a comprehensive, long-term strategic plan addressing the critical issues of the ACC's role in Tribal economic development will jeopardize future prospects for economic development. Thus, it is important for the Tribe to devote adequate time to addressing the questions of:

- *Where do we want to be in 5, 10, 20 years regarding cultural and economic development goals?*
- *Considering the role of the ACC, how do we get there?*

DEVELOPING THE ACC IN PHASES IS CRUCIAL

It is crucial for the Tribe to start the ACC development process in small steps. From the experience of other tribal nations, it is dangerous to start a cultural center "fully blown."¹³ It takes time for a tribal nation to develop the capacity to operate and manage a

**It is best to make sure
scope and size of the
Center is manageable—
don't get too grand.**

cultural center. In other words, bigger is not necessarily better. It is strongly recommended that the Tribe start small and increase gradually. The various elements of capacity-building the Tribe will need to develop in this stage of the process are addressed in sections throughout this report. They include:

- Defining a clear and realistic role for the Center in Tribal economic development
- Establishing a financial resource base to meet initial construction costs and creating a long-term, sustainable funding source.
- Creating effective tools of management
- Putting all of these elements together

LOCATION, LOCATION, LOCATION

To a large extent, the old saying that "location, location, location" are the three ingredients to success in real estate, holds true for cultural centers and museums in Indian Country. In order to capture tourist dollars, cultural centers must be located strategically.

- **The cultural center must be accessible and easy to find for the general public.** Being located in an area where the cultural center can “catch” people who didn’t even intend to stop is a very important economic development planning concern.
- **Proximity planning also becomes crucial in terms of the location of the “public face” of the Center in relation to the Tribal community.** Even though the Tribe is accustomed to tourism, most Tribal members do not want a great deal of tourists, added traffic, pollution, etc., infiltrating their community.

STAND-ALONE ENTITY VS. ONE PIECE IN A BROADER PLANNED DEVELOPMENT COMMUNITY

Most tribal cultural centers and museums are typically stand-alone entities. This is one reason why they usually do not play any significant role in tribal economic development. Unless the Tribe uses a cultural enterprise model (which is described in the pages to follow), *and* several other key factors are in place (strategically located, clear objectives, etc.), the opportunities for the ACC to play a significant role in tribal economic development are not very promising.

Typically, cultural centers are more effective regarding their economic development opportunities if they are not stand-alone entities, but rather one piece in a larger, planned development community. Because of limited resources, and in many cases, lack of sufficient long-term planning, the majority of tribes have been unable to use a comprehensive, supportive approach in planning for economic development. Other complimentary commercial developments that typically play off a cultural center well include gas stations, convenience stores, restaurants, and cafés.

ECONOMIC LINKAGES AND “SPIN-OFFS” OF THE ACC

As reiterated throughout various parts of this section, it is very unlikely that the Aquinnah Cultural Center will create any significant economic development in and of itself. It is misguided to view the Center as the savior of the Tribal economy. Instead, it is more accurate to view it *as one piece in the overall economic development puzzle*. The ACC can in fact establish economic linkages or “spin-offs” to foster economic development through other Tribal initiatives. It is crucial to adequately develop the long-term role of the Center in a broader, comprehensive Tribal economic development strategy. The basic question that must be addressed in the exercise of developing the ACC’s role in creating economic linkages is: *How can the Aquinnah Cultural Center play off other current and future economic development initiatives?*

Because the Center will have only about 100 days to capitalize on the Island tourism industry, it must also find a way to generate at least some income in the winter months. Although it will be very difficult for the ACC to entirely avoid

laying off Tribal members in the winter months, these layoffs as well as other seasonal effects on the Center can be mitigated to a certain extent. What follows is a list of possible economic development linkages and offshoots for the ACC. These are not meant to be all-encompassing, but should illustrate conceptually the type of spin-offs that can potentially result from the creation of the ACC. A few of these include:

- Building a conference center/banquet facility into the ACC which can be rented out for presentations, plays, concerts, workshops, conferences, etc.
- Establishing a tourist educational program with a planned Tribal aqua culture development
- Creating a summer camp for youth teaching them various aspects of Aquinnah culture.

THE BIG PICTURE: TRIBAL CULTURAL CENTER MODELS FOR ECONOMIC DEVELOPMENT

A crucial consideration for the Tribal government and the ACC Board of Directors is deciding the particular broad, visionary model that is best suited for the ACC. Almost all Tribal decision-makers expressed during interviews that the Aquinnah Cultural Center is not a “product” or “output” by itself. Instead, most Tribal members appear to be looking at the Center as a means through which the entire Tribal community can accomplish important goals. In other words, it is a means to an end. Because of this reason, the broad visionary model adopted by the Tribe will have tremendous implications on the outputs of the Center (i.e. cultural revitalization, economic development).

There are a wide variety of visionary models throughout Indian Country. The model on page 57 demonstrates this by highlighting extreme examples. The purpose of the model is to provide a framework with which the Tribe can think through the issue. As is the case with any model, it is more likely to find examples of cultural centers that are not on either extreme of the spectrum, though most tend to be on the left half of the spectrum. However, there does appear to be an emerging trend in which tribal cultural centers are beginning to move farther right along the spectrum toward the cultural enterprise model.¹⁴

Several common themes regarding the economic development prospects of tribal cultural centers have emerged through interviews with directors and staff of these organizations. Though these trends are common throughout Indian Country, the Aquinnah Wampanoag Tribe may or may not share the same experiences. By continuing to be proactive, the Tribe is in a position in which it can shape the outputs produced by the ACC. Investing time in the initial development stages to establish a visionary model in line with its ultimate objectives is critical. There are almost an endless number of options the Tribe could consider in creating a fundamental visionary model. Again, two key models are highlighted and put forth for purposes of comparison and extrapolation. The Tribe should consider both models as a basis for discussion and debate. However, because every cultural center has specific objectives and is developed within a unique context, *the Tribe will be better off if it either modifies one of the visionary models or develops its own model based on its commonly shared objectives.*

MODEL 1: THE BREAK-EVEN MODEL

The “break-even” model is the broad, visionary model used by most cultural centers and museums in Indian Country, though not to the extent it was 20 or 30 years ago. The majority of small and medium sized *non-tribal* museums and cultural centers also use this approach. Break-even organizations usually do not produce any significant economic benefits for a community. From a financial

management standpoint, they usually aim to break-even, or have costs equal expenses. Most consider themselves very successful, *from an economic standpoint*, if they are marginally “in the black.” A slight majority of the tribal cultural centers and museums using this approach are either federally or state chartered 501 (c)(3) nonprofit organizations. This model may, in fact, suit a tribe well if the cultural center has other ways of obtaining income (i.e. receiving funds or generating revenue), reducing costs, *and* the primary goal of the organization is not to function as an economic development initiative.

THE OBJECTIVES OF THE CULTURAL CENTER MUST BE CLEARLY UNDERSTOOD BY ALL STAKEHOLDERS

These “break-even” cultural centers can function effectively in some cases provided there is a clear understanding that it is not functioning as an economic development initiative as its primary mission. In Indian Country, this lack of clarity has been the source of numerous cases of confusion, misconception, and eventually tension between the tribal government, the tribal nonprofit, and the tribal community.

Typically, nonprofit organizations can effectively accomplish only one mission. When they begin to take on two or more missions, they usually find themselves in a situation in which none of the objectives are effectively carried out. Hence, with this model it is crucial that every stakeholder involved, including the tribal government, clearly understands economic development is not the primary function of the organization.

SUSTAINING THE ORGANIZATION FINANCIALLY IN THE LONG-TERM

Sustaining a “break-even” tribal cultural center or museum financially in the long-term can be very challenging. For most of these organizations, the process of obtaining funding is a continuous and constant struggle. Accomplishing this task requires two key ingredients: (1) abundant human capital resources and, (2) a means of obtaining income to keep the organization operating which relies on sources other than its own revenue generated.

Case Study 2: The Three Affiliated Tribes Museum

The Three Affiliated Tribes Museum in Fort Berthold, North Dakota displays the history and culture of the Mandan, Hidatsa, and Arikara tribes. It is unique because it pays no salaries. The museum’s entire staff, including the director is comprised of volunteers. The museum has operated effectively to this point largely due to the energy and ability of its director, Marilyn Hudson.

Abundant human capital resources

Though all cultural centers in Indian Country and beyond rely upon the human capital resources of their staff and Board, this is especially true for cultural centers using the break-even approach. These organizations typically require heavy reliance upon a qualified, professional staff and Board of Directors as well as a strong volunteer pool (Refer to Case Study 2 for an example of a museum with a high level of volunteerism). These organizations must do this for two primary reasons:

1. **A “break-even” cultural center must make effective use of its human resources simply because it has few financial resources.** Human capital is the primary resource through which they operate. Many tribal cultural centers make use of high levels of volunteerism. If successful, this resource can greatly minimize costs the organization would otherwise be forced to pay in the form of salaries. The organization’s success (as defined by each individual tribe) is largely a function of the staff. In other words, if the organization is comprised of a qualified, professional staff and Board of Directors who can make use of the various non-financial resources available, the organization can usually break-even.
2. **Because the organization generates very little revenue, it must have highly qualified and skilled staff to write grants, organize fundraising campaigns, and find other ways to raise money for the organization.** The cultural center or museum needs people who know how to obtain funding. It must also have a Board of Directors heavily endowed with human resources to assist in this regard.

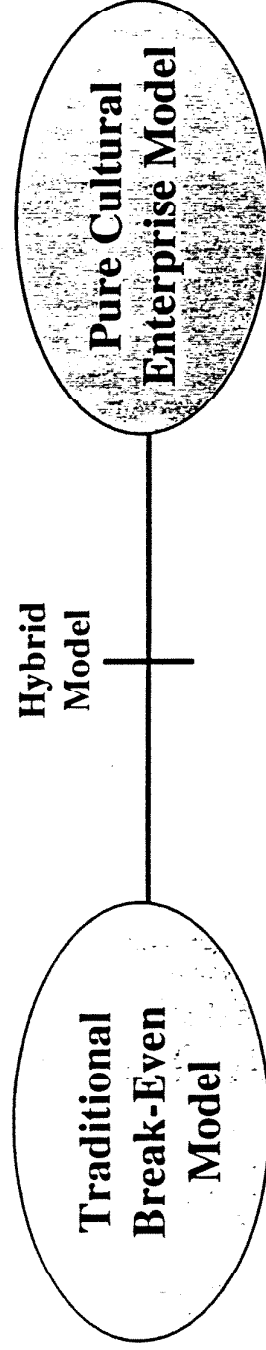
Obtaining income to operate

Obtaining income to operate is always a concern for organizations using the break-even approach. This differs from the cultural enterprise model in that those organizations typically function more like businesses than traditional cultural centers. Because of the differences in orientation, the two models usually yield very different results from an economic standpoint.

1. **These cultural centers are typically heavily dependent on philanthropic funds.** They rely on outside sources of funding such as grants, donations, and other gifts. These philanthropic funding sources can serve an important *supportive role* in the organization’s budget, but there is always an inherent danger in becoming excessively dependent on grants and donations. If present trends continue, the critical question becomes: *What happens when grants dry up?* This is a question both the tribe and the tribal nonprofit must seriously consider.

The Spectrum of Visionary Models for Tribal Cultural Centers

Aquinnah Cultural Center Possible Visionary Models



As a cultural center moves farther left on the spectrum the plausibility of it functioning as an economic development initiative becomes less likely

As a cultural center moves farther right on the spectrum the primary mission becomes economic development

2. **These models can work very well for relatively wealthy tribes with a steady and dependable source of income.** The basic question regarding this issue is: *Does the tribe have the means to either fully or partially subsidize the cultural center?* Many of the wealthier tribes that use this model are heavily endowed from gaming or resource management revenues. These other enterprises essentially function as the focal point of the tribe's economic development strategy; it doesn't have to use the cultural center or museum as a *key* component. The cultural center or museum receives sufficient annual appropriations from its respective tribal government, which allows it to focus on executing its primary mission. *It instead functions in a complementary or supportive economic development role.*
3. **A tribal cultural center or museum using the break-even model usually needs an income-generator as part of its operations.** Many incorporate gift shops or cafés to serve this function. The purpose of building these income-generating operations is to help the organization break-even, and usually not to earn revenues in excess of its costs—this is an important distinction between this aspect of the break-even model and the cultural enterprise model.

MODEL 2: THE CULTURAL ENTERPRISE MODEL

A tribal cultural center using the cultural enterprise model is best described as operating more like a business than a traditional cultural center. They typically aim to use tribal government appropriations and philanthropic sources very minimally, if at all. One of the primary objectives of these operations, in most cases, is to be completely self-sufficient and further, to generate a profit for the business. These enterprises use culture not only as a human resource, but also as an economic development resource. *The fundamental objective and mission of these organizations is providing economic development through cultural means.*

A LIVING EXAMPLE OF A CULTURAL ENTERPRISE IN INDIAN COUNTRY

A very notable example of a cultural enterprise is the Indian Pueblo Cultural Center (IPCC) located in Albuquerque, New Mexico. It is one of a handful of cultural centers and museums in Indian Country that is often highlighted and admired for being a successful, self-sufficient enterprise. At the same, it shares the distinction of perhaps being one of the most often criticized by museum and cultural center "traditionalists" precisely because of this reason. The IPCC is not a pure version of a tribal cultural enterprise as it is difficult to find one. It is however, very much located on the right side of the spectrum put forth on page 57. The Indian Pueblo Cultural Center is worth studying because of its uniqueness. (Refer to Case Study 3 for a brief overview of the enterprise).

The IPCC is a commercial enterprise that uses culture as an economic development resource. The physical layout of the IPCC is evidence of this fact. A very enticing

Case Study 3: The Indian Pueblo Cultural Center: A Cultural Enterprise

BACKGROUND

The Indian Pueblo Cultural Center (IPCC) opened near downtown Albuquerque, NM in 1976 on land that is in trust status. The funding to cover the initial development and construction costs was provided through a grant given to the organization by the Economic Development Administration. Each year, more than 305,000 visitors pass through the IPCC's doors—it is one of the most visited places in Albuquerque.

THE STRUCTURE

The Indian Pueblo Cultural Center is owned and operated by the 19 Pueblo Tribes of New Mexico. It consists of two entities:

- 1. The first is an officially incorporated 501 (c)(3) nonprofit organization called the Indian Pueblo Cultural Center, Inc. (not to be confused with the IPCC which encompasses both entities). The Indian Pueblo Cultural Center, Inc. features a main museum, children's museum, gallery, and operates several living cultural arts and education programs.*
- 2. The IPCC also has a for-profit arm of the Center—Indian Pueblo Marketing, which was established in 1977. Indian Pueblo Marketing consists of a restaurant, gift shop, banquet and conference facilities, and The Pueblo Smoke Shop (where one can purchase tax-free tobacco products in the heart of Albuquerque). Indian Pueblo Marketing operates a business during the New Mexico State Fair as well as "sister" store in a popular local shopping mall, and also rents out office space for an additional source of revenue.*

IPCC holds an annual meeting for the Indian Pueblo Cultural Center, Inc. and Indian Pueblo Marketing. The Pueblos own all shares in Indian Pueblo Marketing and the Indian Pueblo Cultural Center, Inc. The stockholders of the for-profit arm of the IPCC and Pueblo members appoint a five-person Board of Directors (made up of members of various Pueblo Tribes) through a selection formula that ensures equal geographical representation. The Board of Directors meets on a monthly basis and hires the IPCC's president and vice president, who in turn hire the IPCC's employees.

UNIQUE FEATURES OF THE INDIAN PUEBLO CULTURAL CENTER

The IPCC is a unique operation as compared to most cultural centers and museums in Indian Country in almost every respect. It employs 80 full time employees—95% of whom are Native American. The IPCC purchases almost all of its arts and crafts from the Pueblo Tribes of New Mexico (through Indian Pueblo Marketing), providing a source of income and job support to Pueblo artists. Thus, it is one of the only cultural centers in Indian Country that truly functions as an economic development initiative by itself, operating as a stand-alone entity.

Another unique feature of the IPCC is the fact that everything the organization operates is generated by income from Indian Pueblo Marketing and museum admissions. It received only the land from the Pueblo Tribes but has never received any additional funding from the Tribes. Additionally, the IPCC does not receive any grant funds. The organization is completely self-sufficient.

Source: Joyce Merrill, Vice President, Indian Pueblo Cultural Center, Interview.

gift shop and restaurant are the first sights when entering the IPCC, whereas the museum is located in the basement and is very easy to miss for a person casually walking through the IPCC. Thus, the physical design of the IPCC clearly focuses on the commercial sales of arts and crafts as well as on the restaurant—both of which can function as a tremendous boom to a cultural center, if designed properly.

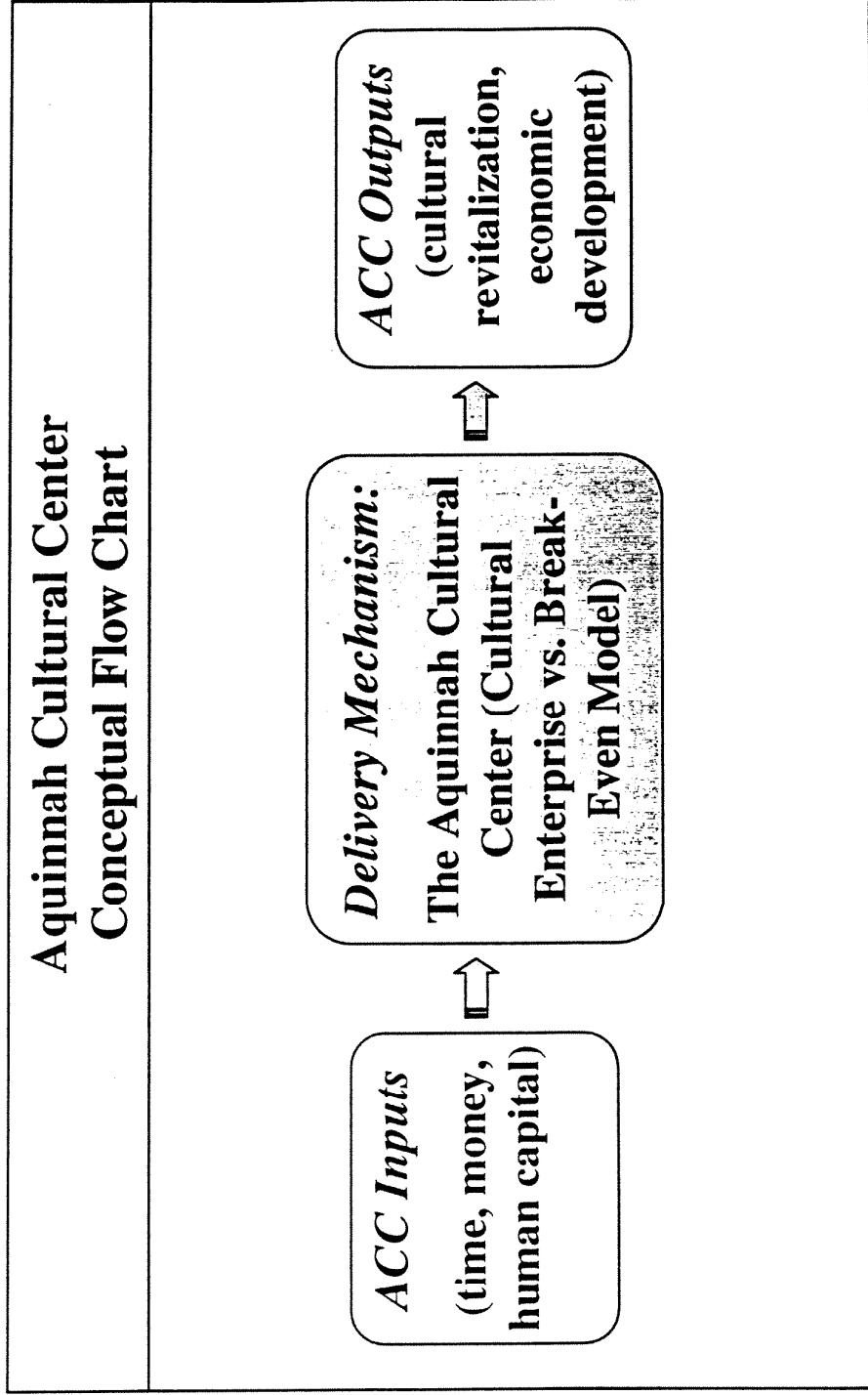
The IPCC is as an extremely attractive economic development enterprise for the 19 Pueblo tribes of New Mexico. The IPCC helps to economically support Pueblo artists and also creates additional wealth with its dividends paid to stockholders. This cultural enterprise is in fact very unique and does an effective job of providing economic development through cultural means for the 19 Pueblos of New Mexico. The IPCC has been a successful cultural enterprise because of several key factors working in its favor:

- **Ideal location to capture tourist dollars.** The IPCC is located in the center of a relatively large urban area. Because it is a quick drive from downtown Albuquerque, the location of the IPCC is ideal for capturing tourist dollars. It also allows the Pueblo tribes to capitalize on the State's tourism industry while not having to weather the impact of people coming through their communities.
- **Clear objectives of the Center understood by all key stakeholders.** The IPCC benefits from having clear objectives from the 19 Pueblo owners. This allows the IPCC's directors to manage the organization in an effective business-like manner because they clearly understand its mission.
- **The IPCC works extensively with other entities to market the organization.** The enterprise works with local chambers of commerce, state agencies, other cultural centers and museums, local schools, local businesses, etc. The IPCC makes optimal use of its external resources.

THE CULTURAL ENTERPRISE VS. THE BREAK-EVEN MODEL: OBSERVATIONS & IMPLICATIONS FOR THE AQUINNAH WAMPANOAG TRIBE

The Tribal Council, with the help of the ACC Board are the two key stakeholders ultimately responsible for making the important decision regarding the visionary model the Aquinnah Cultural Center will adopt. The Tribal government and the ACC Board should not look at the decision in terms of a "one or the other" framework. As discussed above and illustrated in the figure on page 57, there are a wide variety of visionary models from which the Tribe can choose. Understanding the importance of choosing one that is in line with Tribal goals is crucial, as it will affect the long-term outputs of the ACC. As illustrated in the figure on page 61, the delivery mechanism affects the outputs.

The Delivery Mechanism Affects the Outputs



☞ KEY CONSIDERATION

Many Pueblo Indians do not feel they need a cultural center to preserve and/or revitalize their cultures. Most of the Pueblos feel that their cultural identity is solid and don't see the need for an organization focusing on preserving a culture *they already feel is strong*. Thus, many Pueblo Tribes feel the economic needs of their respective tribes are more urgent than cultural needs.

It is very difficult for a tribal cultural center to focus on both economic development and cultural preservation and/or revitalization. Typically, one angle must serve as the main goal and the other function as its secondary objective. A tribal cultural center with extraordinary human *and* financial capital may have a *chance* of accomplishing both goals. However, most cultural centers in Indian Country do not fall into this category. Instead, they typically have economic development as a strong secondary mission.

While achieving economic development for the Aquinnah Wampanoag people is crucial, cultural revitalization appears to be urgent. The Tribal Council and the ACC Board must work together to decide the ultimate objective the Tribe will try to accomplish through the ACC. This fundamental issue must be thoroughly thought through before a visionary model is chosen for the Center. After this is accomplished, Tribal decision-makers must consider two issues:

1. The delivery mechanism (i.e. the Aquinnah Cultural Center) affects the outputs (cultural revitalization, economic development) as illustrated by the figure on page 61.
2. Where they want to be on the spectrum as shown on page 57. This decision will have tremendous implications for the Tribe in terms of achieving its long-term goals.

Part 5 _____

**FUNDING THE
AQUINNAH
CULTURAL CENTER**

FUNDING THE AQUINNAH CULTURAL CENTER

OVERVIEW

This section addresses several aspects of the important concern of funding the Aquinnah Cultural Center. It includes key strategic considerations involved in the process of seeking funds to build and maintain the ACC. The main issues that will be addressed are:

- The possibility of using debt as a means of financing the ACC. Specifically, the plausibility of issuing bonds, obtaining private sector loans, and using government loans will be analyzed.
- The role of grants in funding the ACC. Specifically, the primary purpose of grants will be identified and an effective framework on how to make best use of these instruments will be put forth.
- Other means of fundraising that the Tribe and the ACC Board can pursue to finance the Center.
- Strategic components of funding that should be considered such as diversifying the financial support base, seeking corporate sponsorship, and leveraging resources.

FINANCIAL SITUATION: BACKGROUND AND CONTEXT

Though the creation of a solid social infrastructure and the establishment of an effective administrative structure is crucial, financing the ACC may in fact be the single biggest obstacle in turning this dream of the Aquinnah Wampanoag people into reality. There are examples of a few very large, mainstream cultural centers and museums that do generate revenues in excess of their expenses; however, the vast majority of small cultural centers and museums simply do not make money. This is especially true in Indian Country where many cultural centers and museums operate “in the red” and consider themselves fortunate if they can break even.

THE SEASONAL NATURE OF THE CENTER

The Tribal Council and the ACC Board of Directors, however, are in a unique situation in terms of securing funds to build and maintain the Center. Through interviews with Tribal decision-makers, it seems as though both the ACC Board and

the Tribal government understand that the seasonal nature of the Island economy will obviously impact the activities and programs undertaken by the ACC. Because the Center necessarily will function in some capacity as a seasonal facility, the organization's operating costs will be variable. The ACC will also have numerous fixed costs, which will vary minimally throughout the course of the year. For example, in the winter and early spring months particularly, when there is very little income generated by tourism, the ACC will still have to pay for basic necessities such as telephone service and utilities. Furthermore, on an annual basis, the ACC will have approximately ninety to one hundred days of income, with the tourist season basically running from Memorial Day to Labor Day. In other words, the ACC will have about three months to capitalize on the Island's tourism industry, whereas it will have 12 months of costs.

MITIGATING THE EFFECTS OF SEASONALITY

- Construct the ACC complex as three separate facilities to decrease potential high fixed costs
- Create a diverse revenue stream to decrease potential layoffs and dependency on tourism

The seasonal nature of the Aquinnah Cultural Center will affect its ability to obtain funding; it is a major consideration for prospective lenders. However, the potential high fixed costs can be mitigated to a certain extent if the Center is physically constructed as three separate buildings as currently outlined in the Strategic Plan. *It is strongly recommended that the initial physical design of the ACC is maintained because of the economic efficiency gains the Center would realize as a result of implementing this preliminary plan. Essentially, because the ACC would consist of three separate physical structures, one or more of the buildings can effectively be "turned off" or used minimally during the off-season.¹⁵ Hence, the fixed costs will not be as great as they would if the Center consisted of just one single structure.*

The seasonal nature of the Island economy will put the Tribe in a slightly more difficult situation in terms of financing the facility than would otherwise be the case. However, because the ACC is located in one of the wealthiest regions in the country, it is in a unique situation to capture funds. The Island community should be the target audience for fundraising efforts.

WHAT THE ACC NEEDS TO GET GOING

MONETARY NEEDS

The Tribe will have to raise almost \$6.5 million to create the entire Aquinnah Cultural Center complex as it is currently planned. The \$6.5 million in construction and development costs are broken down in Table 1, which follows.

Table 1

<u>Item</u>	<u>Costs</u>
Phase 1: Gay Head Longhouse	\$1.8 million
Phase 2: Aquinnah Longhouse	\$1.5 million
Phase 3: Wampanoag Longhouse	\$650,000
Site Development	\$790,000
Road and Parking Development	\$560,000
Site Utilities	\$500,000
<u>Other Costs (i.e. Architect/Engineering)</u>	<u>\$700,000</u>
Total	\$6.5 million

Source: Susan Guyette, *Aquinnah Cultural Center Strategic Plan*.

Tribal Council officials, Tribal government employees, ACC Board members, and other Tribal members expressed the importance for the Tribe to establish a *physical* presence on the Island. The Tribe can accomplish this objective and can also begin to exercise its political and social sovereignty by completing Phase 1. Establishing an organization that not only serves the Tribe's cultural needs, but also lays the *foundation for future Tribal economic development* is crucial because the ACC has the potential to help make the Tribe an economic player on the Island and beyond.¹⁶ Completing Phase 1 of the ACC will require around \$3.2 million, with \$1.9 million in construction costs and about \$1.3 million in site development, road and parking development, site utilities, and other costs.¹⁷ The Tribal Council and the ACC Board should consider completing Phase 1 as a short-term goal.

Funds Raised to This Point

The ACC Board and the Tribal Council have started fundraising to build the ACC. Table 2 summarizes the funds (including non-cash assets) that have been raised.

Table 2

<u>Item</u>	<u>Amount</u>
Massachusetts Arts and Cultural Council	
Cultural Tourism Grant	\$30,000
Youth Video Project Grant*	
Tribal Council	
Financial commitment	\$20,000
Lease for the Land*	
Administration for Native Americans	
Grant to hire consultants (\$75,000)*	
<u>Fundraising</u>	<u>\$30,000</u>
Total Funding Secured	\$80,000

Source: Interviews with various Tribal members

*Not included in total funding secured

OBTAINING THE CAPITAL FOR THE INITIAL CONSTRUCTION COSTS

- *Private sector loans*
- *Capital construction grants*
- *U.S. government loans*
- *Fundraising*
 - *Individual*
 - *Corporate*
 - *Other*
- *Tribal government funding*

Physical
Construction of the
**AQUINNAH
CULTURAL
CENTER**

- *Establish physical presence on Island*
- *Lay foundation for:*
 - *Cultural revitalization*
 - *Economic development linkages*
- *Create community*

The Tribe can package these funding instruments to obtain the capital to construct the Aquinnah Cultural Center complex, which in turn....

has the potential to lead to these likely outputs.

The ACC has secured \$80,000 to support the construction and development costs of the Center. Obviously, this amount is far off the target goal of approximately \$3.2 million for the completion of Phase 1 and the \$6.5 million required to complete the entire project. This fact, however, is not discouraging. There are several options the Tribal Council and the ACC Board can pursue to gain additional monetary resources, which will be elaborated on in the remainder of this section. Additionally, the ACC has a tremendous opportunity to raise additional funds that most nonprofit organizations in Indian Country do not—they are located in one of the wealthiest communities in the U.S., and basically have a captive audience.

RELATIONSHIP WITH TRIBAL COUNCIL

For the Aquinnah Cultural Center to be physically constructed and sustainable in the long-term, there must be a cooperative working relationship between the Tribal government and the ACC Board of Directors. This is due to several factors including:

1. There are some grants for which only the Tribe is eligible

A solid working relationship is essential to both the Tribal government and the ACC, Inc. In addition to the Tribal government serving as a means of social support for the organization, it is also an important financial resource for the ACC. In some cases, granting agencies and donors will only give monies to a tribal government. They will not to grant funds to a tribal nonprofit organization such as the ACC. Hence, an effective working relationship between the two entities is essential because there will be instances in which the Tribal government has to be the recipient of grant monies and then must funnel the funds to the Aquinnah Cultural Center, Inc.

2. There is currently and will always be a certain degree of interdependence in the relationship

The Tribe may have to use debt as the primary financing instrument to fund the short-term construction costs. The Tribe will own the complex and lease the facility and associated property to the Aquinnah Cultural Center, Inc. Thus, the Tribal government would be responsible for paying for the initial construction of the complex and would also be responsible for repaying any debt. The Tribal government would essentially outsource management of the ACC to the Aquinnah Cultural Center, Inc. Though the ACC is formally a separate entity from the Tribe, the organization would have to work with the Tribal government in a cooperative relationship. A solid working relationship between the two entities, which incorporates agreed-upon standard operating procedures, will result in a Center that can cope with any Tribal political dynamics that may occur. In essence, there will always be a certain degree of interdependence in the relationship between the Aquinnah Cultural Center, Inc. and the Tribal government.

KEY FACTORS IN SECURING PUBLIC & PRIVATE FINANCING

Many of the key factors in successfully securing public and private financing are the same components that ultimately determine the sustainability of collaborative ventures between tribal governments and tribal nonprofit organizations. Some of the critical elements in securing funds are listed below.

WHAT POTENTIAL CONTRIBUTORS EXPECT

- **For the tribal nonprofit organization to have 501 (c)(3) status**
- **Substantial support, both financially and non-financially, from the tribal government**
- **Overwhelming tribal community support of the endeavor**
- **Non-tribal community support and endorsement**
- **A well thought-out business plan based on realistic assumptions and a capital campaign strategy**
- **A high degree of expertise from individuals and from the organization as a whole**

1. Obtaining 501 (c)(3) status

Obtaining 501 (c)(3) status formally separates the tribal nonprofit from its tribal government. This is absolutely critical in determining the ability of a tribal nonprofit organization to (1) obtain funding, and (2) generate revenue. Formal disassociation gives the perception to potential grantors, donors, and lenders that tribal politics are largely insulated from the organization to

which they are contributing. Any perception that politics are excessively affecting the tribal nonprofit will negatively affect the organization's ability to obtain funds. Donors feel more secure and comfortable that their money will be efficiently used to further the specific mission of the organization. Additionally, 501 (c)(3) status is the protocol widely used among nonprofit organizations and is the formal legal arrangement donors are used to. The fact that the ACC is formally and legally separate from the Tribal Council will greatly facilitate its ability to capture funds and will increase its odds of profitability. *This formal separation should be maintained.*

The extent to which 501 (c)(3) status *actually* insulates tribal nonprofit organizations from tribal politics is debatable and varies widely among tribes.

2. Substantial financial & non-financial support from Tribal government

Non-tribal contributors want to see 100% support from the tribal government both financially *and* non-financially since the tribal government is viewed as the figurehead of the community. Convincing an outside investor, grantor, or donor to contribute to a tribal nonprofit is extremely difficult if the organization cannot demonstrate that its government fully supports its efforts. In this respect, it is often best to approach this issue in a business-like manner: show the commitment and the support of the tribal government in terms of money it has committed to the nonprofit organization. *It is the financial commitment of the tribal government that is most important to non-tribal contributors. It shows that the tribal government is supportive and serious enough about the nonprofit organization to commit its financial resources.*

3. Support of the Tribal community

Potential contributors also look to see that the tribal community is supportive of the organization's efforts. The Aquinnah Cultural Center, Inc. has received personal monetary contributions from various Tribal members. The organization can demonstrate this accomplishment to those who are interested in investing or giving money. Most people, including would-be contributors, realize that it does take the entire community to create a robust, sustainable organization. Indian Country is full of stories of cultural centers that were not successful because they did not have substantial tribal community support.

4. Support and involvement of the non-Tribal community

Having the support of the tribal community is a necessary but *not* sufficient factor in convincing people to invest or donate money to a tribal nonprofit organization. The ACC Board of Directors and the Tribal Council will need to demonstrate that the ACC has the financial and social support of the broader Island community. This is particularly important given the context of the ACC; potential contributors would not look favorably upon the organization if it were unable to show it had the support of the Island community. Demonstrating that the relatively affluent and socially connected community supports the ACC is necessary for the organization to obtain enough money to assist in meeting initial development costs and also to show that there is an Island financial and social support base to make the ACC sustainable.

5. Expertise

The ACC also needs to show that it has the expertise and human resources to effectively run the organization. To maximize the ability to capture scarce monetary resources, a nonprofit must demonstrate to granting agencies, donors, and investors that it has the ability to use those funds effectively. This is precisely why enhancing the Center's administrative capacity is so important. The ACC Board of Directors and the ACC staff must be qualified individuals who add value to the organization. Ultimately, the ACC Board and the Tribal Council must be capable of convincing potential contributors and lenders to

invest in the Center. Proving that the Center has a qualified, professional staff and Board who can effectively manage the organization is essential.

6. A well thought-out business plan and capital campaign strategy

The ACC can increase its capacity to secure financing by devoting significant time to developing a solid business plan as well as a strategy for gaining the capital necessary to build the facilities. When approaching potential contributors and investors, the Tribe must be able to demonstrate that the ACC, Inc. has a well-developed business plan, based on realistic assumptions to meet its projected expenses. Both public and private entities like to see that a nonprofit seeking funds has devoted significant time in creating a solid business plan. The organization should also develop a more general fundraising strategy that emphasizes a diverse financial resource base.

FUNDING POSSIBILITIES

The Tribal government, with the assistance of the ACC Board of Directors, will have to raise the capital necessary to cover the initial construction costs of the Center. Both entities must then collaborate to create a funding source that is sustainable in the long-term. The following section highlights funding possibilities. Again, these are separated for purposes of illustrating the plausibility and implications of each. *It is recommended that Tribal decision-makers consider the ways in which they can combine the various funding opportunities available to come up with the package that best suits their needs.*¹⁸ The Tribe should keep in mind two key financial considerations: (1) attaining the capital necessary to cover initial construction and development costs (which is the priority for the Tribe), and (2) developing a funding source that is sustainable in the long-term.

DEBT AS A MEANS OF FINANCING THE ACC

The Tribe may have to use debt as a large component of the package that will fund the initial development and construction costs of the ACC. There are a few examples throughout Indian Country of tribes that have used debt to fund their cultural centers and museums. However, the vast majority of these tribes are relatively wealthy from gaming and/or resource management.

revenues. The Tribal government can only pursue private sector loans if it is willing *and* capable of guaranteeing the loan. However, before the Tribe considers the possibility of using debt as a means of financing the Aquinnah Cultural Center, there is a simple, yet fundamental question that must be answered: *What is the source of repayment?* This question is the central issue of debt financing. It is only natural that a lender would be concerned with how the borrower will repay the money. The number of potential borrowers who fail to consider this question is astonishing.¹⁹

A solid business plan is absolutely necessary in approaching prospective lenders. Simply having a solid business plan, however, is *not* sufficient in securing external investment. The more important question is: *What is the source of repayment?*

PRIVATE SECTOR LENDERS

Finding examples of private sector lenders willing to put up the capital to finance tribal cultural centers and museums is challenging. The vast majority of tribes do not have a source of repayment that will satisfy private lenders' risk concerns. Furthermore, tribes are usually unable to grant lenders a mortgage for the following reasons:

1. **Trust land cannot be used as a source of collateral without the express consent of the tribal government**, which holds title to the land in trust for the people on it.
2. **Due to tribes' sovereign status, local courts have no jurisdiction on tribal land.** Lenders may feel they won't be treated fairly in tribal courts when it comes to foreclosure. Further, some tribal courts don't even have foreclosure and eviction codes in place.
3. **Most tribes must be willing to grant limited waivers of their sovereign immunity in order to allow mortgage lending, and tribes have been zealous about protecting their sovereignty.**²⁰

In essence, if the ACC is built on trust land, the Tribal government will have an extremely difficult time granting lenders a mortgage. Lenders will likely not take the mortgage because it will be too risky. Additionally, given the Tribe's long struggle to gain federal recognition, it is unlikely to grant a limited waiver of its sovereign immunity.

The Aquinnah Cultural Center, Inc., as a distinct entity, simply does not have the financial means to guarantee any private sector loan. Furthermore, because the Center only exists conceptually at this point, it is difficult for the Tribe to offer lenders a participatory arrangement (e.g. participating in the cash flow generated). The Tribal government is the only Tribal institution currently eligible *and* with the capacity to obtain private loans. The Tribal government will then have to enter into an agreement with the ACC Board of Directors in which it funnels the loan money to the Aquinnah Cultural Center, Inc.

☞ KEY CONSIDERATIONS

1. **If the Tribe decides to use private sector loans to finance the Center in any capacity, it should consider locating some of the physical structures of the ACC (most likely the revenue-generating component with the museum, theater, etc) on land that is not in trust status. This may facilitate the Tribal government's ability to grant lenders a mortgage.**
2. **Building the revenue-generating building first. This would increase cash flow in the project's early years. It would also expand the ACC's financial resource base, which would allow the organization to better tap into all potential financial resources.**

Strategies for obtaining private loans via the Tribal government

- **Purchase insurance to guarantee the loan.** The Tribal government can buy a guarantee from an outside insurance agency, which then takes on the liability. Tribes have done this before to finance their cultural centers and museums, but the drawback is that the insurance can be extremely costly.

- **The Tribal government can use outside resources as collateral.** This option has also been used before in Indian Country. The Tribal government currently owns a few Island businesses *not* located on trust land. The Tribe can use these Tribal-owned businesses or purchase additional businesses which can be used as collateral to guarantee a loan.

Developing the capacity to obtain private sector loans

The Tribal government must develop the institutional capacity to obtain private sector loans. Lenders in the for-profit sector will be far more interested in the Tribe's financial statements than those of the Aquinnah Cultural Center, Inc. They will complete a rigorous analysis of the Tribal government and the Aquinnah Cultural Center, Inc.

The Tribe should expect to do 4 to 10 weeks of rigorous analysis.

before deciding on whether to issue a loan to the Tribe. The Tribe should expect to do four to ten weeks of *its own* rigorous analysis to prepare for the transaction. The Tribe is making an investment in the Aquinnah Cultural Center, Inc. which will hopefully last for many years. The few weeks spent in the early stages will pay off in the long-term. *The intent of the process is for the Tribe to enter the process with both eyes open.*²¹

Most professional lenders will look first at the Center's management team. If the management team fails to pass the scrutiny of the lender, the rest of the analysis will be unnecessary. Many lenders believe that a good management team can survive in adverse market conditions.²² There are, however, two primary areas the Tribal government and the Aquinnah Cultural Center Board of Directors should focus in performing due diligence for capacity-building: (1) Financial management documentation and (2) business background.

Financial Management Documentation: Critical Tasks

A summary of current banking relationships	A description of financial systems and reporting
A description of the budgeting and planning process	Financial statements, including sales and cost detail, cash flow, and assets employed,
A list of capital expenditure detail	Current year budgets
Financial projections including income statements, balance sheet, and cash flow	Assumptions by line item and the basis for assumption; an assessment of financial projections against changes in key assumptions

Business Background: Critical Tasks

Overview	
When the ACC was founded	Articles of Incorporation
Summary of operations, including organizational structure, total employees, marketing, and major operating resources	Business strategy including mission statements, operating philosophies, strategic and financial management objectives, industry and competitive positioning, and key success factors
Internal business plans, consulting studies, press releases, news articles, management presentations, and general business literature	Description of major alliances and ownership structure
Industry	
A description of major market segments, including size, historical and projected growth, determinants of market demand, seasonality, and other cyclical factors affecting demand and projected market growth	Understanding the way its customers behave including key purchasing characteristics, customer demographics of each market segment, and any other trends that may effect the industry
A description of barriers to entry (one of the keys to assessing a business is to look at how easy it would be for competitors to enter the same market)	A description of major competitors including products, marketing information, sales, strategy description, financial performance, assessment of strengths and weaknesses, and analysis of competitive cost structure
A list of major industry trade groups, publications, and associations	A list of any industry articles, analysts' reports, consulting studies, etc.
Sales and Marketing	
Summary of sales and marketing strategy	Advertising programs, public relations, campaigns, etc.
Current prospects lists (if available), sales databases and copies of sales literature	Internal market research efforts and results
Organization and Staffing	
An organizational chart	Resumes of key managers
Description of future management needs and a proposal for how they will be met	Descriptions of employee training programs and compensation schedules

Adapted from Michael E. Roberts, *A Tribal Guide for Evaluating and Structuring Investment in Small Business*. Business Alert. First Nations Development Institute, September/October 1998, Vol. 13, No. 5.

Issuing Bonds

The possibility of issuing bonds as a means of funding the ACC is extremely unlikely. In essence, the primary concern in issuing debt is precisely the same as was discussed in the previous section. Deciding on whether the Tribe should issue bonds or take out a loan to fund the ACC is largely irrelevant. Again, the critical question the Tribe must answer is: *What is the source of repayment?* Examples do exist of tribes that have issued bonds to finance various tribal enterprises, including cultural centers, but the tribes that have used this method of financing have been wealthy tribes heavily endowed from gaming or resource management revenues.

GOVERNMENT LOANS

The Tribe should consider applying for one of the U.S. government or U.S. government-sponsored loan programs available to tribes. These loans can be a valuable addition to the package that will ultimately fund the initial construction and development costs of the Center. There are three primary loans available:

1. *Small Business Administration (SBA) 7(a) Loan Guaranty Program (7(a))* which operates through private sector lenders. The 7(a) program provides for the SBA to guarantee private sector loans for small businesses unable to secure financing through normal lending channels.
2. *The Community Facilities Loan Program (CFLP)* administered by the U.S. Department of Agriculture (USDA). The CFLP is available to federally recognized Indian Tribes and typically guarantees 80% of the loan amount.
3. *U.S. Department of the Interior, Bureau of Indian Affairs (BIA) Loan Guarantee Program.* The BIA's program guarantees a maximum amount of \$500,000 for Indian business enterprises on or near federally recognized Indian reservations.

Most of these government-sponsored programs require that the Tribe locate the Center on trust land. If the Tribe decides to pursue this method of financing it will have to locate at least *some* physical structures on trust land. Hence, in combining private sector financing with government-sponsored loan programs, the Tribe may have to locate part of the Center on land that is in trust status and other structures on land that is not in trust status.

FUNDRAISING

The Tribe has an incredible opportunity to fundraise due to its location on Martha's Vineyard—home to many wealthy, socially connected individuals who reside there either year round or during the summer months. Community fundraising efforts will allow the ACC to establish an endowment, which can be used to provide evidence of Tribal and non-Tribal support to potential contributors. The Island

community is a great resource for the Tribe to substantially enhance its social support network as well as its financial resources.

The ACC Board and others who will assist in the fundraising initiative should focus the vast majority of their efforts on Martha's Vineyard itself. Because of the resources available on the Island, it is neither desirable nor necessary to focus elsewhere. Further, the Island community will be the external audience with which the ACC is most closely associated *and* the community that is going to have a vested interest in the organization. Aiming fundraising efforts at *individuals* is important; there is no shortage of prominent, wealthy individuals living on the Island either year round or during the summer months who can be asked to contribute to the Center.

Holding special events on a regular basis is crucial in raising funds and gaining support. For most nonprofit organizations, fundraising activities are very time intensive and typically only bring in a very small amount of money. The organization sponsoring the event typically benefits more in indirect ways. For example, these events serve as great networking

opportunities. They generate interest in the organization, create valuable publicity for the organization, and serve a marketing function.²³ The Tribe has an opportunity to benefit both directly and indirectly from such activities. While the events will still be very time intensive and a great deal of work, they have the potential to bring in several thousand dollars each and move the Tribe further along in its fundraising campaign. The importance of this avenue should not be understated. The ACC fundraising team should do everything possible and necessary to pursue Island fundraising events. It will increase the organization's financial resource base tremendously.

Targeting fundraising efforts to the Island community will move the ACC much closer to its goal. Island fundraising events are a unique opportunity to raise major dollars for the Center.

There are several commonly held myths about fundraising. Many new and even established nonprofit organizations often feel:

1. *The process is a mystery.*
2. *You need a proven track record to be successful.*
3. *Corporations and foundations give the most money.*²⁴

These are all misconceptions. Most organizations that successfully fundraise share some common elements. They are outlined on page 79.

NINE BASIC TRUTHS OF FUNDRAISING

1. **Organizations are not entitled to support; they must earn it.**
2. **Successful fundraising is not magic; it is simply hard work on the part of people who are thoroughly prepared.**
3. **Fundraising is not raising money; it is raising friends.**
4. **You do not raise money by begging for it; you raise it by selling people on your organization.**
5. **People do not just reach for their checkbooks and give money to an organization; they have to be asked to give.**
6. **You don't wait for the "right" moment to ask; you ask right now.**
7. **Successful fundraising officers do not ask for money; they get others to ask for it.**
8. **You don't decide today to raise money and then ask for it tomorrow: it takes time, patience, and planning to raise money.**
9. **Prospects and donors are not cash crops waiting to be harvested; treat them as you would customers in a business.**

Adapted from *Its a Great Day to Fundraise*. Tony Poderis

DONATIONS

The ACC should also aim to maximize the use of donor's monies and gifts. Though most big donors the Center will encounter will not be Native Americans, they can be a tremendous resource for the museum in terms of financing as well as increasing external social support for the Center. Developing a strategy to obtain the in-kind financing of gifts for the museum component of the ACC is important. The Center can greatly benefit from using this resource. The primary consideration of the ACC museum should be ensuring the facilities are secure and the material is handled in a professional manner. There have been a few cases in Indian Country in which the museum facilities were either not secure or did not have a quality security and fire suppression system, and thus put the gifts at great risk. Basically, donors want to be assured that nothing will happen to the items they give to the ACC museum. It is also advisable that the ACC staff makes every effort to accept as many unrestricted gifts as possible. Gifts that are restrictive essentially "tie the hands" of the museum forever. To increase its ability to compete for gifts, the

ACC should establish and practice strict guidelines on how the collections are maintained. Donors are much more receptive if they know how their gifts and monies will be used.²⁵

GRANTS

A dramatic increase in the number of nonprofit organizations and a decrease in philanthropic funds available (primarily grants) have made the nonprofit sector very competitive in terms of obtaining funds. The number of 501 (c)(3) organizations doubled from 1977 to 1992 with nearly three-quarters (excluding religious organizations and foundations) founded since 1970.²⁶

Grants can still play a supportive role in a nonprofits financial planning, but tribal cultural centers should beware of viewing them as the major part of their total operating budget. It is important to understand that the majority of grants go to support programs, with only a few available for other purposes such as capital construction costs.²⁷ The ACC should make optimal use of these programmatic grants because they also serve the purpose of providing the Center with the opportunity to obtain valuable publicity through their use. However, to be sustainable over the long-term, nonprofits must plan to become self-sufficient and wean themselves from grants and public monies.

Applying for available grants can be excruciating for a small organization such as the ACC. Hence, most small nonprofits tend to be rather narrow in terms of the grants they pursue, and usually do not maximize their ability to obtain grant funds. Often, they stop actively seeking grants and the organization typically gets a "discount" version of what it actually wants. Generally, tribes are not able to make full use of this resource and instead look to the U.S. government and well-known, larger foundations that have traditionally been favorable to Native Americans.²⁸

CURRENT SITUATION IN INDIAN COUNTRY

Although fundraising has become more difficult for nonprofits generally, the current climate for obtaining grants is favorable for tribes. There is a growing recognition among many institutions, including granting agencies, that U.S. government policies have put Native Americans in a very difficult situation. This recognition has brought with it a desire among many granting agencies to assist Native American communities in taking care of their own affairs. Historically, many granting agencies have favored elite, upper class museums and cultural centers. These organizations have benefited tremendously from grant funds. Today, however, granting agencies are under increasing pressure to help underserved audiences. For these reasons, many granting agencies are beginning to shift their missions toward more appropriate and equitable representation among museums and cultural centers. A large number of them are eager to fund tribal

governments as well as tribal nonprofit organizations pursuing various initiatives.²⁹ The ACC is in a position to capitalize on this trend.

Nonprofits in Indian Country, however, usually lack the infrastructure to apply for and obtain grants.

In general, contributors are far more receptive to organizations that have a defined legal structure and auditing system.³⁰ The Aquinnah Wampanoag Tribe will benefit at the outset because the ACC is the “new kid on the block”; it will be attractive to grantors. But this will only last for a while. The ACC needs to focus its efforts on achieving the high level

of institutional organization and capacity needed to effectively compete for grants. Grantors, like other donors, want to be sure that their funds will be used to further the goals and mission of the organization.

Most grants require a very high level of institutional organization. Grantors most often want to see that the organization has:

- **A well-developed 3-5 year strategic plan**
- **A record of sound financial management practices**
- **A clear, well thought-out mission statement**

WHAT THE ACC WILL EXPERIENCE IN APPLYING FOR GRANTS

The process of applying for grants is an invaluable learning experience for a new organization such as the ACC. The Center’s staff and Board will gain knowledge from these experiences they can use to more effectively manage the organization. The initial grants for which the Center applies will be difficult, because they require enhancing the ACC’s organizational capacity; however, the process becomes much easier thereafter.

Additionally, as is the case with any other method of securing financing, it is crucial for the ACC and the Tribal government to build a good rapport with grantors. Mainstream nonprofits practice this and nonprofits in Indian Country must start doing it as well to be competitive. Most grant proposals look to the extent of community support the organization possesses. The Center will have to be able to clearly demonstrate that it has internal support among Tribal members as well as external support from the Island community and other outside entities. To gain this external support, it is important for the ACC to become familiar with the State Arts Council, State Humanities Council and all of the other various entities that can offer support. The mandate of these agencies is to assist organizations such as the ACC and they under increasing pressure to serve deserving audiences.³¹

STRATEGIC CONSIDERATIONS

There are several strategic considerations the Tribal government and the ACC Board must take into account when developing a financing plan for the Center. Some nonprofits have no other funding strategy than to hopefully win the philanthropic lottery. *This, however, is not a plan.* The ACC Board and the Tribal government should continue to be proactive in the Center's development process by taking steps to create a funding strategy. Interviews with various authorities on nonprofit financing, as well as background research,³² have revealed three key themes as for the Tribal government and the ACC Board to consider in obtaining funds to cover the initial construction and development costs as well as creating a long-term, sustainable funding source: leveraging resources, corporate sponsorship, and diversification.

LEVERAGING RESOURCES

Though the ACC is still a long way from its fundraising goal, it can begin to close the gap by effectively leveraging its financial resources. The ACC has already raised \$80,000 toward the construction of the facilities. Shortly, the Center will have enough funds to begin leveraging them to obtain even more money. The ACC Board of Directors and other members of the fundraising team should hold several fundraising events throughout the upcoming summer tourist season. This strategy will allow the organization to broaden its financial resource base, which can then be leveraged to obtain additional funds. After the ACC raises as much money as possible over the summer, the organization can approach various granting agencies for a challenge grant. The ACC fundraising team is better off waiting until after the upcoming tourist season so they can maximize the Center's financial resource base. The likelihood that the ACC will receive a challenge grant will increase substantially, particularly if it is able to add several thousand dollars to the existing pool.

The most important consideration in this strategy from the perspective of the current ACC Board is to show potential contributors that the ACC has secured a financial commitment from the Tribal Council, the Tribal community, and the larger Island, non-Tribal community. This method of proving support can be combined with letters of support and statements from the Tribal Council, Tribal members, and non-Tribal Island residents to essentially make the case that the organization is a worthy recipient of funds. This is far more powerful than simply talking in abstract terms about the organization's support base. Furthermore, this strategy of leveraging also addresses granting agencies and corporations' risk concerns. In other words, they are more likely to give challenge grants and donations if others are doing so *and* they feel secure and confident the organization will be successful; no individual, corporation, or agency wants to give money to a nonprofit organization they feel will not be around very long.

CORPORATE SPONSORSHIP

This leveraging strategy is usually used for the purpose of obtaining challenge grants from granting agencies, though it should not be limited to only this area. It has widespread appeal and applicability. In fact, many mainstream nonprofits are beginning to use this leveraging strategy with corporate sponsors. Nonprofits in Indian Country, however, have not really capitalized on this emerging trend. To be sure, the ACC can and should use this leveraging strategy with corporate sponsors as well. Approaching corporations for a "corporate challenge grant" is a very plausible strategy for the Center. Corporate sponsorship, if managed appropriately, can be a significant source of revenue for tribal nonprofits. It can additionally diversify the financial resource base and create linkages for economic development.

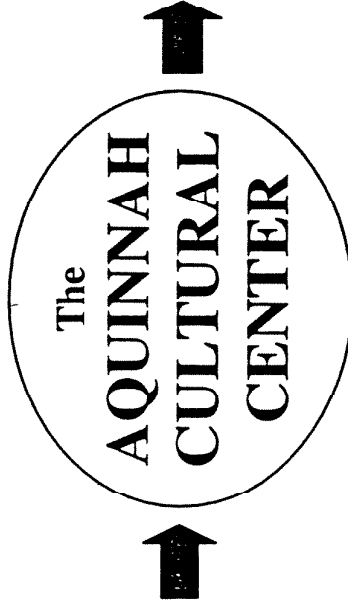
Many corporations that are involved in philanthropic activities highlight these in their annual reports; it provides a valuable source of community outreach and publicity for them. Most corporate sponsors will likely want additional "returns" for their contributions. The ACC may have to initially sell the idea to corporations. The director of the Center could offer to display a plaque (in an area Tribal members consider appropriate) acknowledging corporate contributions and to publish a list of corporate sponsors on ACC literature and documents (i.e. annual reports).

DIVERSIFYING THE FINANCIAL RESOURCE BASE

Diversification decreases exposure to risk. If a nonprofit relies primarily on any one particular funding source, it is putting the organization's operational capacity at extremely high risk. In other words, if that particular funding source either dramatically decreases or stops altogether, the organization's budget will drastically decrease. This will in turn cause it to undergo dramatic cuts in staff, programs, and activities. The organization can reduce its exposure to *overall* risk by selecting a broad base of funding sources as shown on page 84.

CREATING A LONG-TERM SUSTAINABLE FUNDING SOURCE

- Revenue generated from operations
- (Possible) private sector loans
- Programmatic grants
- (Possible) U.S. government loans
- Fundraising
 - Individual
 - Corporate
 - Other



- Physical presence established
- Become bigger "player"
- Greater leveraging power to empower Tribal members
- Continue to pursue and achieve to some degree:
 - Cultural revitalization & preservation
 - Economic development
- A sense of community created

A diverse funding base.....

will result in the Aquinnah Cultural Center being sustainable in the long-term.

Part 6 _____

**PUTTING THE
PIECES TOGETHER:
A COLLABORATIVE
EFFORT**

PUTTING THE PIECES TOGETHER: A COLLABORATIVE EFFORT

OVERVIEW

Creating the Aquinnah Cultural Center will require a collaborative effort on the part of the Tribal government, the ACC Board of Directors, and the Tribal community. As detailed in previous sections of this report, the very nature of this cooperative endeavor will result in an interdependent relationship between the ACC Board and the Tribal government. This section pieces together the key elements discussed throughout the report and additionally highlights the critical components of obtaining community involvement and marketing. It includes the following:

- An analysis of the internal and external audiences affected by the development of the Aquinnah Cultural Center. These audiences' primary interests are discussed and possible recommendations are put forth for Tribal decision-makers to consider.
- A listing of the main factors influencing the success of collaborative ventures between tribal governments and tribal nonprofit cultural centers.
- How the Center can build the social infrastructure necessary to support the organization during its initial start-up period as well as in the long-term. A community consensus-building process is highlighted.
- Marketing the ACC. The important aspect of promoting to external audiences to generate revenue is discussed with possible recommendations included.
- A timeline, including action items and critical tasks each party must accomplish to realize physical construction and sustainability of the ACC.

INTERNAL AND EXTERNAL AUDIENCES

Successfully achieving initial construction as well as long-term sustainability of the ACC requires that both the Tribal government and the ACC Board of Directors understand the internal and external audiences for which the ACC will function. Interviews with Tribal members revealed that the Aquinnah Cultural Center will primarily be geared toward internal (Tribal) audiences. However, it is realized that the Center must also be more broad-based in its appeal; it must be attractive for external (non-Tribal) audiences for it to be financially feasible. As the Tribe proceeds in this complex, dynamic process, an understanding of each audience's interests is essential for the Tribe to create a strategy for working with each group. The analysis that follows identifies interested parties and includes recommendations.

INTERNAL AUDIENCES

GROUP	INTERESTS	RECOMMENDATIONS
ACC BOARD OF DIRECTORS	<ul style="list-style-type: none"> • Professional training • Clear understanding of roles • An organizational structure sustainable over the long term • Physical construction of the ACC • Support of Tribal government and Tribal community 	<ul style="list-style-type: none"> • Hire outside professional to train Board on various issues • Establish sunset provision for current Board • Work on long term governance structure of the ACC • Develop new Board and broader organizational structure • Board should offer to make presentations and share information at Tribal Council meetings
TRIBAL GOVERNMENT	<ul style="list-style-type: none"> • More information about the ACC development process • More initiative on the part of the ACC Board • Maintenance of power, elected office • Provide social services such as housing, healthcare, etc. • Push through Indian Gaming legislation 	<ul style="list-style-type: none"> • ACC should maintain 501(c)(3) status • Give a matching grant to ACC • Develop an economic development strategy that includes an in-depth analysis of the role of the ACC • Begin to create a financing package for the ACC
TRIBAL COMMUNITY	<ul style="list-style-type: none"> • Cultural revitalization through ACC programs • Community place of gathering • Economic well-being • Tourists not intruding on community • Want to see politics insulated from the ACC 	<ul style="list-style-type: none"> • Establish a community consensus-building process • Board can offer to meet at community members' homes

INTERNAL AUDIENCES

The Aquinnah Cultural Center Board of Directors

The ACC Board of Directors needs the backing of both the Tribal government and the Tribal community. Gaining the support of the Tribal government will require the Board keeping the Tribal Council informed of its activities. Representatives from the Center (at this time the ACC Board) should present the Tribal Council with pertinent business information about the Center's operating costs. The Board should additionally keep the Tribal Council informed about the various projects the ACC is undertaking and the amount of time required for its activities and programs. The Board should invite Tribal Council members to all major ACC events. A community consensus-building process is necessary for the Board to gain Tribal community involvement. Additionally, the Board needs to enhance the organizational capacity of the ACC. They should establish themselves as a provisional Board and work on restructuring the organization.

The Tribal government

The Tribal government should encourage the ACC to maintain its 501 (c)(3) status, rather than allowing it to become an division which functions under the Tribe. A Tribal-government matching grant to the ACC, Inc. would demonstrate to potential contributors the government's financial commitment to seeing that the ACC is developed. Furthermore, there is a lack of understanding about the role of the ACC in Tribal economic development. The Tribal government must begin to address this issue and incorporate the ACC into its economic development strategy. Finally, the Tribal government should work with the ACC Board to develop a funding strategy for the ACC, since it is the Tribal government that will be responsible for constructing the complex.

Tribal community

The Tribal community is a group that appears to be somewhat removed from the ACC development process thus far. Based on the experiences of other American Indian nations in developing cultural centers, the tribal community must be involved in all aspects of creating and sustaining a cultural center. This is particularly true for the Aquinnah Wampanoag Tribe since the ACC is primarily for the Tribal community. The Board should make every effort to increase the involvement of the Tribal community. Tribal members should feel that they are an integral part of the ACC development process. Tribal community involvement will create a robust, sustainable cultural center. It will further ease the burden the ACC Board currently faces as others will become involved and assist in the development process.

EXTERNAL AUDIENCES

GROUP	INTERESTS	RECOMMENDATIONS
TOURISTS	<ul style="list-style-type: none"> • Educational experience from Martha's Vineyard • Experience Indian Culture in the NE U.S. • Desire additional accommodations such as food, lodging, gas stations, etc., particularly on SW part of island 	<ul style="list-style-type: none"> • Aggressive marketing to attract tourists to ACC • Build ACC in a location where it is easily accessible and visible to tourists • Contract with local tour companies • Create a traveling promotion for the ACC • Make the ACC one piece in a larger planned development community
STATE AND LOCAL AGENCIES PROMOTING TOURISM	<ul style="list-style-type: none"> • Increase number of domestic and international visitors to MA • Market specific State products to potential tourists • Opportunity to market the State in terms of "Indian culture" 	<ul style="list-style-type: none"> • Work extensively with local chamber of commerce • Once product is defined, work with State agencies to market • Make presentations to agencies regarding ACC • Volunteer to speak at their engagements • Become a member of their organization • Establish web site and create links with other entities
POTENTIAL CONTRIBUTORS	<ul style="list-style-type: none"> • Assurance that funds are used for specified purpose • Tribal community and government support of ACC • Sound financial management practices • Want to see clear administrative structure • Island community support 	<ul style="list-style-type: none"> • Offer to make presentations to their organizations • Establish standard operating procedures for use of donor's gifts or monies • Publish an annual report and send free copies to donors • Hire permanent fundraising staff • Special newsletter for donors. • Thank all contributors with a letter or phone call
ISLAND COMMUNITY	<ul style="list-style-type: none"> • That the ACC doesn't cause the Island community to change in ways that undermine its way of life • More information about what Tribe is doing 	<ul style="list-style-type: none"> • Hold public "town hall" meetings open to all Island community members • Offer to speak and make presentations at other Island communities' town hall meetings • Hold fundraising events to establish social and financial support • Initiate programs with local schools • Give away passes for free admission to Island residents

EXTERNAL AUDIENCES

Tourists

Tourists will be the external audience that will to a large degree, financially support the ACC. Because tourism is the primary industry on the Island, the ACC must capture tourist dollars to be sustainable. The ACC should take advantage of the fact that tourists in the Northeastern United States have very little opportunity to experience Indian culture. The ACC must be aggressively marketed to capitalize on the Island tourism industry. Locating the Center strategically so it is easily accessible and visible to tourists is crucial. The Tribe must also examine the long-term economic development prospects of the Center and consider the possibility of other commercial developments such as gas stations, lodging, and restaurants as a means of offering tourists additional amenities. More importantly, the Tribe must create a *comprehensive* socioeconomic development strategy that links all current and planned developments with each other *and* focuses on long-term objectives.

State and local agencies promoting tourism

The Tribe must establish strong working relationships with agencies promoting tourism for the Center to be financially feasible. Both the Tribal government and the ACC Board will need to work extensively with the Massachusetts Office of Travel and Tourism (MOTT) as well as the Martha's Vineyard Chamber of Commerce (MVCC). These agencies cannot market the ACC unless they have a definitive product; they cannot market an idea or aspiration. Thus, the Tribal government and the ACC Board should begin alerting organizations such as MOTT and MVCC of their plans. These agencies want the opportunity to market the State or region in terms of "Indian culture." Once the development process matures, the ACC's representatives should rigorously pursue this avenue. Representatives from the ACC should request to make presentations to gain their support. Traveling promotions of the ACC, which can easily be taken anywhere, should be created in the near future to make people aware of the Center.

Potential contributors

Potential contributors to the ACC want to see strong financial and non-financial support from the Tribal government, Tribal community, and the broader Island, non-Tribal community. Individuals, granting agencies and lenders will not contribute to a tribal nonprofit that does not have the backing from these audiences, because it risks not being sustainable. Additionally, the ACC must offer incentives for would-be contributors to actually give or lend money to the organization. Some incentives include: (1) publishing an annual report with a section thanking all contributors and sending free copies to each of them, (2) publishing a special newsletter for donors, and (3) placing a plaque somewhere outside the Center thanking all contributors. Again, a representative from the ACC should ask to meet

with and make presentations to prospective contributors. Finally, based on the experiences of other tribal nonprofits, the ACC Board should consider developing into the organizational structure a permanent staff member whose primary responsibility is fundraising.

Island community

The Island, non-Tribal community will want more information about what the Tribe is trying to accomplish with the Aquinnah Cultural Center as the development process matures. They will want to be sure that the ACC will not cause the community to change in ways that undermine its way of life. This is particularly important given the recent media publicity surrounding the Tribe's attempts to push through Indian gaming legislation. There will be those in the non-Tribal community who will be concerned that the Tribe may try to incorporate a casino into the ACC. The Tribe can get support from these external audiences by holding town hall meetings open to the entire public and explaining the mission and goal of the ACC. The Tribe should hold fundraising events during which they can inform the non-Tribal community about the ACC and also establish partnerships with local schools to outreach to non-Tribal members.

THE SECRETS OF SUCCESS FOR TRIBAL JOINT VENTURES

Though Indian Country is very diverse and complex, there appear to be some common factors influencing the success of collaborative ventures between tribal governments and tribal nonprofit organizations. The identified factors have been drawn from numerous interviews with authorities on tribal and mainstream nonprofits as well as directors of tribal nonprofit cultural centers.

All of the factors listed below have been discussed in other sections of the report. However, this remaining parts of this section will highlight tribal community involvement and aggressive marketing and promotion of the ACC. The extent to which each factor listed below influences the success of any *one particular* collaborative venture varies among tribes. For this reason, they are not listed in any particular order.

- **Clear objectives.** The goals and vision of the cultural center must be made clear to all key stakeholders. The mission must be consistent with both the tribal government's and the tribal community's vision and goals for the organization. (See Case Study 4 for an example of a tribal nonprofit organization and a tribal government whose goals were not in line).
- **Documented evidence of solid general and financial management practices.** Both the tribal nonprofit and the tribal government should be able to prove to any potential contributor a record of solid general and financial management practices and documented evidence of all major activities, programs, and events that have been undertaken.
- **Clear understanding of roles.** A clear understanding of the roles played by both the tribal government and the tribal nonprofit

Case Study 4: The People's Center of the Flathead Reservation: A Case of Unclear Goals

The People's Center of the Flathead Reservation in Pablo, Montana has suffered from inconsistent goals between the Tribe and the Center. The Tribal Council has changed positions several times in recent years regarding tourism promotion. Currently, the Tribal Council does want to pursue tourism as a means of economic development. It has steadily cut the Center's funding in recent years and wants the Center to become self-sufficient. However, to make up for the budget cuts and to have an opportunity to become self-sufficient, the Center must capitalize on tourism. Hence, the Center needs to pursue tourism but the Tribe has stated it does not want tourists on its land. These unclear goals have forced the Center's directors to make very painful budgetary cuts including laying off staff and cutting programs.

is crucial. It will result in the tribal government functioning in a complimentary role, whereas if the roles are not clear and explicit, the tribal government can actually become a competitor.

- **Substantial support, both financially and otherwise, from the tribal government.** The tribal government must *always* support the tribal nonprofit in non-financial ways for the nonprofit to have a chance to succeed. Additionally, during the initial development period it is important for the tribal government to demonstrate financial support. Thereafter, both entities should be clear on whether the organization will continue to receive tribal government subsidization or if the organization is expected to become self-sufficient.
- **Non-tribal community support and endorsement.** Having the support of the non-tribal community is a critically important resource for any tribal cultural center. It assists the organization in enhancing its social and financial support networks. The more friends the tribal nonprofit has, the better off it will be.
- **Abundant human resources.** The tribal nonprofit cultural center must take advantage of its human resources. The staff and Board must know how to effectively operate and manage a nonprofit organization. It is crucial for the senior members of the organization to make continuing efforts to groom potential successors.
- **Keeping all key stakeholders connected and informed.** One element in the success of these collaborative ventures is clear and frequent communication. It is important that the ACC communicates to its internal *and* external audiences. The tribal nonprofit must work with its tribal government as to how the organization will present itself to the public.
- **Strategic long-term planning.** Many nonprofits in Indian Country and beyond focus on short-term planning and usually do very little planning beyond. It is important to realize that building and creating a cultural center is just the beginning. The more difficult challenge is sustaining the organization over the long-term.
- **A well thought-out business plan based on realistic assumptions and a capital campaign strategy.** Prospective lenders and contributors like to see that the tribal nonprofit organization has devoted sufficient time to developing a business plan. It is crucial to demonstrate how the organization plans to meet its expenses. Showing potential contributors a comprehensive capital campaign strategy is also important.
- **Ability to effectively work with outside entities.** The tribal nonprofit must form alliances with local, regional, and state entities. It should invite the various groups to participate in the planning process. Engaging external audiences is

essential. The organization should additionally keep the local press involved and learn how to do press releases. A very strong relationship with local banks is also important.

- **The organization must have the administrative capacity necessary to be efficient, competitive, and effective.** Many nonprofits in Indian Country do not have the high level of organizational capacity required to compete for many available grants and this has hindered their development. The organization must make use of its administrative resources to successfully accomplish its mission. These resources include the Board of Directors, Advisory Boards, and the organization's staff.
- **The tribal cultural center should be officially incorporated as a 501 (c)(3) nonprofit organization.** Official 501 (c)(3) status greatly facilitates the organization's ability to obtain funding. This is the protocol used by most nonprofit organizations and thus, the status with which most granting agencies and individual contributors are most familiar. Additionally, a tribal cultural center that is a separate and distinct entity from the tribal government has a much greater chance of being self-sufficient and profitable. This is illustrated in Figure 2 below.

Figure 2

**Profitability of Tribal Enterprises in 18 Tribes:
Independent vs. Council-Controlled Management³³**

	<i>Independent</i>	<i>Council-controlled</i>
<i>Profitable</i>	34	20
<i>Not Profitable</i>	5	14
<i>Odds of Profitability</i>	<i>6.8 to 1</i>	<i>1.4 to 1</i>

Source: Cornell and Kalt, *What can Tribes Do?*

- **Tribal community support and involvement.** A cultural center is only an asset if the tribal community is involved in every aspect of its development. They must see themselves as a dynamic part of it evolution. Any cultural

center that becomes divorced from the community it is there to serve will not be successful. Furthermore, if the tribal community is not committed to the cultural center, outsiders will not take interest. Overwhelming tribal community support of the endeavor is square one for any tribal cultural center.

- **Aggressive marketing of the organization.** Tribal nonprofits are like any other nonprofit in this respect. They must devote resources toward promoting their organization. The ACC has a limited tourist season and is located in a remote, rural location; it must aggressively market its product to attract tourists.

LAYING THE SOCIAL FOUNDATION: OBTAINING COMMUNITY INVOLVEMENT

Interviews with several Tribal Council officials, ACC Board members, Tribal community members, non-Tribal Island community members and others revealed that, in the most general sense, there is a shared sense of vision for the Aquinnah Cultural Center. Many people who were interviewed stated that they expected similar things from the Center. Cultural preservation and/or revitalization were mentioned by almost everyone as being one criterion by which they would judge the success of the ACC. Economic development was mentioned by a majority of interviewees as being an important function of the ACC. However, there does not seem to be a shared, clear idea of the ACC's direction and objectives. Furthermore, there are a significant number of Tribal members who are not part of the ACC development process and appear to have very little conception of what exactly is being done by the Board and/or the Tribal government.

CONSENSUS-BUILDING PROCESS

Getting input from the community is absolutely essential to the creation of the ACC. Though there appears to be a loosely defined shared vision for the Center, there does not seem to be a common sense of ownership on the part of the community. Secondly, and no less important, the Tribal community has not tackled the very difficult challenge of addressing the extent to which the ACC will function as an economic development enterprise. The Board has begun to discuss this issue, but there has not been a large-scale effort to seek community input on this aspect of the ACC. Increasing community participation in the process will help in

addressing the economic development aspects of the Center, and most importantly, will create a sense of ownership within the Tribal community. It will also help to strengthen a feeling of "community" among Tribal members, which is seriously needed.

Both the Tribal government and the ACC Board of Directors have been proactive in the development process thus far. By hiring a consultant to draft a five-year strategic plan for the ACC, a solid foundation has been established for creating the

KEY ELEMENTS IN A CONSENSUS-BUILDING PROCESS

- **A common and achievable public goal**
- **Agreement that an important or urgent situation exists**
- **Understanding that integrative bargaining is essential to building consensus**
- **Assumption that "people on the ground" have valuable information**

vision and mission of the organization. It is important to emphasize that the *Strategic Plan* was purposely and specifically designed to accomplish a great deal of work in a short time period, and not necessarily to maximize community participation. This is evidenced by the fact that only a small group of people participated in the *Strategic Plan* development process. At times, in addition to a core group consisting primarily of ACC Board members, only two or three community members attended meetings.

The Strategic Plan, however, is a good starting point for the Tribe. It is crucial to understand that the document should not be looked upon as a substitute for obtaining community involvement to support the Center (i.e. through a community consensus-building process). It was simply not designed to achieve this objective. When organizing a community to achieve consensus, the goal is to maximize participation

The extent to which the community feels ownership of the ACC will ultimately be a critical factor in its success. Indian Country is laced with stories of cultural centers and museums that were initiated with the best of intentions, but later crumbled because they did not have a solid social support foundation. Many of these organizations have experienced cuts in their operating budgets and some have been closed altogether. Typically, tribal members are very excited at the outset of the process (i.e. when these facilities are initially constructed). However, once the center opens and the community members feel that it doesn't meet their idea of what it should be, they quickly become disenfranchised.³⁴

Indian Country is laced with stories of cultural centers and museums that ultimately crumbled because they did not have a solid social support foundation.

THE ACC BOARD SHOULD CONTINUE TO BE PROACTIVE

By investing the time and resources at the early stages of the development process, the ACC Board can prevent community alienation, and in the process, mobilize the community toward a shared goal. The Aquinnah Cultural Center is first and foremost for the Aquinnah Wampanoag people. The community must feel that it owns the Center. Achieving consensus within the Tribal community is essential in laying the social infrastructure necessary to enter the more advanced stages of development. There have been several examples of successful consensus-building processes throughout Indian Country and beyond. A notable example of one such process is the Chelsea Charter Consensus Process (see Case Study 5). This particular case is used to show the general process for consensus-building given a *specific situation*. The development of the ACC and the Chelsea Charter Consensus Process are two very distinct situations that differ in significant ways. First, the ACC development process is not currently in crisis situation as was the Chelsea case. This is important because typically, it is easier to mobilize a community

Case Study 5: The Chelsea Charter Consensus Process

BACKGROUND

In 1993, the City of Chelsea was put into Receivership by the Massachusetts Legislature. The City government could not deliver basic services and two of its four past mayors had been incarcerated on federal corruption charges. A critical element of the mission of the receivership, as outlined in the statute that created it, was to recommend to the Governor a new form of government for the city.

SOCIAL CAPITAL FORMATION, MEDIATION, AND PUBLIC-BUILDING

A public mediator was called in who developed a hybrid public consensus-building process that included elements of social capital formation, public sector mediation, and public-building. The Chelsea Charter Consensus Process sought to engage a politically disillusioned community. Additional goals of the Process were to create a public and increase social capital throughout the Chelsea community—necessary prerequisites to engaging community negotiators in integrative bargaining to reach a common goal. In short, the Chelsea Charter Consensus Process sought to engage citizens.

THE PROCESS

The Process commenced with approximately 40 interviews with community leaders. The goals of the interviews were to learn of the perceived causes of Chelsea's problems, discover the elements for an effective new government, determine why the city was put into receivership, and ascertain what would be required for a new government to last over time. A public forum was held at the outset of the process at a high school gymnasium. The facilitators also ran two sets of meetings for a total of approximately 45 meetings. The first set of meetings was designed to explore the communities' ideas about good government and the future of Chelsea. Later in the process, the facilitators led public meetings to get public input on the draft charter.

A Charter Preparation Team was created and charged with the task of preparing the City's new charter, based on the public input received. A selection committee made up of respected community members chose the Team.

THE PRODUCT

Two months of regular Team meetings resulted in the completion of an initial draft charter proposal, which was presented to the community. After months of deliberations and public input, the Team produced a final charter, which represented consensus and presented it to the general public for approval. It was approved by a 60/40 margin by the voters and subsequently was ratified by the State Legislature and the Governor.

The Chelsea Charter Consensus Process provided opportunities for virtually all groups and individuals in the community to engage in discussions about their concerns, voice their interests, and have those interests wove into the fabric of their new City charter. This was accomplished through deliberation about the issues that citizens had already discussed through integrative bargaining.

This case was adapted from *Social Capital Formation, Public-Building and Public Mediation: The Chelsea Charter Consensus Process*, Susan L. Podziba, Kettering Foundation.

during a crisis situation. However, this can also be accomplished when a community is faced with an important challenge. Secondly, the Chelsea case involved a large number of people, whereas the ACC development process does not. Nevertheless, some useful conclusions can be drawn.

THE CHELSEA CHARTER CONSENSUS PROCESS: OBSERVATIONS & LESSONS LEARNED

1. The ACC development process includes the common element necessary in a successful public consensus-building initiative: the desired outcome is recognized as a common public goal.
2. Because of the differences in scope, the ACC development process can employ a scaled-down version of the Chelsea Charter Consensus Process. It is neither expected nor advised that the Tribe use the exact same methods of building consensus. The Tribe needs to devise a process appropriate to the community.

A successful public consensus-building process results in community ownership of the outcome and a commitment to its implementation. Sustained participation throughout the process leads to a product that reflects the unique characteristics of the community involved; it also results in the development of a public that has the ability to engage in integrative bargaining to develop solutions to complex public problems.³⁵

The Wampanoag people have traditionally used consensus-building processes as means of addressing important community issues or resolving disputes. *Hence, a consensus-building initiative is in line with the traditional cultural norms of the Aquinnah Wampanoag Tribe and would likely work well to address the important challenges associated with developing the ACC.*

**SAMPLE FRAMEWORK OF A CONSENSUS-BUILDING PROCESS
FOR THE DEVELOPMENT OF THE ACC**

- **Address the important issues regarding the planning of the ACC now.** Important issues, when ignored, eventually evolve into an urgent crisis situation. Some of the critical issues that the community should discuss are:
 1. The mission of the ACC
 2. The vision of the ACC
 3. The extent to which the ACC will function as an economic development enterprise and attempt to capitalize on the Island tourist industry
 4. The potential positive and negative ways the Center can affect the community and ways to plan, manage and control for them.

- **Hold a series of community meetings open to all Tribal members.** It will likely be necessary to have community meetings on the mainland as well as on the Island to get input and participation from all Tribal members. The ACC Board should discuss the possibility of either inviting non-Tribal community members to some meetings or holding separate meetings to get the “buy-in” of this group.

- **If at the outset, turnout is low, initiate a community organizing campaign.** The Island community is relatively geographically concentrated, making it easier to mobilize the community. This can be accomplished on-Island by simply going to community member’s homes as well as offering to rotate meetings at various homes. During meetings, facilitators should make every effort to actively solicit participant’s interests.

- **Create draft documents, develop final documents, and actively seek community input.** There needs to be limits and guidelines on what these documents are going to accomplish. After the majority of participants have had the opportunity to give feedback on the draft documents, then a designated committee or team can move ahead in creating the final document, which will then be put forth for community approval.

MARKETING

Many nonprofits actively engage in selling goods and services which further their programs as well as bring in revenue. The art of doing that successfully involves marketing.³⁶ The ACC must be aggressively marketed to enhance its social and financial resources, attract visitors, and fulfill its mission. The ACC Board of Directors and the Tribal government should not assume a “*build it and they will come*” philosophy about the Center. The ACC is located in a very remote, rural location. It will need aggressive marketing efforts for it to have a chance at becoming self-sufficient. The advantage the Tribe possesses is that people are typically very excited about cultural centers and are willing to be a part of the organization and participate in the development process.

Marketing is the art of making someone want something you have.

STATE AND LOCAL ORGANIZATIONS PROMOTING TOURISM

State and local agencies and organizations promoting tourism can be a great resource to the ACC. Their mission is to promote their state or region. *However, to help promote the ACC, these entities need an actual product to market.* Both the Massachusetts Office of Travel and Tourism (MOTT) and the Martha's Vineyard Chamber of Commerce (MVCC) would be delighted if they could market the State or the Island in terms of Indian Culture. There is very little for the Northeastern United States to offer tourists in this area and these agencies and organizations know this would give them a *competitive advantage* in attracting tourists. The State is anxious to offer tribal destinations to domestic tourists as well as the growing international communities that want to experience U.S. Indian culture.

THE COMPETITIVE ENVIRONMENT

THE MARKET FOR VISITORS SEEKING TO EXPERIENCE INDIAN CULTURE

There is very little direct competition for tourists and others who want to experience Indian culture in the Northeast U.S. There are two main direct competitors in the region. The ACC has an important marketing advantage over these competitors—the Aquinnah Wampanoag people can educate others about their history from *their own* perspective.

- The Plimouth Plantation is located near Martha's Vineyard on the mainland. It is a museum that offers a living history of 17th century Plymouth and includes an exhibit of the Wampanoag Indians.
- The relatively new Mashantucket Pequot Museum and Research Center (MPMRC) is located in nearby Connecticut. However, most tourists who visit

the MPMRC will do so as an afterthought. They will likely make the voyage to visit the Foxwoods Resort and Casino and may stop at the MPMRC as a secondary option.

Only a limited number of tourists will actually make the voyage to Martha's Vineyard to visit the ACC. Tourists and visitors will most likely make the trip to experience Martha's Vineyard *generally* rather than the ACC *specifically*. Thus, the important marketing consideration for the Tribe is making the Aquinnah Cultural Center *an integral part of the "Martha's Vineyard package."*

THE MARKET FOR TOURISTS WHO VISIT THE VINEYARD

The Aquinnah Cultural Center will face much stiffer competition from other entities that are competing for short-term Island visitors, particularly day tourists. People who stay on the Vineyard for only one day make up a huge portion of the overall number of Island visitors; the competition for these tourists is fierce. The Aquinnah Cultural Center should

focus a large part of its marketing efforts on capturing a sizable portion of this market. The Tribe must be able to offer tourists a compelling reason to visit the ACC as opposed to any other destination attraction. The team responsible for marketing the ACC should devote considerable time to answering the question: *Why should they come visit the Aquinnah Cultural Center as opposed to any other destination attraction on Martha's Vineyard?*

CAPTURING THE TOURIST MARKET	
<i>Potential Obstacles</i> ➡ <i>Possible Solutions</i>	
ACC located in a remote, rural location	Contract with bus & tourist companies to take visitors to the ACC
Only other attractions in Aquinnah are Gay Head Cliffs & public beach	Long-term planning for other commercial developments to offer tourists a package
Only one bus company takes visitors to Aquinnah	Buy or rent van to transport tourists to the ACC & other destination attractions in area
People who plan on visiting the Island not aware of ACC	Create web site with links to other Island destination attractions & work with agencies promoting tourism

THE ACC MUST BE BROAD-BASED TO APPEAL TO EXTERNAL AUDIENCES

Most Island visitors will not view the ACC as their destination attraction. To capture this market, the Tribe will have put together a more complete package, as the ACC will have to cut across many different elements.³⁷ By packaging the ACC with other destination attractions, the chances of the Center being able to compete and draw people improve over time.

The ACC must also be prepared for economic downturns. The tourism industry is typically sensitive to fluctuations in the economy. Furthermore, research indicates that there is an ebb and flow in the popularity of Indian culture.³⁸ A broad-based appeal offering various amenities to attract visitors is very important. The more diverse the Center is in its offerings, programs, and sources of revenue, the greater chance it will have of being sustainable over the long-term.



ACTION ITEMS & TIMELINE

ACTION ITEM	Responsible Party	Now	6 Months From Now	1 Year From Now	Ongoing
REFORMING THE ADMINISTRATIVE STRUCTURE OF ACC					
Establish the current Board of Directors as a provisional Board	ACC	✓			
Decide if the ACC should create an Advisory Board or expand the size of the current Board	ACC	✓	✓		
Board training and development	ACC	✓	✓	✓	✓
Board make presentations at Tribal Council meetings	ACC AWTG	✓	✓	✓	✓
Implement the new Board structure	ACC		✓	✓	
Decide on ACC organizational structure (flat or hierarchical)	ACC	✓	✓		
Implement new organizational structure	ACC		✓	✓	
Establish standard operating procedures for use of donors' gifts and monies	ACC		✓	✓	
Publish ACC annual report	ACC			✓	✓
DEFINING THE ROLE OF THE ACC IN ECONOMIC DEVELOPMENT					
Devise a long-term economic development strategy which includes an analysis of the role of the ACC	AWTG ACC	✓	✓	✓	✓
Decide on the visionary model the ACC will adopt	AWTG ACC	✓			
Incorporate visionary model into ACC development plans	AWTG ACC	✓	✓	✓	

ACC: Aquinnah Cultural Center Board of Directors
 AWTG: Aquinnah Wampanoag Tribal Government

ACTION ITEMS	Responsible Party	Now	6 Months From Now	1 Year From Now	Ongoing
FUNDING THE ACC					
Decide on package to fund initial construction costs of the ACC	AWTG ACC	✓	✓		
Fundraising events and campaigns	ACC	✓	✓	✓	✓
Apply for grants	ACC AWTG	✓	✓	✓	✓
Pursue corporate sponsorship	AWTG ACC		✓	✓	✓
Tribe give a matching grant to ACC	AWTG	✓			
PUTTING THE PIECES TOGETHER: A COLLABORATIVE EFFORT					
Community consensus-building process	ACC AWTG	✓	✓	✓	
Conduct a marketing study	AWTG	✓	✓	✓	
Work with state and local organizations promoting tourism	ACC AWTG		✓	✓	✓
Aggressive marketing to attract visitors	ACC AWTG		✓	✓	✓
Contract with local tour and bus companies	ACC AWTG		✓	✓	✓
Create a traveling promotion of the ACC	ACC	✓	✓	✓	
Establish website for the ACC	ACC AWTG		✓	✓	
Hold public Island "town hall" meetings	ACC AWTG		✓	✓	
Initiate programs with local schools	ACC AWTG			✓	✓

ENDNOTES

-
- ¹ Jim Fuller, Interview
 - ² Both the *Aquinnah Cultural Center Strategic Plan* and the *Wampanoag Cultural Tourism Plan*, prepared by Susan Guyette have already addressed these issues.
 - ³ This section was heavily drawn upon from an interview with Johnpaul Jones
 - ⁴ This was later approved by the general Tribal membership
 - ⁵ This concern was reiterated throughout several interviews with ACC Board members
 - ⁶ Currently, however, only the ACC Board is functioning in any capacity since the Center only exists conceptually at this point
 - ⁷ Christine Letts, Interview
 - ⁸ Sherry Salway Black, Interview
 - ⁹ Numerous interviews with directors and staff of tribal nonprofits as well as other authorities on this matter revealed this notion. See Sources for additional information.
 - ¹⁰ First Nations Development Institute, Nonprofit Study
 - ¹¹ *Setting the Record Straight*, Andrew Aoki and Dan Chatman
 - ¹² First Nations Développement Institute, Nonprofit Study
 - ¹³ Christine Letts, Interview
 - ¹⁴ Tim Johnson and John Carlin, Interview
 - ¹⁵ Johnpaul Jones, Interview
 - ¹⁶ This is the fundamental concept of Nation-building as developed by Stephen Cornell and Joseph P. Kalt. For more information on this concept, refer to numerous articles written on this subject by Cornell and Kalt
 - ¹⁷ These figures are rough estimates and are not meant to portray a precise development cost. Instead, they are used to illustrate the point of the *approximate* amount of funds necessary for developing the initial phase of the ACC so the Tribe can more effectively leverage resources and establish a physical presence on Martha's Vineyard
 - ¹⁸ The term packaging, as used in this context, is attributed to an interview with Ed Zelinsky
 - ¹⁹ Though this is a fundamental concept in Finance literature, the idea in this particular context can be attributed to an interview with Shelby Chodos
 - ²⁰ Fogarty, Mark. "Mortgages: Crossing into Indian Country," *US Banker*. (available at <http://www.banking.com/usbanker/art10.htm>).
 - ²¹ Michael E. Roberts, *A Tribal Guide for Evaluating and Structuring Investment in Small Business*, Business Alert, First Nations Development Institute, September/October 1998, Vol. 13, No. 5.
 - ²² Michael E. Roberts, *A Tribal Guide for Evaluating and Structuring Investment in Small Business*, Business Alert, First Nations Development Institute, September/October 1998, Vol. 13, No. 5.
 - ²³ Karen Cooper, Interview
 - ²⁴ Tony Poderis, *It's a Great Day to Fundraise*, web site
 - ²⁵ Nancy Mahaney, Interview
 - ²⁶ First Nations Development Institute, Nonprofit Study
 - ²⁷ Ed Hall, Interview
 - ²⁸ Ed Hall, Interview. See also reports by *Native Americans in Philanthropy*
 - ²⁹ Nancy Mahaney, Interview. See also reports by *Native Americans in Philanthropy*
 - ³⁰ Nancy Mahaney, Interview
 - ³¹ Karen Cooper, Interview
 - ³² For more information see *Capitalization Strategies for Community-based Nonprofit Organizations*, by First Nations Development Institute and various reports by *Native Americans in Philanthropy*
 - ³³ Self-reported survey of 18 tribal chairs, Senior Executive Education Program for Tribal Leaders, College of Business, Northern Arizona University, Flagstaff, Arizona, June 1990. Source: Cornell, Stephen and Joseph P. Kalt, "What Can Tribes Do? Strategies and Institutions in American Indian Economic Development," American Indian Studies Center, University of

California at Los Angeles

³⁴ Karen Cooper, Interview

³⁵ Podziba, Susan L. *Social Capital Formation, Public-Building and Public Mediation: The Chelsea Charter Consensus Process.* The Kettering Foundation. 1998.

³⁶ *What is Marketing?*, (available at www.nonprofit-info.org).

³⁷ Ed Hall, Interview

³⁸ Ed Hall, Interview. This is evidenced by the typical 7 year cycle of Southwest Indian jewelry sales and tourism

APPENDICES

Appendix A _____

**MARKETING A
NONPROFIT: COMMON
QUESTIONS**

MARKETING A NONPROFIT: COMMON QUESTIONS

Why would nonprofit organizations want to market?

All have something they want others to know about: They need to do marketing in order to fulfill their mission.

A few areas that organizations may want to market (promote) are: memberships, client slots, student slots, professional positions, goodwill in the community, services or products to sell (e.g. sheltered workshop, plants from a nursery), willing workers (e.g., supported employment), and opportunities for volunteers.

Why are nonprofits so reluctant to market?

Some may think that it costs a lot of money (it doesn't) or takes expertise they don't have (it often does). Many, especially social service agencies, are reluctant to toot their own horns. They do not realize that the agency who tooteth not, playeth not.

Where can I find some simple marketing ideas?

There are plenty of good marketing ideas around. For a list of no cost and low cost marketing ideas, see the Guerrilla Marketing books by Jay Conrad Levinson. (Plume Books, Inc.) There is even a Guerrilla Marketing web site (<http://gmarketing.com/>). It will only take a short time to convert the ideas initially written for small business to small agencies. But just getting ideas aren't the only answer. You really need to take a strategic planning approach to your marketing.

What if all our money comes from government or donations?

You still have to market. Every step in getting contracts and grants should be approached as a marketing project. Conducting an agency site visit and or renegotiating contracts are both marketing activities. Making your facility look good, briefing your people, planning for negotiations, working through local politicians, all involve good marketing. Of course, fundraising is a specialized form of marketing.

How do I market my agency?

You start by defining your product, your market, and your strategy. For example, you may want to market speech therapy and audiology to school-age children. You decide to offer very low cost speech and hearing screening to local area private schools (because the public schools already offer such a service free of charge). You invite the area school masters to a reception at your agency, present your therapists and make a presentation. You also offer to give speeches to their parent-teacher organizations.

How do I define my programs so people will understand?

Sometimes you and your staff can do it, other times you may want your clients to help you define it. Example: A cultural, educational, and social organization wanted to increase membership. It conducted a series of focus groups with current and former members. It found that its programs were not perceived as worth their cost. They then spent considerable time refining their programs and also did a better job of describing them in the program guide.

How do I determine my market?

For-profit organizations determine their markets by conducting marketing research. As a nonprofit, however, your program and mission drive some of your market direction. You need to do two things:

- a) decide who you are trying to reach.
- b) make sure there are enough of those people and that they want or need what you are trying to market to them.

There are untold dozens of lectures about not making your market too broad or too narrow but only you can decide that.

Most importantly: Do the same careful analysis of your potential donors. (See "The Chronicle of Philanthropy," for an analysis of donor mindset.) Even when there seem to be enough donors who can support the organization, there may be other factors: competition for the donated dollar, etc., that prevent your getting enough support.

To whom do I aim my marketing?

You should address your marketing to everyone with whom you have transactions:

- Your clients
- Your volunteers
- Your board members
- Your oversight agencies
- Your donors
- The people you sell services to
- The families of your clients
- Your members
- Your students
- Purchasers of your goods or services

Obviously, it depends heavily on what you are marketing. You market your agency's image to all those groups listed above.

How do I set my marketing strategy?

You sit down with your board, your key staff, and other interested parties and talk through the key issues facing your organization. Concentrate on who you are, where you want to go, what your strengths, weaknesses, opportunities, and threats (SWOTs) will be over the next five years. Then you prepare a marketing plan. The Strategic Planning Workbook for Nonprofit Organizations, written by Bryan Barry and available from the Amherst H. Wilder Foundation, 919 Lafond Avenue, St. Paul, MN 55104 (612-642-4025), is a useful guide; their web site is at <http://www.wilder.org/>. More detailed help can be obtained from the National Center for Nonprofit Boards, 2000 L Street, NW, Suite 510, Washington, DC 20036-4907, in their publications on setting organizational strategy; see <http://www.ncnb.org/strategic.html>.

What are some simple things I can do to get started at low cost?

Assuming you have some idea about what you want to market and to whom, you can:

- Make speeches to civic clubs and leave brochures on the tables.
- Train your people to do a better job of answering the phone (the phone company may be willing to provide this).
- Put out a newsletter.
- Make sure your place looks good, especially signs and landscaping.
- Schedule open house days and tours.
- Offer promotional incentives, such as extra months of membership or half price on a course when you bring in a new member.
- Take advantage of other organizations that can bring you business. For example, NISH (<http://nish.ew.net/>) finds government agencies that need products or services provided by organizations that employ individuals with severe disabilities.
- Keep a list of the places which make referrals to you (I&R agencies, the "community pages" in the phone book, local Internet community guides, etc.) and set a date every few months to review them for accuracy and completeness. Update the entries for your organization at the Idealist and Guidestar websites so that they tell a more complete story. See <http://www.idealists.org> and <http://www.guidestar.org>

What is marketing research?

Marketing research is a process which allows the organization to understand its market and its environment. It is the means by which the agency chooses among alternative marketing choices. It is as simple as talking to your constituents or as complicated as quantitative research.

One of the most common techniques is called the focus group. In such a procedure, 8 to 12 respondents sit around a table and respond to questions or ideas brought out by a highly trained moderator. The comments of the group are carefully evaluated to arrive at

a qualitative understanding of how people react to your product or service. Other marketing research methods include surveys, questionnaires, and telephone polls.

How is market research different from marketing research?

Marketing research is a broader term which covers the whole marketing environment. Market research only applies to finding out about your market, demographics, profile, etc.

When should I conduct marketing research?

Before you undertake marketing, i.e. send out a brochure, hold an open house, or speak to a Rotary Club. You need to know things about your market and its needs before you start.

How do I do marketing research?

Very carefully, if you intend to do it, yourself. Seriously, start with a comprehensive introduction such as Aaker and Day, *Marketing Research: Private and Public Sector Decisions*, New York: Wiley, 1980. Use the expertise of board members or volunteers who have training in marketing research. Ask for pro bono help from local marketing firms. Remember that nonprofits are far more complicated than for-profits and so is the marketing. You probably won't have the big budgets for advertising and PR that for-profits have, either.

How do I do some low cost marketing research?

If you want to get some general ideas about what and how to market, try running some meetings with randomly selected members of your "customer pool." These are called focus groups by the pros but they really consist of discussion sessions about what people want from your agency and what they think of you. The most important rule is to "play dumb", i.e. don't put words in their mouths. Listen to what they have to tell you.

What's this business about internal marketing?

Actually, it's very GOOD business - for nonprofits and for-profits. If it's good for your constituents, it's good for your staff. Besides, it's important for everyone on the team to know the same information. What do you do if a staff member gets a call from the local newspaper and hasn't been told about your planned event?

How do I carry out internal marketing?

Get staff members involved in your planning. Ask their opinion about marketing materials and procedures. Treat them as another focus group. Finally, spend time selling your staff on the marketing concept. Make sure they understand and agree.

What influences people's reactions to npo materials?

According to Ted Flack (t.flack@qut.edu.au), the finding of both research projects was that "reputation" is one of the factors that impact the broader notion of "trust" and that trust is a central element in the decision to give.

The trust factor is made up of a raft of interrelated impressions which include:

- Length of time since establishment (old = trusted) Stewardship record (not wasteful) Well governed (respected people associated) Money will get to the cause (efficient administration and fundraising) Good services (good services = good physical facilities) Style of agency. (Overall impression gained from contact with/printed material from the agency.)
- The notion that agencies have "style" was explored in follow up research by asking focus groups to describe the agency in terms of human personality. I recall the shock of the Board (which included some very empowered women) when they read that the overall impression of their agency among the focus groups was like meeting a middle aged, old fashioned unmarried aunt, who is very prim and proper, careful with her money, tending to be a little cold and formal but very trustworthy!

Can special events raise money with little cost?

Events rarely raise serious money until they have become well-established, much anticipated community traditions. This requires a great deal of work, faith, and donor cultivation, as well as years of refining and expanding the event.

Unless your community is hungry for events, time and energy might better be spent in other ways. Most organizations considered successful in fundraising regard events as public relations efforts and important elements for donor recognition, rather than significant fundraisers.

Source: Ina Frank

Are there scholarly journals in the field?

- The major one is the Nonprofit and Voluntary Sector Quarterly, formerly the Journal of Voluntary Action Research. Now in its 25th year, it is the principal scholarly journal in the area of voluntarism, citizen participation, nonprofit organization, and philanthropy. It is the journal of the Association for Research on Nonprofit Organizations and Voluntary Action (ARNOVA). NVSQ was founded by David Horton Smith.

(NVSQ has a website at <http://www.gspa.washington.edu/nvsq/nvsq.html> with the tables of contents of recent issues -- PB 5/20/98)

- More recent is *Voluntas*, which takes a more international focus. It is the journal linked to the International Society for Third Sector Research (ISTR) and its editor is Jeremy Kendall of the London School of Economics. *Voluntas* is published for ISTR by Plenum Publishing Company (info@plenum.com); for further information about ISTR itself, visit <http://www.jhu.edu/~istr>
- A third journal is *Nonprofit Management and Leadership*, which issues from the Mandel Center at Case Western Reserve University and is edited by Dennis Young. It takes a more applied focus than the other two. See <http://www.cwru.edu/msass/mandelcenter/index.html>
- A new scholarly journal has been developed in the fundraising field by the Indiana University Center on Philanthropy, edited by Dwight Burlingame, the able Associate Director for Research of the Center. For information about Indiana's programs, see <http://www.tcop.org/>
- NVSQ and *Voluntas* are refereed journals, which means that all submissions are reviewed blind (without the author's name being known) by a panel of readers. Nothing is published in a refereed journal that has not been through such a peer review process unless it is clearly identified as such (e.g. Editor's notes, book reviews, etc.) Refereed journals are the coin of the realm in academia, and tend to be far more highly valued in assessing candidates for appointment, tenure, and promotion, than non-refereed journals. Boards of editors of such journals are usually composed largely of academics of established reputation.

Source: Van Til, Professor of Urban Studies, Rutgers University at Camden vantil@crab.rutgers.edu

How can I get non-philanthropic corporate support?

You might appeal to their corporate marketing program instead of to the philanthropy area. If you can help a company get positive publicity, favorable media coverage, etc., then they can treat the donation as an advertising cost. The marketing department usually has a much bigger budget than the donations committee does.

Make sure the results are not just one-time. Give them good PR in your annual report, at the AGM, on signs at events, etc., so you are building a long term relationship with an expectation of annual partnerships/donations.

Where should we place our volunteer ads?

- city and neighborhood newspapers volunteer listings
- paid ads
- human interest stories on your program in print or broadcast media
- school newspapers
- professional association and club bulletins

- senior center bulletins
- employee newsletters
- church bulletins
- other "specialty" publications
- radio and TV PSAs
- TV "People Helper" type features
- TV or radio "volunteer-a-thon"
- cable TV message boards
- celebrity spokespersons
- Yellow Pages ads
- posters on community bulletin boards, at library, grocery stores,
- laundromats, community centers, college campuses
- posting services
- get "on line": get into companies' email systems, local computer
- EBBs, local community newsgroups
- "Bring a Friend" teas for current volunteers
- open house/agency tours
- short, upbeat talks at community or professional organization meetings
- "just ask"
- buttons/bumper stickers
- public talks/education/demos on area of service
- public recognition of your volunteers
- volunteer fairs
- go in with other agencies for publicity during Volunteer Recognition Week
- booth at community events/fairs
- local clergy
- recruitment services through United Way, RSVP, et cetera
- community education classes related to your particular client base or services
- articles in your agency newsletter
- enclosure or "mention" in agency fund raising literature
- special announcements at agency fund raising events
- school community service programs
- court-ordered community service programs
- AmeriCorps program
- your current clients, staff, board and volunteers
- a Web Page of your own
- volunteer hotlines

From "TURNING A VOLUNTEER JOB DESCRIPTION INTO A RECRUITMENT STRATEGY" on the Volunteer Program Management Mini-University (see <http://www.cybervpn.com/>)

What is marketing?

Marketing is the art of making someone want something you have. Nonprofits do a lot of marketing. They generally market in two ways:

- a) Direct marketing of products or services.
- b) Indirect marketing of the agency, its programs and its people.
In these days of greater self-sufficiency, nonprofit organizations are selling goods and services which further their programs as well as bring in revenue. The art of doing that successfully involves marketing.

Their indirect marketing is alternatively known as image-building, friend-raising, membership development, community relations, political activities, or citizen education. It's all marketing.

On-line information on cause and charity marketing

Social and Charitable Cause Marketing [SCCM] is a FREE electronic magazine covering the issues of private industry sponsoring social and charitable causes. In addition to the monthly e-zine, SCCM provides periodic e-mail news on content pertinent to social & charitable cause marketing. Subscribe to SCCM send e-mail to michael@yrkpa.kias.com, write in subject: sccm.

How do we advertise our volunteer opportunities?

A succinct, straightforward recruitment ad will draw more and better volunteers to your program. Let the ad do half your screening for you!

Pattern for recruitment blurb:

[Motivational appeal/goal] by [task] for [persons or goal] for [time required] in/at [general location]. [Reward]. Training provided. [Any requirements/qualifications]. For more information call [recruiter's name] at [organization/program] at [phone number].

Examples:

- You can help seniors remain independent in their homes by delivering meals three days a week in your neighborhood. Here's a chance to put in a great day's work helping others! Training provided. Must have car. For more information call Jane Doe at Meals for Seniors at 555-1234
- Brighten the day and share a meal! Help prepare and serve lunches at the Parkhurst Adult Day Care in Ballard one to three days a week! We're looking for "people"

people who like to visit and have fun. Training provided. To receive more information about joining the team, call John Smith at 555-5678.

- Do you want to help create a better life for our seniors? Community agency advocating for senior rights is looking for "just do it!" individual to spearhead public information campaign. We need your firm handshake, persuasive tongue and about ten hours of your time per month! Training provided. To learn more about this exciting opportunity, call Georgia Brown at Elderveice at 555-9876.
- Earn the smile and appreciation from a homebound neighbor simply by stopping by once a week with flowers, your child's school artwork and an hour of your time. Neighbor's Keeper is a program offered by The Old Stone Church in West Seattle. We value our volunteers and provide them with all the help they need to bring companionship into the lives of lonely seniors and disabled people. Training provided. Call Sara Sotta at 555 4321 for information.

From "What's our Recruitment Message?" in the Volunteer Program Management Mini-University at <http://www.cybervpm.com/>

How can one attract attention to a new web site?

- Add your organization's e-mail address and Web address to all literature (business card, letter head, newsletters etc.) right next to your "snail mail" address and phone number
- Announce the launch of your Web site or bulletin board conference site, as well as changes to your site in your newsletter
- Email Web masters at Web sites that relate to your organization, and ask them to link to your site.
- Register your Web site with every Web search engine you come across. Submit It! <http://www.submit-it.com> is a good facility for making multiple registrations. The four most popular web search engines are probably:
 1. Altavista, <http://www.altavista.digital.com>
 2. Yahoo, <http://www.yahoo.com>
 3. Webcrawler, <http://www.webcrawler.com>
 4. Infoseek, <http://www.infoseek.com>
- List your URL address in every email signature on every e-mail you send. Encourage all staff members to do the same.
- Send press releases to local newspapers and professional publications announcing your Web site and/or bulletin board site, and remember to add your email address and Web address to all press releases. For instance, on a press release announcing a new publication, add a paragraph that says (if applicable) "This new publication can be

accessed via our Web site at... " Note that, for some publications, any use of the Net is still news; other publications will only report on innovative uses.

- Announce your online site(s) on appropriate Internet newsgroups and list servers, and on electronic bulletin boards (however, please remember your etiquette and don't announce it on Internet newsgroups or bulletin boards that do not relate to your organization). When you've made a major change or addition to your site (a homeless shelter adds all of the data of its printed service directory to its Web site, for instance), send out a press release and post on appropriate newsgroups and list servers. You may even want to do a special mailing to your clientele, if they will find the information particularly valuable. Also, put a note in each of your newsletters announcing the latest additions to your web site.
- Participate regularly in relevant email lists and newsgroups to offer relevant answers to queries; this activity will build a reputation for your organization and its Web site as a valuable resource monitor, if you can (via tracking software, on-line questionnaire or form, etc.), the number and type of people visiting your site(s). This can help you see how successful your marketing efforts are, and where adjustments need to be made.
- Make sure that your staff, in particular, your executive director and the person who answers the phone, are well-versed in your organization's on-line activities and know how to refer people as appropriate.
- The key to successful Internet marketing is to accept it is a never-ending process. New WWW sites, newsgroups, lists emerge regularly and existing ones disappear. You need to track with regular searches new sites with whom to link and new lists on which to announce your organization and its service. To market efficiently you have to immerse yourself to some degree in using the Internet regularly.
- Other Resources:
 - 1.) <http://www.webcom.com/jac/promote.html> -- "Promoting Your Nonprofit Online," a tip sheet by Jayne Cravens
 - 2.) http://www.cerf.net/cerfnet/cerfnet_news/tips.html -- "Ten Tips for New Online Businesses," by CERFnet, an Internet provider
 - 3.) <http://www.netpost.com/speaking/npodc/private.html> -- Outline with live links used by Eric Ward for his presentation at Nonprofits Online '98
 - 4.) <http://www.netpost.com/speaking/web98sf>, an updated version

Source: Edited in February 1996 by Jayne Cravens and Philippa Gausc

Some Texts on Marketing for Nonprofits

1. Herron, Douglas (1997) Marketing Nonprofit Programs and Services. Jossey-Bass.

2. Kotler, P. (1996) *Marketing for Nonprofit Organizations*. (5th ed.). Englewood Cliffs, NJ: Prentice Hall, Inc.
3. Kotler, P. & Andreasen A. (1996) *Strategic Marketing For Nonprofit Organizations*. (5th ed.). Englewood Cliffs, NJ: Prentice Hall, Inc.
4. Lovelock, Christopher (1990) *Public and Nonprofit Marketing: Readings and Cases*. Scientific Press.
5. Lovelock, Christopher & Weinberg, Charles. *Services & Nonprofit Marketing*. (2nd ed.). Redwood City, CA: Scientific Press (currently out of print).
6. McLeish, Barry M. (1995) *Successful Marketing for Nonprofit Organizations*. New York: John Wiley.
7. Rados, David L. (1996) *Marketing for Nonprofit Organizations*. (2nd ed.). Auburn House Pub.
8. Though not a text, Mel Moyer's chapter "Marketing for Nonprofit Managers" in Bob Herman's *Handbook of Nonprofit Leadership and Management*.

From Roland J. Kushner of the Department of Economics and Business at Lafayette College, Easton, PA
(KushnerR@lafvax.lafayette.edu)

How to Get Celebrities to Help

You want CELEBRITIES to volunteer to disseminate information on behalf of your organization that works to help disabled people. For that, I guess we have to find out what celebrities either have disabilities, have children or parents with disabilities, or are involved in the issue for some other reason.

The one that immediately comes to mind is "Linda" from Sesame Street. I'm sure there are others. If you don't know anyone who knows the celebrity you choose, or is connected with his/her employer, you could write a letter directly to the celebrity. Start with a summary, such as "this is a letter of request for" and then tell WHY you chose this particular person, so the celebrity will see that this request was specifically targeted and well-thought-out, not just a mass direct mail campaign. Flattery is not flattery if it is honest and sincere.

Then introduce your organization, giving your mission, telling of the importance of the service you do, and add a short success story or two. Nobody will be impressed with a bunch of glowing superlative words. Give real facts. Tell how many people you help each year and exactly what that help consists of.

Some will want to know why you are the best qualified to do this service, and who else in town also does it, if you can work together, (or how you are different if you can't), and who else supports you with gifts of time and/or money.

Most will also want to look over your annual income/expense budget so they can see where your money comes from and what you do with it. You certainly can list the actual cash value of donated time and money in this statement, but **MAKE IT CLEAR** that this is what you are doing. If the last celebrity donated \$25,000 worth of his/her time, make sure you say that that's where you got the \$25,000 income and expense item in the budget.

You should send a listing of your Board members and their professional affiliations too. Maybe the celebrity knows one of them or works with their company.

If there is something in it for the celebrity, it is OK to say that, too, such as, "the public service ad will be distributed to 100 television stations, and thousands of newspapers and magazines, and based upon our experience, we can expect (___number___) major national magazines to publish a full-page version of it, bringing public recognition for your generous voluntary service work." In order to make an informed decision, most will also want to know your IRS (non profit) status, and whether you receive funds from taxes, the United Way, or other federated funding organizations.

If this sounds really hard to write, don't let it scare you off. All that is required is clear, logical, step-by-step listing of the facts and reasons. You probably want to start with a good emotional "hook," to insure that the person will be interested enough to read the rest of the letter, but after that, it is facts, not creativity, that you need.

And after I just told you of a hundred things to put in the letter---make it **SHORT!!!!** This means editing it down to just the essential items. They probably will get bored after 2-3 pages of written words and won't read any further. If they can fit multi-million-dollar TV commercials in 60 seconds, you can distill your request to a few pages.

Last, let a few other people read and react to your letter before you send it off. You'll be surprised at the good ideas many will have, or the strange way they interpreted what you thought you had expressed so clearly.

From Janice McKay of California State University

How effective is a newsletter as a development tool?

If done correctly, newsletters can be a valuable fund raising tool. Some points to remember:

1. Quality first. Poorly written/designed copy is a great turn-off. Make it informative as well as interesting. A little self-serving is o.k., but don't over do it. Remember, no

newsletter is valuable if it doesn't make the reader want to read it. Doesn't have to be expensive ... just good.

2. Always enclose a BRE for gifts ... and don't be afraid to tie a fund raising appeal with the articles. For example, after writing about a program you provide, don't be afraid to also say how donors dollars can help that program.
3. Do you have a donor list to mail to? Newsletters work best with people already committed to your cause, but you can purchase/rent-targeted lists and use your newsletter as a relatively inexpensive donor acquisition/public information tool.

Source: Bill Krueger

* * * * *

Realistically, however, a newsletter is best suited for maintaining existing relationships -- vesting donors with a sense of ownership and involvement and keeping them up to date with how their money is being spent. A well-crafted newsletter can increase donor participation, especially when stories help to put a human face on your work. Too much rah-rah, however, can smack of self-promotion, which could turn donors off.

The success of direct solicitation through a newsletter is most effective when it links directly to one or more of the stories you are telling in the publication. If you tell a story about how 'Angie' has recovered from heroin addiction because of your program, for example, then include a BRE asking for a donation to 'help people like Angie.' The more passive the request -- simply putting in a blurb in the publication asking for money, or asking readers to cut out a card and return it with a donation -- the less effective it will be.

Rare is the new donor who gives simply because he or she read the publication from cover-to-cover and says "Wow, what an organization!" Usually, a quick glance is all you can expect, so the same journalistic rules apply here as in a newspaper or magazine -- put the important stuff up front, and keep stories concise and focused.

Source: Bob Curley, of Join Together RI

* * * * *

A newsletter is most useful after a community attitudes audit--after you know what the community does and does not know about the organization. A newsletter works best in development when you know the attitudes and interests of present and potential donors. It won't generate money, but it creates a climate for giving. To know those attitudes and interests you have to ask.

Source: Charles R. Putney

* * * * *

One type of newsletter contains mainly information about the fund-raising effort, projects at the institution, etc. This newsletter does indeed go to donors, not prospects.

Another type of newsletter contains helpful financial/estate planning information. It's an ongoing, (usually) quarterly publication that forms the core of the education phase of your development program. You send this newsletter to prospects as well as donors, for instance: prospects age 45 and older; donors above a certain amount (this varies according to the institution); board members, key staff members; CPAs, attorneys and trust officers from the community; and the like. The bottom line in any marketing program is, of course, soliciting gifts. But with the financial/estate planning newsletter, the focus is much more subtle. You want the reader to benefit from the information whether or not they give you a dime. You don't include a BRE asking for a donation -- you include a BRE inviting the reader to request more information on the subject.

This is also part of the trust-building process. A prospect for a major/planned gift has to learn to trust both the organization AND the development officer who represents it.

The type of newsletter doesn't operate independently, of course. You don't just send out the newsletter and expect it to single-handedly build trust, educate prospects, promote your mission and fill your coffers with charitably motivated dollars. The newsletter is PART OF your marketing program. But, used properly—it can be a powerful tool.

It also gets expensive to mail out such publications to everyone, so target them as you would any other marketing promotion. Decide what you want to accomplish. If you want to keep donors apprised of the progress of your capital campaign, annual fund, whatever, then consider a "newsy" newsletter. And be judicious in the number of times you enclose a BRE asking for money.

If you want to build a lifetime relationship with a prospect, educate him in the subject of wills, trusts, retirement planning, estate taxes, etc., as well as charitable giving; promote your mission in a subtle, low-key and highly effective way; and ultimately increase your endowment through major/ planned gifts, then launch a financial/estate planning newsletter.

Source: Cyndi Layne

* * * * *

Content is key. Readers will quickly see through shallow articles that are really a shill for donations. Take the job of developing story ideas seriously. Also, it is worthwhile to investigate if other non-profits in your area are doing similar work. These types of publications lose their impact if they are sent out by 10 different groups and contain similar, general content. One idea for getting around this: find an informational niche to fill.

Source: Bob Curley

How can we be listed in the Encyclopaedia of Associations?

Non-profit groups may find it useful to be listed in the Encyclopedia of Associations, a directory of national non-profit groups in the United States, so that journalists, researchers and potential new members can get in touch with you more easily. There is no charge to be listed in the directory.

The Encyclopedia of Associations is published by Gale Research of Detroit, a well-known publisher of reference books. Your local library probably has a copy of the Encyclopedia of Associations that you can look through to see how other non-profit groups are listed.

To request a questionnaire, send an e-mail (ndallen@interlog.com), or contact:

Encyclopedia of Associations
Gale Research
27500 Drake Rd.
Farmington Hills, MI 48331-3535
e-mail: Tara.Sheets@gale.com
telephone (248) 699-4253
fax (248) 699-8061

Source: Nigel Allen, Toronto, Ontario, Canada ndallen@interlog.com Web page: <http://www.interlog.com/~ndallen/>

What Must Be in an Annual Report?

No Federal or state statute or regulation requires a charity to publish an "annual report," apart from its Form 990 (or other comparable state document). Accordingly, there would be no rules governing the content of such reports.

Charities that wish to participate in workplace campaigns, such as United Way, Combined Federal Campaign, etc., may be required to submit an "annual report" with their application, but there are probably not detailed rules regarding the contents of those reports because, e.g., the CFC also requires submission of Form 990 and the audited financial statements.

There may be such rules relating to applications for grants or contracts from Federal, State, or local governments, or from private foundations. These rules would be imposed by the contracting agency or grantor. And, of course, there are annual reporting requirements related to maintaining corporate status and to complying with charitable solicitations regulations; these vary from state to state.

Of course, the most important reason to publish an annual report is for donors, and then the information to be included in the report will be shaped by the charity's perception of its audience. An "annual report" can include both the entire report on the audited financial statements, Form 990 (with attachments), and a textual report of the charity's

accomplishments and plans. This would be something like the reports (not the proxy statements) that stockholders of public companies receive in advance of the annual stockholders' meeting (but, in recognition of cost constraints, perhaps should not be quite as glossy).

Source: Chip M. Watkins

* * * * *

The perception that non profits must produce an annual report may stem from the requirements of the BBB and other such organizations - the excerpt below is from the Council of Better Business Bureaus' Philanthropic Advisory Service. (see <http://www.bbb.org/about/charstandard.html>)

"-Public Accountability 1. Soliciting organizations shall provide on request an annual report. The annual report, an annually-updated written account, shall present the organization's purposes; description of overall programs, activities and accomplishments; eligibility to receive deductible contributions; information about the governing body and structure; and information about financial activities and financial position."

Source: John Hines

Do people volunteer more during the winter holidays?

Independent Sector biennial surveys on the trends in private giving and volunteering show that the greatest predictor of whether a person gives or volunteers is whether or not they were asked. Another predictor is media attention about a particular volunteer opportunity. The Christmas surge may be explained in part due to the increased asking for help at this time and the increased media attention to volunteer activities at this time.

To request a copy of the IS study of trends in private giving and volunteering, contact Aaron Heffron at Independent Sector, 1828 L Street, NW Suite 1200, Washington, D.C. 20036. (aaron@indepsec.org).

Source: Aaron Heffron (aaron@indepsec.org)

Note: Reprinted with permission from The Evergreen State Society for the Internet Nonprofit Center. (available at <http://www.nonprofits.org>).

Appendix B _____

**BOARD OF DIRECTORS:
COMMON QUESTIONS**

BOARD OF DIRECTORS: COMMON QUESTIONS

What are the key duties of the board?

- Determine the organization's mission and purposes
- Select the executive staff through an appropriate process
- Provide ongoing support and guidance for the executive; review his/her performance
- Ensure effective organizational planning
- Ensure adequate resources
- Manage resources effectively (the buck stops with them, ultimately)
- Determine and monitor the organization's programs and services
- Enhance the organization's public image
- Serve as a court of appeal
- Assess its own performance

From "Ten Basic Responsibilities of Nonprofit Boards," published by the National Center for Nonprofit Boards, Washington, DC 20036. <http://www.ncnb.org>

The website created by the New York Attorney General has a guide booklet on board members' duties and responsibilities - it is called "Right from the Start - A Handbook for Not-for-Profit Board Members" - and it can be found on <http://www.oag.state.ny.us/moneymatters/charities/duties.html>.

For legal responsibilities, refer to the American Bar Associations *Guidebook for Directors of Nonprofit Organizations*.

Members of Boards of Directors -- most frequently the Board President -- occasionally lose sight of the generally accepted operating principle that no action or directive of functional committees of the Board, or of individual Board members, can have any force or effect unless it is approved by the full Board. Thus, Board committees and individual members may make recommendations for consideration and action by the Board, but they would normally be considered "out of bounds" if they attempted to give direct instructions or orders to the Executive Director and/or members of his/her executive staff. Those orders should generally come in the form of resolutions adopted by the full Board.

On the other hand, it is concerning when the only member of an agency's executive staff who speaks to the Board during its meetings is the Executive Director. One of the key responsibilities of these organizations is to be constantly training and developing their human resources and their component project leaders for bigger and better things. Thus, when various project directors of an agency called upon to join with their Executive Director in meetings with the Board's project oversight committees, and to give their progress reports during meetings of the full Board -- while the Executive Director, as "conductor or the orchestra," gives the overall introductory or wrap-up summary and "chairs" the presentations of his/her staff -- it shows that the agency's executive

leadership probably has its priorities straight. That is to say, the Executive Director does not appear to be excessively preoccupied with preserving and protecting the exclusivity of his/her position by serving as the sole informational conduit/filter of information to the Board. When such protective or "turf" considerations are apparent, it tends to suggest that program performance and/or staff training and professional development are being relegated to second or third place, and that a "cult of Executive Director personality" may be in effect.

This is a touchy subject, because it has been rightly stated that often the creation, operation, and success of any organization can only take place within the long shadow of a single individual. Many corporations are the brain-child and life's work of their CEO or Executive Director. These people can be understandably – and sometimes excessively -- possessive and protective of what they have created. This can be complicated by the fact that in some cases the executive leadership of non-profit public service agencies has fallen victim to an egocentric personality trait that, which -- in its negative manifestations -- can lead to an excessively self-righteous, autocratic, manipulative style of agency management. While this can also have some positive implications, a serious challenge that we all face is to guard against its adverse effects.

Source: Dave Matthews

What are job descriptions for nonprofit board members?

Board directors are trustees who act on behalf of an organization's constituents, including service recipients, funders, members, the government, and taxpayers. The board of directors has the principal responsibility for fulfillment of the organization's mission and the legal accountability for its operations. This means that as a group they are in charge of establishing a clear organizational mission, forming the strategic plan to accomplish the mission, overseeing and evaluating the plan's success, hiring a competent executive director and providing adequate supervision and support to that individual, ensuring financial solvency of the organization, interpreting and representing the community to the organization, and instituting a fair system of policies and procedures for human resource management.

Board members have a duty of loyalty to the organization, its staff and other board members. While differences of opinion are sure to arise, board members should seek to keep disagreements impersonal. By practicing discretion and accepting decisions made on a majority basis, board unity and confidence will be promoted.

Board members accomplish their functions through regular meetings and by establishing a committee structure that is appropriate to the size of the organization and the board. Ideally, board members arrive at meetings prepared and ready to engage in thoughtful dialogue, and there is a group process which generates and uses the best thinking of its members.

Boards should be open to self-evaluation and regularly review their own composition to ensure constituent representation, and board expertise and commitment. Boards also are responsible for evaluating and determining compensation for the executive director.

BOARD MEMBER POSITION DESCRIPTIONS

Position Title: Chairperson of the Board

Function:

As Chairperson of the Board, assure that the Board of Trustees fulfills its responsibilities for the governance of the Institution. Be a partner to the CEO, helping him/her to achieve the mission of the Institution. Optimize the relationship between the board and management.

Responsibilities:

Chair meetings of the Board. See that it functions effectively, interacts with management optimally, and fulfills all of its duties. With the CEO develop agendas. With the CEO recommend composition of the Board Committees. Recommend committee chairperson with an eye to future succession. Assist the CEO in recruiting Board and other talent for whatever volunteer assignments are needed. Reflect any concerns management has in regard to the role of the Board of Trustees or individual trustees. Reflect to the CEO the concerns of the Board of Trustees and other constituencies. Present to the Board an evaluation of the pace, direction, and organizational strength of the Institution. Prepare a review of the CEO and recommend salary for consideration by the appropriate committee. Annually focus the Board's attention on matters of institutional governance that relate to its own structure, role, and relationship to management. Be assured that the Board is satisfied it has fulfilled all of its responsibilities. Act as an additional set of eyes and ears. Serve as an alternate spokesperson. Fulfill such other assignments as the Chairman and CEO agree are appropriate and desirable for the Chairman to perform.

Position Title: Member, Board of Trustees

Function:

Provide governance to the organization, represent it to the community, and accept the ultimate legal authority for it.

Duties:

Planning

Approve the Institution's philosophy and review management's performance in achieving it. Annually assess the environment and approve the Institution's strategy in relation to it. Annually review and approve the Institution's plans for funding its strategy. Review and approve the Institution's five year financial goals. Annually review and approve the Institution's budget. Approve major policies.

Organization

Elect, monitor, appraise, advise, support, reward, and, when necessary, change top management. Be assured that management succession is properly being provided. Be assured that the status of organizational strength and manpower planning is equal to the requirements of the long range goals. Approve appropriate compensation and benefit policies and practices. Propose a slate of directors to members and fill vacancies as needed. Annually approve the Performance Review of the CEO and establish his/her compensation based on recommendations of the Personnel Committee and Chairman of the Board. Determine eligibility for and appoint Board Committees in response to recommendations of the Nominating Committee. Annually review the performance of the Board and take steps to improve its performance.

Operations

Review the results achieved by management as compared with the Institution's philosophy, annual and long range goals, and the performance of similar institutions. Be certain that the financial structure of the Institution is adequate for its current needs and its long-range strategy. Provide candid and constructive criticism, advice, and comments. Approve major actions of the Institution, such as capital expenditures and major program and service changes.

Audit

Be assured that the Board and its committees are adequately and currently informed - through reports and other methods - of the condition of the Institution and its operations. Be assured that published reports properly reflect the operating results and financial condition of the Institution. Ascertain that management has established appropriate policies to define and identify conflicts of interest throughout the Institution, and is diligently administering and enforcing those policies. Appoint independent auditors subject to approval by members. Review compliance with relevant material laws affecting the Institution.

Board position descriptions can and should be designed to meet the needs of specific organizations. In general:

The President shall:

1. have general active management of the business of the corporation;
2. when present, preside at meetings of the board and of the members;
3. see that orders and resolutions of the board are carried into effect;
4. sign and deliver in the name of the corporation deeds, mortgages, bonds, contracts or other instruments pertaining to the business of the corporation, except in cases in which the authority to sign and deliver is required by law to be exercised by another person or is expressly delegated by the articles or bylaws or by the board to another officer or agent of the corporation;
5. maintain records of and, when necessary, certify proceedings of the board and the members; and,
6. perform other duties prescribed by the board.

The Treasurer shall:

1. keep accurate financial records for the corporation;
2. deposit money, drafts, and checks in the name of and to the credit of the corporation in the banks and depositories designated by the board;
3. endorse for deposit notes, checks, and drafts received by the corporation as ordered by the board, making proper vouchers for the deposit;
4. disburse corporate funds and issue checks and drafts in the name of the corporation as ordered by the board;
5. upon request, provide the president and the board an account of transactions by the treasurer and of the financial condition of the corporation; and,
6. perform other duties prescribed by the board of by the president.

Source: Kenneth N. Dayton's *Governance is Governance*, published by Independent Sector (1828 L Street NW, Washington DC, 20036, 202/223-8100).

The Mississippi State University Extension Service offers another approach to describing the duties and responsibilities of board officers in their extensive archive of useful pamphlets at <http://ext.msstate.edu/pubs/>:

PRESIDENT / CHAIR / CHIEF VOLUNTARY OFFICER (CVO)

General: Ensures the effective action of the board in governing and supporting the organization, and oversees board affairs. Acts as the representative of the board as a whole, rather than as an individual supervisor to staff.

Community: Speaks to the media and the community on behalf of the organization (as does the executive director); represents the agency in the community.

Meetings: Develops agendas for meetings in concert with the executive director. Presides at board meetings.

Committees: Recommends to the board which committees are to be established. Seeks volunteers for committees and coordinates individual board member assignments. Makes sure each committee has a chairperson, and stays in touch with chairpersons to be sure that their work is carried out; identifies committee recommendations that should be presented to the full board. Determines whether executive committee meetings are necessary and convenes the committee accordingly.

Executive Director: Establishes search and selection committee (usually acts as chair) for hiring an executive director. Convenes board discussions on evaluating the executive director and negotiating compensation and benefits package; conveys information to the executive director.

Board Affairs: Ensures that board matters are handled properly, including preparation of pre-meeting materials, committee functioning, and recruitment and orientation of new board members.

VICE PRESIDENT / VICE CHAIR

General: Acts as the president/chair in his or her absence; assists the president/chair on the above or other specified duties.

Special Responsibilities: Frequently assigned to a special area of responsibility, such as membership, media, annual dinner, facility, or personnel.

Some organizations choose to make the vice president, explicitly or implicitly, the president-elect.

TREASURER

General: Manages the board's review of, and action related to, the board's financial responsibilities. May work directly with the bookkeeper or other staff in developing and implementing financial procedures and systems.

Reports: Ensures that appropriate financial reports are made available to the board. Regularly reports to board on key financial events, trends, concerns, and assessment of fiscal health.

Finance Committee: Chairs the Finance Committee and prepares agendas for meetings, including a year-long calendar of issues. In larger organizations, a different person may chair a separate Audit Committee.

Auditor: Recommends to the board whether the organization should have an audit. If so, selects and meets annually with the auditor in conjunction with the Finance and/or Audit Committees.

Cash Management and Investments: Ensures, through the Finance Committee, sound management and maximization of cash and investments.

Source: BOARD CAFE, published by the Support Center for Nonprofit Management. 706 Mission Street, 5th Floor, San Francisco, CA 94103; (phone) 415-541-9000; (fax) 415-541-7708
<http://www.supportcenter.org/sf>

To have the BOARD CAFE delivered to you free via electronic mail, send an e-mail message to supportcenter@supportcenter.org and in the body of the message type SUBSCRIBE BOARD CAFE. To unsubscribe to the BOARD CAFE, type UNSUBSCRIBE BOARD CAFE in the body of the message, or fax your request to 415-541-7708. Copyright © 1998 Support Center for Nonprofit Management

What are good jobs to keep board members involved?

First and foremost: Think about leaders in a different way than you might think about office volunteers. Leadership leads. They set policy. Maybe with professional staff's guidance and recommendations; but it's their responsibility, both legally and organizationally.

Committees are one of the best ways to engage people who want to help. Engage them in areas where they have an interest and can be most helpful. Committees do much of the preliminary work on certain topics; they gather information and make recommendations between board meetings. If the real work doesn't happen then, it's very difficult for the organization to be effective.

Common committees are: Executive, development (both people and money, though usually the latter), nominating, personnel, finance, audit and education.

Source: Ina Frank

Are there some other "regular" activities they should be involved in?"

The role of a Board is something the Board and Executive Director (ED) should spend time defining, as it is critical and not simple.

The Board role is normally defined as primarily policy-setting the overall direction for the organization (desired "ends") and leaving the "means" and details up to the Executive Director and staff. The Board must manage its relationship with the ED, including hiring, appraisal and dismissal as for any management relationship, but also including setting any limits on his or her authority. For example, does the Board want approval of capital projects but will leave operational cost decisions to the ED?

The Board's role is to represent members, clients and other stakeholders in making the major decisions for the organization. It also represents the agency to the community, and as such must be involved in public awareness and fund-raising to some extent. The extent relates to the availability of staff time and expertise and the relationship with major donors and partners. Board member time on fund-raising is usually better spent in meeting with foundations, corporations, service clubs and the like than in event organization.

The Board must take responsibility for its own renewal and development. In other words, it must find replacements for members whose terms are expiring, and should do so in consideration of skills gaps, representation gaps (e.g. if no clients are on the board, find some, or some proxy clients; for example, all clients are children, find parents for the Board). Thus, if the Board has no other committee, it should have a Nominating Committee preparing for the election and Annual General Meeting.

Can a single board member wield too much power?

It isn't unusual to find that an influential local individual -- usually with the best of intentions -- exercises his clout in hopes of "straightening out" an organization to fit his/her own conceptions of what the organization should be doing and how it should work. Often the organization already has serious difficulties, either financial or because of conflicts about strategic direction and mission; and the "angel" is largely trying to "fix" the problems. Too many times, however, this is done without adequate communication with other constituents of the organization.

In some cases, however, the "angel" has correctly diagnosed the problem and is blocked from carrying out necessary changes by an entrenched coalition of staff and board members who are unwilling to face the reality that the organization must be a "NOT FOR LOSS" organization as well as a non-profit organization; and they have refused to make the necessary changes in programs. This can be a disastrous situation. There are a number of cases in which such organizations have ultimately been forced into bankruptcy or to simply close because they were months behind in paying bills, payroll, etc., yet continued to operate as if they had money for all their programs.

Source:

Robert D. Shriner (rshriner@aol.com)
SHRINER-MIDLAND COMPANY
Falls Church, Virginia, USA
Management & Economic Consultants
Tel: 703/237-8135 Fax: 703/533-9103

How Do We Evaluate the Board of Directors?

The effectiveness of the nonprofit Board of Directors can be enhanced by regular assessment of its activities and performance. An assessment process can help board members to understand their role, and encourage fulfillment of board responsibilities. The process need not be complicated; it can be placed on the agenda of a board meeting, or occur regularly within board meeting discussions through questions that serve to refocus the board on larger issues. For example, a useful strategy is to conclude board meetings by asking board members to rate the meeting on an index card: Were the issues covered today significant? Did the materials you received prior to the meeting adequately prepare you to participate in the discussion? Did the board conduct matters of management or policy? Overall, was the meeting worth your time? A steady stream of feedback created by these and used by the board chair and executive director can greatly improve the value of board meetings.

An annual board assessment gives each board member the opportunity to evaluate the board's overall effectiveness at accomplishing its goals in a variety of activity areas. It can be scheduled to occur during a board meeting, or completed by board members on their own time and returned to the agency. Results of the evaluation can be shared at the next board meeting, and appropriate follow-up then determined. A ranking system reflecting the level of accomplishment within each task may be useful (1= effective

performance, 2=adequate performance, 3=inadequate performance, U= uncertain), and activities can be grouped into the following categories:

- Knowledge of board financial, legal and public responsibilities
- Representation to the public by the board
- Understanding and communication of the organization's mission
- Organization's compliance with legal regulations, licensing and other standards
- Effectiveness of board practice: Bylaws, committees, procedures
- Approval of outside counsel (legal, accounting, managerial)
- Relationship with the Executive Director
- Hiring, evaluating, managing, and compensating the Executive Director
- Strategic planning
- Policy development and approval
- Oversight of organizational financial structure and activity ,including income, expenses, borrowing, insurance coverage, audits, bank relations, fund-raising, and other financial procedures
- Board performance: meeting attendance, discussion, participation
- Board succession and nomination process
- New board member orientation

Do boards ever fire executive directors? If so...how?

Imagine this scenario:

Sometimes it is necessary for a board to fire the executive director, and a board is to be commended for taking the responsibility of ensuring that the organization has the right CEO. In rare occasions everyone on a board agrees that the executive director should be fired, such as in instances of embezzlement or unethical behavior. But more often, over time board members increasingly get indications that the director is either not doing the job or causing problems for the agency.

The prospect of open conflict with the executive director is so dismaying that many board members who are dissatisfied with the director's performance choose instead simply to resign when their terms expire. Dissatisfaction with the executive director often appears first as rumblings, such as a staff member complaining to a board member about morale, or committee members confiding their concerns to one another. Now that such rumblings have appeared, the board should hold an executive session and establish an investigative committee to clarify the content and extent of the dissatisfaction, and determine what general approach is appropriate. If, for example, there are rumors of sexual harassment, the committee (or a consultant) can interview staff and volunteers and determine whether the rumors are frivolous or whether they require a more formal investigation. Or, the committee may find that the executive director simply doesn't understand the approach the board wants to see taken. In such an instance the board may choose to set up a series of meetings with the executive director to clarify directions and improve communication.

If you find you have strong reservations about whether the executive director's performance is satisfactory, the board should establish a committee to work more closely with the director in a supervisory capacity. Beginning with letting the executive director know the extent of dissatisfaction on the board, the committee can document the problems and take steps to improve the director's performance.

If performance doesn't improve over time, and the board fires the director, the ongoing documentation can help deter a lawsuit against the agency by the former executive director. No level of documentation can guarantee that a lawsuit won't be brought, but an agency holds a stronger position in court and in the community if personnel policies have been followed, if steps have been taken to improve performance, and if those steps are documented as having failed.

If, after appropriate investigation and deliberation, a board feels that the executive director should leave the organization, it may choose first to have the board officers approach the director and suggest that a resignation would be welcome. Many executive directors under pressure prefer resignation to being fired, and some board members feel that a resignation leaves the organization in a better light than termination does.

Whichever is chosen, board action to terminate or to accept a resignation should be put into the minutes. The board should document whether there is any severance pay, any remaining tasks to be completed by the departing executive director, and close any other financial relationship. The board should develop a straightforward explanation for the resignation which can be communicated to staff, volunteers, funders, and others in the community.

This discussion is adapted from "Action Handbook for Boards of Directors", by Jan Masaoka, and published by the National Minority AIDS Council and the Support Center for Nonprofit Management, 1995. Copyright ©1994-95 Support Center, 706 Mission Street, 5th Floor, San Francisco, CA, USA 94103-3113. 415-541-9000.

What to do when the board gets too involved?

It is recommended that the executive director find projects for board members--such as a newsletter or fundraising and most importantly gets an outside consultant to do board training on their role.

SAMPLE BOARD MEMBER CODE OF ETHICS

As a member of the board I will:

- listen carefully to my teammates, and the constituents I serve.
- respect the opinions of my fellow board members.
- respect and support the majority decisions of the board.
- recognize that all authority is vested in the board when it meets in legal session and not in individual board members.

- keep well-informed of developments that are relevant to issues that may come before the board.
- participate actively in board meetings and actions.
- call to the attention of the board any issues I believe will have an adverse effect on the agency or our constituents.
- attempt to interpret the needs of constituents to the agency and the action of the agency to its constituents.
- refer constituent or staff complaints to the proper level on the chain of command.
- recognize that the board member's job is to ensure that the agency is well managed, not to manage the agency.
- vote to hire the best possible person to manage the agency.
- represent all constituents of the agency and not a particular geographic area or special interest groups.
- consider myself a "trustee" of the agency and do my best to ensure that the agency is well maintained, financially secure, growing, and always operating on the best interests of constituents.
- always work to learn more about the board member's job and how to do the job better.
- declare any conflicts of interest between my personal life and my position on the agency board, and avoid voting on issues that appear to be a conflict of interest.

As a member of the board I will not:

- be critical, in or outside of the board meeting, of fellow board members or their opinions.
- use the agency or any part of the organization for my personal advantage or the personal advantage of my friends or relatives.
- discuss the confidential proceedings of the board outside the board meeting.
- promise prior to a meeting how I will vote on any issue in the meeting.
- interfere with the duties of the administrator or undermine the administrator's authority.

Copyright ©1995, Dan Cain, The Cain Consulting Group, Box 272, Hawarden, Iowa 51023 USA; 712/552-2979. Reproduced by permission.

Are Board members personally liable? Do we need D & O Insurance?

For valuable information on everything related, contact

Nonprofit Risk Management Center
 1001 Connecticut Ave NW, Suite 900
 Washington, DC 10036-5504
 202/785-3891 Fax 202/833-5747 (HN3439@handsnet.org)

What are some ways to strengthen the leadership role of the board?

The board-staff relationship is a paradoxical one. When acting in their governing role, the board must stand above staff and be the "boss." But when acting in their supporting role, board members act to support and assist staff-led work.

Some boards become so excited about their roles as governors that they mistake governance for close supervision of management and begin meddling in minor management affairs. In other cases, as boards govern more, they shirk their supporting role. The challenge is to fulfill both roles, not simply switch from one to the other.

In short, boards have some inherent limitations in their ability to govern, including lack of time, lack of familiarity with the field, and lack of material stake. These limitations have been supplemented by the sector's nearly exclusive emphasis on the board's supporting role and by a human tendency to avoid conflict. A first step towards an effective board is acknowledgment of the paradox, and the need to perform both functions equally well. A failure to govern as well as support is a transgression both against clients and the wider community.

Here are some practical ways to strengthen governance:

- 1. Have auditors and program evaluators report to the board.** Agencies frequently hire two types of independent evaluators: CPA auditors and program evaluators. But in both cases these independent professionals are typically chosen by staff (often with just a cursory approval by the board), report to staff, and work as partners to staff in the staff's relationship with the board. Instead, such evaluators should make their reports directly to the board and to the staff. Auditors should be selected by and report to the board or the board audit committee.
- 2. Hire independent management evaluators.** In addition to auditors and program evaluators, boards need unbiased sources of information about management as well. One of the most difficult tasks for boards is the evaluation of the CEO. On one hand a board can't interview staff about their opinions, but on the other hand, problems are created when a board obtains all its information from the person being evaluated. An independent evaluator might interview staff, and, for example, if there were several allegations of sexual harassment, would report to the board that such charges exist.
- 3. Make governance an explicit part of meetings.** Boards should affirm their responsibilities in both support and governance. Board agendas should be clearly marked "Governance Items," and "Supporting Items." Among the qualities we should seek and reward in board members are critical thought, discernment, questioning attitude. When someone raises an objection or concern, or votes against the majority, the board president should make a point of going up to that person and expressing appreciation for the seriousness and courage to make the point.

4. **Consider board stipends.** To give a signal about the importance and seriousness of board work, we should take another look at the corporate practice of payments for board service. Much of the nonprofit sector has summarily dismissed such stipends: isn't the board supposed to raise money? Some large nonprofit institutions already pay board members \$200/meeting, but smaller organizations could consider small stipends such as \$15/meeting. Such stipends reimburse board members for expenses, and demonstrate visibly that the agency places a real value on board support and governance. (Some board members may choose to contribute their stipends back to their organizations).
5. **Consider a paid secretary to the board. Local government councils and commissions often have their own staff, separate from the agency staff that reports to the Chief Administrative Officer.** Boards of many nonprofits have far-reaching responsibilities, and board officers may not have personal secretaries they can assign to board support. A paid board secretary, perhaps working only a few hours a week, can act as the board's facilitator, reminder, and educator. Duties might include: board correspondence, obtaining information from staff or others at board request, clipping from professional journals for the board, minutes and follow-up for the board, meeting arrangements, and helping new officers with their responsibilities. Having their "own" staff can help board members be better supporters as well as governors.
6. **Recruit governors.** When recruiting, boards should seek members who are good governors as well as those who are good supporters: people who know clients as well as people who know philanthropists, people familiar with nonprofit management as well as those familiar with business, operational volunteers as well as fundraising volunteers, people who ask critical questions as well as people who cheer. A diverse board such as this will keep the agency rooted in the world it serves as well as in the world in which it raises funds. In many cases, governors and supporters may turn out to be the same people once governing responsibilities are recognized and valued as much as supporting responsibilities are.

Copyright (c)1994-95 Support Center, 706 Mission Street, 5th Floor, San Francisco, CA, USA 94103-3113.
415-541-9000.

What should be the relationship between the board and the Executive Director?

"No single relationship in the organization is as important as that between the board and its chief executive officer. Probably no single relationship is as easily misconstrued or has such dire potential consequences. That relationship, well conceived, can set the stage for effective governance and management." John Carver, *Boards that Make a Difference*, 1990

As a general rule of thumb, it is said that in a nonprofit organization, boards primarily govern and staff primarily manages. This means that a board provides counsel to

management and should not get involved in the day-to-day affairs of the organization. Confusion and tension can arise when this rule is put to use practically, because the distinction between management and governance is not absolute. In order for this rule to work effectively, each party in this relationship needs to understand its own responsibilities and those that fall in the other's purview, and the way in which the board and staff conduct their business needs to reflect this understanding. Clear expectations for the board and the director need to be established and maintained, because a board that is overly active in management can inhibit the organization's effectiveness.

A nonprofit's Board of Directors has very specific duties that are distinct from those of the Executive Director. Directors have fiduciary responsibilities, and they are required to act within their authority primarily for the organization's benefit. Directors do not have power or authority individually. A board's decision-making ability lies in its group structure. While at times an individual board member may become extensively involved with one particular program area and be working with staff, this is usually temporary, and information regarding the need for increased attention by that board member should be relayed regularly to the full board.

Nonprofit boards generally have the duties of selecting and working with the executive director, amending bylaws, approving the annual budget and long-term strategic plans, and ensuring its own succession. The board often establishes committees to accomplish its activities, including financial, personnel, fundraising and planning functions. Through such committees, the board assists management in policy formation and strategic planning. While nonprofit staff may conceive, develop and implement the organization's plan, the board will often monitor the process and provide counsel. However, it is often true that in smaller, younger nonprofits with limited staff positions or experience, or in more grass-roots type organizations, board duties may include more tasks typically associated with management.

Ultimately, the ideas and actions of the Executive Director, perhaps more than the will of the board, will influence the nature of the dynamic that characterizes this important relationship. Because it falls to the Executive Director to help determine which issues the board will address and to assemble the information that shapes the discussion, this individual can guide the board towards a true governance role. The following are three specific methods that the Executive Director can take to help the board govern more and manage less:

- 1. Use a comprehensive strategic plan that has been developed in conjunction with the board, and supplement it with regular progress reports.** This can be a useful tool for the board as it develops its own annual work plans, and will keep the board's sights focused on the long term goals and mission of the organization. Regular reports based on this plan will keep board members apprised of progress toward organizational goals, and provide part of the basis for evaluation of the executive director.

2. **Provide the board with relevant materials before board meetings, and explain why the materials are coming to the attention of the board.** Let board members know how specific agenda items relate to the organization's larger mission, and what kind of action or discussion is desired of the board on each item.
3. **Facilitate board and board committee discussions so that the board stays focused on the larger issues.** Refer to set policies that define the limits of the board's decision-making power, and strive to engage the board in a dialogue among themselves that leads to consensus-building.

Should an executive director be a member of the board?

Here's a scenario:

You're hiring a new executive director and your first choice wants to be a member of the board. She feels board membership will give her the stature she needs to represent the agency in the community. Some board members are against the idea, while others (mostly corporate folks) think it's fine. Should the executive director be a member of the board? If you grant her wish, your new executive director might regret being a member of the board. If, for example, your board is split on an issue, her vote would mean voting against half her board.

State laws vary on this. In California, for instance, the law permits staff members to be on nonprofit boards as long as 50% or more of the board members are neither staff nor "interested parties" (such as relatives of staff). Most for-profit corporations have their CEOs (Chief Executive Officer) as the Chair of the Board. Organizations with board members familiar with that corporate model, and organizations that expect their directors to lead the board, are more likely to have executive directors on the board.

Before agreeing to board membership for the director, the board should discuss the impact on sensitive matters such as performance review, salary and contract negotiation, and board-staff relations. There may be other ways to give the new executive director the stature she feels she needs: perhaps a series of coffees introducing her to community leaders, a more significant role in working with the board than the previous director experienced, or a printed announcement of her selection. What ever you decide, you and the director should review and reconsider the decision in a year.

Source: Jan Masaoka, Executive Director of the Support Center for Nonprofit Management. Copyright (c)1994-95 Support Center, 706 Mission Street, 5th Floor, San Francisco, CA, USA 94103-3113. 415-541-9000.

Can there be a separate board dedicated to fund raising?

Other groups have done this and been successful. It is important that the board of directors members and the proposed committee members all understand the role of the

committee (fundraising for the group) and do not suffer from a lack of commitment or perceived conflict of interest.

The board members may: 1) see the fund development people as "stolen away" from their (the board member's) constituent organization; and/or 2) attempt to recruit these people to serve their constituent organization.

Define the relative roles in advance and be sure that all parties agree with (or at least won't interfere with) the plan.

Source: Michael L. Wyland, (michael@sumptionandwyland.com)

What goes in a conflict-of-interest policy?

It is strongly urged that nonprofits develop conflict of interest policies which all board members, staff, consultants and volunteers must sign.

SAMPLE CONFLICT OF INTEREST STATEMENT

For Officers, Directors, Committee Members, Staff Members, Institute Faculty and certain Consultants

No member of the NFC Board of Directors, or any of its Committees, shall derive any personal profit or gain, directly or indirectly, by reason of his or her participation with the Nonprofit Financial Center. Each individual shall disclose to the Nonprofit Financial Center any personal interest which he or she may have in any matter pending before the NFC and shall refrain from participation in any decision on such matter.

Any member of the NFC Board, any Committee or Staff who is an officer, board member, a committee member or staff member of a borrower organization or a loan applicant agency shall identify his or her affiliation with such agency or agencies; further, in connection with any credit policy committee or board action specifically directed to that agency, he/she shall not participate in the decision affecting that agency and the decision must be made and/or ratified by the full board.

Any member of the NFC Board, any Committee, Staff of Institute Faculty shall refrain from obtaining any list of NFC clients for personal or private solicitation purposes at any time during the term of their affiliation.

At this time, I am a Board member, a committee member, or an employee of the following organizations: =A0

=A0

=A0

=A0

=A0

=A0

Now this is to certify that I, except as described below, am not now nor at any time during the past year have been:

- 1) A participant, directly or indirectly, in any arrangement, agreement, investment, or other activity with any vendor, supplier, or other party; doing business with the NFC which has resulted or could result in person benefit to me.
- 2) A recipient, directly or indirectly, of any salary payments or loans or gifts of any kind or any free service or discounts or other fees from or on behalf of any person or organization engaged in any transaction with the NFC.

Any exceptions to 1 or 2 above are stated below with a full description of the transactions and of the interest, whether direct or indirect, which I have (or have had during the past year) in the persons or organizations having transactions with the NFC. =A0

=A0
=A0
=A0
=A0

Date: _____

Signature: _____

Printed name: _____

Source: Nonprofit Financial Center
111 West Washington, Suite 1221
Chicago, Illinois 60602
312-606-8250

Should the executive director be a consultant?

Any small and cash conscious organization obviously must grow and build for the future---to make hard and maybe painful investments. Hiring a consultant means the board not only has to commit to the raising of funds, but among other things pay the stable and long-term salary of a consultant. It is doubtful that, after several months or so in a consultant's role that person would be seriously regarded as an employee—a real member of the organization's family with them for the long haul. The consultant arrangement could easily be accepted as something tentative in the first place, thus inhibiting vision for the future of the organization. The board should not let this happen.

Source: Tony Poderis (tony@raise-funds.com)

The other theme is related to the rules by which the Internal Revenue service determines whether someone is an employee or an independent consultant. The IRS frowns on arrangements that lead to lower payroll costs for employers as a result of policies that classify too many people as contractors rather than employees.

To be an independent contractor, it's important to work for more than one organization. You'll also need to get a business license to demonstrate that you are a consultant rather than an employee, with bank account, post office box and etc.

Source: Carl Richardson (craftsman@cybertours.com), the Managing Director of the League of New Hampshire Craftsmen

Note: Reprinted with permission from The Evergreen State Society for the Internet Nonprofit Center. (available at <http://www.nonprofits.org>).

Appendix C _____

**BACKGROUND ON
AQUINNAH CULTURAL
CENTER**

AQUINNAH CULTURAL CENTER

Executive Summary

The Aquinnah Cultural Center, Inc. and the Wampanoag Tribe of Gay Head (Aquinnah) are proposing the construction of a 12,000 sq. ft. museum/ cultural center located on tribal lands on the island of Martha's Vineyard by the summer of 2000. The museum/ cultural center is the first phase of a three phased Aquinnah Cultural Center which will also include a community center and an institute/ resource center. The museum/ cultural center will house a retail museum store, café, exhibits and galleries, a theater, archival and office space, workshop space, as well as outdoor trails, exhibits and gardens.

The museum/ cultural center is part of the Tribe's economic development strategy to establish enterprises on the Island based on the existing tourist industry. The Tribe currently owns and operates the Island's oldest general store and has plans to develop several other local enterprise initiatives including the construction of a shellfish hatchery. The museum/ cultural center will present the Aquinnah Wampanoag's native history, culture, and contributions past, present, and future to thousands of seasonal visitors to the Island from the mid-Atlantic states.

Established as a state chartered non-profit corporation with tax exempt status under the IRS Section 501 (C) (3), the Aquinnah Cultural Center, Inc. will govern all activities of the museum/ cultural center's operations. The Wampanoag Tribe of Gay Head (Aquinnah), a federally recognized Indian tribe which owns approximately 550 acres of land and manages an annual operating budget of \$3.2 million, will own and lease the facility and associated property to the Aquinnah Cultural Center, Inc.

A preliminary market analysis cites several secondary sources from Martha's Vineyard indicating that the museum/ cultural center is within a growing retail and service sector which is part of the Island's strong tourist economy. The annual market growth for cultural center/ museum can be estimated at 4%, which represents the annual increase in visitors to Martha's Vineyard. The museum/ cultural center will help promote the existing tourist economy that has existed for decades in the town of Aquinnah. The closest competition will be the Plimoth Plantation's Wampanoag Indian Program located approximately sixty miles away from Aquinnah on the mainland.

The target market for the museum/ cultural center is the approximately 325,000 seasonal tourists that visit Aquinnah by public transportation, private tour buses, cars, mopeds, and bicycles annually. The estimated visitors to the museum/ cultural center amount to 20% of the target market or 65,000 annual visitors. The revenue generators will include gate receipts, parking, gift shop and cafe, and museum membership.

The capital cost projections for the museum/ cultural center total \$3,700,000 which includes technical planning and design costs, as well as construction, exhibit design and development, site development, road and parking development, and site utility costs for the 12,000 sq. ft. facility. The operating budget is estimated at \$630,710 for the first year and \$851,702, \$1,168,766, \$1,169,002, \$1,083,087 consecutively for subsequent years. This budget is based upon fixed cost including a staff of full-time and part-time employees, six (6) day operation of the museum/ cultural center, and several service contracts.

QUINNAH CULTURAL CENTER, INC.

Annual membership annual meeting report 1998

BOARD OF DIRECTORS

Berta Giles Welch, President
 Gladys A. Widdiss, Vice President
 Helen Manning, Treasurer
 Tobias Vanderhoop, Secretary
 Paul Vandal, Tribal Council Appointee
 Linda Jeffers, Coombs, Board Member
 John Perry, Board Member

STAFF

Donald Widdiss, Project Director
 Heather Cawley Bree, Project Assistant

ORGANIZATION

The Aquinnah Cultural Center, Inc., established in August of 1987, is comprised of seven board members elected by the tribe in November of 1987. The purpose of the ACC is primarily to establish and enhance the continuing cultural presence of the Aquinnah Wampanoag people through the planning and development of a cultural center and museum on tribal lands in Aquinnah. This includes the development of culturally significant programs and projects for the benefit of tribal members as well as providing opportunities for cultural tourism and public education activities.

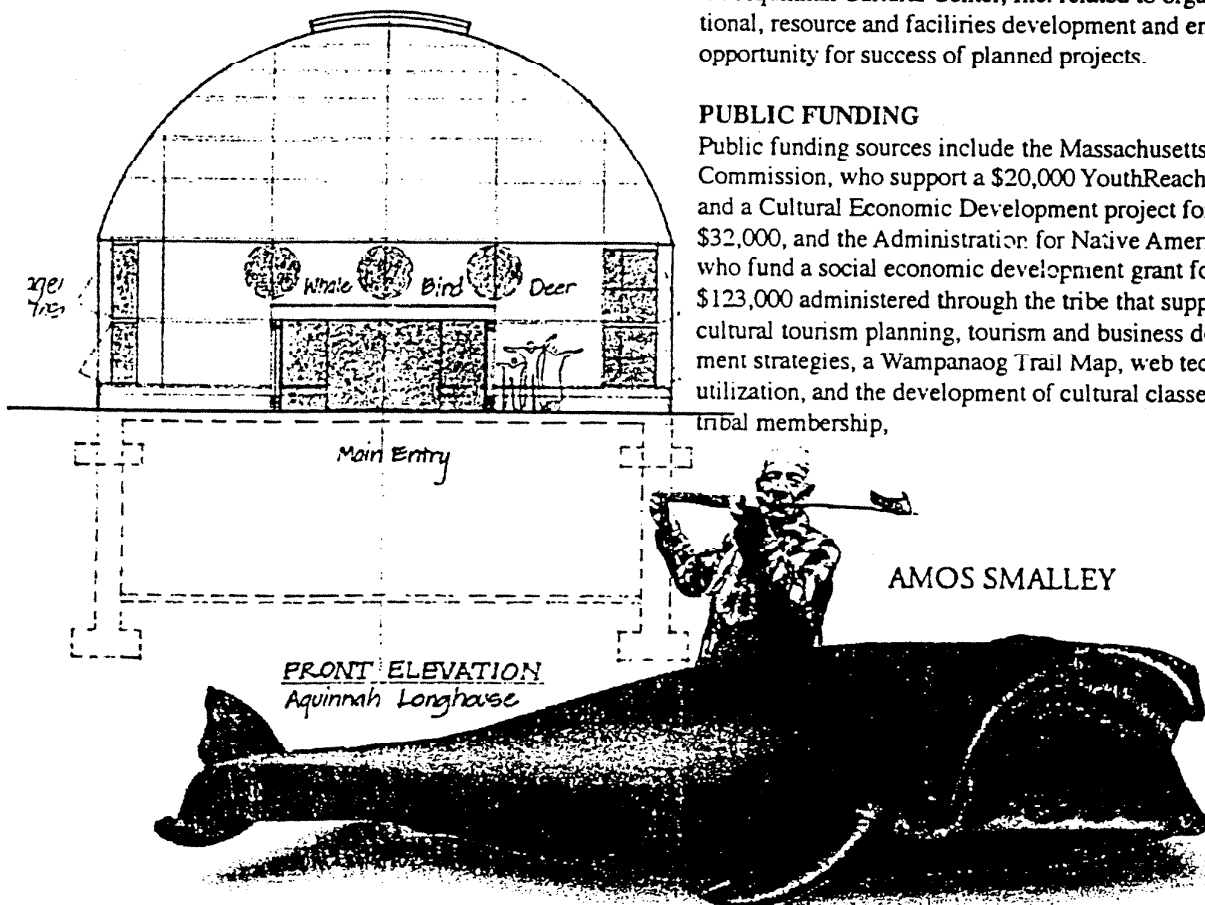
PRIVATE FUNDING AND DONATIONS

The Aquinnah Cultural Center, Inc. receives support from many sources. Private fund raising from individuals, tribal and non-tribal, and island and off-island businesses reached almost \$40,000 in the past year. Donations of land, equipment and services totaled over \$25,000. These contributions support the various activities and efforts of the Aquinnah Cultural Center, Inc. related to organizational, resource and facilities development and enhance the opportunity for success of planned projects.

PUBLIC FUNDING

Public funding sources include the Massachusetts Cultural Commission, who support a \$20,000 YouthReach grant and a Cultural Economic Development project for \$32,000, and the Administration for Native Americans, who fund a social economic development grant for \$123,000 administered through the tribe that supports cultural tourism planning, tourism and business development strategies, a Wampanoag Trail Map, web technology utilization, and the development of cultural classes for tribal membership,

FOR OUR PAST, PRESENT AND FUTURE



The Aquinnah Cultural Center, Inc. is a Massachusetts chartered non-profit corporation established in August of 1997 under Massachusetts general laws, Chapter 180, for charitable and educational purposes and is a tax-exempt organization eligible within the meaning of section 501(c)(3), as amended, of the Internal Revenue Service code of 1986.

PROJECTS

LONG HOUSE PROJECT

The Aquinnah Cultural Center, Inc. has identified land for the construction of a traditional long house and wetu. Located off the original Old South Road on tribal land the project will be developed in conjunction with a cultural class course on traditional structures design and construction to be held in the late winter or early spring. The future inclusion of a temporary visitor's center is also envisioned.

CULTURAL CLASSES

The Aquinnah Cultural Center, inc. has identified areas of interest for the provision of cultural classes this winter. Weaving, Pottery, Wampum (jemelry making), Traditional Structures and Long House Design, and The traditional Use of Herbs are courses to be expected to be instituted through a grant from the Administration For Native Americans. Tribal membership will be notified as to the schedule and location of classes.

MASSACHUSETTS CULTURAL COUNCIL

YouthReach Video Project

The ACC received a grant for \$20,000 to develop filmmaking skills in 7-10 tribal youth between the ages of 13-20 years of age. The project will culminate in a narrative film being produced that will be a reflection of the youth's identity and perspective in modern tribal culture. Collaborators include Steve Levitt, Director, Red Road Rising Foundation, Inc. and The Wampanoag Tribe of Gay Head (Aquinnah) Education, Health, and Human Services Departments as well as donated services from film and industry professionals and local collaborators.

Cultural Economic Development

This Project, funded for \$32,000, provides for Wampanoag Tourism and Cultural Development. The project seeks to strengthen the economic base of the Wampanoag community by developing and marketing tribal cultural assets in conjunction with the Massachusetts Office Of Travel and Tourism and project collaborators. The ACC partners with Plimoth Plantation, The WTGH(A), Mashpee, and the MV Chamber of Commerce and MV Commission. The ACC will also develop an internet presence and participate in the state's tourism network. This will occur while assessing the tribe's cultural tourism potential through tribal business development initiatives. The project will develop a cultural tourism guide that features Wampanoag businesses and proposes to enhance the sustainability of the planned museum and cultural center facilities.

Facilities Development and Strategic Planning

Ongoing responsibilities of project staff focus on participation in the tribal planning processes related to program development, land use, facilities development and overall strategic planning for tribal development issues. The Aquinnah Cultural Center recently received a lease for the first phase of development of the Long House Project.

ACKNOWLEDGEMENTS

PRIVATE CONTRIBUTORS

These are the individuals whose tax-deductible contributions provide the basis for financial stability and independence of the Aquinnah Cultural Center, Inc.

Bertha Robinson
Carl Widdiss
Charity Randolph
Charles & Blanche Derby
Cheryl Sellitti
Donald Malonson
Donald Widdiss
Eleanor Hebert
Eleanor Pearlson
Julia Sturges
Gladys Widdiss
Helen Manning
Adriana/Bruce Ignacio
Jacquelyne Manning
Jan and John Wightman
Joan Lester
John Perry
Elizabeth Perry
Eleanor Ketcham
Hank Ketcham
June Manning
Lewis Colby, Jr.
Linda Jeffers Coombs
Marc Widdiss
Naomi Carney
Nicholas Catt
Paul Vandal
Penny Marshall
Philippe & Randi Jordi
Primo and Mary Lombardi
Rick & Josie Lee
Roxane Ackerman
Diamond Vanderhoop
Sharon Araujo
Spencer Booker
Susan Guyette
Tobias Vanderhoop
Tom Battiste
Walter Hawkins
Welch, Berta Giles
Walter & Hallie Bagley
Elizabeth Broggi
Ronald & Holly Darzen
Daphne Jochnick
Eleanor & Hank Ketcham
Suzanne Macdonald
Cheryl Maltais
Billy Monteiro
Davenport Plumer
Harnet Spitzer
Ronald Roberts
Henry & Dierdre Sockbeson
Rosalie Thomas
John & Jan Wightman
Edward W. Williams

BUSINESS/FOUNDATIONS

Bernier's Market
Chilmark Chocolates
Conroy Apothecary
David Flanders Real Estate
First Baptist Church Women's Society
South Mountain Company
John Keene Excavation
Middletown Nursery
MV Auto Salvage
MVI Insurance Group
NAPA Auto parts
Richard Olsen & Sons
Second Chance Foundation
Thomas Lee Co.
Wampanoag Tribe (Aquinnah)
E. C. Cottle
Trader Fred's
Thunderbird Industries

DONATIONS

A special thanks to tribal member **Leonard Vanderhoop, Jr.** who recently donated almost two acres of land to the tribe for the use of the Aquinnah Cultural Center long house project.

Thanks also to **Red Road Rising Foundation, Inc.** for the donation of **four MacIntosh computers** for the use of the YouthReach Film project.

A special acknowledgement goes out to the **Aquinnah Wampanoag Housing Authority** and their board of directors and staff for donating office and meeting space for the Aquinnah Cultural Center, Inc.

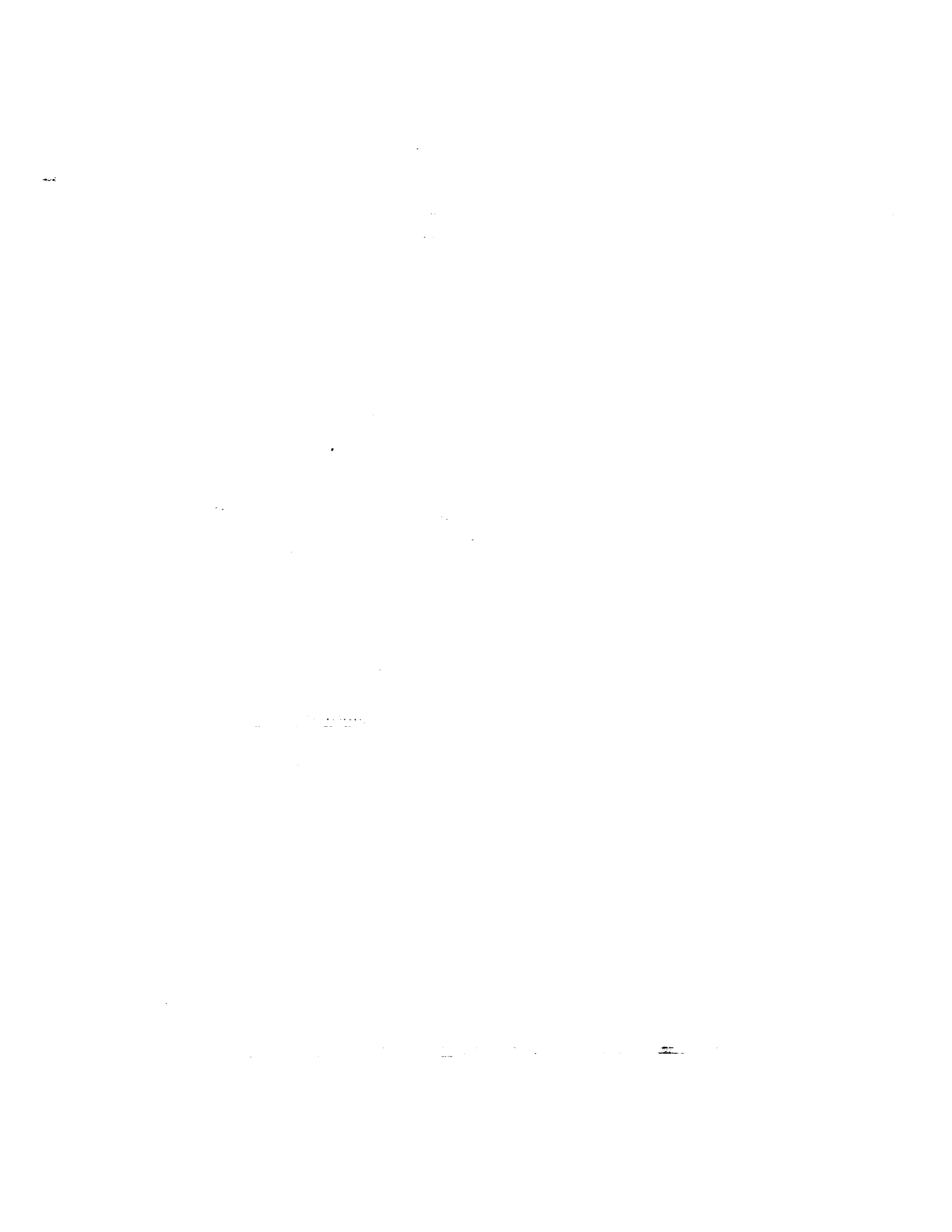
COLLABORATORS

Wampanoag Tribe (Aquinnah)
Education Dept.
Natural Resources Dept.
Trust Services Dept.
Health/Human Services Depts.
Tribal Planner
Plimoth Plantation
MV Chamber of Commerce
MV Commission
James Decoulos, CPE
Red Road Rising Foundation, Inc.
Merle Whistler
Stephen Levitt
Sam Edwards Group
Second Chance Foundation
Mashpee Wampanoag Tribe
Eagle Staff Fund
World History Theater
Bank Of America
Edwin Schlossberg Incorporated
Mass. Office of Travel And Tourism

Aquinnah Cultural Center, Inc., 10 Black Brook Road, Aquinnah, MA 02535
508-645-7991, FAX 508-645-2992

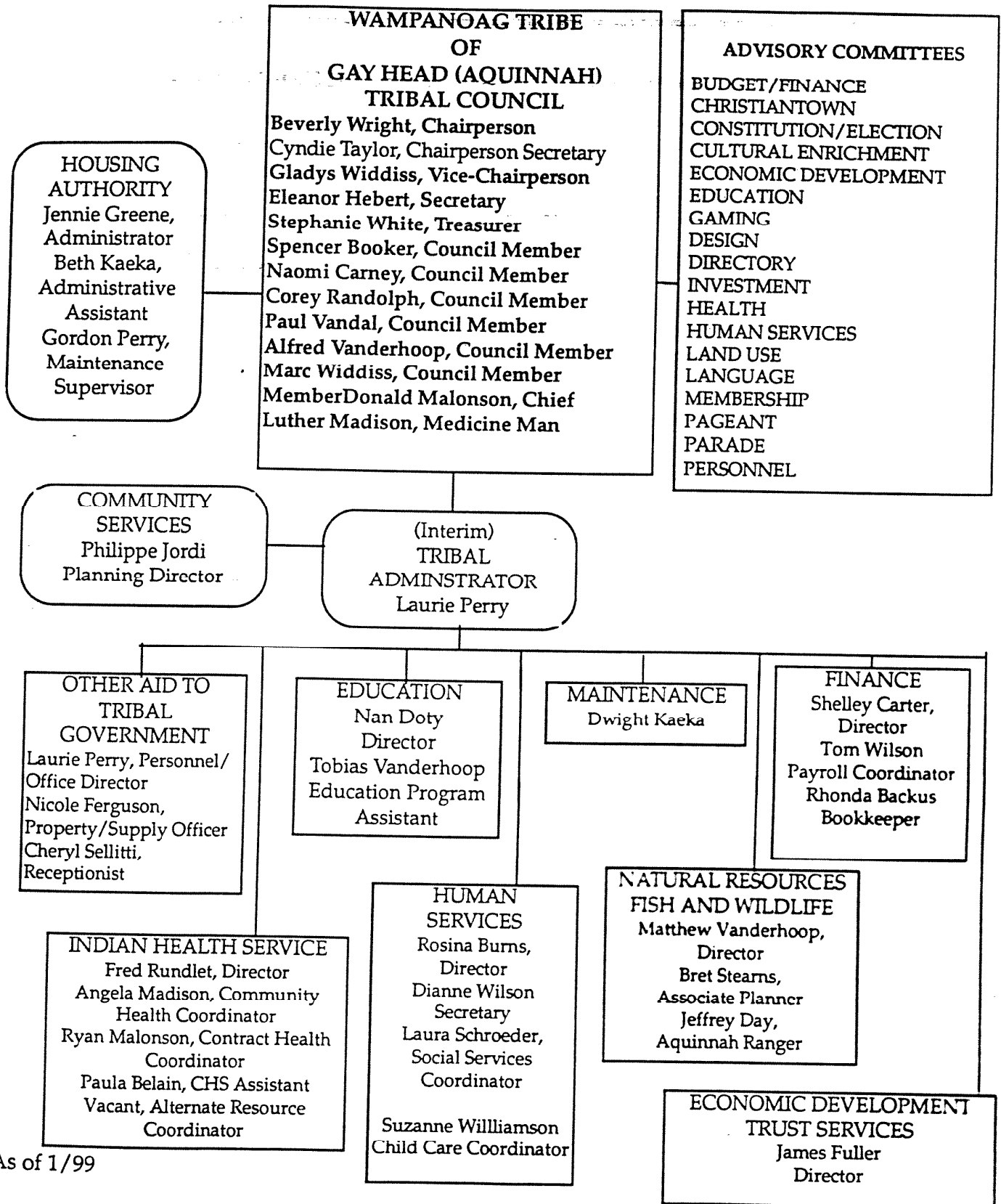
Appendix D _____

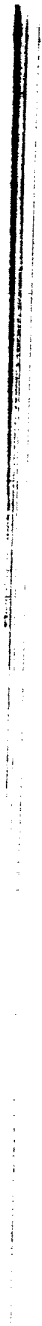
**WAMPANOAG TRIBE OF
GAY HEAD (AQUINNAH)
ORGANIZATIONAL
FLOW CHART**



WAMPANOAG TRIBE OF GAY HEAD (AQUINNAH)

FY 1999 Organizational Flow Chart





Appendix E_____

**GOVERNMENT-
SPONSORED LOAN
PROGRAMS AVAILABLE
TO THE TRIBE**



Community Facilities Loan Program

Guaranteed Community Facilities Loans

Community Facility loans provide facilities that are essential to the health and well-being of rural Americans.

Types of Projects Financed

- Health Care Facilities -- such as hospitals, clinics, nursing homes, ambulatory care centers, etc.
- Public Safety -- such as police and fire stations, jails, fire and rescue vehicles, and communication centers.
- Telecommunications -- medical and educational telecommunications links.
- Public Services -- such as adult and child care centers, jails, courthouses, airports, schools, fairgrounds, etc.

Eligible Entities

- Public entities -- municipalities, counties, other public subdivisions, and special-purpose districts.
- Federally recognized Indian Tribes.
- Nonprofit organizations.

Eligibility Issues

- Lender unwilling to make the loan without obtaining a loan guarantee.
- Loans for unincorporated rural areas and incorporated towns of 50,000 or less.

Benefits to Lender

- Loans may be used towards Community Reinvestment Act requirements.
- Guarantee rate is usually 80% of loan amount. Under special circumstances, a 90% guarantee is available.
- Excellent public relations in local communities by demonstrating lender's concern for funding local community projects.
- Guaranteed loans may be sold on the secondary market -- lender retains interest rate margin for servicing and increases yield on the amount of loan retained. See example below:

Approximate yield on fixed rate loan

Amount of loan	\$1,000,000
Portion sold (80%)	\$800,000
Invested funds	\$200,000
Loan interest rate	10.00%
Rate paid on portion sold	9.00%
Servicing fee on amount sold	1.00%
Prime rate	8.00%
Income -- 1% on \$800,000	\$8,000
Income -- 10% on \$200,000	\$20,000
Total Income	\$28,000
Approximate yield on invested funds	14.00%

- Variable-rate loans may be used to reduce lender risk from interest fluctuation.
- Lender may charge different rates on guaranteed and non-guaranteed portions of the loan.
- The lender's risk of loss is reduced by the percent of loan guarantee.
- Loan stimulates related banking services to customers such as checking and savings accounts.
- Guaranteed portion of loan is secured by full faith and credit of U.S. Government.
- Lender can use required deposit reserves to fund guaranteed portion of loan.
- Guaranteed portion of loan does not count against legal lending limits.
- Provides portfolio protection from:
 - Temporary financial problems such as natural disasters, adverse economic trends, reduced use of facilities, etc.
 - Major reorganizations due to enlargements, bankruptcy, death of principals operating and managing facility, etc.
 - Decline in collateral value due to adverse economic trends.
 - Accelerated depreciation and inherent risk associated with highly specialized facilities.

Benefits for the Customer

- Customer is able to obtain more timely financing of project thereby reducing inflationary increases in construction cost.
- Customer establishes loan history with a commercial lender and not the Government.
- Lender can offer better terms to customer, especially when the loan is sold on the secondary market.
- The customer may combine guarantee funds with other Federal, State, and local funds.

Community Programs Home Page

RHS Programs

Rural Development Regulations

RHS Home Page



United States Department of Agriculture
Rural Development
Rural Housing Service

Community Facilities Loan Program

What Are The Terms?

The maximum term on all loans is 40 years. However, no repayment period will exceed any statutory limitation on the organization's borrowing authority nor the useful life of the improvement or the facility.

What Is The Interest Rate?

Interest rates will be set periodically and will be based on current market yields for municipal obligations, except that some loans which involve the use of prime or unique farmland may require a slightly higher interest rate. Other loans may be made at a lower interest rate.

The interest rates for January through March 1999 are: Poverty rate: **4.5%**, Intermediate rate: **4.750%**, and Market rate: **5.125%**.

If you would like to return to the Community Facilities Loan Program Home Page, [click here](#).

[Goto USDA](#) . . . [Goto Rural Development](#) . . . [Questions/Comments](#) . . . [Non-profit Gateway](#)

Community Facilities Loan Program

What Security Is Required?

All loans will be secured to adequately protect the interest of the Government. Bonds or notes pledging taxes, assessments, or revenues will be accepted as security if they meet statutory requirements. A mortgage may be taken on real and personal property when State laws permit.

If you would like to return to the RHS Home Page, [click here](#).

If you would like to return to the Community Facilities Loan Program Home Page, [click here](#).

Community Facilities Loan Program

Who May Receive Assistance?

Loans are available for public entities such as municipalities, counties, and special purpose districts. Nonprofit corporations and Indian tribes may also receive loan assistance when adequate plans for loan repayment are made.

In addition, borrowers must:

- Be unable to obtain needed funds from other sources at reasonable rates and terms.
- Have legal authority to borrow and repay loans, to pledge security for loans, and to construct, operate, and maintain the facilities or services.
- Be financially sound, and be able to organize and manage the facility effectively.

The project must be based on taxes, assessments, revenues, fees, or other satisfactory sources of money sufficient for operation, maintenance, and reserve, as well as retire the debt. The project also must be consistent with available comprehensive and other development plans for the community, and comply with Federal, State, and local laws.

If you would like to return to the Community Facilities Loan Program Home Page, [click here](#).

Community Facilities Loan Program

How May Funds Be Used?

Community Facilities Loan Program funds may be used to construct, enlarge, or improve community facilities for health care, public safety, and public services.

Health care facilities include hospitals, nursing homes, telemedicine equipment, and dental or medical clinics. Funds may also be used for necessary equipment for the operation of these facilities; and to pay other necessary costs connected with them.

Public Safety facilities include fire stations and buildings to house fire and/or rescue equipment. Funds may also be used:

- To purchase fire trucks, ambulances, or emergency communications equipment
- To buy or build fire and rescue multiservice centers, police stations, and jails, and
- To pay necessary costs connected with these facilities.

Public service facilities include community buildings, child care centers, courthouses, public maintenance buildings, libraries, schools industrial parks, roads, bridges, airports, fairgrounds, utilities, and other improvements or to acquire interest in land, leases, and right of ways necessary to develop the facilities. Loan funds may also be used for the operation of these facilities.

The Rural Housing Service may fund other types of community facilities that provide essential services to rural residents; and to pay necessary cost connected with such facilities.

If you would like to return to the Rural Development Home Page, [click here](#).

If you would like to return to the Community Facilities Loan Program Home Page, [click here](#).



Financing Your Business

7(A) Loan Guaranty Program

Financing

7(A) Loan Guaranty

- Synopses of Loans
- 7a Loan Guaranty
- SBALowDoc
- SBAExpress
- CAIP
- CDC- 504 Loans
- CAPLines
- Export Working

Capital |

- Pollution Control
- DELTA
- Prequalification Pilots
- Disabled Assistance
- Qualified Employee Trusts
- Veterans
- Microloans
- Forms
- Comments

General Description

What SBA Seeks in a Loan Application

Loan Amounts

Eligibility

Loan Maturities

Interest Rates

Associated Fees

Guaranty Percents

GENERAL DESCRIPTION

The 7(a) Loan Guaranty Program is one of SBA's primary lending programs. It provides loans to small businesses unable to secure financing on reasonable terms through normal lending channels. The program operates through private-sector lenders that provide loans which are, in turn, guaranteed by the SBA – the Agency has no funds for direct lending or grants.

Most lenders are familiar with SBA loan programs so interested applicants should contact their local lender for further information and assistance in the SBA loan application process. Information on SBA loan programs, as well as the management counselling and training services offered by the Agency, is also available from the local SBA office.

LOAN AMOUNTS AVAILABLE UNDER SBA LOAN PROGRAMS

For most SBA loans there is no legislated limit to the total amount of the loan that may be requested from the lender. However, the maximum amount the SBA can guaranty is generally \$750,000. Thus, with a lender requesting the maximum SBA guaranty of 75 percent, the total loan amount available under this program generally would be limited to \$1 million. However, there are some exceptions as presented below in the discussion of specialized loan programs.

WHAT SBA SEEKS IN A LOAN APPLICATION

Repayment ability from the cash flow of the business is a primary consideration in the SBA loan decision process but good character, management capability, collateral, and owner's equity contribution are also important considerations. All owners of twenty percent (20%) or more are required to personally guarantee SBA loans.

WHO IS ELIGIBLE FOR AN SBA LOAN

Although most small businesses are eligible for SBA loans, some types of businesses are ineligible and a case-by-case determination must be made by the Agency. Eligibility is generally determined by four factors:

<u>Type of Business</u>
<u>Size of Business</u>
<u>Use of Loan Funds</u>
<u>Special Circumstances</u>

TYPE OF BUSINESSES ELIGIBLE:

The vast majority of businesses are eligible for financial assistance from the SBA. However, applicant businesses must operate for profit; be engaged in, or propose to do business in, the United States or its possessions; have reasonable owner equity to invest; and, use alternative financial resources first including personal assets. It should be noted that some businesses are ineligible for financial assistance.

SIZE OF BUSINESSES ELIGIBLE:

The Small Business Act defines an eligible small business as one that is independently owned and operated and not dominant in its field of operation. The Act also states that in determining what is a small business, the definition shall vary from industry to industry to adequately reflect industry differences. The SBA has therefore developed size standards that define the maximum size of an eligible small business.

As apparent from the following general description of SBA's size standards, most businesses are considered small. However, these represent general definitions that in some cases are further defined by specific SIC code.

Industry	Size
Retail and Service	\$3.5 to \$13.5 million
Construction	\$7.0 to \$17.0 million
Agriculture	\$0.5 to \$3.5 million
Wholesale	No more than 100 employees
Manufacturing	500 to 1,500 employees

If a potential borrower is close to these standards, size eligibility should be discussed with the local SBA office. Also note that the standards for a particular business may change from time to time and some exceptions do apply.

When affiliations exist with other companies (for example, through common ownership, directorships, or by contractual arrangements), the primary business activity must be determined both for the applicant business as well as for the entire affiliated group. In order to be eligible for financial consideration, the applicant must meet the size standard for its primary business activity and the affiliated group must meet the standard for its primary business activity.

USE OF LOANS:

The proceeds of SBA loans can be used for most business purposes. These may include the purchase of real estate to house the business operations; construction, renovation or leasehold improvements; acquisition of furniture, fixtures, machinery, and equipment; purchase of inventory; and, working capital.

PROCEEDS OF AN SBA LOAN CANNOT BE USED:

- * to finance floor plan needs;**
- * to purchase real estate where the participant has issued a forward commitment to the builder/developer, or where the real estate will be held primarily for investment purposes;**
- * to make payments to owners or pay delinquent withholding taxes;**
- * to pay existing debt unless it can be**

shown that the refinancing will benefit the small business and that the need to refinance is not indicative of imprudent management. (Proceeds can never be used to reduce the exposure of the participant in the loans being refinanced.)

SPECIAL CIRCUMSTANCES:

Certain other considerations apply to the types of businesses and applicants eligible for SBA loan programs.

<u>Franchises</u>
<u>Recreational Facilities and Clubs</u>
<u>Farms and Agriculture</u>
<u>Fishing Vessels</u>
<u>Medical Facilities</u>
<u>Alter Ego</u>
<u>Change of Ownership</u>
<u>Aliens</u>
<u>Probation or Parole</u>

FRANCHISES - are eligible except in situations where a franchisor retains power to control operations to such an extent as to be tantamount to an employment contract. The franchisee must have the right to profit from efforts commensurate with ownership.

RECREATIONAL FACILITIES AND CLUBS - are eligible provided: (a) the facilities are open to the general public, or (b) in membership only situations, membership is not selectively denied to any particular group of individuals and the number of memberships is not restricted either as a whole or by establishing maximum limits

for particular groups.

FARMS AND AGRICULTURAL BUSINESSES - are eligible; however, these applicants should first explore Farmers Home Administration (FmHA) programs, particularly if the applicant has a prior or existing relationship with FmHA.

FISHING VESSELS - are eligible; however, those seeking funds for the construction or reconditioning of vessels with a cargo capacity of five tons or more must first request financing from the National Marine Fisheries Service (NMFS), a part of the Department of Commerce.

MEDICAL FACILITIES - hospitals, clinics, emergency outpatient facilities, and medical and dental laboratories are eligible. Convalescent and nursing homes are eligible, provided they are licensed by the appropriate government agency and services rendered go beyond those of room and board.

ALTER EGO- while investment in real estate occupied by anyone other than the small business concern is not eligible, a holding company owned by the same parties and in the same proportion as the small business (alter ego) may be eligible if a number of conditions are met.

A holding company may be eligible if:

- * the applicant holding company is a small business concern organized and operated for profit and in the business of owning and leasing real or personal property to the operating company;

*** the operating concern fits eligibility criteria of size, type, use of proceeds, and special circumstances;**

*** loan proceeds are used only for acquisition, improvement, and eligible refinancing of real or personal business property;**

*** principals with ownership interest in the applicant holding company are identical with and in the same proportion as the ownership interest in the holding operating company. An exception may be granted where this is not the case solely because one or more immediate members of the same family have variant interests. The identity of interests, generally, must remain throughout the life of the loan. (Consult with the local office when family members hold different interests in the holding and operating companies);**

*** an assignment of the lease between the holding company and the operating company with a term (including options to renew) at least as long as the term of the loan is required in addition to the normal collateral;**

*** the operating company either co-signs or guarantees the loan.**

NOTE: alter ego financing applies only to fixed asset purposes; any working

capital needs must be financed separately.

CHANGE OF OWNERSHIP - Loans for this purpose are eligible provided the business benefits from the change. In most cases, this benefit should be seen in promoting the sound development of the business or, perhaps, in preserving its existence. Loans cannot be made when proceeds would enable a borrower to purchase: (a) part of a business in which it has no present interest or (b) part of an interest of a present and continuing owner. Loans to effect a change of ownership among members of the same family are discouraged.

ALIENS - are eligible; however, consideration is given to the type of status possessed, e.g., resident, lawful temporary resident, etc. in determining the degree of risk relating to the continuity of the applicant's business. Excessive risk may be offset by full collateralization. The various types of visas may be discussed in more detail with the local SBA office.

PROBATION OR PAROLE - applications will not be accepted from firms where a principal (any one of those required to submit a personal history statement, SBA Form 912):

- 1) is currently incarcerated, on parole, or on probation;**
- 2) is a defendant in a criminal proceeding;**
- or**
- 3) whose probation or parole is lifted expressly because it prohibits an SBA loan.**

This restriction would not necessarily preclude a loan to a business, where a

principal had responded in the affirmative to any one of the questions on the Statement of Personal History. These judgments are made on a case by case evaluation of the nature, frequency, and timing of the offenses. Fingerprint cards (available from the local SBA office) are required any time a question on the form is answered in the affirmative.

INELIGIBLE BUSINESSES:

Businesses cannot be engaged in illegal activities, loan packaging, speculation, multi sales distribution, gambling, investment or lending, or where the owner is on parole.

Specific types of businesses not eligible include:

<u>Real Estated Investment and Other Speculative Activities</u>
Academic Schools
<u>Lending Activities</u>
<u>Pyramid Sales Plans</u>
<u>Illegal Activities</u>
<u>Gambling Activities</u>
<u>Charitable, Religious, or Certain Other Nonprofit Institutions</u>

REAL ESTATE INVESTMENT firms exist when the real property will be held for investment purposes - as opposed to loans to otherwise eligible small business concerns for the purpose of occupying the real estate being acquired. **OTHER SPECULATIVE ACTIVITIES** are those firms developing profits from fluctuations in price rather than through the normal course of trade, such as wildcatting for oil and dealing in commodities futures, when not part of the regular activities of the business. Dealers of rare coins and stamps are not eligible.

LENDING ACTIVITIES include banks, finance companies, factors, leasing companies, insurance companies (not agents), and any other firm whose stock in trade is money.

PYRAMID SALES PLANS are characterized by endless chains of distributors and sub-distributors where a participant's primary incentive is based on the sales made by an ever-increasing number of participants. Such products as cosmetics, household goods, and other soft goods lend themselves to this type of business.

ILLEGAL ACTIVITIES are by definition those activities which are against the law in the jurisdiction where the business is located. Included in these activities are the production, servicing, or distribution of otherwise legal products that are to be used in connection with an illegal activity, such as selling drug paraphernalia or operating a motel that permits illegal prostitution.

GAMBLING ACTIVITIES include any business whose principal activity is gambling. While this precludes loans to race tracks, casinos, and similar enterprises, the rule does not restrict loans to otherwise eligible businesses, which obtain less than one-third of their annual gross income from either: 1) the sale of official state lottery tickets under a state license, or 2) legal gambling activities licensed and supervised by a state authority.

CHARITABLE, RELIGIOUS, OR OTHER NON-PROFIT or eleemosynary institutions, government-owned corporations, consumer and marketing cooperatives, and churches and organizations promoting religious objectives are not eligible.

SBA LOAN MATURITIES

SBA loan programs are generally intended to encourage longer term small business financing but actual loan maturities are based on the ability to repay, the purpose of the loan proceeds, and the useful life of the assets financed. However, maximum loan maturities have been established: twenty-five (25) years for real estate and equipment; and, generally seven (7) years for working capital.

Loans for working capital purposes will not exceed seven (7) years, except when a longer maturity (up to 10 years) may be needed to ensure repayment. The maximum maturity of loans used to finance fixed assets other than real estate will be limited to the economic life of those assets - but in no instance to exceed twenty-five (25) years. The 25-year maximum will generally apply to the acquisition of land and buildings or the refinancing of debt incurred in their acquisition. Where business premises are to be constructed or significantly renovated, the 25-year maximum would be in addition to the time needed to complete construction. (Significant renovation means construction of at least one-third of the current value of the property.)

INTEREST RATES APPLICABLE TO SBA LOANS

Interest rates are negotiated between the borrower and the lender but are subject to SBA maximums, which are pegged to the Prime Rate.

Interest rates may be fixed or variable. Fixed rate loans must not exceed Prime Plus two and one-quarter percent (2.25%) if the maturity is less than seven (7) years, and Prime Plus two and three-quarters percent (2.75%) if the maturity is seven (7) years or more. For loans of less than \$25,000, the maximum interest rate must not exceed Prime Plus four and one-quarter percent (4.25%) and four and three-quarters percent (4.75%), respectively; for loans between \$25,000 and \$50,000, maximum rates must not exceed three and one-quarter percent (3.25%) and three and three-quarters percent (3.75%), respectively.

Variable rate loans may be pegged to either the lowest prime rate or the SBA optional peg rate. The optional peg rate is a weighted average of rates the federal government pays for loans with maturities similar to the average SBA loan. It is calculated quarterly and published in the "Federal Register." The lender and the borrower negotiate the amount of the spread which will be added to the base rate. An adjustment period is selected which will identify the frequency at which the note rate will change. It must be no more often than monthly and must be consistent, (e.g., monthly, quarterly, semiannually, annually or any other defined, consistent period).

FEEES ASSOCIATED WITH SBA LOANS

To offset the costs of the SBA's loan programs to the taxpayer, the Agency charges lenders a guaranty and a servicing fee for each loan approved. These fees can be passed on to the borrower once they have been paid by the lender. The amount of the fees are determined by the amount of the loan guaranty.

When the guaranty portion of the loan is \$80,000 or less, the guaranty fee will be two (2) percent of the guaranteed portion; for loans more than \$80,000 but less than \$250,000, a three (3) percent guaranty fee will be charged; for the next \$250,000 of the guaranteed portion, a 3.5 percent guaranty fee will be charged; for any portion greater than \$500,000, a 3.875 percent guaranty fee will be charged.

In addition, all loans will be subject to a fifty basis point (0.5%) annualized servicing fee, which is applied to the outstanding balance of SBA's guaranteed portion of the loan.

PROHIBITED FEES:

Processing fees, origination fees, application fees, points, brokerage fees, bonus points, and other fees that could be charged to an SBA loan applicant are prohibited. The only time a commitment fee may be charged is for a loan made under the Export Working Capital Loan Program.

Guaranty Percents

For those applicants that meet the SBA's credit and eligibility standards, the Agency can guaranty up to eighty (80%) percent of loans of \$100,000 and less, and up to seventy-five (75%) percent of loans above \$100,000 (generally up to a maximum guaranty amount of \$750,000).



| [Comments](#) | [Text Only](#) |

Last Modified: 5-26-98

**New York State
Banking Department**

U.S. DEPARTMENT OF THE INTERIOR, BUREAU OF INDIAN AFFAIRS

Program Name	BUREAU'S LOAN GUARANTEE PROGRAM
Program Description	The program is intended to promote the business development initiatives of federally recognized American Indian tribes and Alaska Native groups, organizations, and individuals on or near federally-recognized Indian reservations.
Eligibility Requirements	
<i>Eligible Businesses</i>	Business organizations with no less than 51% ownership by American Indians or Alaska natives.
<i>Targeted Population</i>	A borrower must be a federally-recognized American Indian tribe or Alaska Native group or an enrolled member of such tribe or group; or, a business organization with no less than 51% ownership by American Indians or Alaska natives.
Loan Elements	
<i>Purpose</i>	To finance American Indian an Alaska Native owned commercial, industrial, agriculture or business activity organized for profit.
<i>Size</i>	A maximum of \$500,000 limitation on guaranteed loans to individuals.
<i>Term</i>	Maximum of 30 years.
Total Pool of Funds	Maximum of \$5.5 million for tribes, groups or organizations.
Agency Name & Address	U.S. Department of the Interior, Bureau of Indian Affairs Suite 260/Mailroom 3701 North Fairfax Drive Arlington, VA 22203
<i>Telephone Number</i>	(703) 235-1303

Additional Information

The Small Business Administration offers a similar loan guaranty, available to Native Americans, through its preferred lender network.

The percentage of the loan that is guaranteed is the minimum necessary to obtain financing, but may not exceed 90% of the unpaid principal and interest on the loan. A minimum of 20% of project funding in either cash or unencumbered assets to be used in the proposed business. The business being financed must be on or near an Indian Reservation.

Applicants work directly with BIA approved lenders, the lender initiates the request for a Bureau loan guaranty.



SOURCES

WAMPANOAG TRIBE OF GAY HEAD (AQUINNAH) PUBLISHED DOCUMENTS

Aquinnah Cultural Center Inc. *Aquinnah Cultural Center Bylaws*.

Wampanoag Tribal Council of Gay Head, Inc. *Strategic Socio-Economic Development Plan*. 1990.

Wampanoag Tribe of Gay Head (Aquinnah). *Land Use and Development Strategies Summary Report*. Prepared by the Process of Land Development Studio, Graduate School of Design, Harvard University. 1991.

_____. *Master Plan of Wampanoag Tribal Lands*. 1993.

_____. *Brief History, Political History, Island Explorers, Customs, Myths, Religion, Language, and Population*. 1995.

_____. *Constitution of the Wampanoag Tribe of Gay Head (Aquinnah)*. As Amended 1995.

OTHER PUBLISHED SOURCES

Aoki, Andrew and Dan Chatman. *An Economic Development Policy for the Oglala Nation*. Harvard Project on American Indian Economic Development. April 1997.

Black, Sherry Salway. *Redefining Success in Community Development: A New Approach for Determining and Measuring the Impact of Development*. The 1994 Richard Schramm Paper on Community Development, The Lincoln Filene Center.

Cornell, Stephen and Joseph P. Kalt. "Reloading the Dice: Improving Chances for Economic Development on American Indian Reservations," in *What Can Tribes Do?*, eds. Cornell and Kalt. University of California, Los Angeles: American Indian Studies Center. 1992.

Feldman, Rick. *Economics, Community and Culture: A Feasibility Study of the Wampanoag Tribal Council's Development Plans*. Center for Economic Development. University of Massachusetts. August 1990.

First Nations Development Institute. *Biennial Report*. 1996/97.

_____. *The Emerging Sector: Nonprofits in Indian Country*. Draft Report.

- _____. *Capital Decisions: Native America and the Community Reinvestment Act*, 2nd Edition. October 1998.
- _____. *A Tribal Guide for Evaluating and Structuring Investment in Small Business*, Business Alert, written by Michael E. Roberts. September/October 1998, Vol. 13, No. 5.
- _____. *Capitalization Strategies for Community-based Nonprofit Organizations*. June, 1997.
- Fogarty, Mark. "Mortgages: Crossing into Indian Country," *US Banker*. (available at <http://www.banking.com/usbanker/art10.htm>).
- Gitlin, Martin W. *Completing the White Mountain Apache Tribal Museum and Cultural Center*. Harvard Project on American Indian Economic Development. May 1988.
- Guyette, Susan. *Aquinnah Cultural Center Strategic Plan (1997-2002)*. 1997.
- _____. *Wampanoag Cultural Tourism Plan (1998-2003)*. September 1998.
- Jayaruman, Saru and Myong Leigh. *Getting Down to Business: Expanding the Dine College's Role in Navajo Economic Development*. Harvard Project on American Indian Economic Development. April 1998.
- Macero, Cosmo, Jr. "Tribe Eyes New Bid." *The Boston Herald*. Finance Section, p. 43. September 2, 1998.
- _____. "Wright Idea: Establish a Gaming Hall." *The Boston Herald*. Finance Section, p. 39. November 13, 1998.
- Native Americans in Philanthropy. *Philanthropy and Native Peoples: An Update for the years 1991-1993*.
- _____. *Survey of Grant Giving by American Indian Foundations and Organizations*.
- Poderis, Tony. "Nine Basic Truths of Fundraising," It's a Great Day to Fundraise, (available at <http://www.raise-funds.com/>).
- Podziba, Susan L. *Social Capital Formation, Public-Building and Public Mediation: The Chelsea Charter Consensus Process*." The Kettering Foundation. 1998.
- The Evergreen State Society. "Marketing," (available at <http://nonprofit-info.org/npofaq/07/01.html>).

_____. "Board of Directors," (available at <http://nonprofit-info.org/npofaq/07/01.html>).

The Martha's Vineyard Commission. *Economic Base Study*. Prepared by Heather B. Harper, Regional Planner and Sarah Laverty, Assistant Planner. 1990.

INTERVIEWS

Black, Sherry Salway. Vice President, First Nations Development Institute. (Interview). February 12, 1999.

Carlin, John M. and Tim Johnson. Senior Development Officer and Deputy Assistant Director for Community Services, National Museum of the American Indian, Smithsonian Institute. (Interview). March 24, 1999.

Colby, Lewis. Chair, Land Use Committee, (Interview). January 26, 1999.

Coombs, Linda. Director, Plimouth Plantation and Member of ACC Board of Directors, Wampanoag Tribe of Gay Head (Aquinnah). (Interview). January 21, 1999.

Cooper, Karen. Director, Smithsonian Institute, Center for Museum Studies. (Interview). January 22, 1999.

Chodos, Shelby. Adjunct Lecturer in Public Policy, John F. Kennedy School of Government, Harvard University & Managing Director of the Commonwealth Capital Partners, Inc. (Interview). January 30, 1999.

Fuller, Jim. Director of Economic Development, Wampanoag Tribe of Gay Head (Aquinnah). (Interview). January 26, 1999.

Hall, Ed. Transportation/Tourism Specialist, Bureau of Indian Affairs. (Interview). January 22, 1999.

Hayes, Mary P. Massachusetts Office of Travel & Tourism. (Interview). February 12, 1999.

Jones, Johnpaul. Jones and Jones. (Interview). February 5, 1999.

Jordi, Philippe. Tribal Planning Director, Wampanoag Tribe of Gay Head (Aquinnah). (Interview). February 3, 1999.

Kaeka Beth. Administrative Assistant, Wampanoag Tribe of Gay Head (Aquinnah). (Interview). January 28, 1999.

Kootswatewa, Fred. Director, Hopi Cultural Center. (Interview). January 20, 1999.

Letts, Christine. Lecturer in Public Policy, Hauser Center for Nonprofit Studies, John F. Kennedy School of Government, Harvard University. (Interview). February 1, 1999.

Mahaney, Nancy. Director, White Mountain Apache Tribal Museum and Cultural Center. (Interview). February 5, 1999.

Mardcn, Julia. Beadwork Instructor, Wampanoag Tribe of Gay Head (Aquinnah). (Interview). January 27, 1999.

Merrill, Joyce. Vice President, Indian Pueblo Cultural Center. (Interview). January 19, 1999.

Munson, Vicki, and Gloria Trahan. Director and Curator of the People's Center of the Confederated Salish and Kootenai Tribes of the Flathead Reservation. (Interview). January 14, 1999.

Saxe, Greg. Planner, Tohono O'odham Nation. (Interview). January 21, 1999.

Vandal Paul. Aquinnah Cultural Center Board of Directors and Wampanoag Tribal Council, Wampanoag Tribe of Gay Head (Aquinnah). (Interview). January 27, 1999.

Vanderhoop, Tobias. Secretary, Aquinnah Cultural Center Board of Directors, Wampanoag Tribe of Gay Head (Aquinnah). (Interview). January 28, 1999.

Vega, Randi. Director, Martha's Vineyard Chamber of Commerce. (Interview). January 28, 1999.

Welch, Berta. President, Aquinnah Cultural Center Board of Directors, Wampanoag Tribe of Gay Head (Aquinnah). (Interview). January 27, 1999.

Widdis, Donald. Project Director, Aquinnah Cultural Center, Wampanoag Tribe of Gay Head (Aquinnah). (Interview). January 28, 1999.

Wright, Beverly. Chair, Wampanoag Tribe of Gay Head (Aquinnah). (Interview). January 27, 1999.

Zelinsky, Edward. Assistant Vice President, Small Business Lending, Bank of America. (Interview). March 8, 1999.