

Rural Louisiana

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Louisiana Tech University

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Getting Organized and Finding Funds: Information for Community Leaders and Small Towns in Louisiana

The previous issue of *Rural Louisiana* "Resources to Help Communities Respond to Change" (vol.1 no.2) covered the topic of how to identify problems and develop strategies to resolve them. In this issue, we take the next step. Suppose you have an idea for a strategy to improve a problem in your community. **How do you organize to take the project on? How do you find the funds to carry out your work?**

The simplest solution for the first question - how to take the project on - is to work through existing organizations and institutions in your community. Sometimes, however, this is not an option. Either the appropriate organizations do not exist, or they are unwilling or unable to work towards solving the problem. One solution is to form a new non-profit corporation specifically to work on the issue that you have identified. The non-profit can either tackle the issue directly, or can attempt to influence those who have the power to improve the situation - either through direct lobbying, or through public education efforts.

The second question - how to find funds - is the one that most organizations will confront at some stage. Again, the simplest solution (but not necessarily the easiest) is for the funding to come directly from donations to the organization by people in the affected community. Many organizations do manage to sustain themselves solely on membership dues, donations, and the occasional fund-raiser. However, once an organization gets large enough to require a staff, or the scope of the work

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An Introduction to Non-Profit Organizations

For some time you have been aware that there is a specific need in your community that you strongly feel should be addressed. You have taken the first steps. You have collected data and information about the need, and you have brought together people in your community to discuss the need, to frame the issue, and to develop potential solutions.

Based on this work, it is clear to you and others in your community that resolving this problem will require the efforts of an organized group. What do you do?

One solution may be to form a non-profit organization to work on this issue.

What is a non-profit organization?

There are many types of non-profit organizations. The simple answer is that as a class they are organizations whose purpose is to provide a benefit or service to a community or group, but not as a profit-making venture. They range from private country clubs, to farmer cooperatives, to charities; from hospitals, to fraternal organizations, to lobbying and political groups, to research and educational institutions.

The chart on page 3 outlines some of the common IRS classes of non-profit organizations. The IRS 's website has the rules regarding charities and non-profits and links to the forms and publications that you will need. The address is

www.irs.gov/charities/index.html. A comprehensive, annotated list of the different types of non-profits is available on-line at www.muridae.com/nporegulation/documents/exempt_orgs.html.

As you can see in the table on page 3, there are differences in how non-profits are treated under the law based on their purpose and activities.

Non-profits with 501(c)(3) status, which (as a class) provide the greatest public benefit, have many more benefits and restrictions under the law. For example, donations to 501(c)(3) organizations are tax-deductible by donors as charitable contributions on their federal income tax returns. This is not true for most other classes of non-profits.

However, 501(c)(3) organizations cannot support a particular candidate in an election, nor can they devote a significant portion of their resources to lobbying - even when these activities would further the cause of their organization.

Why go through the hassle of forming a non-profit corporation?

The main benefit to attaining registered non-profit corporation status from the state and federal government is that it exempts your organization from many federal and state income taxes on the revenue that you generate. In addition, it allows you to solicit donations, and incorporating also provides some protection from lawsuits and creditors for your staff and board.

However, starting up a new non-profit will require time, money and effort, and once started, there may be significant reporting and record-keeping requirements, depending on the type of non-profit.

If your organization or group does not have plans to engage in significant fund-raising efforts to support your work, the funds that you take in from dues will never exceed your expenditures on activities, and you are unlikely to be the subject of lawsuits, you may not need to formally become a non-profit corporation.

It may also be simpler to work on your issue through an existing non-profit rather than starting up a new organization. This issue is covered

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An Introduction to Non-Profit Organizations

in more detail in many of the websites listed at the end of this article.

How do we form a non-profit corporation in Louisiana?

Starting a non-profit corporation is like starting any business; there are many steps to take. If you decide to go forward, review the websites at the end of this article and contact the Louisiana Non-Profit Association (www.lano.org) for additional technical assistance.

Your first step should be to make sure that starting a new non-profit is something that you really want to do and that the idea is viable. The Minnesota Council of Non-Profit's website (link at the end of the article) discusses this issue, and also describes other strategies, besides forming a non-profit corporation, you might use to accomplish your goals.

If you decide to incorporate, you will need to file articles of incorporation with the Louisiana Secretary of State's office. Information about the state's requirements and the forms are available at the website: www.sec.state.la.us/comm/corp/corp-index.htm#Index.

If your organization (once incorporated) plans to solicit donations in Louisiana, you will most likely have to register with the Attorney General's Office in Louisiana. Actually, you will need to register in any state from which you plan to

solicit funds - regardless of where your organization is located. If your website has a section that solicits donations, to be on the safe side you may need to register in every state that requires an organization like yours to register (this is currently a legal "grey" area the courts in several states are currently

looking at this issue). Fortunately, Louisiana and many other states participate in a program that allows the same form to be used in many different states. These forms and

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Common Types of Non-profit Organizations

	501(c)(3)	501(c)(4)	501(c)(6)	501(c)(7)
Description	Must serve public charitable, research, or educational purpose homeless shelter, hospital, school	Serves a community purpose neighborhood association, civic organization	Serves the business purposes of its members chamber of commerce, trade association	Serves the social and recreational purpose of its members youth swim club, garden club, hiking club, country club
Benefits	Donations are tax deductible by the donors as a charitable contribution Exempt from Federal income tax may be eligible for reduced bulk postage rates	Donations are not tax deductible as a charitable contribution Exempt from federal income tax	Donations are not deductible as a charitable contribution, dues may be deductible as a business expense Exempt from federal income tax	Donations are not deductible as charitable contributions Exempt from federal income tax on income derived from members
Restrictions	(1) Absolute prohibition against political activity & (2) Lobbying must be insubstantial or less than 20% of total effort	(1) Some political activity is permitted but taxed & (2) Few limits on lobbying for issues related to exempt purpose	(1) Same as 501(c)(4) & (2) Same as 501(c)(4) but lobbying may limit the deductibility of dues	Same as 501(c)(4) for restrictions (1) and (2)

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Resources for Funding Infrastructure in Rural Communities

There are many state and federal grant programs for infrastructure (transportation, utilities, healthcare, housing) that can benefit rural Louisiana communities. This article describes a few of them.

Louisiana Infrastructure Information Center

Have you always wondered how your neighboring parish funded their walking path? This State of Louisiana database provides local governments a means of sharing information about how their infrastructure projects have been publicly funded. In addition, it provides users with a “one-stop shop” for infrastructure funds. wwwsrch2.doa.state.la.us/infra/.

The Louisiana Capital Outlay Program

This program provides a source of funding for public improvement projects that are not eligible for funding through any of the dedicated funding programs. The funds are provided through the sale of State General Obligation Bonds and can be used for acquiring lands, buildings, equipment or other properties, or for their preservation or development of permanent improvements.

In general, the intent of the program is for State of Louisiana agencies to request these funds. However, local officials of political subdivisions (i.e. parish

governments, towns) are allowed to make requests, but only through their Louisiana State Senator or Representative.

Each legislator forwards the requests they receive to the Facility Planning and Control Section of the Division of Administration. Projects then compete through the legislative process, and successful ones are grouped into various funding priorities and included in the approved Capital Outlay Bill.

For more information and the required forms go to the Louisiana Division of Administration’s website www.state.la.us/FPC/generallist.htm and contact your state elected official.

Federal Earmarked Funds

In a process similar to the Capital Outlay Program, it is theoretically possible for a Louisiana community to have an infrastructure project funded by a federal agency as an “earmark” in either an authorizing piece of legislation or in the appropriations legislation (a trip through West Virginia will show you what is possible).

Success for this endeavor is dependant on the following (1) having a worthy project that fits into other overall federal objectives (not always necessary, but makes your earmark easier to justify) (2) having a good relationship with your Member of Congress or Senator, (3) Your Member of Congress or Senator having a good relationship with others in Congress or having some power, (4) the funding is available (in a tight fiscal year or for a project coming from an agency whose budget is tight your chance of success is lower as every expenditure will be more heavily scrutinized).

If awarded federal funds through an earmark, you are still responsible for all requirements as if you were awarded the funds through a grant, but you do not go through a competitive process.

The Louisiana Community Development Block Grant (LCDBG) Program

According to statute, the primary objective of the federal CDBG program is the development of communities by providing decent housing and a suitable living environment and by expanding economic opportunities, principally for persons of low and moderate income. This federal program is funded by the U.S. Department of Housing and Urban Development but the money comes to Louisiana as a block grant to the state and is administered by the State of Louisiana.

Each year a portion of the funds in Louisiana are offered on a competitive and as-needed basis to small, non-metropolitan cities with populations less than 50,000, and to parishes/counties that are not eligible for entitlement status; i.e., parishes with a non-urban or unincorporated population of less than 200,000. For more information see their website at www.state.la.us/cdbg/cdbg.htm.

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The Governor's Office of Rural Development

Upon legislative approval of the executive budget each year, and the official signature of the governor, the Office of Rural Development receives funding for **Rural Development Grants** and accepts applications throughout the year to be awarded three cycles per year. Applications for this grant program are made available from the Office of Rural Development and through the office of each Louisiana Legislator and are now available at www.rurallouisiana.com.

All requests for information can be submitted to the Office of Rural Development, Post Office Box

94004, Baton Rouge, LA 70804. In addition to their main grant program, the Office of Rural Development also administers a **Parish Bridge Repair Program**, a **Parish Road Repair Program**, and a **Recreational Trails Program** and their site provides linkages to other state and federal programs. For more information about any of these programs contact their office at 225-342-1618.

The Economic Development Award Program (EDAP)

An infrastructure program administered by the Louisiana Department of Economic Development, this grant program

provides funds to develop publicly-owned infrastructure and to assist industrial or business development projects that promote economic development and that require state assistance. For more information see EDAP's website address: www.led.state.la.us/businessresources/edap.asp or contact Clark Forrest in Baton Rouge, LA at 225-342-1130.

The Elderly and Persons with Disabilities Program (transportation)

This federal program, administered by the LA Department of Transportation, provides financial assistance to communities in meeting the transportation needs of elderly persons and persons with disabilities where public

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Community Foundations - pool the resources of a community to improve its resident's quality of life

As anyone from a rural community who has researched possible sources of grant funding can tell you, most of the foundations and corporations supporting community development work are located in, and primarily give their resources to, urban communities. Rural communities, particularly those without a major corporate presence, are at a great disadvantage.

One strategy for rural communities to adopt, in order to develop a pool of discretionary resources that will fund improvements to their community, is the creation of a Community Foundation to support projects and programs that benefit the community. A Community Foundation is a gathering of assets from a broad cross-section of the public to serve a defined geographical area. There are more than 600 such foundations in the United States. A Community Foundation provides an opportunity for people to invest in their own communities. By pooling the gifts of all of a community's members, even small town and rural communities can build up significant charitable assets with which to improve their community's health and quality of life.

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goes beyond the amount of funding that can be generated locally, it is generally time to think about grantwriting.

In this issue of Rural Louisiana we have attempted to provide a starting point to your work in carrying out projects to improve your community. Please contact the Center for Rural Development at (318) 251-0205 (ehiggins@latech.edu) if you need further information or guidance and we will either assist you, or help you find someone who can.

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Finding Sources of Grant Funding

One of the most common requests for assistance that we get at the Center for Rural Development is assistance with identifying sources of grant funds for a project. Below are some databases, directories and tips for finding grant funds for your projects.

The Bad News - Some Activities are Difficult to Fund

Many of the calls we get are from small business persons or individuals looking to start a small for-profit business. Unfortunately, there are very few “grants” directly for for-profit businesses.

Most state and federal incentive programs for businesses take the form of tax incentives, subsidized loans, and rebates for particular activities (such as improving energy efficiency). For information about small-business programs a good starting point is your local Small Business Development Center (at LA Tech, the SBDC director is Kathy Wyatt 318-257-3537). SBA’s website www.sba.gov can provide more information on small-business programs. Another resource is your regional State of Louisiana Economic Development Specialist. The contact information for the specialist in your region can be found at www.lded.state.la.us.

It is sometimes possible for a for-profit business to partner with a non-profit organization or a public entity on a grant. The non-profit or public entity would submit the

grant and receive the funding, and the for-profit would provide a service under contract to the grantee. The EDAP program (on page 4) is an example of a program with an explicit requirement to have a for-profit/public partnership.

There are also fewer grants for non-profits that do not have 501(c)(3) status or its equivalent. This is particularly true in rural areas where there are fewer sources of grant funds in general.

Federal Grants

The federal government has a myriad of grant and loan programs, many of which serve rural communities. However, because

there are so many programs and the application process for many of these programs is quite complicated, they are often the most difficult for small communities to access directly. Also, the availability of federal funds is often subject to annual appropriations - so even if a program exists that meets your communities needs, it may not have the funds available in a given year to assist you.

Here is a process to use in identifying a source of federal funds for your project:

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Assistance with Grantwriting

For many people, grantwriting is one of the more intimidating parts of non-profit work. It requires attention to detail, good writing skills, good research skills, creativity, and a thick skin (as most grants are not funded).

It does come easier with practice and there are several routes to grantwriting success. The first path is to take a class on grantwriting. Another strategy is to work with someone who is already experienced. If you currently work with someone who is grantwriting, either at work or through other volunteer efforts, see if they will work with you or, better yet, let you assist them on a project.

If you are Louisiana rural community or non-profit organization working on a grant, and would like some technical assistance with it, the Center for Rural Development at Louisiana Tech may be able to help. Because we do not have a sizable staff, we cannot write full grant proposals for most organizations, and we expect organizations that we work with to provide significant input into the process. However we can assist in identifying potential sources of funding for your project, and we can act as a mentor to organizations by reviewing draft proposals and making suggestions. Please contact Elizabeth Higgins (318) 257-2919 or ehiggins@latech.edu for more information.

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Finding Sources of Grant Funding

(1) Check the Catalog of Federal Domestic Assistance <http://www.cfda.gov>. This source tells you what programs exist. However, it does not tell you if the program is actually funding anyone. This is a good first step to figure out which government agencies, and which departments of the agency are likely to fund the kind of work that you want to do.

(2) Go to the webpage of the Federal agency that you identified in the Catalog of Federal Domestic Assistance. This is often the most up-to-date place to find out what grants will be funded and what the deadlines will be. Some programs are funded annually, and the agency's webpage will let you know what the application deadline will be in enough time to get a proposal together. You can often find information about the grant proposals that were funded in previous years on the agency's site. There is also often a federal contact person listed. If you have any questions about the program, do not hesitate to call them.

(3) Read the Federal Register which is available on-line at http://www.gpo.gov/su_docs/aces/aces140.html. The Federal Register publishes a notice of funding availability (NOFA) for most federal programs that will tell you how to apply, where to apply, and provides all of the guidelines that you will need to follow for your application. We post Federal Register NOFAs on our website www.latech.edu/tech/rural (under "Grants")

Searching for Other Funding Sources

Assistance Resource Center - This State of Louisiana database supplies a directory of programs (state, federal, and private) that provide monetary and/or technical assistance to local or state governments or community based organizations. Its website is: www.doa.state.la.us/arc/

The Foundation Center - the nation's leading authority on institutional philanthropy. Their website provides a good deal of information about foundations, including corporate foundations, and they are a good source to go to if you know the name of the company or private foundation that you are interested in and want a link to their webpage.

Unfortunately, searching the foundation database on-line is by paid subscription only. Their website is fdncenter.org

Fortunately, the Foundation Center does have agreements with several libraries in Louisiana to house their collections on grantsmanship. The address of the website that lists cooperating Louisiana libraries is fdncenter.org/collections/ccla.html.

Chronicle of Philanthropy - Newspaper of the philanthropic sector. Their webpage philanthropy.com/deadlines/ provides a search of grant deadlines that are drawn from the Chronicle's listings. It is searchable by subject. There is no charge for this, but in order to search their full database of grants you need to subscribe.

Michigan State University Library's Grants for Non-profits website provides a listing of books, websites, and funders by category. Includes Health, Arts, Youth, Community Development and more. Has a Michigan focus, but is a good reference source. www.lib.msu.edu/harris23/grants/2sgalpha.htm.

Seeking Corporate Grants

Often companies, particularly large, national companies, have a foundation that funds projects in the communities where they have employees, projects that relate to their core business (e.g. toy companies tend to fund children's programming; computer companies tend to fund computers in classrooms). Information about their grants can usually be found on the company's webpage.

Rural communities that do not have a large number of businesses should not forget about the utility companies (natural gas, telephone, electricity), and transportation companies (railroads, airlines) that serve their community. For example, Kansas City Southern Railroad has a foundation that provides funds to projects in communities that its tracks go through and many electric companies and electric cooperatives have rural development programs.

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information about registration are available on-line at the Multi-State Filer Project's website at www.multistatefiling.org/index.html.

Where can we go for help?

The following list is just a starting point. We have attempted to cull some of the most useful and readily available resources. For technical assistance in Louisiana, your first call should be to the Louisiana Association of Nonprofit Organiza-

tions. LANO offers education to increase the capacity of Louisiana's nonprofit sector. LANO envisions strong, accountable, efficiently run nonprofit organizations fulfilling every need in Louisiana. Their website is www.lano.org

In addition, Community Development Works in Alexandria, LA, a project of the Rapides Foundation, offers courses and training in nonprofit management. See www.communitydevelopmentworks.org

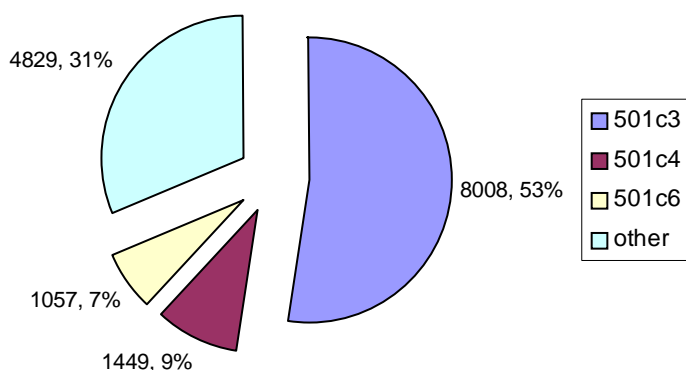
One of the best sites on the Internet for going through the process of starting a new non-profit organization is the Minnesota Council of Non-Profit's site "Info Central - How to Start a Nonprofit." The address is: www.mncn.org/info_start.htm.

Non-Profit Resources, an organization in Arkansas, also has a website that outlines the major steps in starting up a non-profit organization. It is very clear and easy to understand. The website is www.aristotle.net/~nonprofit/startup/startup.html

All sorts of information about non-profit management is available at the Internet Non-profit Center, a project of The Evergreen State Society based in Seattle, Washington, USA. On their website, www.nonprofits.org, they have a comprehensive site called "The Nonprofit FAQ" which covers everything from regulations to fund-raising. It is available at www.nonprofits.org/npofaq/

Finally, there is a website, www.form1023help.com, which is a step by step guide to filling out the required IRS form 1023 to become a non-profit. According to the website the content was written by Sandy Deja, who was a former IRS auditor and who has specialized in non-profit tax issues since 1974. The service provided by the site is free, but she requests that anyone who uses it make a small donation to her (not tax deductible) in order for her to keep providing the information to other non-profits.

Tax-Exempt Organizations in Louisiana with more than \$5000
in gross receipts (1999)



Source: Louisiana Association
of Non-Profit Organizations

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The first step is to determine whether or not your community can support a community foundation.

According to researchers of the Southern Philanthropy Consortium, contrary to popular belief, the rural South is home to a large number of high-income earners and millionaires. In addition assets that many rural individuals hold, like land, timber, mineral rights, and farm equipment can be used to create charitable gifts.

One resource is “the Philanthropy Index for Small Towns and Rural Areas in the South” www.philanthropyindex.org. According to its website, “This new, one-of-a-kind resource offers an in-depth, user-friendly way for individual rural communities and small towns in the South determine their ability to create a permanent charitable fund to support community life. The Philanthropy Index combines objective data with the collective knowledge of community leaders to create a “score” for measuring philanthropic potential.”

The index was created by the Southern Rural Development Initiative “a bottom-up intermediary — a regional collaborative working together to dramatically increase the flow of philanthropic and development capital to the South’s poorest rural communities.” SRDI’s website is www.srdi.org.

Should your community decide to go forward with forming a

Community Foundation, another source of technical assistance and information is the national [Council on Foundations](http://www.cof.org), which offers training and technical assistance to Community Foundations. Their website is www.cof.org (look under “Community Foundations”)

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transportation services are unavailable, insufficient or inappropriate. For more information on this program contact Harold Beck at the Department of Transportation, HaroldBeck@dotd.louisiana.gov.

The Rural Public Transportation Program

Recognizing that not everyone in a rural community can afford a car or drive, this federal transportation program is designed to increase the access of rural people to health care, shopping, education, employment, public services, and recreation. The program provides capital, administration and operating costs funding. It is administered in Louisiana by the LA Department of Transportation. For more information contact Darlene St. Romain at the LA Department of Transportation, DarleneStRomain@dotd.louisiana.gov.

Grants to Fire Departments

Information about grant opportunities can be found at the U.S. Fire Administration’s website www.usfa.fema.gov. This is probably the best single source, with

many links to other agencies that support fire departments and emergency personnel.

USDA Rural Development Grants (and Loans)

USDA’s Rural Development Agency provides grants and loans to public entities and non-profits in rural communities for housing, community facilities, and rural utilities (telephone, water and sewer, telephone and telecommunications). Information about their programs, and a list of phone numbers for state area offices, is available on the state office of Rural Development’s website www.rurdev.usda.gov/la/.

The U.S. Department of Health and Human Services HRSA - Network Development Planning Grant Program

This program provides one year of funding to rural communities that seek to develop a formal, integrated health care network and that do not have a significant history of collaboration. The planning grants are to be used to develop a formal network with the purpose of improving the coordination of health services in rural communities and for strengthening the rural health care system as a whole. Information is available on HHS’s website at ruralhealth.hrsa.gov/funding/networkplanning.htm. Other grants are also listed on this site.

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The Center for Rural Development's Spring 2004 Rural Development Conference - April 2, 2004

"The Role of the Health Care Sector in Rural Economic Development"

Can a rural community without a health care infrastructure thrive economically? This one-day conference will focus on the connection between the health care sector, (hospitals, clinics, doctors, etc.) and rural economies. It is targeted to meet the information needs of local government officials, business leaders, economic developers, community developers, and anyone interested in learning more about the impact health care has on their community.

The main speaker will be Dr. Gerald Doeksen of Oklahoma State University who is the Director of a national program Rural Health Works. This program assists rural communities in assessing the impact that their health care sector has on their economy.

More information will be available on our website www.latech.edu/tech/rural soon. Please e-mail Elizabeth Higgins at ehiggins@latech.edu if you have any questions, or she can be reached by phone at (318) 257-2919.



Mt. Lebanon Baptist Church, Mt. Lebanon, LA

Center's Website to Feature Information about Northern Louisiana Parishes

The Center for Rural Development is working on a project "**A Guide to Northern Louisiana**" which is a website highlighting the historical, natural, and cultural assets and resources of 24 parishes in Northern Louisiana. Nine parishes are currently complete, and another thirteen are in progress. This site can be viewed at www.latech.edu/tech/rural/tourism/main.

Please send any comments, suggestions, and changes to ehiggins@latech.edu.