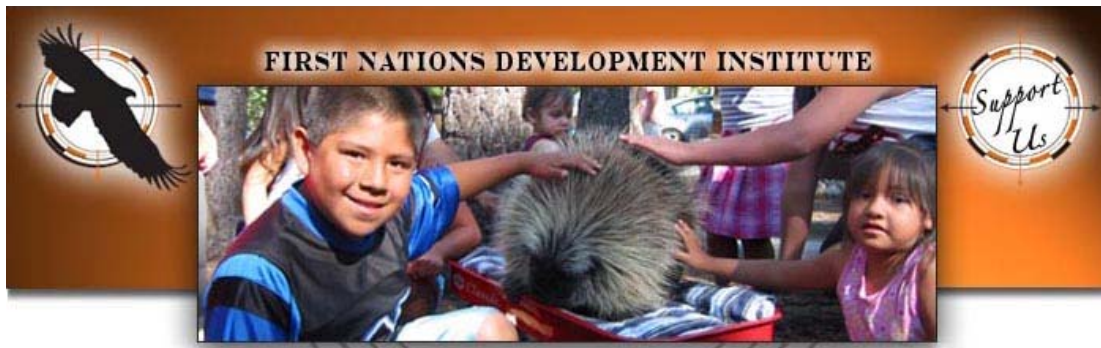


# First Nations Development Institute Releases Research Report On 7871 Organizations



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Author: [First Nations Development Institute](#) , Sarah Dewees

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**November 5, 2009** - First Nations Development Institute releases research report on 7871 organizations

First Nations Development Institute recently completed a research project on 7871 charitable organizations, their institutional structures, and best practices for their management. This research resulted in a report titled Charitable and Sovereign: Understanding Tribal 7871 Organizations.

In 1982, Congress passed the Indian Tribal Governmental Tax Status Act, codified as Section 7871 of the Internal Revenue Code, treating tribal governments as state governments for a variety of specified tax purposes. One of these purposes was to allow tribal governments and their programs to receive tax-deductible donations. Many tribes have used the 7871 tax code to develop tribal charitable and philanthropic organizations. These organizations include educational scholarship programs, economic development organizations, and grant making foundations.

First Nations' research revealed that while there are a large number of these so called "7871 organizations" that provide social service, economic development, educational, and other charitable programming, only a small number of them are actively raising external funds. Most such programs are funded by tribal governments or federal funding streams. However, as tribes look to diversify both their programs and funding streams, an increasing number of tribal programs are using Section 7871 to facilitate fundraising as charitable organizations. Use of the Section 7871 designation to create philanthropic and charitable entities is increasingly popular as tribes seek ways to protect their sovereignty while still promoting philanthropic activities.

**The report had the following additional key findings:**

1. There is great programmatic and organizational diversity among 7871 organizations.
2. There are significant barriers to fundraising for 7871 organizations.
3. The myth of "rich gaming tribes" persists as a barrier to fundraising for 7871 organizations.
4. Federal legislation is inconsistent in its treatment of 7871 organizations and their eligibility for federal grant programs.
5. There are a large number of tribes that have spun off 501(c)(3) organizations to remove barriers to fundraising.
6. There is a need to establish best practices to reassure prospective donors to 7871 organizations.

"We hope this report will raise awareness about the important role that 7871 organizations play in providing services to tribal members," stated Michael E. Roberts, President of First Nations Development Institute. "There is still a lot of confusion about what these organizations are and what they do. We hope this report will clarify many issues." One goal of the report is to educate program officers at foundations so they are more comfortable working with 7871 organizations. "We hope to educate members of mainstream philanthropy on this topic," stated Sarah Vermillion, Vice President for First Nations Development Institute.

First Nations' research included a national survey and case studies and interviews with five active or former 7871 organizations. This research was funded by the Cultures of Giving Fund, established at the Rockefeller Philanthropy Advisors with major support from the W.K. Kellogg Foundation.

To download a free copy of this report, visit our website at [www.firstnations.org](http://www.firstnations.org) and follow the links from the home page.

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For more than 28 years, using a three-pronged strategy of Educating Grassroots Practitioners, Advocating for Systemic Change, Capitalizing [Indian Communities](#), First Nations Development Institute has been working to restore [Native American](#) control and culturally-compatible stewardship of the assets they own - be they land, human potential, cultural heritage, or natural resources - and to establish new assets for ensuring the long-term vitality of Native communities. [First Nations](#) serves rural and reservation-based Native American communities throughout the United States

**Contact Details:** Sarah Dewees  
540-371-5615; [sdewees@firstnations.org](mailto:sdewees@firstnations.org)  
First Nations Development Institute  
2217 Princess Anne St.  
Ste 111-1Fredericksburg, VA 22401  
Tel/540.371.5615  
Fax/888.371.3686

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