



Advancing PHILANTHROPY

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Foundations effecting solutions

THE DOMINO EFFECT



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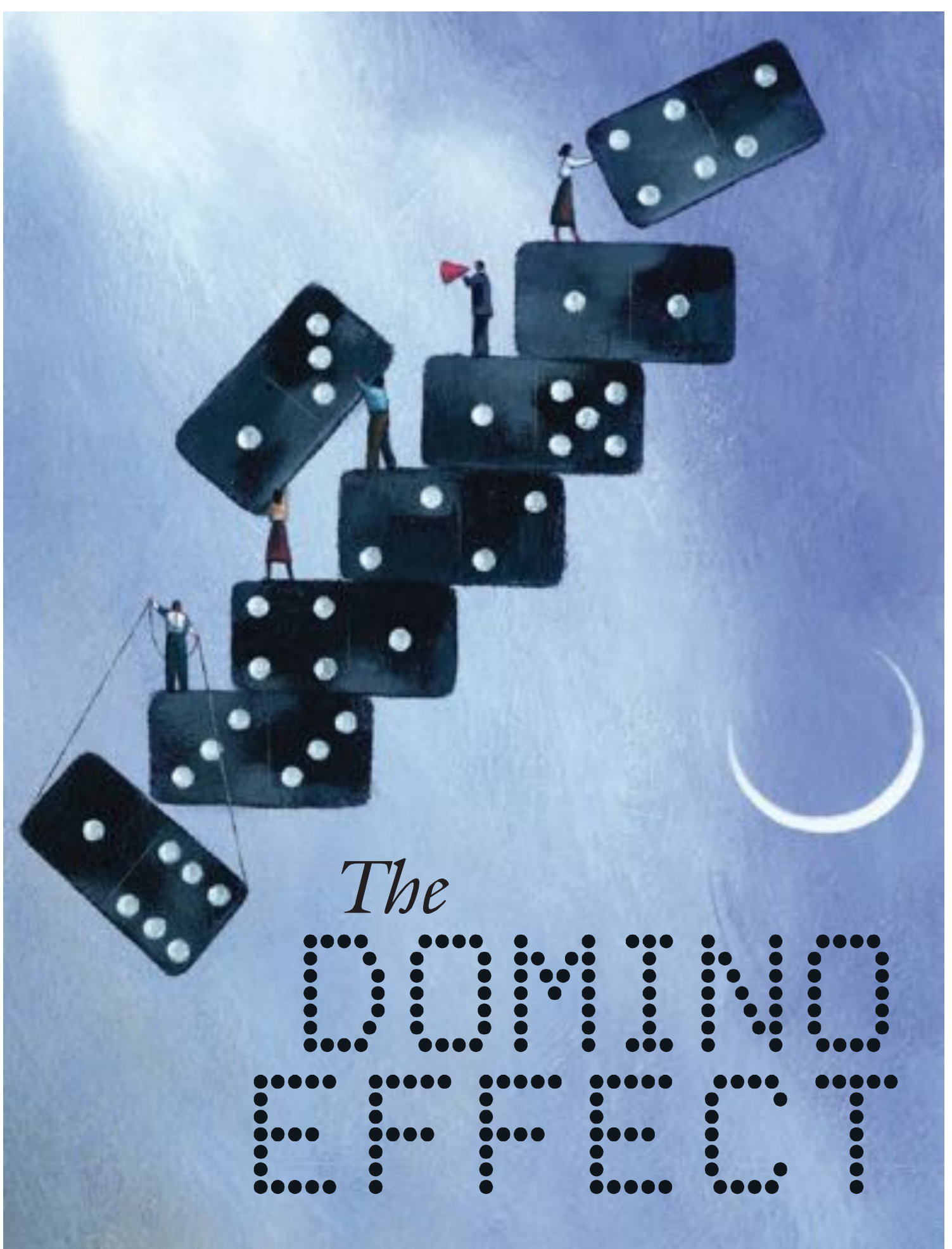
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Jane Birnbach, MAS, CFRE



The
DOMINO
EFFECT

How community foundations are teaming up with one another and with local nonprofits, businesses and government to innovate solutions in their communities

BY PAUL LAGASSE

As state, provincial and local governments have slashed grant support for nonprofit programs, public grant makers are being asked to help fill the funding gap. Many foundations, however, are going further—engaging a wider range of stakeholders, diversifying their philanthropic investments and taking a leadership role in the revitalization of vital civic infrastructure. “Foundations recognize that the problems we face today are significantly more complex than those of the past,” says Vikki Spruill, president and CEO of the Council on Foundations (www.cof.org) in Arlington, Va. “To achieve success, foundation leaders are increasingly focused on the cause versus the institution.”

So, what are foundation leaders doing? They are working with local partners to find innovative solutions to pressing civic issues.

Community Foundation of Ottawa: Supporting Social Enterprises

Since 1987, the Community Foundation of Ottawa (CFO, www.cfo-fco.ca) has distributed nearly \$85 million in grants to nonprofits that serve Canada’s capital city and beyond. CFO also plays a key role in fostering a city-wide effort to fund organizations that seek to bring about social, environmental and economic change using proven business strategies. Called “social enterprises,” they are springing up all over, and Ontario, where Ottawa is located, is currently home to some 10,000 such enterprises. Indeed, the social enterprise landscape is evolving quickly within the sector, and the AFP Foundation for Philanthropy–Canada recently

commissioned a research paper on the subject, *The new regulatory regime for social enterprise in Canada: potential impacts on nonprofit growth and sustainability*.

CFO’s director of development and donor services, Daniel P. Brunette, likens the foundation’s role in supporting social enterprises to helping build and maintain a “community wave” through increased donor engagement and fostering collaborations. For example, CFO supported the Ottawa Community Loan Fund (www.oclf.org) in its application, as the lead entity for the region, to the government of Ontario’s \$4 million Social Enterprise Demonstration Fund (www.ontario.ca/business-and-economy/social-enterprise-demonstration-fund) to support social enterprise startups. CFO facilitated a gathering of the partners and is one of the fund’s contributors.

In addition, this same provincial fund also has made a grant to Community Foundations of Canada (CFC, www.cfc-fcc.ca) to provide debt and equity financing, as well as grant capital, to early-stage social enterprises identified through the community foundation network. CFC’s Youth Catalyst Fund links private, public and philanthropic funding to tackle youth employment as identified in its report, *#GenerationFlux: Understanding the seismic shifts that are shaking Canada’s youth*.

“Community foundations have historically been more in the background,” Brunette says. “Our goal is to grow and steward community assets and, in turn, be the most trusted partner to donors and charities when it comes to impact philanthropy and community knowledge expertise.”

For example, CFO is providing thought leadership to the city of Ottawa to include a social innovation component as part of its plans for a Bayview Yards Innovation Centre, which is opening in the second half of 2016, with a first-phase investment of \$30 million. The renovated waterfront warehouse will provide creative entrepreneurs with a business incubator, a digital media production facility, a "maker" space and meeting rooms, along with a café and lounges.

"The Community Foundation of Ottawa has supported local social enterprise from the very start, and we are pleased to see it becoming such a stronghold in our community," says Marco Pagani, CFO's president and CEO. "We are actively encouraging and supporting a long-term social innovation strategy that will help us to tackle some

of the city's most pressing issues while creating jobs and contributing to a healthy local economy."

Central Florida Foundation: Building a Nonprofit Investment Bank

Every year in central Florida, on average, 30,000 people experience chronic or episodic homelessness. It costs hospitals and law enforcement agencies an estimated \$31,000 per person annually to care for chronically homeless people, who spend an average of seven years living on the street. It is a problem in need of innovative solutions.

In late 2014, the Central Florida Foundation (CFF, www.cffound.org) in Orlando teamed up with the Central Florida Commission on Homelessness and the Corporation for Supportive Housing to establish the

In Iowa, Community Foundations Manage Distribution

Community foundations in Iowa play a central role in administering the distribution of charitable funds raised through a pair of innovative, statewide tax-revenue initiatives, a partnership that could serve as a role model for community foundations in other states.

The Endow Iowa Tax Credit Program, passed in 2003, offers individual donors a 25 percent tax credit for donations made to permanently endowed funds at qualified community foundations (accredited by the Community Foundations National Standards Board) and affiliate organizations. Since the inception of Endow Iowa, Iowa community foundations have leveraged more than \$167,585,784 in permanent endowment fund gifts. The contributions were made through more than 21,017 donations.

The County Endowment Fund program, passed the following year, allocates a percentage of the state's gaming tax revenues to qualified community foundations that serve the 85 counties that do not hold state-issued gaming licenses. One-quarter of the funds raised this way are kept in dedicated endowment funds, with the rest distributed as grants to eligible organizations for capital and program purposes. In 2014, the fund—the only one of its kind in the country—awarded more than 2,200 grants totaling \$8.7 million. Many of the grants go to projects in rural areas that are challenging to fund



otherwise, such as defibrillators for local hospitals and roadside beautification programs.

Both of the state tax-revenue initiatives, which have traditionally benefitted from strong bipartisan support in the state legislature, are managed by the Iowa Economic Development Authority (www.iowaeconomicdevelopment.com) in partnership with the Iowa Council of Foundations

Central Florida Focus: Homeless Impact Fund. The fund enables local citizens and governments, private foundations and businesses to invest in evidence-based, collective-impact strategies, such as rapid rehousing and affordable housing, proposed by local nonprofits and funded through grants and low-interest loans.

"Instead of asking, 'What can we do to solve homelessness?' we decided to ask, 'If we solved homelessness, what would that look like?'" says Mark Brewer, CFF's president and CEO. The fund supports programs that start by placing people in homes and providing services to help them continue living there successfully. Fund partners estimate that this model will cost one-third the amount of the current approach and lead to significant, long-term declines in the number of chronically homeless people.

Brewer explains that the program puts the community foundation in the position of driving investment toward specific objectives, termed "supply-side" investment. "The secret to this approach is to get people to agree not on how to solve the problem but on how to measure the problem," he says. "We're like a nonprofit investment bank. Our job is to bring capital to marketable solutions that bring results and to bring solutions to capital that is looking for them."

The Homeless Impact Fund is young, but if it proves successful, Brewer is optimistic that other programs that combine outcomes-based measurement with supply-side investment can be used to address other social problems. "If we can have a big impact on homelessness," he asks, "what about applying this approach to the arts? Or unemployment? Or hunger?"

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of Charitable Tax Revenue

(www.iowacounciloffoundations.org), the state's Lead Philanthropic Entity through its Iowa Community Foundations Initiative (www.iowacommunityfoundations.org). Laura Sauser, the council's president at press time, says that the success of the Endow Iowa Tax Credit in particular has had a dramatic impact on communities and their foundations. "It has spurred tremendous growth in terms of endowed assets that will stay in those communities," she explains. "It has also spurred the growth of affiliate foundations across the state and built their assets tremendously."

As the number and roles of community foundations have grown, so has the desire of other organizations to join the conversation and partner with one another on new initiatives. For example, a coalition of Iowa nonprofits and foundations that support education recently joined forces with school districts to participate in the Campaign for Grade-Level Reading (www.gradelevelreading.net), a collaborative effort by foundations, nonprofit partners, business leaders, government agencies, states and communities across the nation to ensure that more children in low-income families succeed in school and graduate prepared for college, a career and active citizenship. The campaign focuses on an important predictor of school success and high school graduation: grade-level reading by

the end of third grade. The campaign recently recognized the Des Moines Campaign for Grade-Level Reading as one of its 2014 Pacesetters for its successes in improving outcomes in child health and summer learning.

"The table has gotten bigger," Sauser says. "I'm not sure those connections and those relationships would have happened otherwise."

Sauser adds that community foundations in Iowa are actively thinking about ways they can leverage these newfound connections to generate more giving in their communities. "It certainly has inspired local communities to rally around the idea of what a community foundation can mean," she says. "I think everyone realizes that a healthy culture of philanthropy can benefit the state. Philanthropy is playing a different role than it did 10 years ago." ☺

To find out more, visit

Endow Iowa Tax Credits
www.iowacommunityfoundations.org/endow-iowa-tax-credits.aspx

County Endowment Fund
www.iowacommunityfoundations.org/county-endowment-fund.aspx

To Rally Community Support for Civic Assets, Look to an American Tradition

Faced with shrinking budgets, many local and state governments have been forced to reduce or eliminate grant support for programs in the arts, recreation and education. How are communities responding? They are bringing together citizens, civic organizations, nonprofits, foundations, businesses and unions to make up for the funding shortfalls. To be successful in the long run, says Dr. Gareth Potts, who studies urban and regional policy in the United Kingdom and the United States, these coalitions need to build community awareness of the benefits of these civic resources, establish stable funding sources for programs and overhead and rally a corps of dedicated volunteers.

Potts has found a model for such civic coalitions in the all-American tradition of barn raising, in which neighbors living in frontier communities gathered together to help farmers build new barns. Barn raisings were—and in Amish and Mennonite communities, still are—as much social affairs as they were construction projects. And because the buildings themselves often served communal functions, it was in everyone's best interest to help build them.

"Like the communal barns of the frontier United States, our libraries, parks, recreation centers and art museums serve as key anchors to communal, social and cultural life," Potts writes in *The New Barn-Raising: A Toolkit for Citizens, Politicians, and Businesses Looking to Sustain Community and Civic Assets*. "In the new economic frontier of public spending cuts, government has a much less dominant role in overseeing the funding, managing and delivery of community and civic assets. Instead, citizens, foundations, nonprofits and businesses are asked to pull together to do more."

Potts, the former director of research and policy at the British Urban Regeneration Association, traveled across the United States in the summer and fall of 2012 as an Urban and Regional Policy Fellow of the German Marshall Fund of the United States (www.gmfus.org) in Washington, D.C. He interviewed people from local nonprofits and foundations, government agencies and academic institutions in Minneapolis-St. Paul, Detroit and Baltimore in an effort to find out what made those cities' in-

novative projects and policies for sustaining civic assets successful.

Potts identifies three strategies for sustaining community assets:

1. **Raising awareness** by making convincing cases to stakeholders and forming alliances
2. **Raising money** by identifying and cultivating local and regional funding sources
3. **Raising help** by growing a base of volunteers who can bring their unique knowledge and resources to bear

"There's no magic bullet," Potts explains by telephone from Washington, D.C., where he now lives with his wife. "It's really about people pulling together and recognizing the parts that each partner can play."

Potts has designed *The New Barn-Raising* to be a comprehensive tool kit, with detailed case studies and examples as well as abundant anecdotal and statistical evidence, all of which local alliances can apply to achieve successes such as those in the three cities profiled in the book. Potts supplements this resource by hosting webinars, free article downloads and other resources on the book's website. It is all part of his effort to build an international grassroots community of practice around the barn-raising philosophy.

Potts says that the response to *The New Barn-Raising* has been positive and is growing slowly but steadily as word spreads: "I'll keep doing this as long as there are good ideas to talk about," he explains. ☺



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Berks County Community Foundation: Bringing People to the Table

With an entire floor devoted to conference and meeting rooms available free to local nonprofits and another floor serving as a business incubator, the new headquarters building of the Berks County Community Foundation (BCCF, www.bccf.org) in southeast Pennsylvania embodies the foundation's vision of bringing local nonprofits, businesses and government agencies together to address pressing social issues in the greater Reading area under the foundation's strategic guidance and leadership.

For example, three years ago, BCCF brought together the community's two nonprofit hospitals, along with several local nonprofits, to develop a joint community health-needs assessment to comply with federal Affordable Care Act (ACA) requirements, reducing duplication of effort. Each of the partnering organizations developed action plans for the assessment that reflected their specialties. For example, one nonprofit developed a large collective-impact project for lowering teen pregnancies. "It really gave the report a lot of credibility in the community," says Heidi Williamson, vice president for programs and initiatives at BCCF.

The collaborative effort on the needs assessment also sparked several spinoff initiatives. When the assessment revealed a community-wide need for improved pediatric and adult oral health and dental care, a volunteer convened a task force of dentists, doctors and pediatricians to develop a preventive and remedial oral-care plan. BCCF also has recently received a grant from the DentaQuest Foundation (www.dentaquestfoundation.org) to work with local Boys & Girls Clubs and the local library system to reach patrons in need of oral care.

"A community foundation is perhaps the one organization that has the luxury of being able to take the long-term view on big projects," Williamson says. "Often, the grant is the least-important part of the equation. It's the relationships, the planning and the programming. The grant money comes later to support what needs funding. You end up having a domino effect."

The experiences of the Berks County Community Foundation, the Central Florida Foundation and the Community Foundation of Ottawa all share an eagerness to develop strong, collaborative relationships to solve seemingly intractable social problems. It is a lesson that grant makers should take to heart, Spruill advises. "The value of networks and placing cause before institution is more important and necessary than ever before

if foundations and nonprofits alike hope to solve today's and tomorrow's challenges," she says. "The focus, in the end, is on the most effective way to address challenges. The focus is on impact." 

Paul Lagasse is a freelance writer in Annapolis, Md. (www.avwrites.com).

Resources and Additional Reading

The new regulatory regime for social enterprise in Canada: potential impacts on nonprofit growth and sustainability by Dr. Pauline O'Connor, 2014

www.sess.ca/english/wp-content/uploads/2014/10/OConnor-Social-EnterpriseRegRegime.FINAL_2014.pdf

#GenerationFlux: Understanding the seismic shifts that are shaking Canada's youth

www.vitalsignscanada.ca/en/vitalyouth

The New Barn-Raising: A Toolkit for Citizens, Politicians, and Businesses Looking to Sustain Community and Civic Assets by Gareth Potts

www.thenewbarnraising.com

2013 Council on Foundations-Commonfund Study of Investments for Private Foundations (CCSF)

www.cof.org/content/2013-council-foundations-commonfund-study-investments-private-foundations

Needle-Moving Community Collaboratives, The Bridgespan Group

www.bridgespan.org/Publications-and-Tools/Revitalizing-Communities/Community-Collaboratives/Needle-Moving-Community-Collaborative-s-A-Promisin.aspx

Needle-Moving Community Collaboratives Revisited, The Bridgespan Group

www.bridgespan.org/Needle-Moving-Community-Collaboratives-Revisited

Toolbox Overview for Building Needle-Moving Community Collaborations, Aspen Institute

www.aspeninstitute.org/sites/default/files/content/docs/resources/White_House_Council_For_Community_Solutions_Tool_Kit.pdf

Additional Resources for Collaboration, Collaborative Impact Forum

<http://collectiveimpactforum.org/resources/additional-resources-collaboration>

Nonprofit Challenges: What Foundations Can Do, Center for Effective Philanthropy

www.effectivephilanthropy.org/wp-content/uploads/2014/01/NonprofitChallenges.pdf

"Keeping the 'Community' in Community Foundations" by Bill Somerville

http://ssir.org/articles/entry/keeping_the_community_in_community_foundations

Assets and Giving Trends of Canada's Grantmaking Foundations

<http://sectorsource.ca/sites/default/files/resources/files/trends-canadas-grantmaking-foundations-sept2014.pdf>