



Growing Iowa's Assets

Leading Tactics for Endowment Building



Iowa Community Philanthropy Academy


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Today's Objectives - Learn about:

- Recent dramatic growth in affiliate funds across the nation – and the rural connection
 - What's different – and important – about growing endowment in rural places?
 - Why Iowa is So Cool
 - Leading Tactics for Building Endowment!
- 

But first...so exactly what is the...

Aspen Institute Community Strategies Group?

- **We help leaders and organizations:**
 - Address hefty community and economic development challenges
 - Adapt proven methods or pioneer new ones to make community progress

- **Our methods:**
 - Design and deliver intensive peer-to-peer action-learning exchanges
 - Convene leaders to grapple with tough challenges and nifty opportunities
 - Manage large initiatives for funders
 - Develop working guides and other helpful materials

Among Other Aspen CSG activities...

Rural Development Philanthropy Learning Network

- **RDP** is the practice of creating and strengthening locally controlled endowment, grantmaking and community programs to improve rural livelihoods, economies and community vitality.
- **RDP Learning Network** is a diverse group of community foundations and philanthropic organizations learning from one another to improve RDP practice and outcomes
- **Offers** tailored peer-learning clusters, workshops, materials. **For example:** Day-long pre-conference session on Geographic Affiliates at Fall Conference for Community Foundations – did one in 2006, and one to come in 2007
- Visit, download stuff, join at: www.aspencsg.org/rdp

So the story goes....

How Janet Got to Iowa

- ***The Network Thing***
- ***Climbing a Hill in Sedona with Johnny Danos***
- ***RFD 101...Plus***
- ***Aspen CSG colleague John Molinaro*** spoke here last year...
- ***Angie*** and ***Mark*** out there scoping!



Growing Affiliates in Iowa?

You are not alone!

Growing Local Philanthropy: The Role and Reach of Community Foundations




- A 2004 survey of CFs nationwide
- 36% response rate (241 CFs answered)



Mighty Interesting Survey Findings on Rural

“Rural”

Those places that are outside a metropolitan area
– meaning places that lie beyond an urban city center and
its surrounding ring of suburbs



- 90% CFs cover at least some rural territory
- 90% of those (81% of the total) actively serve their rural territory



Mighty Interesting Survey Findings on Rural

“Geographic component fund”

Universal term for a fund (or collection of funds) established under the umbrella of a lead community foundation that is specified to a geographic area and “governed” in some way by people from that area.

Some GCFs are AKA: Community Affiliates

- 64% of CFs have at least one GCF
- Collectively, responders held 1,071 GCFs
- 75% of those GCFs are primarily rural

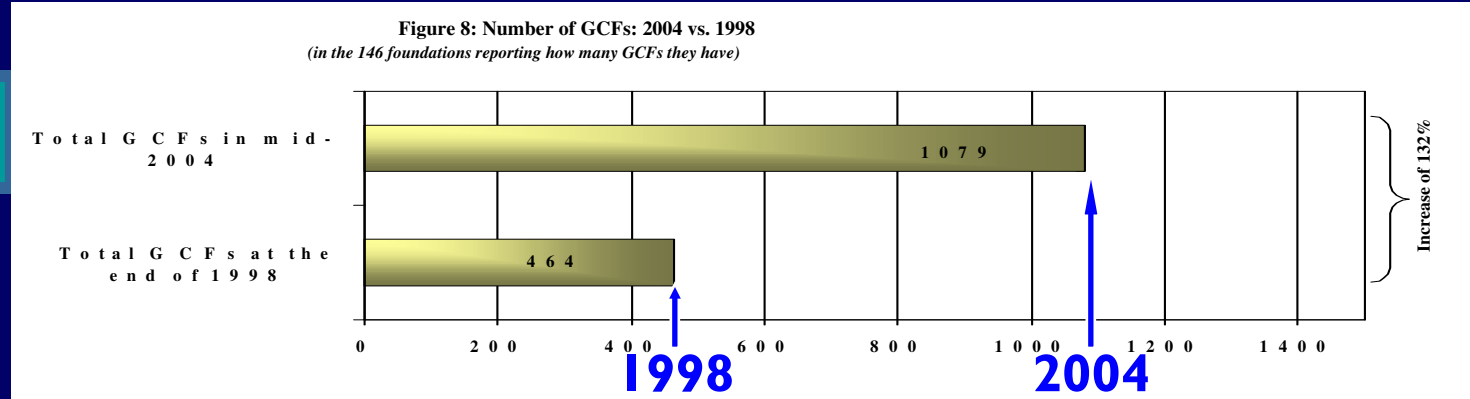
Mighty Interesting Survey Findings on Rural

	Survey Response	Field Projection
# GCFs	1,071	2,000 – 3,000
Assets in GCFs	\$1.2 billion	\$2-3 billion

Remember:

75% of those GCFs are primarily rural

Mighty Interesting Survey Findings on Rural

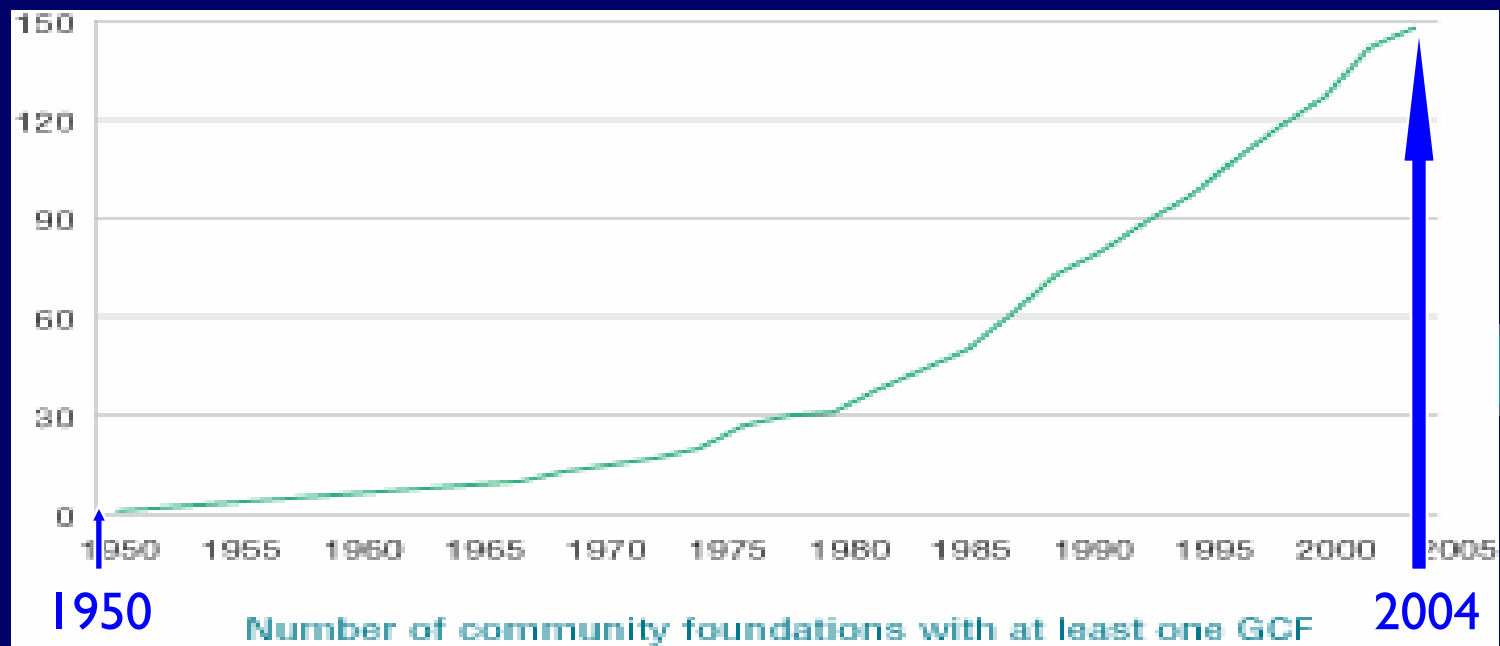


The number of GCFs is growing by leaps and bounds

- 1998 (end of year): **464**
- 2004 (mid-year): **1079**

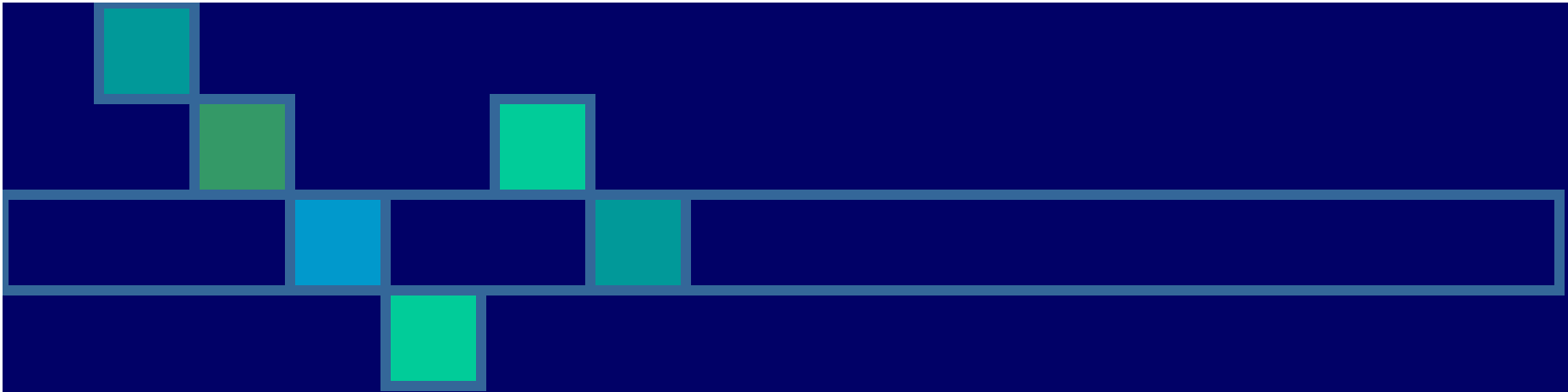
That's a 132% increase in less than SIX years,
Good People of Iowa!

Number of CFs with at least one Geographic Component Fund



It's a trend.

Be loud and proud.



**And that all happened
before...**



The Iowa Explosion!

Growing RURAL endowment...

What's *different* about it?

- Scale of community: less dense, smaller numbers, larger geography
- Must engage broader donor constituency base
- Resources held differently than in urban: Cash poor, land rich
- Less knowledge of endowment / less experience with planned giving

Growing RURAL endowment...

What's *different* about it?

- Often no existing sense of the possibility -
“Philanthropy is not relevant here”
- Must help people understand that their asset glass is more than half full!
- Must help people understand their real capacity to give (outside of church and school)
- Must connect to a long-term vision about community change in order to make the “sale” for endowment gifts

Growing RURAL endowment...

What's *important* about it?

- Affirm existing giving traditions while building new ones
- The Assets! Endowments provide margin for excellence above and beyond what the community is already doing
- Breaking rural communities out of the cycle of dependency

Growing RURAL endowment...

What's *important* about it?

- Process is as important as the result: This is an opportunity to transform communities using an asset-based vision
- It is something that people can work across race and class boundaries to do – together
- Changes community psychology
- The process of building endowment can be as – or more – transformative for a community as the resulting grantmaking



...Transformative

“Endowment-building was never intended to be the centerpiece of our local initiatives... but it became the focus as people began to see it as an opportunity to build community self-determination — stewardship of one’s own future.”

Sidney Armstrong

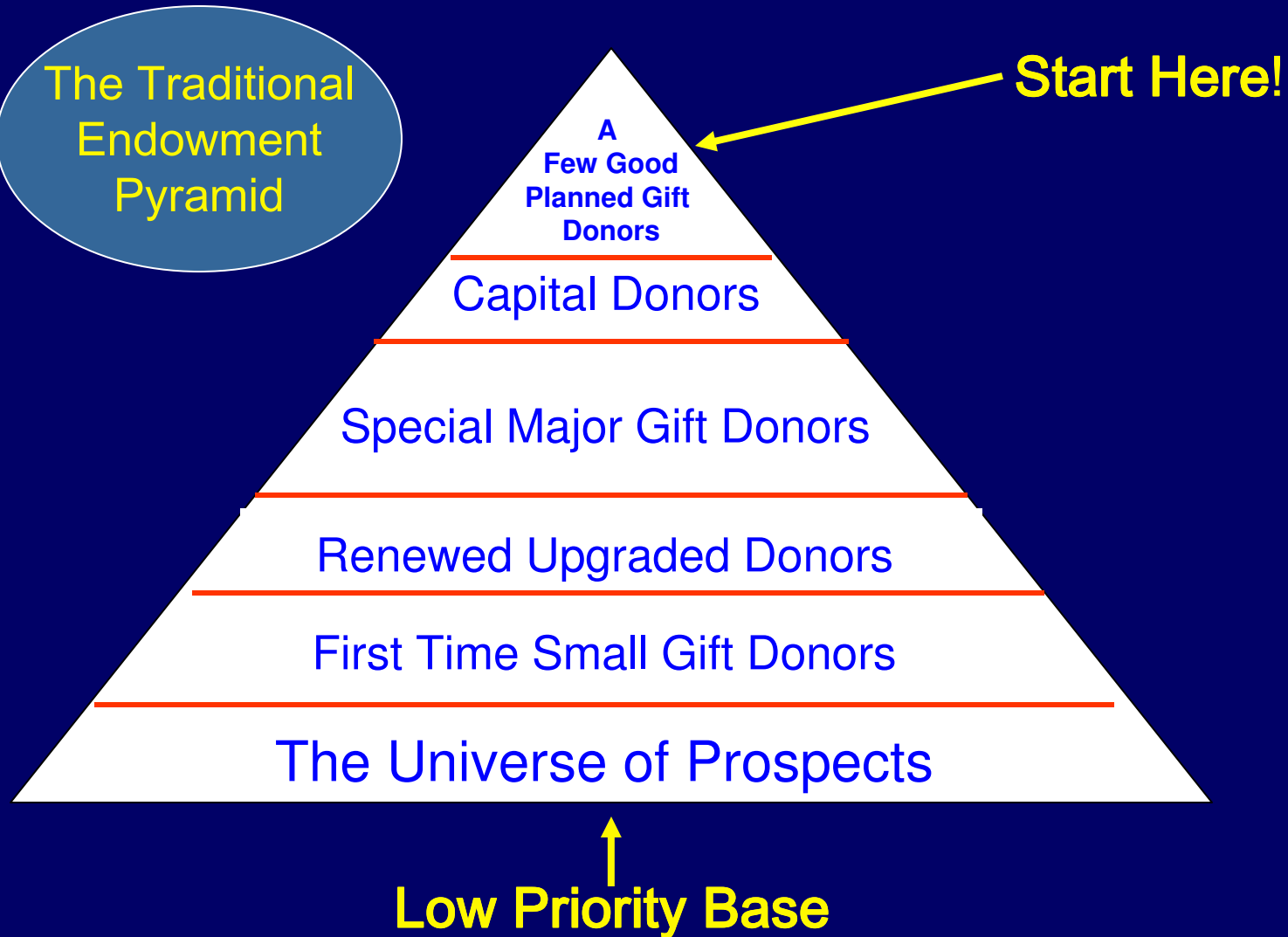
Former Executive Director

Montana Community Foundation

Speaking about MCF’s Beacon Community Fund Program

What's different about growing **RURAL** endowment is important!

The Traditional
Endowment
Pyramid



What's different about growing **RURAL** endowment is important!



Your Iowa Data Supports This!

Donation Amount	2006 Donations	2005 Donations	% change
\$1,000 or less	424	213	+ 99%
\$1001-\$30,000	177	181	-2%
\$30,001-\$100,000	36	37	-3%
\$100,000+	18	18	0
TOTAL # DONATIONS	655	449	46%

Source: 2006 Report to Legislature on Endow Iowa and County Endowment Fund Activities

Why Iowa is way cool...


1. **County Endowment Fund:** *Only state currently providing community foundations with endowment and grantmaking*
2. **Endow Iowa tax credit:** *specified for endowment*
3. **Endow Iowa grants:** *even more incentive and hope*

This is highly unusual activity in this country – especially #1.
It also makes great sense: Ask Ben Franklin!

It is enlightened policy.



But don't get complacent!

- If you are an affiliate fund, do you know how lucky you are?
 - In most other states, folks who want to do this start with no endowment grant and no grantmaking dollars and no state tax credit – and they *still somehow* build community endowments.
 - Do not rest on your gambling laurels! Because you are starting with some assets, you should do even better than they do at growing endowment!
- 

Leading Tactics

.....for Rural Fund Development

What are they?

- *Question:* What are the top tactics used to grow endowment in and for rural people and places?
- We narrowed them down to the *dozen or so* most common and successful.
- Organized into *four FOCUS areas*; a few Tactics in each area
- A *working guide for each* Tactic -- *demystified* and written for local leaders in rural places, and from their point of view
- Highlights what “*others like you*” have done
- Available *free* – just download them

Where to Find Tactic Working Guides

www.aspenccsg.org/rdp

www.srdi.org

www.givingforum.org

Leading Tactics for
Rural Fund Development

FOCUS B

Working with Individual Donors

TACTIC 2

Start a Legacy Society

What is it?

A Legacy Society is simply an important-sounding name for a program established by a community fund, a community foundation or other nonprofit organization that encourages donors to leave them future gifts. If you set up a Legacy Society, once any donors inform you they have committed to making such a gift, you claim them as part of your Legacy Society.

As you consider this tactic, be aware that historically, *all nonprofit organizations have obtained their largest assets through bequests and planned gifts.* Starting a Legacy Society has the benefit for new or small community funds or foundations of being an easy first step in establishing a comprehensive Planned Giving Program. Even if you have some steps to take before your organization is able to accept every type of planned gift, you and the community can still benefit simply through the Legacy bequests left by donors who name your endowed fund in their wills.

The Legacy Society is one of several names used by community funds or foundations that have such a program. Of course, you can choose your own name, but including the name of your town, county or area is considered a best practice. Community Legacy for Morrisville, Heritage Club of Laurel, The Centerville Diamond Society,

The Four Focus Areas

- **FOCUS A:**
Understanding and Leveraging Endowment in and for Your Community
- **FOCUS B:**
Working with Individual Donors
- **FOCUS C:**
Engaging the Entire Community in Building Community Assets
- **FOCUS D:**
Building Community Endowment for Community Outcomes

FOCUS A

Understanding and Leveraging Endowment in and for Your Community

Tactics

- A-1: Promote Endowment and Philanthropic Potential
- A-2: Work with Professional Advisors
- A-3: Seek Challenge Matches
- A-4: Engage Public and Private Policy

FOCUS A: Understanding and Leveraging Endowment in and for Your Community

A-1:

Promote Endowment and Philanthropic Potential

Rural Angle: Before they will give...

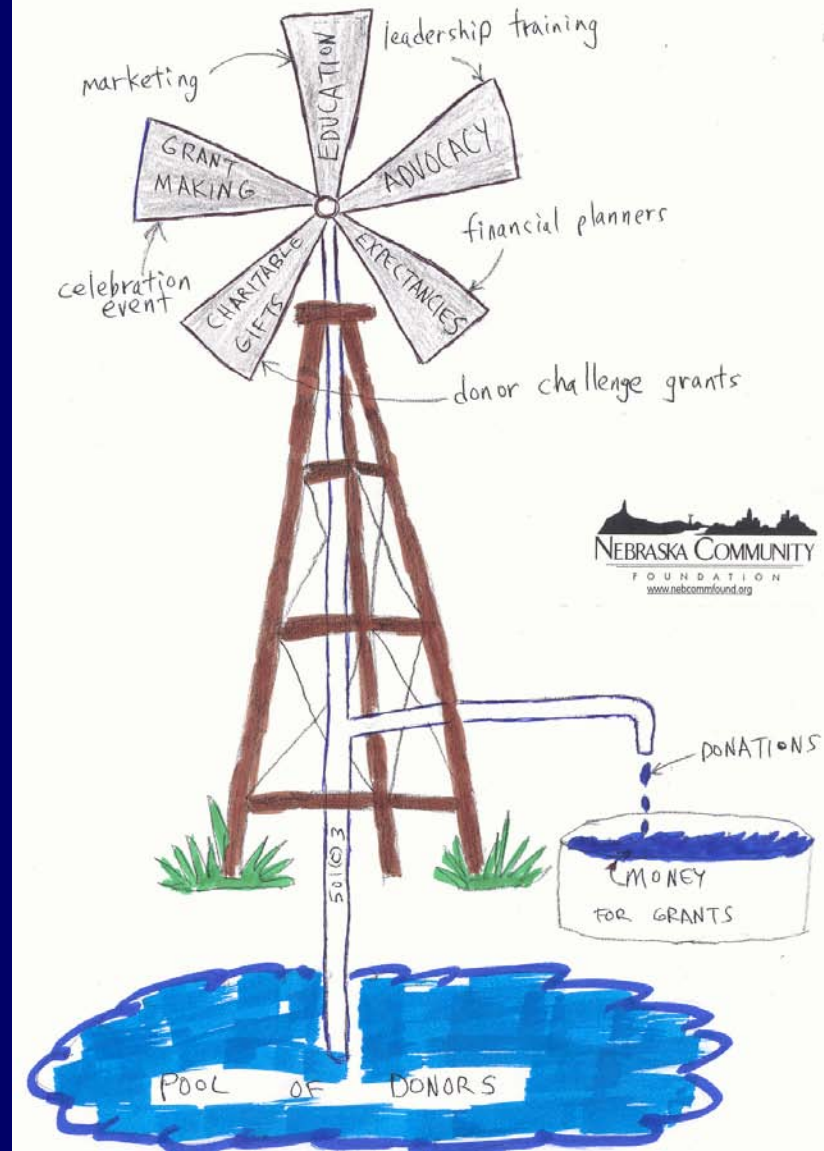
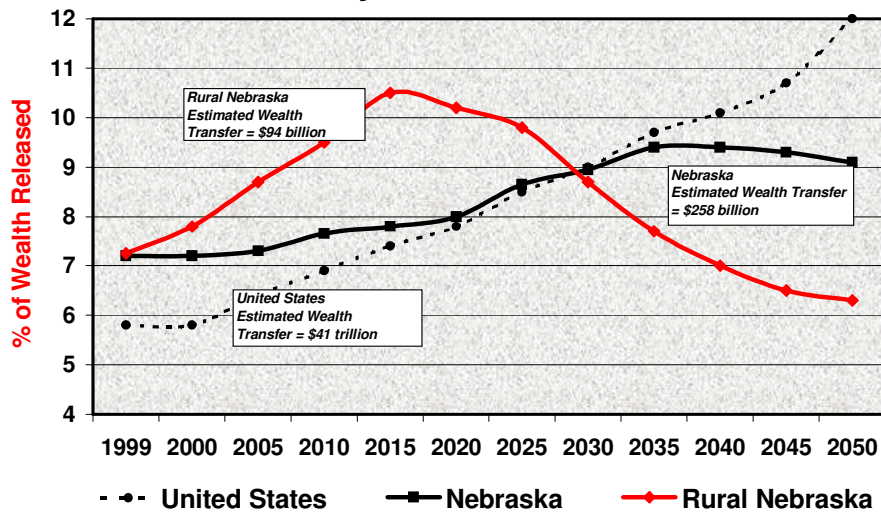
- People have to **understand** endowment.
- People have to **believe** that they can grow it.
- People have to believe the endowment is for **their community**.
- People have to believe they can **all** be philanthropists.
“Philanthropy is not just for the rich and the dead.”

Example:

Nebraska Community Foundation

Uses Visuals

America's Wealth Transfer:
A Likely Scenario



A-2:

Work with Professional Advisors

Rural Angle

- People who advise your locals **may live elsewhere.**
- They may include people you don't normally think of as professional financial advisors: **undertakers, hairdressers.**
- They may **know very little** about charitable giving.
- You can be their **best friend** if you help them learn.
- They can be your **best messenger.**
- Do count your **expectancies** before they are hatched! It's an **energizer!**

A-3:

Seek and Structure Challenge Matches

- **People like them.**

They feel like they are getting more for their gift. (Because they are.)

- **Use them whenever you can.**

If you don't have one, create one.

- **Ask** for one: Flatter local donors, a family foundation, a business

- **Convert** something you already have into one:

- Grant money into organizational endowment matches

- Legacy gifts into match challenges

- Board contributions into community match challenges

A-3:

Seek and Structure Challenge Matches

- Develop the structure and contours of your **Match Deal** to **meet your other goals**.
- **Components** of the Match Deal you can structure:
 - Target Goals: *Amount* and *Time Frame*
 - Match ratio – stretch this as far as you can: *1:3 > 1:1*
 - Specify *what qualifies* to meet the match:
 - **Type of gifts:** *cash, bequests...*
 - **Number of gifts:** *2, 50, 300?*
 - **Size of gifts:** *Small, medium, large?*
 - **Type of donors:** *New, second home owners, young, town next door...*
 - **Type of endowment funds:** *unrestricted, organization, field of interest...*
- The **CREATE Foundation (MS) Story: A Tale of Two Affiliates**

A-4:

Engage Public and Private Policy

- Charitable tax deductions / credits: **SCORE ONE for Iowa**
- Voluntary check-offs on bills: *rural utility bill / tax form*
- Employer matching funds
- Payroll deductions (*where no United Way exists*)
- Sin taxes/proceeds **SCORE TWO for Iowa**
- Special “opportunities”: *court settlements, plant closings, hospital conversions*
- Voluntary communitywide add-ons: *for example, 5 cents on every county fair ticket...*
- Government appropriations: **SCORE THREE for Iowa**

FOCUS B

Working with Individual Donors

Tactics

- B-1: First, Start with Your Board
- B-2: Start a Legacy Society
- B-3: Nurture Personal Relationships
- B-4: Offer Quality “Basic” Donor Services
- B-5: Provide “High-Touch” Donor Services

FOCUS B: Working with Individual Donors

B-1:

First, Start with Your Board

- **Board** should **look like** the wide range of givers in your **community**.
- **Everyone** on the board gives **every** year. Period.
- **Write** this into the board member job description/expectations.
- **Size?** Large enough that you have to discuss it with your spouse first – whether that means \$10 or \$100,000
- ***If your board members do not give...
....how can they ask others to give?***

FOCUS B: Working with Individual Donors

B-2:

Start a Legacy Society

- This is a very simple club to start. *You only need one member to claim you have one!*
- You can **define** membership however you want.
- **Examples:**
 - *Anyone who makes an irrevocable planned gift*
 - *Pledge of \$100 a year for life*
 - *Provisions in the will*
 - *One time hefty gift of a certain size*
 - *Named fund*
- **Publicize** mightily! **Celebrate** members!

B-4:

Offer Quality “Basic” Donor Services

- You can **never** thank donors too well or too often.
- (In your case, that includes the state legislature!)
- Make it **easy** for people to find you.
- Answer calls and letters **right away**.
- Send fund statements and other official communication **on time**.
- The people most likely to give to you are the ones who have already given – **unless you mess this up!**

B-5:

Provide “High-Touch” Donor Services

- What more can you do to make your **special** donors feel **extra-special**?
- Invite to **Special Events**: receptions before an annual dinner, attend presentations by speakers
- Offer **Special Help**: visits with professionals who can help them
- **Simple Fun Stuff**: Birthday cards. Lapel pins.
- Humboldt Area Foundation: **Poinsettias at Christmas!**

FOCUS C

Engaging the Entire Community in Building Community Assets

Tactics

- **C-1: Use Direct Mail to Seek Endowments**
- **C-2: Sponsor or Organize Communitywide Events**
- **C-3: Organize and Host Targeted Events**
- **C-4: Engage Cultural Giving Traditions**
- **C-5: Reach Donors Through Local Media**

C-2:

Sponsor or Organize Communitywide Events

- In **rural**, it is **not the amount** of the gift – it is the **act of having given** that is important.
- **Use existing events** to reach everyone by adding your foundation's name to the sponsor list – and speak your five minutes!
- **Create an event** where everyone can – or does – play
 - Bean supper (East Tennessee)
 - Paper-a-thon / Radiothon (Daniels County, Montana)
 - **Live Here? Give Here:** Make it the norm to add a few cents for the endowment to the ticket amount at every communitywide event

C-3:

Organize and Host Targeted Events

- Use special events to draw **specific kinds** of donors
- Create an **unusual** draw
 - Invitation-only receptions in new or flashy “second home” that other second homeowners want to see
 - A Wine Festival in South Carolina?!?!?
 - Golf tournaments in January
 - Art auction to draw vacationers and part-timers
 - Dinner with a board member and/or special visitor

C-5:

Reach Donors Through Local Media

- Advertise
- Every month or two, tell a new donor or grantee story – as a monthly newspaper column, radio spot, or feature on your website
- Do the same with some historical “legacy” story about how philanthropy or giving helped your community
- Explain planned giving in a fun way
Example: Mr. and Mrs. Leeva Legacy in Montana
- Publish your annual report as an insert in the newspaper!

FOCUS D

Building Community Endowment for Community Outcomes

Tactics

- **D-1: Emphasize Specific Kinds of Funds**
 - Organization Endowment Funds
 - Traditional and Nontraditional Scholarship Funds
 - Field-of-Interest and Unrestricted Funds
 - Donor-Advised Funds
 - Affiliate, Area or Community Funds
- **D-2: Engage in Grantmaking, Programs and Initiatives**

D-1:

Emphasize Specific Kinds of Funds

■ Organization Funds

Very popular, easy to understand

Can be quick starters for your endowment.

- **Idea:** Offer grants as match to get them started.
- **Idea:** Ask a donor who is designating endowment funds to an organization set it up as a match they have to meet.

D-1:

Emphasize Specific Kinds of Funds

■ **Scholarship Funds**

Even more popular.

But seem scary -- because it means the kids may leave and may never come back.

- **Idea:** *Start some -- or convert some to -- lifelong learning grants for skills training and education for older workers.*
- **Idea:** *Use some to match the education savings that people place in their Individual Development Accounts*

D-1:

Emphasize Specific Kinds of Funds

■ **Unrestricted Funds**

The True Gold You Seek.

Generally, you don't get them if they don't ask for them.

- **Idea:** *Make it a stated policy that 5-10% of every restricted gift goes into your unrestricted fund. If you don't want to make it mandatory, at least make the case with every donor.*
- **Idea:** *Get every communitywide event to designate a portion of its ticket price to Our Community's Endowment – or add 5 cents for that purpose. (Football games, anyone?)*
- **Iowa Idea:** *Turn the 25% portion of your annual County Endowment that goes into endowment into a match that the community must meet.*

Where to Find Tactic Working Guides

www.aspencsg.org/rdp

www.srdi.org

www.givingforum.org

Email me: jt@aspeninst.org

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FOCUS B

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**Don't do it all..!
Do what is right for your place..!**

**Set goals.
Choose tactics and target donors.
Detail your plans.
Track them and adjust them.**



Get Creative!