



Many Donors, One Fund:

Developing Area Funds in Amazing Rural Places

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Building Engines for Rural Endowment – January 29-31, 2003 – Washington, DC

*A Peer-exchange Workshop Sponsored by the Rural Development Philanthropy Learning Network,
Managed by The Community Strategies Group of The Aspen Institute*

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What is an area fund?

- An individual discretionary fund dedicated to a particular rural sub-division such as a county, a group of counties, a community or a set of bordering communities; managed by a single community foundation that organizes and oversees the grantmaking, endowment building and community work of the fund; area funds are often led by an advisory group made up of local volunteers.



How do rural area funds grow?

- **Montana Community Foundation:**
Daniels Beacon Fund – Tom Cote
- **Community Foundation of the New River Valley:**
Floyd County Fund – Andy Morikawa
- **Wyoming Community Foundation:**
Burwell Community Fund – Doug Friedli



Engines for Rural Area Fund Endowments

- The “home office” of the community foundation must be the engine that keeps these endowments humming (and growing) ...but how?
 - Make choices based on *the area itself, your goals and your community foundation (including history, vision, values and mission)*.
 - Consider *governance* issues early and often.
 - Clarify *roles*—staff, volunteer, advisor, board.
 - Put *everything* in writing.
 - Analyze the *costs and the benefits*. Repeat as needed.



First things first: some choices ...

- How many? And why? What's your *motivation*?
- Covering what area? Region, town, county? Why?
- Advisory committees?
- Standing board committee (for oversight)?
- Staffing?
- First priority: Grantmaking? Fundraising? Both?
- Who will do the fundraising? Staff? Board? Advisors?
- What is an informed, realistic and *inspiring* goal for this area fund?
- What tactics make sense for this community, this group of advisors, our community foundation?
- What capacities are needed to implement these tactics?
- How will we know its working?



An area fund engineering checklist:

County Fund Operating Systems

- ✓ Does the community foundation *know, think you know or actually know* this community?
- ✓ Roles or “Job Descriptions” for Advisors & Staff
- ✓ Authority: centralized, decentralized? Think through the decision-making processes, conflict of interest policies, term limits, etc.
- ✓ Strategies for recruiting effective and diverse advisory committees
- ✓ Orientation, learning programs and evaluation meetings for advisory committees, CF staff and board

Fees & Pay Out

- ✓ Determine the fees that will be charged on these funds; will there be any wiggle room? In Maine: 1.1% of principal balance calculated first day of year
- ✓ Five percent is pretty standard; in Maine: 5% of 36-month trailing average, except funds established in last 24 months, implement 3% payout

Fundraising Goals and Roles

- ✓ Who sets the fundraising goals? Who will choose the tactics? If advisory committee will play a major role, what support will staff provide to assist advisors in raising funds?
- ✓ Which tactics seem to match the personality of the community and the advisory committee as well as their skills and experience?
- ✓ What involvement will you expect from advisors? Will advisors be required to give? Ask others to give?
- ✓ Do you have a clear and consistent fundraising message?
- ✓ How will you avoid appearance (or *feeling*) of competition with fundraising by area nonprofits? Other CFs?



Costs & Benefits

When thinking about costs, consider:

✓ **Start-up**

The word philanthropy may not be common parlance in your rural communities; “start-up” may take several years and a commitment of resources that seem to be out of line with fundraising “returns.”

✓ **Staff, Materials & Time**

In a structure as integrated as a community foundation, these expenses are sometimes hidden and must be unearthed before they can be understood and evaluated; time sheets and diligent accounting (mileage, paperwork, etc) are methods of putting a price tag on area funds.

✓ **Opportunity costs: are we diluting our efforts?**

Would we be better off focusing on statewide or regional donors, issues, etc?

When thinking about benefits, remember that area funds:

- ✓ Provide a vehicle for serving a whole region – in perpetuity and with local leadership.
- ✓ Increase rural communities’ understanding of and experience with philanthropy.
- ✓ Build the capacity of rural leaders, nonprofits and communities – which is likely to result in stronger grant proposals *and* more effective grantmaking.
- ✓ Build the CF’s capacity to understand, organize and work in rural communities while developing permanent wealth for that area.
- ✓ *Build rural endowments*—both the area fund itself and other funds too! Area funds introduce donors of all shapes and sizes to the community foundation.

And, finally, the process of building rural endowments is a community-building effort in and of itself!



Some very real challenges:

- We want them to OWN it...oh, no, they think they OWN it!
- Getting a realistic handle on costs ... the dreaded timesheet!
- Grassroots fundraising...Can every county be an equal priority? Do you go where the momentum is? Many donors? One donor?
- Area funds offer exceptional opportunities for “democratizing” philanthropy—take advantage of this, but remember to *balance* it with the goals, vision and reputation of the community foundation.
- Every choice has both seen and unforeseen consequences ...
- Herding the cats – how many advisory committees, covering how many miles, with how many idiosyncrasies can you really manage?



Some parting words of advice:

- When in doubt, keep things simple – wherever and whenever possible, integrate area funds into the other operations of your community foundation.
- Have a bodacious vision! Just don't ignore the budgetary and organizational pressures that accompany it.
- Put expectations (and everything else!) in writing.
- Do not choose growth for growth's sake, don't partner with just any foundation or donor...continually revisit your original goals, values and vision!
- Don't ignore or fight (try to love?) what's unique about each area fund... what works in Portland just ain't gonna work in Whittopitlock, go where the energy is & exert peer pressure whenever possible! *Hint: Hire staff who know rural!*
- Be patient – you are building relationships as well as (rather, in order to be) building endowments and this takes time. Remember to step back and celebrate successes along the way!