

Two or more autonomous community foundations agreeing to jointly serve a rural area—often a region that overlaps state or county lines—through a shared area fund or division.

Partnerships are rare, but can surface when locals identify more strongly with an “unofficial” but natural social, economic, geographic or cultural region than they do with artificially drawn political boundaries—and when cooperation between community foundations becomes preferable to competition!

Upper Valley Community Foundation

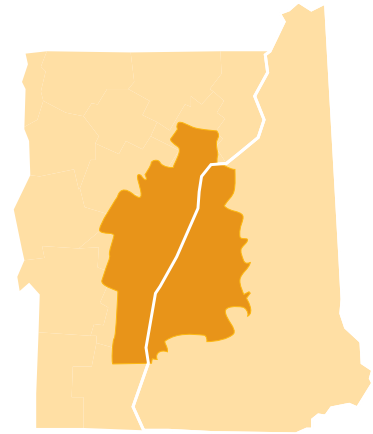
Facts and figures

LOCATIONS: *Upper Valley Community Foundation*

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New Hampshire Charitable Foundation
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ESTABLISHED: 1993

MISSION: Upper Valley Community Foundation (UVCF) facilitates charitable giving, helps build charitable assets, and supports nonprofit organizations in 61 Upper Valley communities. Functioning as a regional office of the New Hampshire Charitable Foundation and working in partnership with the Vermont Community Foundation, UVCF manages personalized charitable funds for individuals, families and organizations, helping donors maximize the impact of their giving and providing a link to the needs of Upper Valley communities

SERVICE AREA: The Upper Valley Community Foundation (UVCF) serves a natural region encompassing almost 85 communities in the upper Connecticut River Valley, spanning the west central border of New Hampshire and the east central border of Vermont.

ASSETS: \$34 million

STAFF SIZE: 3

BOARD SIZE: 15

NUMBER OF FUNDS: 200

2003 DOLLARS GRANTED: \$2.7 million

AVERAGE GRANT SIZE: \$5,000

Overview

Launched in 1993 as a joint venture of the Vermont Community Foundation (VCF) and the New Hampshire Charitable Foundation (NHCF), the Upper Valley Community Foundation (UVCF) has been a regional division *shared* by two neighboring statewide foundations. The values associated with this structure stemmed not only from the foundations themselves, but also from the unique character of the Upper Valley and its residents.

Realizing that the Upper Valley was a unique regional community, local leaders in the Upper Valley region, which spans the state line of Vermont and New Hampshire, worked with their respective statewide foundations to consider various financial and operational issues associated with choosing a structure. The costs and duplication associated with small-scale operations suggested to NHCF and VCF that an independent Upper Valley Community Foundation would not be feasible. NHCF and VCF sought to integrate the best qualities of each statewide organization. UVCF became the first regional division in the

United States shared by two neighboring statewide foundations.

The partnership existed for ten years. In 2002, the assets of UVCF had reached nearly \$30 million, with nearly \$24 million held by NHCF. Over a ten-month period in 2003, representatives of UVCF, NHCF and VCF gathered for a series of facilitated discussions to examine the NHCF-VCF partnership model for UVCF, and evaluate its effectiveness. The discussions were initiated by UVCF as part of a ten-year review of how best to serve Upper Valley communities through a community foundation. The timing of this UVCF introspective was due in part to organizational changes made by NHCF and to leadership changes at VCF.

The discussions, which focused on both governance and operational aspects of UVCF, concluded in December 2003 and resulted in some restructuring of back-office and support systems, but little or no change to the role of UVCF and its service to Upper Valley communities. UVCF now operates as a regional division of New Hampshire Charitable Foundation, but still working in partnership with the Vermont Community Foundation on some activities.

Administrative and “back-office” support systems for UVCF continue to come primarily from NHCF (as they have over the past five years).

UVCF continues to serve a unique, two-state region by promoting phi-



The region boasts rural farms, quaint villages and a service/employment hub—Lebanon/Hanover, New Hampshire, and Hartford, Vermont.

lanthropy, helping charitable Upper Valley residents meet their philanthropic goals, and supporting the nonprofit sector in the region. A strong local board, made up of representatives of both states, continues to guide UVCF's work. UVCF, now well known and highly respected, continues to attract donors from both Vermont and New Hampshire. UVCF is flexible, it remains non-competitive, and the donor's interests remain paramount. UVCF is now working with VCF to assess its respective grantmaking programs and look for ways to coordinate the grants process for area nonprofits.

Even though the original partnership has now changed substantially, what follows is a description of how the partnership was originally structured (with some updates to the present), in the hope that it may prove illustrative of how two foundations can join together to provide philanthropic coverage when—or for as long as—the circumstances warrant it.

About the region

The Upper Valley Community Foundation (UVCF) serves a region of 175,000 people encompassing almost 85 communities in the upper Connecticut River valley in west central New Hampshire and east central Vermont. This "natural region" is bounded by Haverhill, New Hampshire and Newbury, Vermont on the north; Springfield, Vermont and Charlestown, New Hampshire on the south; and Randolph, Vermont and New London, New Hampshire on the west and east, respectively. The Connecticut River, which marks the boundary between New Hampshire and Vermont, slices

through the middle of this region and also brings it together.

Upper Valley is a unique regional community...which spans the state line of Vermont and New Hampshire. UVCF became the first regional division in the United States shared by two neighboring statewide foundations.

The region boasts rural farms, quaint villages and a service/employment hub—Lebanon/Hanover, New Hampshire, and Hartford, Vermont. Many strong connections exist between the neighboring state communities where bridges span the river. Once home to textile mills and farms, the region is now perhaps best known for Dartmouth College in Hanover, the Dartmouth-Hitchcock Medical Center in Lebanon, and a Veteran's Administration hospital in White River Junction, Vermont. Tourism in and around the region's forests and lakes is on the rise, as is the small-scale information technology industry. Waste management, land use planning, adequate and affordable housing, and transportation are among the challenges facing the Upper Valley region.

UVCF's structure and key values

From the outset of UVCF, the two statewide foundations' values of cooperation and non-competition were important in overcoming their somewhat different organizational cultures and stages in development. NHCF, founded in 1962, was the older of the two foundations. In 1983, just after it turned 20 years old, NHCF adopted a structure that encouraged the development of semi-autonomous "regional divisions" around the state, each with its own

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identity, advisory board, incorporators, grantmaking criteria, and so on.¹ NHCF also helped establish and mentor the independent Vermont Community Foundation (VCF), which was founded in 1987. When the Upper Valley discussions surfaced, the young VCF remained by choice an organization without any geographic subdivisions; for VCF, *any* regional division was a new idea.

As Upper Valley discussions got underway, both statewide foundations realized that the self-identity and culture of Upper Valley people transcended their state boundaries. Local folks showed more allegiance to the Upper Valley as their place of residence than they did to either Vermont or New Hampshire. Competing for donors in this situation seemed inappropriate to both the foundations. They understood that philanthropy would benefit more from advancing the identity of the Upper Valley than from imposing state boundaries that meant very little to the community itself. Indeed, NHCF's experience with other regional divisions around the state (Upper Valley would become the fourth of eight) suggested that locally or regionally focused philanthropy was a very powerful force worth harnessing.

¹ For more on NHCF, see our description and case story of the *Federation System model* of rural coverage.



How does the Partnership model work?

Operations

While the NHCF is structured as a **Federation** and includes a number of regional divisions, VCF has a **Consolidated** structure serving all of Vermont through a single statewide office with no geographic sub-regions. For VCF, the Upper Valley Community Foundation represented the only variation from its **Consolidated** structure. According to VCF staff, aside from the Upper Valley region, Vermont does not easily divide into distinct geopolitical regions. State borders simply are not as important to Upper Valley residents as they are to other Vermont and New Hampshire residents.

During the NHCF-VCF full partnership period with UVCF (1993-2003), NHCF, the larger

and more mature foundation, managed (and now continues to manage) the majority of UVCF's endowed funds and its overall operations. The UVCF staff members—an executive director, a senior program officer and an administrative assistant—were officially employees of NHCF.

UVCF's operating structure, budget and governance more closely resembled NHCF's relationship with its other six regional divisions. Donor preference and geographic location were each taken into account—in that order—to determine whether specific UVCF funds would be managed and "counted" among NHCF's or VCF's assets. As of the end of 2003, \$25.8 million of UVCF's \$34 million assets were managed by NHCF.

UVCF and its two parent organizations functioned as equal partners and maintained the collaboration through overlapping board representation and by having UVCF staff attend meetings in both VCF's and NHCF's statewide headquarters. Open and frequent communication among all the partners and in the community was critical to keeping the division's operations running smoothly.

Funds managed by NHCF were charged fees of between 1.1 and 1.3%. VCF charged fees of .8%. Fees and fund minimums sometimes acted as drivers for donors, but more often the funds were placed according to geography. These fees, as well as funds raised by UVCF's board of directors, helped to cover UVCF's overhead, back-office and staff costs at NHCF and VCF.

Staffing and governance

Staff roles and responsibilities were tied to function (for example—development) and to the *type* of grantmaking being per-

formed. The grantmaking program was staffed and managed initially by VCF, with the UVCF Board playing a major role in allocating grant dollars during two open, competitive grant rounds each year. Once UVCF was able to add a senior program officer,

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UVCF staff began to assume more responsibility for its grantmaking programs, in partnership with VCF program staff. When UVCF received a nearly \$10 million bequest to support environmental-education programs in the Upper Valley, the UVCF program officer also staffed that new grantmaking program, with back-office support from NHCF. In addition, when a multi-million-dollar mitigation fund was established following the re-licensing of several Connecticut River hydroelectric dams. NHCF and VCF created parallel funds to steward the mitigation contributions, and both foundations shared the staffing and related costs through a cooperative agreement.

Fund management, accounting and other back office functions were integrated into the staff work of whichever statewide foundation happened to be managing UVCF's individual endowed funds—although NHCF prepared the UVCF financial statements. Obviously, the majority of the back office work resided with NHCF, as it held the majority of UVCF's funds.

Each statewide foundation left asset development in the Upper Valley to UVCF. UVCF's executive director handled asset development, making no distinction between funds

raised in New Hampshire and funds raised in Vermont. Both a philosophical position and a reflection of its own “partnership structure,” UVCF defined its relationship with donors as a partnership—with UVCF providing philanthropic services, knowledge and expertise, no matter the donor’s location or preferences, and donors providing passion, values and resources.

Grantmaking and endowment building

During the UVCF-NHCF-VCF full partnership years, UVCF awarded discretionary grants covering a broad spectrum of program interests—from education to environment to social services. In addition to the competitive grantmaking programs, which were staffed by the VCF, UVCF also managed, scholarship, advised and designated funds. A considerable bequest funded a \$10 million endowment to support environmental and ecology educa-

tion programs in the Upper Valley. UVCF grants came under the fiduciary purview of the NHCF board, which delegated decision authority to staff for grants up to \$5,000. Grant awards generally were limited to one year, and successive applications were not encouraged.

Preserving and enhancing the quality of life in the Upper Valley depended on increasing philanthropic resources to support the many worthy projects undertaken by non-profit agencies throughout the region. Hence, in addition to traditional grantmaking, UVCF’s local staff conducted community conversations on various topics of local concern, including arts, education, non-profit capacity, and family philanthropy, and it fostered opportunities for organizations to share strategies and work on common problems.

UVCF has worked with donors who have funds with them as well as with VCF or NHCF.

New donors have a choice of working through UVCF or VCF, depending on which foundation is better suited to meet their needs—essentially “the donor’s interests prevail.” UVCF refers Upper Valley donors with broader statewide interests to VCF or to NHCF statewide funds, and vice versa.

Keys to success

Several factors stand out when examining the success of UVCF and the context from which this **Partnership** case emerged and operated. First and foremost, the character and culture of the Upper

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Valley suggested that a unified, regional approach would be the most effective structure to serve this region. Unique in its disregard for state borders, the Upper Valley identified more with the Connecticut River as its geographic unifying resource than they did with either Vermont or New Hampshire. Moreover, numerous nonprofits—United Way for one—that preceded UVCF were already serving the state-spanning region. For these reasons, local UVCF organizers were able to convince both VCF and NHCF that local donors and community leaders would be more comfortable and better served by a philanthropic presence within the region than they would be working with a remote foundation centered in big cities like Middlebury or Concord. At the same time, everyone knew a wholly independent foundation would have drained much needed resources into administration and overhead. NHCF and VCF not only recognized these regional characteristics, but considered the region’s strong self-identity a strength. The foundations mirrored it by developing a structure with great fiscal appeal, one in which neither statewide entity overshadowed the local, regional entity.

Clearly, the greatest challenge of the partnership model was the balancing of interests among three distinct and unique organizations. The institutional histories of NHCF and VCF helped ground this Partnership model in mutual respect, trust and cooperation. As the oldest community foundation in New England, NHCF actually played a large part in establishing many newer foundations in the Northeast, including help to initiate, fund and mentor

both the Maine Community Foundation and the Vermont Community Foundation in the 1980s. Thus, NHCF and VCF enjoyed a noncompetitive, respectful relationship from the start. This solid relationship, forged between NHCF and VCF over more

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than two decades, allowed for a number of collaborations—large and small—while also helping to resolve the conflicts and confusion that inevitably arise in a partnership as complex as this one.

Lessons learned

Biggest challenges

- Organizational schizophrenia—It was tough for UVCF to stay distinct and on message with two very different “parent” organizations.
- Maintaining effective communication and administrative coherence among the two foundations and the local entity required significant extra time and effort—which reduced the local staff time available for community building, grantmaking and donor services.
- It was sometimes difficult to keep track of which parent foundation provided which services, and dicey to maintain a comfort zone among all the partners when the level or quality of service provided by each foundation was uneven or balanced more heavily toward one.

Biggest rewards

- Achieving local buy-in through local control.
- Encouraging the “philanthropy in people” by setting up a unique regional community foundation to serve their specific region, but with the advantage of affiliation with larger, statewide entities that brought critical resources to the equation.

Advice

- If you are considering a partnership model, your way to success will be paved if the region to be served is an existing, self-identifying geopolitical, economic, or cultural region, a place with a local formal or informal name that people already recognize as “home.”
- To make this Partnership model work effectively for the length of time that it is useful, it is essential for the two partnering organizations to have mutual respect, trust and cooperation.

- It is critical to develop a clear “memorandum of understanding” that spells out the roles, responsibilities, and obligations of each partner. Each organization must designate a staff person as the “keeper” of the partnership, which should be revisited and revised periodically.



UPPER VALLEY COMMUNITY FOUNDATION

To learn more about the Upper Valley Community Foundation and its experience, visit www.nhcf.org/page17081.cfm through the New Hampshire Charitable Foundation's website. Or, contact Executive Director Kevin Peterson at 603-653-0387 ext. 102, or kp@nhcf.org