

***Social Catalysts: A
Case Study of Fifteen
Successful Diversity
Focused Funds***

The Diversity in Philanthropy Project

Executive Summary
2009

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Introduction

This is the fourth in a series of Diversity in Philanthropy Project (DPP) case studies designed to lift up best practices for promoting expanded inclusion and effectiveness in various social investment contexts. The following report highlights the important emerging work of leading diversity focused funds, whose efforts are helping to engage grassroots communities of color, women, lesbian, gay, bisexual and transgender (LGBT) groups and other historically disadvantaged populations in U.S. philanthropic giving and decision making processes.

During recent years, various leading practitioners, researchers and experts in population-based social investment have coalesced around the development and study of diversity focused funds, whose community grant making and support efforts are helping to inspire more active civic participation in multicultural neighborhoods and regions across the nation. Since 2006, as part of the DPP's charge, this work has been advanced through several collaborative studies and commissioned assessments intended to surface the expanding scope of the U.S. diversity focused funds field, as well as the field building and sustainability needs of more successful organizations active in this space. Several partner institutions have helped to lead this continuing work along with DPP, including among others Rockefeller Philanthropy Advisors, the Support Center for Nonprofit Management of New York and the Michael Harrington Center at Queens College, New York.

Following here is an extended executive summary of the most recent report in our continuing series of investigations concerning the important emerging work of diversity focused funds. The summary and its informing full report was prepared by John Vogelsang, senior associate at the Support Center for Nonprofit Management of New York and a researcher at Queens College, with support from fellow New York-based researchers Anne Gardon, Barbara Taveras and Rosalind Wilson. It highlights lessons gleaned from fifteen diversity funds active across the U.S. whose work has been particularly successful and underscores both the factors leading to their successes to date as well as their continuing development needs looking to the future. The report is available in its entirety by request, along with a current listing of U.S. diversity funds that we have tracked and identified in collaboration with Rockefeller Philanthropy Advisors.

Our hope in presenting this information is to encourage expanded awareness and collaboration between more established mainstream foundations and diversity focused fund executives, leading to significant increases in diverse community leadership development, social investment and public problem solving in and for multicultural populations in need. Our interest in this work is informed by DPP leadership's firm belief that when affected grassroots communities exercise more active engagement and control relative to efforts to address the problems that directly affect them, corresponding social investments tend to be more impactful and enduring. We encourage readers of this material to feel free to share their views on the topic (and/or to request copies of the full report informing the summary posted here) by writing to us at the following email address: info@diversityinphilanthropy.org.

— Henry A. J. Ramos, Director/Lead Consultant, Diversity in Philanthropy Project

Social Catalysts: A Case Study of Fifteen Successful Diversity Focused Funds

Executive Summary

Since the late 1970s organized philanthropy has seen the growth of diversity focused funds whose work seeks to address the concerns and untapped assets of traditionally underserved populations. Diversity focused funds have developed over the years to provide both compelling alternatives and complements to traditional social investment vehicles and strategies. This case study presents a snapshot of what contributes to these funds being able to successfully serve their communities, and what additional assistance and support are necessary to sustain their activities and public benefits in the current era of expanding national and global multiculturalism.

As the diversity fund movement has grown and posed increasing partnership opportunities and prospects for mainstream funders, many studies and monographs have been produced concerning the nature and social value added of philanthropy within racial, ethnic, tribal, gender, and lesbian, gay, bisexual and transgender (LGBT) communities.¹ Various information scans of the funding landscape in this arena have also been done. The Women's Funding Network and Funders for Lesbian and Gay Issues conduct annual surveys of focused funds serving their communities, documenting their grant making activity. Two recent scans were done of Native American foundations and funds: *A Demographic Profile of Independently Incorporated Native American Foundations and Selected Funds in the United States* (2006); and *Native Philanthropy* (Chapter 6 of *Integrated Asset Building Strategies for Reservation-Based Communities*, 2007). Also important, especially to this study, is the 2006, Kristin Lindsey scan, commissioned by the Forum of Regional Associations of Grantmakers, *Racial, Ethnic, and Tribal Philanthropy: A Scan of the Landscape*. The present study is a byproduct of these inquiries and efforts by interested practitioners and major donors operating under the umbrella of the Diversity Focused Funds Exploration Project (DFEP), now a component of the Diversity in Philanthropy Project.² It seeks to build on the field's evolving bodies of work and knowledge to provide a more current and intensive overview of the field.

¹ Of particular importance are: *Bibliography of Asian American Philanthropy* (1999); *Bibliography of African American Philanthropy* (1999); *Bibliography of Latino American Philanthropy*(1999); *Bibliography of Native American Philanthropy* (1999); *Philanthropy in Communities of Color* (2001); *Focus Funds, The Next Wave of Community Philanthropy* (2004); *Pathways for Change: Philanthropy Among African American, Asian American, and Latino Donors in the New York Metropolitan Region* (2004); *African American Philanthropy: A Legacy of Giving* (2003); *Time, Talent and Treasure: A Study of Black Philanthropy* (2004); *Building a Tradition of Latino Philanthropy: Hispanics as Donors, Grantees, Grantmakers, and Volunteers* (2003); *Latino Funds Collaborative: Structural Models and Organizational Relationships*.(2004); *A New Heritage of Giving: Philanthropy in Asian America* (2001); *The Wisdom of the Giveaway: A Guide to Growing Native American Philanthropy* (2000); *Women as Donors: Stereotypes, Common Sense, and New Challenges* (1999); and *Creating Communities: Giving and Volunteering by Gay, Lesbian, Bisexual, and Transgender People* (1998).

² For more information about the work and aims of the Diversity in Philanthropy Project see: www.diversityinphilanthropy.org.

The report that follows has two intents. The first is to inform diversity focused fund board and staff leaders of promising practices that can potentially sustain the impact they want to make in their communities, both as individual philanthropies and as an emerging philanthropic sector. The second is to assist interested major funding institutions and donors to pursue more strategic and coordinated funding partnerships designed to enhance the capacities and long term beneficial impacts of U.S. diversity focused funds.

Recent Research and Reporting on the Field

During Phase I (2005–2006) of the DFEP, supported principally by the Robert Wood Johnson and Ford Foundations, we identified a roster of over 300 U.S.-based diversity focused funds. This first effort surprised many of our supporters and partners by revealing a much larger universe of such funds than was anticipated. But this largely demographic review of the field left many questions unanswered concerning the nature and quality of work performed by these funds, their value added to society, and their relative prospects of long term social impact.

In early 2007, therefore, with continuing Phase II (2007–2008) funding from our principal benefactors, we developed an electronic survey to enhance our understanding of the field, focusing on the community building role that diversity funds play in their respective areas of interest and what they need to sustain themselves. The survey was informative but not

The funds are making a significant contribution to their respective communities through:

- *Educating community members about social investment issues and practices*
- *Funding projects more established grant makers will normally not support*
- *Helping grassroots organizations better position themselves to apply successfully for larger grants from mainstream foundations*

sufficiently subscribed to by our intended respondent pool that we were able to draw more than conjectural conclusions.³ As a result, we recently embarked on a Phase III (2008-2009) of our inquiry with an eye to supplementing our Phase I and II data with additional field inputs reflecting a more current global universe of diversity funds and more in-depth performance analysis of fifteen high performing funds selected to broadly represent the larger field's strongest entities. The results of this additional work are the primary focus of this report.

Much of the data we collected during our previous discovery activities has confirmed and amplified on earlier field findings on racial, ethnic and tribal funds assembled in 2006 by Kristin Lindsey. Our Phase II surveys added to Lindsey's findings by including data from LGBT funds and women's funds. The main findings of Lindsey's research that have been confirmed by our subsequent survey work include the following:

- Cultural competence is fundamental to understanding and supporting successful philanthropic engagement in the various diversity fund communities.

³ Owing to a variety of mostly external inhibiting factors, our 2007 survey request to the field resulted in only 21 funds providing written feedback from the more than 65 funds that we invited to participate.

- Collective activity comprises a substantial part of the diversity fund projects. Whether through pooled funds, identity-specific endowments or giving circles, much of the work occurs through vehicles that encourage multiple donors and various giving levels.
- The funds rely on a mix of individual and institutional donor sources.
- Developing appropriate capacity is a core issue and challenge for many of the funds. Securing and retaining appropriate staff to support the mission and work of the funds is an especially significant concern in this connection.
- There is a need and desire for learning and training that would allow the funds to advance their asset/endowment building and fundraising capacities.
- While there are similarities between mainstream donor education and allied work in diverse communities, there are also important nuances and differences. Research suggests that diversity funds are uniquely able to navigate within a variety of cultural contexts to attract and educate donors. Practitioners we surveyed indicated that knowledge, awareness and sensitivity of multicultural community dynamics are core competencies for their work.
- A majority of the fund leaders we consulted are dedicated to working with their communities to gain access and opportunity. As a result, they:
 - do grant making based on community needs;
 - gain buy-in on the part of community members; and
 - generally use democratic decision making processes whereby community stakeholders review grant applications and recommend charitable gifts to be funded.
- The funds are making a significant contribution to their respective communities by:
 - educating community members about social investment issues and practices;
 - funding projects more established grant makers will normally not support; and
 - helping grassroots organizations better position themselves to apply successfully for larger grants from mainstream foundations.

In addition to our preliminary findings, the Lindsey study and other previously mentioned research, two other recent field inquiries have influenced Phase III of this work: *Community Based Public Foundations: Beacons for Big Ideas* and *Forces for Good: The Six Practices of High-Impact Nonprofits*.

In his 2004 study *Community Based Public Foundations: Beacons for Big Ideas*, former National Committee for Responsive Philanthropy director Rick Cohen defines Community Based Public Foundations as “democratic philanthropic grant making institutions, functioning as partnerships between donors and community activists.” According to Cohen, such funds are “committed to supporting the work of community based nonprofit organizations engaged in progressive social change organizing addressing the root causes of inequality, lack of opportunity, discrimination, and political and economic powerlessness experienced by disadvantaged and disenfranchised

populations in our society.” The study sample included many racial, ethnic, tribal, gender and LGBT funds. Cohen found that these funds fall into one of four categories:

- broad-based social action funds;
- funds focused on constituencies and issues addressing gender and sexual orientation;
- other issue- or constituency specific funds (for example, environmental funds or youth funds); and
- general purpose funds functioning much like community foundations, but focusing on geographic areas of socio-economic deprivation (such as parts of Appalachia or the Mid-South Delta).

Nearly all of the funds Cohen surveyed reported a strong grant making focus on grassroots nonprofit organizations and committed efforts to reach out to grassroots groups, to solicit proposals, and provide more accessible and transparent proposal submission and review processes than normally applies for diverse, community based grant applicants. These findings are similar to what was discovered in the first two phases of our field studies and affirmed in the current Phase III of the Project.

Leslie Crutchfield’s and Heather Grant’s *Forces for Good* (2008) contains case studies of twelve high impact nonprofits and identifies six key practices (or characteristics) that contribute to their success and sustainability. According to these researchers, the six operative tendencies of the leading organizations they reviewed include the following:

- *Work with government agencies* and advocate for policy change in addition to providing community services;
- *Harness market forces* and see business as a powerful partner, not as an enemy to be disdained or ignored;
- *Convert individual supporters to evangelists for the cause* by creating meaningful engagement experiences for community members;
- *Build and nurture nonprofit networks*, treating other groups not as competitors for scarce resources but as allies instead;
- *Adapt* to changing circumstances by being as innovative and nimble as they are strategic; and
- *Share leadership*, empowering others to be equally strong forces for good.

Crutchfield’s and Grant’s findings are also consistent with our lessons learned to date relative to diversity funds, and have served as a helpful frame for our more recent work— though many of the funds we reviewed in our Phase III work are using their own, culturally appropriate versions of the best practices enumerated by these authors.

Phase III Methodologies, Aims and Participants

To complement and deepen our previous work, Phase III of DFEP has focused on gathering in-depth qualitative information on diversity focused funds that have achieved substantial and sustainable results. The information gathered and analyzed is from 15 funds representing the field’s major population groups—African American; Asian Pacific American; Hispanic/Latino; Native American; LGBT; and women. Specifically, this work has sought to surface information about what successful funds in these communities have achieved and what internal and external factors have contributed to their success. Our working definition for *success* was:

1. demonstration of substantial and sustained community impact through:
 - significant and continuous community grant making for at least three years;
 - community donor engagement for at least three years;
 - broad community and nonprofit recognition and partnership in their communities; and
 - successful identification and support of small grassroots organizations doing essential and effective work in their communities.

2. evidence of unique innovations and/or approaches in grant making and programming.

The process for identifying funds to be included in this study was informed by significant field leaders and funders in two phases of consultation, as follows:

1. Members of the DFEP Advisory Committee⁴ were invited to nominate organizations to participate in in-depth case study interviews. They were asked for examples of successful:
 - affiliated funds;
 - independent funds/foundations;
 - funder collaboratives; and
 - giving circles.

The key selection criteria included:

- demonstration of substantial and sustained community impact and social investment leadership (using the same criteria listed above in our definitions of “success” and program innovation); and
 - grassroots leadership composition (as reflected by a majority of the organization’s membership, staff, governing board and advisory bodies being comprised of people from the communities served).
2. A DFEP Advisory Sub-Group (including representatives of Rockefeller Philanthropy Advisors, the Chicago Community Trust and Horizons Foundation⁵) and the lead research consultant for this work reviewed thirty-six (36) nominated fund applications, selected seventeen (17) and, then, contacted principals of the selected organizations to

⁴ In order to advance this work, DEFP has been advised by a practitioner-based committee of experts representing institutions including among others: Asian American Federation (New York City); Bay Area Black United Fund (Oakland, CA); The Blackbelt Foundation (Selma, AL); Chicago Community Trust (Chicago); Chicago Women’s Foundation (Chicago, IL); First Nation’s Development Institute (Longmont, CO); Hispanic Development Fund (Kansas City, MO); Hispanic Federation (New York City); Horizons Foundation (San Francisco); Rockefeller Philanthropy Advisors (New York City); the Saint Paul Foundation (St. Paul, MN); and the Women’s Funding Network (San Francisco).

⁵ Advisory group bios appear in the full report on our inquiry and findings.

invite them to participate in our Phase III study. Fifteen (15) of these invited organizational leaders in turn agreed to participate.

3. After conducting extensive online research (focusing on websites, 990s, etc.), the responsible interviewers consulted in most situations the president or executive director of each of the funds we surveyed (or whoever else was in an equivalent leadership position).
4. The lead consultant reviewed and compared case study notes compiled by the interviewers and produced a draft report with provisional categories and themes to inform this report's findings.
5. The draft report was sent to the interviewers who reviewed the information reported about the funds and the provisional categories and themes.
6. A revised report then went to the DFEP Advisory Group for its input on the information gathered and related categories and themes for the findings.
7. After further revision, the report was sent to the interviewees to determine whether it accurately portrayed the information they shared with us and to gather any important additional input.

The report herein reflects the vetted responses and findings produced through our field-wide review.

The fifteen Funds we surveyed included the following:

1. Asian American Federation (New York)
2. Asian Pacific Fund (San Francisco)
3. Asian Women's Giving Circle (New York)
4. African American Legacy Initiative (Chicago)
5. Twenty-First Century Foundation (New York)
6. The Hispanic Development Fund (Kansas City, MO)
7. Hispanic Federation (New York)
8. Latino Community Foundation (San Francisco)
9. First Nations Development Institute (Longmont, CO)
10. Potlatch Fund (Seattle)
11. Seventh Generation Fund for Indian Development (Arcata, CA)
12. Horizons Foundation (San Francisco)
13. Pride Foundation (Seattle)
14. Chicago Foundation for Women (Chicago)
15. Women's Foundation of California (San Francisco)

Phase III Findings

Phase III of the DFEP provides additional details about what successful funds have achieved in their communities and what internal and external factors have contributed to their success. The primary factors and practices that have contributed to their success are:

- **Leadership:** In all cases the funds centrally involved grassroots leaders committed to increasing philanthropic dollars in their particular communities. They were founded by a dedicated leader or leaders who were willing to invest in starting and sustaining a new venture. In a number of cases the start-up was helped by convenings sponsored by and grants from a national organization or community foundation.

[Our founder] wanted to create a Black foundation to have a seat at the foundation table, and to build and organize social capital to leverage public and private investments in Black America.

-- Erica Hunt, 21st Century Foundation

- **Adaptability:** They built capacity by diversifying their funding and investing in staff and infrastructure, while maintaining their unique character and community connections. Most were adaptable to changing community needs and financial challenges, and could reinvent themselves. Besides building diverse funding streams, many were able to secure early endowments and/or multi-year funds from more established grant makers.

- **Responsible Stewardship:** The successful funds we surveyed were principally concerned with effective stewardship of their community's financial and social capital. They wanted to ensure that their grant making would directly benefit the community and that grants would be available on the basis of transparent guidelines and processes.
- **Multiple Social Change Strategies:** Whatever their organizational structure, whether they operate as affiliated or independent funds, a community foundation or other type of grant making organization, the most significant shared marker of success among these entities was their wherewithal to achieve sustainability and impact using multiple social change strategies. Each of the successful funds we reviewed has accordingly developed and is using these strategies (or variations of them) in distinct ways to serve their communities and the larger society. The strategies include: Social Service, Social Partnership, Social Activism, Social Investment, and Social Entrepreneurship.

What Contributed to These Organizations' Founding and Laid the Groundwork for Their Continued Sustainability?

A number of factors were identified as contributing to each organization's founding and early groundwork for sustaining its work and impact in the community. In most cases the funds were founded by key leaders, either high profile community leaders, a dedicated founder, or an individual funder who gave a significant start up gift for an endowment—all of whom were willing to risk starting and sustaining a new venture. Some of the leaders also brought extensive experience in philanthropy and were thus able to leverage funding from other sources such as

private corporations and foundations. In each case, the leaders involved were proven, credible and widely respected leaders who had strong followings in both the local grassroots and establishment communities.

Examples of Early Community Leadership Initiative

From 2000 to 2006 Hali Lee of the Asian Women's Giving Circle (AWGC) served on the board of The New York Women's Foundation. "The best philanthropy university I attended. They are a well-oiled fundraising and grant making machine," remarked Lee when highlighting the factors that have allowed her to sustain and grow AWGC. In the first year of AWGC, its 10 original donors committed to raising and giving away \$25,000—each of the women would contribute or raise \$2,500 to put in the grant making pot. Lee and another member approached a wealthy friend for a donation. The "ask" was going to be \$5,000. As the conversation began, the donor inquired about the group's fundraising goal. "\$25,000," they told her. "I'll match it," the donor replied. They used the idea of a "match" as a lever to attract other donors—donations from individuals were matched 1:1—and incorporated the matching gift concept into their core fundraising strategy.

AWFG was also helped by an alliance with Asian Americans and Pacific Islanders in Philanthropy (AAPIP). After deciding to form a giving circle, Lee set out to find a host organization that could effectively house her budding giving circle as a distinctly Asian, women-led, women-focused giving initiative. AAPIP was the right fit. The arrangement was forged when Lee and AAPIP President Peggy Saika met and compared notes at a W. K. Kellogg Foundation-hosted Cultures of Giving Conference. The Asian Women's Giving Circle has since become a donor-advised fund of AAPIP and its successes to date have proven the marriage to be mutually beneficial to all concerned: AWGC is now, in dollar amount, the largest donor-advised fund sponsored by AAPIP. In turn, AWGC receives a 25 percent match to support its grant making through AAPIP's National Donors Circle initiative.

The Twenty-First Century Foundation (21CF) was established by Robert Browne in 1971 in New York as an endowed, Black-led and governed grant making foundation. "Bob wanted to create a Black foundation to have a seat at the foundation table, and to build and organize social capital to leverage public and private investments in Black America," noted Erica Hunt, 21CF's executive director, when describing the vision of the Foundation's founder. "Bob would be so proud today," she added, as she highlighted the work the Foundation is currently engaged in and which is geared, as Robert Browne envisioned, to creating a community of African American doers and thinkers that are strategically using philanthropy to leverage philanthropic capital in order to address critical issues in the Black community.

The Hispanic Development Fund (HDF) of Greater Kansas City was established in 1983 under the leadership of Tony Salazar and other Latino community leaders, with a \$225,000 grant from the Hall Family Foundation. These leaders were seeking opportunities for the regional Hispanic communities of Missouri and Kansas to speak for themselves concerning where social investment funds should be distributed in support of their rights and advancement. The Fund provided a culturally relevant venue and rationale for the community to give. Mr. Salazar, the original chairman, leveraged additional contributions from local corporations and foundations, as well as the Ford Foundation. The Fund quickly affiliated with the Greater Kansas City

Community Foundation. This resulted not only in many subsequent and mutually beneficial advancements in regional social investment, but also the first efforts by community foundation leaders in Kansas City to appoint Latino trustees to the foundation's governing board. HDF's endowment now totals \$3 million dollars and supports grants approaching \$250,000 annually.

First Nations Development Institute (originally First Nations Financial Projects) was founded in 1978 by Rebecca Adamson in consultation with Thomas Vigil, the Institute's current Board Chair. They were motivated by the reality that Indian communities often had many assets, but no control over them because they were held in trust by the Federal Government. First Nations' aim was to reduce Indian Country's historic dependency on the Federal Government by empowering communities to accumulate and access independent financial resources from philanthropic and

Native Americans receive less than one half of 1 percent of philanthropic dollars despite [experiencing] disproportionately high rates of poverty, unemployment and disease.

-- Ken Gordon, Potlatch Foundation

entrepreneurial sources. With a start-up grant in hand from the Administration for Native Americans (of which Mr. Vigil was Deputy Director), Ms. Adamson visited the New York foundations and the organizations' first breakthrough came when the Ford Foundation agreed to meet with and subsequently fund an initial \$25,000 grant in 1980.

First Nations grantmaking program, the Eagle Staff Fund, began in 1994 as a funders collaborative and as a nationwide strategy to increase the funding and the effectiveness of First Nations work. As it enters its 15th year, First Nations grantmaking has made more than \$15 million in grants to more than 550 Indian reservation-based organizations. First Nations grantmaking is often the first philanthropic investment in many of these projects, at times leading to the follow-on investment from larger more formal philanthropic institutions.

A confluence of forces ranging from the social and identity political movements of the 1960s and 1970s, to allied pressures on philanthropy (particularly large foundations) to embrace diversity and direct more dollars to communities of color, gave rise to the creation of the California-based Seventh Generation Fund for Indian Development (SGF) in 1977. According to Chris Peters, SGF President and CEO, several national Native leaders, such as Daniel Bomberry, the Fund's founder, had long called for the creation of a philanthropic resource like SGF to respond to the largely overlooked needs of grassroots Indigenous communities in North, Central and South America. Through advocacy and organizing efforts led by these and other leaders, SGF was able to gain early support from important national and progressive funding organizations, including the Ford Foundation, to commence an annual grant making program. For now more than 30 years, the successful effort to build SGF has enabled grassroots Indigenous communities across the Americas more broadly to encourage self-help initiatives focused on cultural revitalization, leadership development, tribal sovereignty, and culturally appropriate economic development strategies.

The San Francisco-based Horizons Foundation had its start in 1980 as the philanthropic committee of the Golden Gate Business Association (GGBA), the nation's first "gay chamber of commerce." The GGBA recognized that for the community to continue to develop, its members

needed to raise money to support emerging LGBT organizations and issues while encouraging LGBT nonprofits to build the infrastructure they would need to grow. Horizons has developed over the years as both a leading LGBT grant making organization, as well as a supportive community anchor in areas ranging from leadership development to civic engagement. Today, Horizons makes annual grants totaling over \$2 million and supports a range of cutting edge community convening and advancement projects, including major initiatives targeted to LGBT nonprofit CEOs, regional arts organizations and political rights campaigns affecting LGBT community members. Recent Horizons funding partners have included The California Endowment, the William & Flora Hewlett Foundation, and the James Irvine Foundation.

Pride Foundation was founded in 1985 by four committed individuals who believed that the LGBT community of Seattle needed its own philanthropic organization. This new agency was charged with providing funding to local LGBT organizations and raising awareness of LGBT issues among foundations. Pride Foundation's endowment was launched when one of its founders died of HIV/AIDS and left a \$1 million gift. In 2008 Pride's endowment was valued at \$21 million after the Foundation was bequeathed an additional \$19 million dollars in assets by deceased board member and local business leader, Ric Weiland, for future grant making and institutional advancement.

In 1984, four women leaders in the Chicago philanthropic community with a shared vision—Marjorie Craig Benton, Sunny Fischer, Iris Krieg and Lucia Woods Lindley, brought together a number of collaborators into planning groups that laid the financial and programmatic groundwork for the Chicago Foundation for Women. These founders organized around the statement of Basic Principles which guides the Foundation to the present day. Chicago Foundation for Women was incorporated in December 1984. A board of directors was elected, fundraising carried out, and an executive director was hired the following year. In the spring of 1986, the Foundation made its first grants totaling \$50,000. Since its start, the Foundation has awarded more than 2,600 grants, totaling more than \$15 million to groups serving regional women's and girls' needs.

Individual women donors who were not wealthy saw research by the Ford Foundation reporting that only one-half of 1 percent of private foundation funding was going to projects supporting women and girls. In response, they founded the Women's Foundation of California. The mission has not changed since its founding 30 years ago: (1) to engage more women in philanthropy; (2) to encourage other foundations to make grants to programs serving women and girls; and (3) to provide grants to community based organizations serving women and girls. Since its establishment in 1979, the Foundation has awarded more than \$22 million in grants to over 1,200 community based organizations in every region of California.

Examples of Early External Initiative

Not all of the funds reviewed for this study began with a leading champion or group of informing grassroots leaders. In some cases, the funds highlighted herein were initiated by a national organization or a community foundation working with a group of subsequently identified community leaders. For example, the National Concilio of America, a regional Latino advancement organization founded in 1977 and based in San Francisco, helped to inspire the formation of the San Francisco-based Latino Community Foundation; and the San Francisco

Foundation has played a large role in facilitating the Fund's subsequent development. Local United Ways also played a formative role in helping to start a number of other funds we surveyed, including the Asian American Federation and the Hispanic Federation in New York City, as well as the Asian Pacific Fund in San Francisco. In recent years, as United Ways have recalibrated their focus, community funds started under its umbrella have been supported to become independent, self-sustaining entities. In most cases, the funds have achieved successful results on their own. The Hispanic Federation, for example, now supports community grants totaling nearly \$1 million annually. The Asian American Federation makes about \$250,000 in grants each year; and the Asian Pacific Fund now makes annual grants totaling about \$200,000.

Some community foundations that have decided to engage in this work during recent years got involved because they wanted to change their unresponsive image and further their work in diverse communities. The Chicago Community Trust took such a path in leading the development of the African American Legacy Fund. The Fund, a staffed affiliate of the Trust, has raised more than \$5 million during its first three years of development and made grants totaling \$200,000 in 2008. Its rapid success has informed the subsequent formation of allied Trust funds targeted to Chicago area Latinos and LGBT community members.

Potlatch Fund of Seattle is a direct outcome of several years of community action meetings aimed at addressing the historic under-funding of Native American communities, driven by the Territory Resource Foundation (now Social Justice Fund Northwest). In 2000, the Foundation organized a series of meetings under the banner "Philanthropy in Indian Country" to raise concerns about data showing that Native Americans were receiving less than one half of 1 percent of philanthropic dollars, despite experiencing disproportionately high rates of poverty, unemployment, and disease compared to other American groups. A subsequent Harvard University study published in 2005 further underscored the critical nature of the problem, reporting annual grants from the largest 900 mainstream foundations to Native American concerns at less than 0.3 percent of all grants made during the prior reporting year (2004). Today in the U.S., however, Native Americans constitute over 2.5 percent of the national population and as much as 9 percent in northwestern states such as Alaska and Montana. Potlatch has evolved since its initial grant making year in 2005 to become an important bulwark in Northwest regional efforts to begin addressing these dismal data. Presently, the Fund makes charitable grants to Native groups totaling about \$100,000 annually in partnership with mainstream funders like the Ford and W. K. Kellogg Foundations.

Shared Challenges and Lessons

Whether initiated by a group of individuals or a community foundation or advocacy network, the funds featured here have deeply engaged the time, thinking, and material resources of grassroots leaders concerned about increasing philanthropic dollars in their particular communities of interest. Their informing focus was (and remains) raising resources from people within the community and/or putting pressure on mainstream foundations to diversify and increase their funding in order more broadly to include diverse communities. Using culturally appropriate methods, these successful funds have endeavored to build a base of community donors and volunteers, and to become catalysts for supporting their communities through more organized philanthropic investment. Many also have raised a significant portion of their grant making and operational funds from mainstream funders and donors. In order to succeed they have had to

position themselves effectively in two worlds: that is, by simultaneously being able to speak the language of the community and the language of mainstream funders.

Paid, Competent Staff and Long Term Start-Up Funding Are Key

There were a number of similar challenges these funds faced, as well as lessons they learned at their beginnings that continue to be relevant. One of the informing insights we gleaned from our conversations across the field is that it is hard to get off the ground with a volunteer staff or to grow if the fund continues to rely solely on volunteers. Invariably, there emerges a need for paid staff and someone to take charge. Quality, vision driven staff with a combination of community and mainstream standing, it turns out, has been an essential element of fund success in the majority of funds we studied for this report. Another fairly universal lesson learned is that, along with talented community and staff leadership, a long term set of initial donor subsidies for a period of roughly ten years duration is important for such funds to become viable.

It was clear to the founders of the Bay Area-based Asian Pacific Fund, some of whom sat on the staff and board of the local United Way at the time, that to accomplish their vision of creating a new philanthropic resource for Bay Area Asian organizations and donors, community members had to have control over its institutional and financial destiny. This required bringing on experienced staff from the community itself. Part of APF's start up funding provided by United Way thus went to pay for an executive director, Gail Kong, a Chinese American community

Organizations like ours need to be subsidized for at least 10 years to become viable.

-Gail Kong, APF

leader and former public sector executive who has been with APF since its inception in 1993. Three smaller regional foundations provided additional one-time start-up funds to help launch APF's work. Also, subsequent long term general support from larger foundations like The California Endowment was critical while the Fund built its base of individual donors. According to the Fund's chief executive Kong, "Organizations like ours

need to be subsidized for at least 10 years to become viable." It takes time and money to develop the knowledge and capacity needed to effectively build an individual donor base in traditionally marginalized communities.

For about two decades following its creation, the Twenty-First Century Foundation (21CF) operated below the radar screen of organized philanthropy, and the impact of its work did not go beyond the small amounts of funding it provided to community based organizations. This was due in large part to the fact that for its first 25 years of existence the Foundation had one donor, Robert Browne, no paid staff, and "one file box," as Erica Hunt jokingly noted. This all changed in 1999 when Hunt, a former program executive of the New York-based New World Foundation, became 21CF's first paid executive director. With the support of 21CF's board, Hunt, building on her established knowledge of organized philanthropy, began a gradual and systematic process of institutional transformation, with donor education and development as its centerpiece. Eventually, in partnership with other New York area diversity focused fund leaders, the Asian American Federation (AAF) and the Hispanic Federation (HF), Hunt helped to convince major funders including the Charles Stewart Mott and W. K. Kellogg Foundations to support a multi-million dollar field building investment called the Coalition for New Philanthropy. Over the seven year period 2001-2007, the Coalition supported 21CF, AAF and HF to undertake essential

new training in donor development strategy, technology upgrades and corporate communications. The Coalition also produced important matching grant support to advance the funds' endowment building and community grant making efforts. This work helped significantly to position 21CF, as well as the other participating funds, in a more central space within the New York and national foundation fields. Today, 21CF makes community targeted grants totaling each year about \$1.75 million.

Operational and Infrastructure Support Funds Are Also Essential

But, even for the successful funds just referenced, it has proven difficult to find money for operations and the infrastructure development that long term sustainability requires; and it remains difficult to constantly raise the money they need to support community grants and education programs. A number of the funds we surveyed experienced specific institution building challenges such as: assembling a strong board to help support and sustain their work; bridging divides between sometimes competing groups within their respective communities of focus; and struggling for credibility and visibility when affiliated with a larger institution such as a community foundation.

Gaining Economies, Measuring Community Impact and Maintaining Responsiveness to Stakeholders Are Especially Important

Many of the funds we surveyed have found particularly challenging the task of measuring the impact of their work in a way that is culturally appropriate for their communities and yet responsive to larger donor reporting requirements. In response, First Nations Development Institute has developed its own "Elements of Development" tool that is used to measure the impacts of funded projects in ways that are both culturally appropriate and informative to larger donors and institutional investors.

We must break out of the mold of a small operation doing high amounts of work.
-- Roger Doughty, Horizons Foundation

Other factors contributing to sustainability among the funds we surveyed include: listening, understanding, and responding to donors' interests and needs; being clear about funding and programmatic strategies; and using mainstream

fund raising to leverage local community giving. Also, as several of our interview respondents suggested, it is imperative that fund leaders in this social investment space who want to be successful work diligently and intentionally towards institutional efficiencies and multiple impacts from the outset. Roger Doughty of the Horizons Foundation told us, "We must break out of the mold of a small operation doing high amounts of work." Judy Patrick of the Women's Foundation of California stressed the need for diverse approaches to achieve impact, saying, "Change happens quickest when there are multiple strategies [at work]: capacity building, policy advocacy, movement-building, and grant funding." This last quote relates directly to the multiple social change strategies discussed below that the funds we surveyed are increasingly drawing on to fuel their advancement.

Building Capacity While Maintaining Unique Character: It Takes Time and Care

The successful funds included in our field interviews managed to grow largely as a result of securing early funding support while maintaining their unique grassroots character. They developed culturally relevant yet diverse funding practices and continued to connect with both major donors and their core community constituents. They either maintained their original founding intent and grew incrementally; or had to restructure and adapt themselves to changing community needs and financial challenges. They built diverse funding streams, were successful in getting more mainstream funders to support them, partnered with other funding sources, and invested in staff and infrastructure. In many cases, surveyed funds were able to establish an endowment. In a number of cases, they obtained multi-year funding from major foundations. In each instance, however, the successful funds we reviewed for this report had to ensure that moving forward from a fiscal standpoint did not come at the expense of leaving their core communities' and constituents' values and needs behind. On the contrary, the funds featured in this report worked intentionally and ultimately successfully to strike a working balance between building their institutional capacities and maintaining their grassroots authenticity. But in each case it has taken a great deal of time and care to achieve this balance.

The Asian American Federation, the Twenty-First Century Foundation, and the Hispanic Federation, through being part of the Coalition for New Philanthropy, obtained substantial multi-year funding from various leading national foundations and New Ventures in Philanthropy (a field support initiative of the Forum of Regional Associations of Grantmakers). Through this sustained institution and field building support, each fund was able to significantly expand its donor development efforts and community outreach and grant making. Asian Pacific Fund was helped to expand its donor cultivation and community responsive grant making efforts by participating in the Kellogg Foundation's Cultures of Giving Program, and through its selection as a grantee of The California Endowment-supported Focused Funders Program. Potlatch Fund and First Nations Development Institute have also received Kellogg Foundation Cultures of Giving Program grants. And like, Asian Pacific Fund, Horizons Foundation and the Women's Foundation of California have been helped in recent years through substantial capacity building and re-granting investments provided by The California Endowment.

Striking the balance between expanded institutional resourcing in partnership with external interests and sustained community groundedness is by no means easy. It takes careful planning, deliberation and constituency consultation. While on the verge of restructuring, the Asian Women's Giving Circle (AWGC) has maintained its founding structure to date, since inception. The desire to make a positive difference in the community has been the driver of AWGC leadership's actions thus far. Choosing the right organizational model to ensure sustainability and impact was not part of the group's informing design. Becoming a donor-advised fund and a giving circle was convenient, allowing AWGC leaders to launch the fund; but it was not a deliberate, strategic decision. Hali Lee, AWGC's founder, realizes this and is now trying to figure out the best way to persuade internal and external players of the need and importance to build the right kind of infrastructure to take the fund to a next level of impact and reach.

The Asian American Federation (AAF) started as a convener/bridge builder and evolved to become a grant making and research organization as well. According to Cao O, AAF's executive director, "We knew money was an issue from the beginning, but we were not ready to become a fund raising organization. Fast forward to today. This year [2008], grants represent 18 percent of

our budget and our [current] grant making budget is 25 percent greater than in 2007.” Clearly, AAF has made impressive strides in its fund raising capacity and sophistication; but as its executive director Cao O observes, it did not happen without careful preparation and planning. As a result of the grant money and peer learning derived from its participation in The Coalition for New Philanthropy, AAF made fund development a more significant focus of its work. Its incremental, informed movement along the continuum of learning and new practice resulted in striking early break-throughs. Now, AAF’s standing strategic planning priority is decidedly to grow its individual donor base. As a result, there is more individual support available to AAF today than ever before and unprecedented numbers of young professional workers from the community are volunteering at the agency.

In 1971, the Twenty-First Century Foundation (21CF) was launched as a Black-focused, endowed national public foundation with a gift of \$1 million from a single founding donor. During its first 30 years of activity, 21CF operated as an un-staffed, family foundation led by the founding donor and a small handful of volunteers who served on its board. 21CF made modest grants to African American-led community organizations involved in community organizing, advocacy, and youth leadership development. But all that changed when, in 2001, 21CF repositioned itself as a more significant Black philanthropic organization dedicated to making strategic grants and growing Black philanthropy. This was made possible thanks to the addition of paid staff that began to build the organizational infrastructure and capacity necessary to work strategically and effectively both in the area of grant making as well as donor development.

Among other benefits, the Coalition for New Philanthropy helped 21CF to hire a program officer to develop women’s focused philanthropic models and to continue to grow its individual and corporate giving base. Since 2005, 21CF has evolved to become an African American-focused community foundation (akin to many mainstream community foundations), offering donors multiple philanthropic vehicles and developing capacity to attract and manage large gifts, including trusts and bequests. In the Donor Services section of its website, 21CF highlights its role as “Helping donors organize their contributions effectively, and giving Black nonprofits better access to new sources of funding.” According to the site, 21CF supports “donors with program design, grant making, administrative record keeping, and money management.”

During recent years, 21CF has been able to extend dramatically its capacity to respond to Black community recovery needs following Hurricane Katrina by forming the Hurricane Katrina Recovery Fund and Gulf South Allied Funders. Both entities substantially helped to get needed money into the Gulf Coast region during the months following Katrina, in order to assist needy individuals and families dislocated by the disaster.

But even with its impressive growth and more strategic agenda, 21CF has maintained culturally relevant donor development strategies. According to Hunt, the Foundation has “kept ministers in the midst”. There is, as she describes it, an enduring spiritual motivation for giving in the Black community. Indeed, 21CF’s donor development style is deeply rooted in the Church. Several ministers are closely connected with 21CF: The Program Director is an ordained minister, and there are several ministers currently serving on the Foundation’s governing board.

The Hispanic Federation's (HF) vision changed over time from a focus on financial equity through accessing grant monies and strengthening member-institutions to creating a more robust federated organization that is engaged in a broader range of community building and advocacy activities. The Federation's Board increased its individual giving, to better position the organization to make more compelling external asks for support; there is now a 100 percent board giving policy and practice in place. Board members have thus become more aggressive about contacting individuals for gifts and more focused on approaching individuals of wealth. HF has re-branded itself and developed a marketing plan to reach and cultivate greater numbers of individual donors during the coming years. In connection with that, it has developed a more donor oriented website. The staff is bringing up the topic of philanthropy at events that are not necessarily donor cultivations. HF has also strengthened its fund raising capacity by incorporating new software technology (Raisers' Edge) and other back office systems to

The Hispanic Federation's vision changed over time from a focus on financial equity through accessing grant monies and strengthening member-institutions to creating a more robust federated organization that is engaged in a broad range of community building and advocacy activities.

strengthen organizational fund raising. HF has recently purchased and moved to a new, state-of-the-art office and public convening space, where it has significantly increased its wherewithal to serve both community constituents and major donors.

Through various stages of development, the Federation has incrementally and thoughtfully re-positioned itself to assume a more commanding space in the New York/Tri-State philanthropic arena, serving in the process as a unique bridge between the region's robust and growing but highly under-served Latino populations and important mainstream decision makers and institutions. The

Federation's annual gala dinner now produces about \$1 million in organizational and community reinvestment revenues, making it one of New York City's top ten most profitable charitable dinners.

During the mid-to-late 1980s, Seventh Generation Fund (SGF) operated through a decentralized organizational structure with staff in New York, California and Nevada, and affiliate projects all over the country. This structure was chosen as a way for the organization to remain responsive to the needs of Native communities and to allow people to work for the organization from where they lived (keeping their feet and ears close to the ground). From the early 1990s to the present, however, SGF has restructured itself to become a more streamlined organization. It has established a headquarters office in Arcata, California (near the California-Oregon border) and centralized its operations. The costs of managing a decentralized structure simply became too expensive and unsustainable for SGF leaders. From its current main office, staff now travels constantly to rural Native communities in order to stay on top of issues and connected to local leaders and organizations. The economization of SGF's administration over the past fifteen years has helped current and prospective donors to maintain confidence in the organization's fiscal and governance manageability; but the Fund's enduring commitment to remain rooted in its constituency through continuing active staff travel to key base locations has enabled it not to lose its informing community identity in the process of becoming more efficiently run.

In 1986, Horizon Foundation’s board and staff took a step back and asked the question, “What kind of foundation do we want to be?” Horizons considered various foundation operating models, from community-based to corporate to private family. Each used different criteria for selecting grantees and board members, and even for designing application processes. As an offshoot of the Golden Gate Business Association, Horizons had started as a business foundation, but it had effectively operated as a community foundation. The board felt strongly that the community focus needed to remain. Also, given the urgent needs in the community stemming from a rise in the incidence of HIV/AIDS among gay men and anti-gay violence in communities and schools, they decided to raise and give away money every year, rather than waiting to build an endowment. The foundation’s approach stressed investing in emerging organizations that were often too small, too controversial, or too unknown to receive grants from mainstream funders.

Through a series of interviews with grant applicants, Horizons board members hashed out the Foundation’s giving priorities and values. Guidelines for Community Issues grants grew out of those discussions, and have remained largely unchanged to this day. All along, Horizons has supported LGBT nonprofits in various ways: giving general support grants; acting as fiscal sponsor for AIDS fundraising events, such as the AIDS Bike-a-thon; and advocating for greater inclusion of LGBT issues in mainstream funders’ priorities. What has changed, however, is the Foundation’s growing emphasis on systematic donor development efforts designed to create a long term, sustainable resource flow for its work in support of LGBT communities across the Greater San Francisco Bay Area. Through wills, charitable remainder trusts, and insurance beneficiary policies, Horizons is seeking to substantially increase its long term independence and wherewithal to advocate effectively on behalf of LGBT people in need of social, political, and economic support.

Each community knows what’s best for their community. We believe this philosophy makes for much better grant making, even if it is more expensive.
-- Audrey Haberman, Pride Foundation

A similar evolution has taken hold in Seattle at the LGBT-focused Pride Foundation. According to Audrey Haberman, the Foundation’s executive director, “We never radically changed the mission but shifted our understanding of it.” Pride’s original mission has expanded to include shareholder activism that focuses on aligning Pride’s investment of its growing endowment assets with the mission of strengthening LGBT communities across the Pacific Northwest. By the end of the 1990s, with an endowment of \$1.5

million, the Foundation’s directors had developed investment policies to impact private sector practices regarding non-discrimination based upon sexual orientation. The strategy was modeled after the movement to force divestments in Apartheid South Africa. The first shareholder resolutions were presented by Pride activists in 1999 and have yielded significant results since.

In 1996, Pride leaders learned that 80 percent of the Foundation’s investment funds were being raised and invested in Seattle in a manner that was not consistent with its broader Northwest mission. In response, board members chose to reiterate their commitment to Pride’s existing mission but with a strong emphasis on expanding its work and investment policies to other communities. The principle strategy for accomplishing this has been a regional community-

organizing model. In 1997, Pride’s Statewide/Regional Communities Program was launched in three locations outside of Seattle. Today, there are eleven active regional communities working in five states through satellite Pride staff/offices and local grant programs located in Spokane and Tacoma, Washington and in the City of Portland, Oregon. The shift from a Seattle-driven model to decentralized grant making and programming in five Northwest states represented a significant change. It opened up the values and practices of the Pride Foundation as its Seattle-based leaders learned about the needs and realities of other LGBT communities—many of them in rural or semi-rural parts of the Northwest.

Pride Foundation’s aggressive move to more decentralized programming and field consultation has not been without added expense and practical challenge; indeed such were the very factors that encouraged the Native American focused Seventh Generation Fund to simultaneously take the decision to centralize its approach, following a quarter century of heavily decentralized

The bottom line is that we do what we say we will do with the money entrusted to our care.

-- Michael Roberts, First Nations Development Institute

operations. But the gains and benefits these two organizations have achieved through their respective (if very different) decisions to change course have substantially outweighed the costs as they see it. This point should underscore the fact that while diversity focused funds share much in common, there are also critically important variables among them that require divergent

support strategies and approaches at any given time. Surely this fact carries potentially complicating cost and logistical implications for larger funders and donors that may be interested to partner in advancing both the individual and collective work of diversity funds. But the problem should not necessarily establish a deal breaker for more established donors where deeper partnerships with the sorts of funds we surveyed are concerned. In fact, diversity focused fund leaders often see the variability in approach across the field as a logical manifestation of different needs in different communities. According to Audrey Haberman, for example, “Each community knows what’s best for their community. We believe this philosophy makes for much better grant making, even if it is more expensive.”

Stewardship of Community Financial and Social Capital

Throughout their histories, the successful funds we reviewed have been concerned with effective stewardship of their community’s financial and social capital. They have all wanted to ensure that their grant making was directly benefiting the community and that there were transparent guidelines and processes in place to advance their aims. In many cases, community members have played a key role in determining early institutional grant making priorities and decisions; and very often they still do. There was and remains among these diversity fund leaders consistent and constant communication with donors and the community about their work and shared interests. As much as possible they have employed highly user friendly grant review and grant making processes.

In addition, these funds have committed themselves to being as clear as possible about what can and cannot be done with their grants, and they have worked exceptionally hard to keep their public promises. With regard to grantees, the surveyed funds require them to be accountable for agreed-to outcomes without culturally inappropriate, burdensome or rigid processes and

reporting. All of these time-tested practices have helped to ensure the funds' capacity to effectively steward community financial and social capital in ways that have increasingly inspired both public and donor confidence. In the process, they have bolstered their propensity to make impactful contributions to their grassroots constituencies. Virtually all of the successful fund leaders we consulted for this study underscored their over-arching commitment to achieve impeccable fiscal and stewardship performance on behalf of their respective stakeholders.

The Hispanic Federation gets measurable and impressive results from its grantee-partners while maintaining community credibility by utilizing an Allocations Committee for community grant making comprised of select Latino board members and outside, community-based professionals. In effect, the Committee serves to:

- bring added expertise/knowledge into the Federation's grants decision making process;
- leverage Federation investment capacity by inspiring Allocations Committee members who represent more significant institutional or personal wealth resources to bring matching and supplemental dollars to the table; and
- lend added public and community credibility to the Federation's final investment decisions.

HF is especially transparent relative to its grant policies and decisions; attention is paid to fairly distributing grants among Federation member organizations (now totaling nearly 100 community agencies), so that no one of them is perceived as unduly benefiting. The Federation also has an Outcomes Management Project. As the organization's president, Lillian Rodríguez López told us, "This [work] focuses on core [support] grants and helps us make sure that we're asking people the right questions." Working with the Rensselaer Institute⁶, the Federation started by studying its grant application process and how it could be refined to ask applicants up front to think more clearly and strategically about their definitions of success. "Previously," Rodríguez López reported, "you'd get whatever they [the grantees] wanted to tell you in the interim and final reports. Now we want to know very specifically how a given project impacts infrastructure and overall mission, and whether [grantees] have achieved the milestones and targets outlined in their applications."

Michael Roberts of First Nations Development Institute described the key factors that contributed to his organization's grant making impact and credibility in the communities it serves as:

- longevity;
- strong technical assistance, training and grant-making success; and
- compelling and informative investor education materials, e.g., good technical assistance guides for prospective donors and partners.

According to Roberts, "Indian Country would say that we are good technical assistance providers and good advocates. Our credibility among philanthropists is based upon a good back office, and we perform at a high level. We aim to be a 'best in world' organization first, a great nonprofit second, and the best Indian nonprofit, third. When we do our job well, folks at foundations can feel comfortable in the investment they make because we do our best to take the risk out of their

⁶ www.rpi.edu.

investment, and the bonus to them is that they can also tick off the ‘Indian box’. The bottom line is that we do what we say we will do with the money entrusted to our care.”

Horizons Foundation’s credibility in the communities it serves has been fostered by using community-led grant making processes, volunteer committees and panels. The Foundation assists a variety of LGBT organizations and leaders with a wide-ranging portfolio of grants that strengthen the community and facilitate advocacy, services and programs. It partners with other organizations and leverages resources. It engages in high-quality and consistent donor communications and services. Besides offering basic donor education, philanthropic services and practical programs that meet donors’ technical needs (e.g., estate planning), Horizons has:

- established dedicated donor support and recognition platforms for varying levels and kinds of LGBT community giving under its auspices called the 3Ls—Leadership, Legacy, and Loyalty Circles: Programs that each honor and assist donors at whatever level they are able to give; and
- recently prioritized expanding personal contact with donors at the higher end (Presently, the Foundation has about 100 individual donors, whose average gift size is above \$1,000).

Horizons Foundation has also done a good deal of forward thinking and strategic planning for its long-term future. Roger Doughty, the Foundation’s executive director, described the plan to us as follows: “Our 2004-2009 strategic plan looked at establishing grant making priorities while maintaining our community foundation role.” To these ends, Horizons has prioritized its support around three distinct but closely related program strategies: 1) Advocacy and Systems Change; 2) Leadership Development; and 3) Moving the Dial of Giving (which provides multi-year funding to LGBT-focused organizations with budgets of \$1 million or more to build their development capacity around individual donors). Horizons has also focused its work increasingly around four major issues: 1) Marriage Equality; 2) LGBT Women; 3) Racial Equity and People of Color; and 4) LGBT elders. In order to ensure that this work remains grounded in and impactful for LGBT communities of the Bay Area, Horizons has an actively engaged board of directors, most of whose members are regional LGBT leaders, advocates, professionals and/or individuals of wealth. Doughty regularly reports to the board on the status of 25 milestones targeted in the Foundation’s strategic plan.

Pride Foundation maintains its credibility with its community constituents and stakeholders through organizational practices that include:

- honoring gifts of all sizes;
- localizing grant making;
- engaging community members in grant making and program decision making (For example, according to the Foundation’s executive director Audrey Haberman, “[Our] review committees are made up of community people and many people are involved”);
- promoting clear and consistent communications about Pride’s mission, values and strategic priorities; and
- collaborating with other funders and donors through joint funding and matching grant strategies.

The Chicago Foundation for Women (CFW) maintains its impact and credibility in the communities it serves by having founders who are still active in women's advocacy and a well respected board of directors whose members have broad standing in both women's and establishment leadership circles. The Foundation funds emerging organizations over time, thereby maintaining both a degree of freshness in the work as well as a sense of continuity. CFW constantly strives to open doors and leverage funding for its core service populations. Its successes in these areas over the years have enabled CFW to achieve a high degree of validation in both women's and philanthropic leadership circles.

Agencies that include the Foundation's name on their list of funders in effect have a "Good Housekeeping" seal of approval. CFW has a full development department that focuses on engaging donors. It employs an up-to-date database and focuses on meeting the needs of major donors. In addition, the Foundation produces a weekly e-mail newsletter and sponsors three major events annually, including a luncheon and an awards ceremony to honor exemplary advocates of women's and girls' rights and opportunities. The Foundation maintains frequent interactions with its community of stakeholders, including grassroots women's groups and leaders, larger foundation executives, policy makers, journalists and scholars. In addition to its newsletter, CFW sponsors programming around key issue areas. It also sponsors a host of Leadership Councils that support strategy development and public educational activism related to addressing women's and girls' unmet needs in society and the greater Chicago community. This combination of strategies has kept CFW at the forefront of social investment discussions affecting Chicago area women and girls since the organization's founding nearly 25 years ago.

Multiple Social Change Strategies

Some of the funds we surveyed talked about whether they are using a community foundation or a private foundation business model for their grant making. In practice, though, all of the funds we interviewed seem to be succeeding by using, either consciously or by happenstance, variations of five nonprofit social change strategies. These strategies are used often in combination where one is emphasized even while aspects of another (or others) are also present. Where the fund has

Change happens quickest when there are multiple strategies [at work]: capacity building, policy advocacy, movement-building and grant funding...

-- Judy Patrick, Women's Foundation of California

restructured or faced a particular challenge, it often involved recognizing it was trying to operate with too many strategies absent the necessary capacity to do so, or it needed to intensify or pursue another strategy in order to increase impact in the community. This process of evolving new and changing relationships among the operative strategies is also a sign of the funds' adaptability and resilience.

Following is a typology of the multiple and interconnected strategies the leading community funders featured here have pursued in order to achieve impact and success:

- **Social Service Strategy:** The fund is focused on being responsive by bringing services and support into the community that are needed but minimally present. The grantmaking is often project/program focused. The main questions of concern in this working model are: What do members of our community need, and how can we provide it?

- **Social Partnership Strategy:** The fund seeks to leverage its reach and impact through affiliation with a donors' collaborative or a strategic partnership with another funder or community organization. The operative questions are: What do we want to provide to our constituents that we cannot currently offer alone, and who can partner with us to accomplish our aims in this direction?
- **Social Activism Strategy:** The fund seeks to inform needed community investment and change by supporting research and policy analysis; preparing studies and educational advocacy publications; and engaging in shareholder actions in order to educate the larger community, advocate for more resources for the community and effect systems change. The key questions in this context are: What difference do we want to make in our community and society, and how can we organize and work to change policies for the common good?
- **Social Investment Strategy:** The fund works to affect change by promoting equity and new social capital formation, leadership development and organizational capacity in the community. This can include:
 - providing technical assistance to community-based grant applicants in areas like grant writing, financial management, fund raising, communications and marketing;
 - supporting donor education programs;
 - offering grassroots leadership training and youth educational development opportunities (including field internships, service fellowships, and scholarships);
 - building the credibility and wherewithal of nonprofits in the community by giving them grants to develop capacity;
 - taking risks by supporting important anchor grassroots organizations that do not receive funding from mainstream foundations, to support work and approaches mainstream funders are not ready to support but that are nevertheless important and promising; and/or
 - building bridges between and among diverse community constituencies.

The key question in this instance is: How can we involve more of our constituency in helping the wider community through the broader investment and alignment of time, talent and treasure?

- **Social Entrepreneurship Strategy:** The fund serves as a catalyst and incubator for new organizations that can eventually independently provide needed programs and services in the community. For example, the fund can start an economic development agency; provide start-up support to new nonprofits; establish a community bank that does local micro-lending; or serve as a fiscal sponsor for emerging nonprofits and philanthropic efforts. The operative questions here are: What is the unmet institutional need in the community, and how can we establish and scale up a responsive venture that will have lasting and large-scale impact?

The Asian American Federation began with a Social Investment strategy, became a Social Service grant maker, and then added Social Activism. Its approach to grant making is increasingly informed by a desire to provide “a holistic way of helping CBOs” at various stages of development versus operating as a formal, rigid grant making organization. AAF grant making is thus set up to address infrastructure needs, as well as to support program. Cao O, the Federation’s director reported seeing a large part of his foundation’s “job” as advancing efforts “to help agencies become more competitive in seeking mainstream funding, so we have created a rigorous process but not as rigid as many mainstream foundations.” Indeed, one of the great attributes of the Federation’s evolving operational framework is that it can operate quite flexibly in key instances, on multiple levels. According to O, for example, “we use discretionary funds to work with smaller organizations that can’t yet compete even within our framework.” AAF has also engaged in a Social Entrepreneurship Strategy on a small scale, by providing start up support to new community agencies that fill a critical void. As O explained to us, “We’re not just responding; we are also proactive. From where we sit, we see certain gaps that we have filled by incubating start-ups.” Such circumstances have inspired AAF in recent years to help fuel the formation of New York based groups like Filipino American Human Services and SAYA!.

AAF also plays an important intellectual role in the regional and national nonprofit community by sponsoring major research and publications on Asian elderly, mental health needs, and

A large part of AAF’s job is to help [our member] agencies become more competitive in seeking mainstream funding, so we have created a rigorous process but not as rigid as many mainstream foundations.

-- Cao O, Asian American Federation

poverty. Some recent publications have included: *Working But Poor: Asian American Poverty in New York City* (2008) and *Revitalizing Chinatown Businesses: Challenges and Opportunities* (2008). The Federation is also one of fifty-eight Census Information Centers (CIC) for census work (the only Asian American CIC in the Northeast). Through this designation, AAF manages an extensive census information and case database via its website (<http://www.aafederation.org>); it also promotes community readiness and participation programs related to Asian American community participation in the census.

Asian Pacific Fund uses a hybrid Social Service and Social Investment Strategy. APF selects a priority area every year that reflects an urgent and emerging need of Asian Americans and Pacific Islanders in the Bay Area. This approach allows APF to build close ties with community groups and raise awareness among donors around the key issues currently affecting the Fund’s base constituencies. In 2008, APF’s funding priority was Health Education, to bring attention to childhood obesity in Asian American communities. Instead of, as Gail Kong says, identifying community needs and finding donors to address them, APF works with donors to invest in issues of clear pressing concern to them in the community. The Fund also supports the development of future Asian Pacific American community leaders through now 10 distinct scholarship funds focused principally on youth and aspiring professionals.

The Twenty-First Century Foundation was founded to carry out a Social Investment and Social Activism Strategy, but operated for nearly three decades from a Social Service Strategy

perspective, giving small grants to community based service organizations. The Foundation has recaptured its original intent in recent years and is presently operating with a combination of Social Investment and Social Activism Strategy, while gradually integrating a Social Partnership Strategy.

The Hispanic Federation combines Social Service, Social Investment and Social Activism throughout its expanding institutional portfolio. The Federation's vision changed over time from its initial Social Investment focus on financial equity (through accessing grant monies and strengthening member-institutions) to creating a more robust federated organization that is engaged in a broader range of field coordinating and policy-oriented activities. These include expanded advocacy and targeted re-granting programs to underwrite more collective Latino community investment to address specific "hot button" issues, such as immigration, reproductive health and HIV/AIDS education.

First Nations emphasizes Social Investment and Entrepreneurship Strategies. The organization's mission is informed by the basic concept of investing in ideas and institutions that are locally created and controlled. As stated on its website (<http://www.firstnations.org>), First Nations' vision is "to restore Native 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." The organization's goal and primary role in Indian Country is to diversify Indian reservation economies by creating and investing in culturally competent Native American nonprofits and social business entrepreneurs. Effective community based nonprofits can, in turn, enhance responsiveness to unmet Indian community needs while in many cases importing money from other communities for those purposes. Similarly, entrepreneurs can grow the private sector economy on and adjacent to reservations, and find ways to increase Native American access to social and economic investment capital through Community Based Financial Institutions.

Seventh Generation Fund works through a combination of Social Service, Social Investment and Social Entrepreneurship Strategies with some Social Activism activities. Using a Social Entrepreneurship Strategy, SGF supports Native communities to build effective community based organizations. Through an Affiliate Program the Fund facilitates the establishment of community serving nonprofits by providing a fiscal sponsorship service (at a 3 percent service charge), nonprofit start-up trainings, one-on-one technical assistance related to incorporation, bylaws, IRS 1023 applications and start up grants. According to the Fund's President & CEO Christopher Peters, "In our vision, we see the nonprofit strategy as a mechanism for addressing the nuanced needs of the community. Nonprofit organizations are a way for people to come together to address issues in their own communities. People in their own community are closer to the problems and they are also closer to the solutions. These [emerging] nonprofits are a critical missing link in Indian Country." SGF also provides fundraising trainings so that Tribes and Native CBOs can compete successfully for philanthropic dollars. Generally this is achieved in partnership with a local board member or organization, and with a focus on identifying and building upon community strengths.

The Chicago Foundation for Women uses a combination of Social Activism and Social Investment Strategies. CFW defines advocacy as seeking to affect or inform the actions of community systems (examples include the media, health care and education) or any level of government expressed in laws, annual budgets, administrative practices, regulations, executive orders and/or judicial actions. The Foundation actively engages in advocacy on behalf of women and girls by testifying at public hearings and conducting analyses to identify policy and program alternatives for supporting women's and girls' health, safety and economic security. CFW convenes grantee-partners and broader community stakeholders to develop strategies that educate the public on issues affecting women and girls, promote public policy that protects and advances the rights of women, analyze events through a "gender lens", and advocate for system-wide changes to ensure women and girls have equal opportunities. CFW programs focus accordingly on research updates on HIV/AIDS prevention, FDA approval processes for birth control options, welfare reform's impact on women, and eradicating violence against women and girls. CFW engages in Social Investment by augmenting its grants with specialized training and support exclusively tailored to the needs of the Foundation's grantee-partners. These programs include: leadership roundtables for executive directors, nonprofit management skills building workshops, and board recruitment and retention training.

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The Women's Foundation of California moved from a Social Service Strategy to a combination of Social Investment and Social Activism Strategies when it became a statewide entity several years ago as a result of a merger between the former Los Angeles Women's Foundation and the San Francisco-based Women's Foundation. Following the merger, WFC evaluated its collective statewide work of more than twenty years resulting in a strategy change from an emphasis on funding direct service programs to funding more systemic work and advocacy designed

to effect large systemic change. Current WFC funding accordingly seeks to increase systems change on behalf of needy California women and girls populations. According to Judy Patrick, WFC's executive director, the Foundation's "formula for social change incorporates three strategies: grant making, policy advocacy, and advancing women's philanthropy. Grant making sustains innovative cutting-edge organizations involved in solving social problems. Policy advocacy addresses systemic challenges to self-sufficiency and barriers to justice by creating new laws and improving policies. And, as an inclusive philanthropic community, we are empowering women across California to have a direct and personal impact as donors on issues they care deeply about."

WFC leverages strategic grant making with advocacy in local and state policy work in order to push for statewide change that beneficially impacts women and girls, families and communities. Its work has resulted in recent policy victories that address some of the most critical issues of our time, including reforms related to human trafficking, domestic and sexual violence, reproductive health, economic security, and environmental justice.

Need for Additional Field Building Assistance

The majority of respondents we interviewed for this report agreed that additional partnership investment in individual funds such as those they represent, as well as the larger field of emerging diversity funds is timely and necessary. New grant dollars for core operating support, field leadership development and skill building workshops, research, and related public education funding to lift up the impacts and value added of diversity focused funds' work in grassroots communities—all of these (and various related) investment ideas were seen as essential to augment the organized philanthropic profession's relevance, reach, and responsiveness in the years to come. They also agreed, however, that such support would help most if undertaken on a collective and consultative basis with leading major U.S. foundations and donors, over a significant period of time and with appropriately substantial social investment resources.

Diversity focused funds are increasingly proving their staying power, grit and value to their communities of focus; but they require more strategic and generous support from more highly capitalized donors and foundations to achieve a next level of impact.

Virtually all of the funds we surveyed stated a strong interest in securing general operational funding. Most would like to attend a convening or a practitioner exchange for the purpose of sharing successful practices and deepening their skills in topic areas including: best practices for managing small endowed foundations; pursuing smart organizational growth; and effectively engaging

professional financial advisors. Finally, fully one-quarter of the leading diversity fund principals we interviewed expressed a strong desire to gain access to endowment building training and technical assistance. While the responses to this aspect of our review were wide-ranging, they tended in our opinion to reveal certain challenges and opportunities when it comes to responsive efforts by donors and major funding institutions interested in helping to build this emerging field.

A clear shared issue is the need for increased access to peer learning and exchange programs that help diverse community fund practitioners to develop a more common framework for institutional impact and sustainability.

A second clear shared concern among field leaders is the need for tailored training and technical assistance in key areas of institutional management and advancement, including best business practice and sustainability strategy.

Finally, and above all, it is clear that even the strongest diversity funds across the nation require additional capitalization to take their work and impact to a next level of community and broader public benefit.

While such appeals for additional field support and assistance are hard to plan on achieving easily or quickly in the current economic environment, they are clearly important investments for major donors and mainstream funders to target with a high degree of priority in the years to come.

Conclusion

During coming years, the nation's and the world's diverse and underserved populations will swell considerably with troublesome and finally unnecessary political, economic, and security consequences for mainstream society unless new investments and innovations are supported today to forestall and prevent the worst of these potential outcomes. In this evolving reality, community-based, community-driven, and community-focused philanthropic partnerships building on the proven successes of diversity funds like those we examined for this study can offer an important beginning point for expanding social investment in underserved populations. Such funds are increasingly proving their staying power, grit, and value to their communities of focus; but they require more strategic and generous support from more highly capitalized donors and foundations to achieve a next level of impact.

Our longer full report of findings based on the interviews highlighted herein is intended to provide more detailed evidence of the field's growing capacity and need for effective partnership and growth in relationship to the larger organized philanthropic field. The full report and allied data on current activity in the diversity focused funding field can be obtained through the Diversity in Philanthropy Project at www.diversityinphilanthropy.org.

Researchers/Interviewers



Anne Gardon specializes in organization development in the nonprofit sector and has 25 years of experience providing consultation in the areas of assessment and change management, strategic planning, leadership development and coaching, and board governance. Anne's client list is notable for the diversity of organizations she has worked with, from governmental and philanthropic institutions to grassroots community organizations. Anne has consulted to international organizations, and in Mexico and Spain. Anne is a faculty advisor at the Institute for Not-for-Profit Management at Columbia University Graduate School of Business, and a member of the editorial review board of the *OD Practitioner* (published by the national association of organization development professionals) and the *Journal for Nonprofit Management*. She has a Master's degree

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Rosalind Wilson is an affiliate consultant with the Support Center of New York who has over 20 years of expertise in many aspects of nonprofit management including fiscal, human resources, facilities, program planning and development, needs assessment, research, evaluation, database and information management, fundraising, cultural sensitivity and service delivery in health education and a broad range of human services settings. Her former positions included Deputy Director for Institute Programs at the Arthur Ashe Institute for Urban Health and Training Consultant for Catholic Charities.



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groups. His clients have included foundations, human service agencies, mental health agencies, universities, professional associations, social justice and environmental organizations, and HIV/AIDS service providers. He has published many monographs and articles on organization development and leadership issues. He is the editor of the *OD Practitioner*. He is also the founder and editor of the *Journal for Nonprofit Management*. Dr. Vogelsang served as lead consultant for and principal author of the report herein.

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