

# Responsive Philanthropy

NCRP'S QUARTERLY JOURNAL

SUMMER 2009

## IN THIS ISSUE

How Can Philanthropy Navigate the Economic Storm? BY KYLE CALDWELL	1
Philanthropy's Commitment to the Common Good BY ALISON GOLDBERG	3
Rethinking the Philanthropic Script BY DARRYL LESTER AND ATHAN LINDSAY	6
Greensboro Gathering Highlights Impressive Advocacy Impacts and Return on Investment for Grantmakers BY LISA RANGHELLI AND JULIA CRAIG	10
A Message from the Executive Director	2
Member Profile	9



ONEplace @ kpl is a management support center for nonprofit organizations in Kalamazoo County.

## How Can Philanthropy Navigate the Economic Storm?

It is no secret that the country is in a recession—as mariners might call it, a “survival storm”—in which unemployment, foreclosures and dried up credit markets are the masters. We continuously hear about high unemployment rates, businesses filing for bankruptcy, and friends and family taking pay cuts. And if you live in Michigan, as I do, it feels as though everyone you know has been impacted in some way by either the auto manufacturing industry contraction or the overall sour national

economy. Our nonprofits and foundations in Michigan are not immune, and have been impacted heavily by this “survival storm.”

Nonprofits are experiencing an increasing demand for services while seeing a decrease in revenue. Since October 2008, the Michigan Nonprofit Association (MNA) and the Johnson Center at Grand Valley State University have conducted quarterly surveys to determine how nonprofits are faring in Michigan. Nearly half (45 percent) of responding nonprofit organizations raised fewer funds in 2008 year-end fundraising compared to previous years, and 49 percent of nonprofits are raising less financial/in-kind support in 2009 compared to previous years.

The Council of Michigan

By Kyle Caldwell

Foundations surveyed its membership in December 2008 and found that 44 percent expect their assets to decrease by 20–30 percent, 67 percent expect to have fewer grant dollars available for 2009 and 82 percent plan to cut operational costs. A recently completed national study from the Commonfund Institute finds that grantmakers' endowments plummeted by 26 percent last year to one of the lowest levels in the past decade.

These numbers are stark. The recession is challenging grantmakers and grantseekers to do more creative thinking to preserve their missions. Still, a relative calm is running over the nonprofit community as Michigan has weathered and survived storms before. The storm (continued on page 12)



challenging grantmakers  
to strengthen communities

# Cover Story (continued from page 1)

clouds are upon us, yet many are operating with a “business as usual” approach. This is a dangerous perspective as this recession truly is different and our strategies as a community have to be similarly different, stark and radical.

Some foundations are coming together to find new, unique—and often necessary—ways to collaborate. In Grand Rapids, area foundations recognize that the demand for assistance to meet basic needs for food, utilities, housing and transportation is increas-

ing rapidly. The foundations came together and established the Essential Needs Task Force Fund, a temporary, flexible pool of funds to help address these escalating needs.

“This emergency fund is strategically aligned to help finance organizations that are on the frontline serving people affected by the recession,” says Diana Sieger, president of the Grand Rapids Community Foundation. “And, by working with existing programs, we avoid duplication of services.”

In Detroit, the New Economy Initiative (NEI) is one of the nation’s most expansive philanthropic partnerships dedicated to economic transformation in the region hit hardest by manufacturing job losses and the global economic crisis. Two years ago, 10 national, regional and local foundations created the NEI and collectively committed to granting \$100 million over an eight-year period.

The goal of this initiative is to attract and retrain skilled workers in Michigan by encouraging innovation and entrepreneurship. This year, NEI announced a partnership with the Ewing Marion Kauffman Foundation to create a three-year program that will help minority automotive suppliers transition to new industries and rapidly grow entrepreneurship in the region. Of the \$9.25 million NEI investments, \$3 million will be applied to the Urban Entrepreneur Partnership – a nonprofit program offering one-on-one, hands-on support to retool their businesses into other industries.

“The NEI truly can be transformative, and we all are dedicated to providing the needed resources to restore the Detroit region’s economic competitiveness,” says David Egner, president and CEO of the Hudson-Webber Foundation and NEI interim director.

We may be quick to recognize a need to help health and human service nonprofits, but other subsectors of the nonprofit sector also are feeling the recession. According to the MNA and the Johnson Center quarterly surveys, arts and culture nonprofits have been affected the most, with 75 percent reporting a decrease in cash flow. However, foundations such as the Kresge Foundation know the arts are an essential piece to a healthy economy. Each year, the Kresge Foundation awards \$450,000 in Kresge Artist Fellowships to artists living and working in metropolitan Detroit. This year, it

PHOTOGRAPH COURTESY OF HEIDBERG PROJECT ARCHIVES



*Caption: “New Life” by Tyree Guyton, one of the Kresge Artist Fellows for 2009.*

awarded 18 visual artists unrestricted stipends of \$25,000 each.

“Individual artists are the lifeblood of any highly creative, highly energized community,” says Rip Rapson, president of the Kresge Foundation. “We are proud to support 18 of the Detroit area’s most talented and imaginative individuals and hope for each of them that the fellowships will serve as a catalyst for a productive and rewarding year.”

Kresge Arts in Detroit is one facet of the foundation’s Detroit Program, a comprehensive, five-part community-development effort to strengthen the long-term economic, social and cultural fabric of the city and surrounding area by strengthening Detroit’s neighborhoods and downtown. The program seeks to promote arts and culture, advance regional economic development and enhance the natural environment.

“In times like these, we need to dig deeper and do more,” says Julie Fisher Cummings, managing trustee of the Max M. & Marjorie S. Fisher Foundation. The Detroit-based family foundation already has surpassed the 5 percent required payout for this year and is considering increasing its grant

“Individual artists are the lifeblood of any highly creative, highly energized community,” says Rip Rapson, president of the Kresge Foundation. “We are proud to support 18 of the Detroit area’s most talented and imaginative individuals....”

## WEB SITES OF ORGANIZATIONS LISTED IN THIS ARTICLE

Accounting Aid Society: [www.accountingaidsociety.org](http://www.accountingaidsociety.org)

Council of Michigan Foundations: [www.michiganfoundations.org](http://www.michiganfoundations.org)

Cultural Alliance of Southeastern Michigan: [www.culturalalliancesemi.org](http://www.culturalalliancesemi.org)

Grand Rapids Community Foundation: [www.grfoundation.org](http://www.grfoundation.org)

Hudson-Webber Foundation: [www.hudson-webber.org](http://www.hudson-webber.org)

Johnson Center at Grand Valley State University: [www.gvsu.edu](http://www.gvsu.edu)

Kresge Foundation: [www.kresge.org](http://www.kresge.org)

Lighthouse of Oakland County: [www.lighthouseoakland.org](http://www.lighthouseoakland.org)

Max M. & Marjorie S. Fisher Foundation: [www.mmfisher.org](http://www.mmfisher.org)

Michigan Nonprofit Association: [www.mnaonline.org](http://www.mnaonline.org)

New Economy Initiative: [www.neweconomyinitiative.org](http://www.neweconomyinitiative.org)

ONEplace @ kpl: [www.kpl.gov/ONEplace/](http://www.kpl.gov/ONEplace/)

budget by as much as 40 percent for this year and next year. “We’re looking into further leveraging our resources through mission-related investing and utilizing the newly created Low-profit Limited Liability Corporation (L3C) legislation to create innovative partnerships for social change.”

From the grantseeker perspective, nonprofits have found creative ways to achieve their missions and serve community needs by sharing services, consolidating functions, merging, or transferring assets to another nonprofit better positioned to fulfill their work. Sailors call this “running with the wind and surfing.” The first tactic in this strategy is to run with the wind. This reduces the force of the apparent wind and may allow the boat to be navigated away from the path of the storm or into safer waters. If large waves are present, the boat may begin to surf down the waves.

The Cultural Alliance of Southeastern Michigan has found a way to steer into the storm with the Sharing Resources Clearinghouse. Members post assets they can offer for free to other members. When an organization sees an asset it wants to use, it submits a request that is directed to the organization with the

asset. The two organizations then work together to broker the deal regarding services needed. It’s like a craigslist for nonprofits.

“The Sharing Resources Clearinghouse is bringing together organizations that may not have considered one another as a partner. Their collaborative efforts will help minimize staff time and costs, creating more room to build quality programs,” says Maud Lyon, executive director of the Cultural Alliance.

Some organizations have looked at what they are doing and decided that not all functions fit. Rather than throwing their initiatives overboard, however, they find other organizations to carry their programming and transfer the weight of the work to another nonprofit.

The Accounting Aid Society of Detroit successfully implemented partnerships to help the organization improve operations and provide services. When it examined its work, it discovered that it wasn’t in the general nonprofit capacity business and the Nonprofit Manual, which it wrote, published and distributed no longer was something it could continue. The society decided to spin off that work to Michigan Nonprofit Association so it could focus on accounting services to nonprofits.

This year, the Accounting Aid Society was recognized as *Crain's Detroit Business* 2008 Best-Managed Nonprofit because of its collaboration with 100 other community organizations to increase its ability to provide free tax preparation to low-income people and teach them financial literacy.

According to Kathleen Katke Aro, president of the Accounting Aid Society, "Through our collaborative efforts with 100 community partners and 800 individuals, we helped return \$14.8 million in tax refunds and credits to struggling families this year."

We also can look at the newly-formed ONEplace @ kpl, a management support center for nonprofit organizations in Kalamazoo County. ONE, which stands for Opportunities for Nonprofit Excellence, brings together nonprofit leaders and peer groups to learn from one another.

"Area foundation and nonprofit leaders recognized the importance and need for a capacity building organization to support area nonprofits," says Bobbe A. Luce, director of ONEplace @ kpl. "It is our goal to be the one place people can turn to for nonprofit information, resources, trainings and referrals. We opened in March 2009 and the activity level has been almost overwhelming. People are so grateful for this resource."

The Irving S. Gilmore Foundation and Kalamazoo Community Foundation took the lead in conceiving and funding a "one-stop" support center and approached the Kalamazoo Public Library to join them by housing and operating it. The Greater Kalamazoo United Way added a start-up grant, and the Timothy and Bernadette Marquez Foundation is supporting materials development.

The troubling economy also is a reminder for nonprofits to ensure that their fund development efforts are aligned with the rest of the organiza-

tions. Two years ago, Lighthouse of Oakland County noticed that the sponsors of its large events were not the same people who regularly volunteered their time, money or goods. Fundraising was focused on large corporate sponsors while the operations of the organization (including behind-the-scenes office work) relied heavily on volunteers.

"We made a strategic decision to track everyone who gave time, money or goods to the organization as a supporter," says John Ziraldo, president and CEO of Lighthouse of Oakland County. "We saw the need to cultivate relationships with those in the community that are dedicated to the work of the organization."

Although Lighthouse has seen a decrease in corporation sponsorships due to the economy, it has seen an increase in individual giving. This year, it replaced its black-tie gala with a series of house parties that are accessible to anyone in the community. The people who truly are committed to the work of Lighthouse are able to attend the event and develop a deeper commitment to serve.

During this time of economic hardship, grantmakers and grantseekers have two courses they can chart. They either can sit back and blame the economy for hurting their organization—the survival storm approach—or they can steer into the gale, by assessing their course, evaluating how programs or grants align with the mission, and looking for ways to work with other grantmakers and grantseekers to achieve their missions.

Michigan and our nation will weather this recession. The real question is what will the landscape look like when the clouds clear, and who will be left to enjoy the sun breaking over the horizon? ■

*Kyle Caldwell is the president and CEO of Michigan Nonprofit Association*

(continued from page 11) NCRP recommends [for foundations to grant to advocacy and organizing] really resonates with our folks," White observed. And Chris Estes of the North Carolina Housing Coalition has found the report to be a great tool to explain to funders the tangible value of investing in long-term, structural solutions to problems like the current foreclosure crisis. NCRP and the N.C. Center for Nonprofits also sent copies of the report to every state legislator. Policy makers can play an important role in protecting the legal basis for nonprofit advocacy and can urge foundations to support nonprofit policy engagement, as well.

North Carolina was second in the GCIP series; the first was New Mexico, and NCRP currently is producing a report in Minnesota, where we have partnered with the Minnesota Council of Nonprofits and the Minnesota Council on Foundations. The report, to be authored by Gita Gulati-Partee, is due out September 30. As GCIP builds the body of evidence documenting the impact of advocacy and organizing in states around the country, NCRP will continue to help nonprofits confidently discuss the value of their work with funders, and engage, educate and challenge grantmakers to increase their support for these efforts. ■

*Lisa Ranghelli, senior research associate, and Julia Craig, research assistant, are coauthors of Strengthening Democracy, Increasing Opportunities: Impacts of Advocacy, Organizing and Civic Engagement in North Carolina. This report is available for free download at [www.ncrp.org](http://www.ncrp.org).*