



Strategic Directions

2008



**COMMUNITY FOUNDATION FOR THE ALLEGHENIES
STRATEGIC DIRECTIONS**

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CHARITABLE GIVING, LOCALLY AND NATIONALLY

Throughout the nation, charitable giving has experienced a significant surge. The 1990s were a period of exponential philanthropic growth across the United States and in Pennsylvania¹. During the 1990s and early 2000s, the number of grantmaking foundations in Pennsylvania increased by nearly 80 percent to 3,592. Ranked seventh in the nation in total giving, Pennsylvanians contributed \$4.1 billion to charitable causes in 2004. In addition, the state which has the third largest foundation asset base in the United States with total assets of \$22.1 billion, distributed \$1.346 billion².

PHILANTHROPY IN PENNSYLVANIA

- 3,592 grantmaking foundations
- Ranked 7th in the nation in total giving.
- Individuals contributed \$4.1 billion to charitable causes.
- 3rd largest foundation asset base
- \$22.1 billion in total assets
- \$1.346 billion distributed

Unfortunately, there is no comprehensive data which isolates the sources and recipients of charitable giving in Pennsylvania. In order to understand generosity on a local level, itemized tax returns may provide the best information.

NOTE: The data below represents only those who itemized tax returns. The data is the best available; however it is important to note it may be skewed as itemization is highest among high-income taxpayers.

County	Itemized Return	Avg. Discretionary Income	Avg. Charitable Donation	Discretionary Income to Charity	Proportion of Race/Ethnicity				Charities per 1,000 People
					White	Black	Asian	Hispanic	
Bedford	1,357	\$42,876	\$2,753	6.4%	98.9%	0.4%	0.1%	0.2%	2.1
Cambria	4,963	\$50,765	\$3,228	6.4%	97.9%	1.1%	0.4%	0.3%	1.8
Somerset	2,292	\$51,225	\$3,780	7.4%	99.4%	0.1%	0.1%	0.3%	1.9

Source: The Chronicle of Philanthropy's Analysis of Giving in America's Counties

On a national level, generosity increased. According to Giving USA, Americans gave \$260.28 billion to charitable causes in 2005, a 6.1 percent increase from \$245.22 billion in 2004. About half of the \$15 billion increase can be attributed to the unprecedented natural disasters; however, the remaining \$7.69 billion were a reflection on donor benevolence.

Of the four sources of contributions—individual donors, bequests, foundations, and corporations – individual giving is always the largest. In 2005, it rose by 6.4 percent to an estimated \$199.07 billion, accounting for 76.5 percent of all giving in 2005.

Donor generosity was reflected in the 59 percent of organizations which reported a rise in charitable receipts. The increase was largely concentrated in the human services, environment and animals, and international affairs sectors³.

In addition to giving their money, Americans also give a significant amount of time. According to recent studies, about 44 percent of adults volunteer. That statistic translates into 83.9 million adult volunteers, an equivalent of 9 million full-time employees at a value of \$239 billion⁴.

These findings demonstrate that Americans are generous and are rising to meet ever-increasing need. "The Charitable Impulse" found one clear message: giving is based on personal experience and emotional ties. While nonprofit professionals find themselves entangled in issues of oversight, government regulation, and impressing foundations, the individuals "give locally and from the heart⁵."

COMMUNITY FOUNDATIONS

In the 1980s community foundations were one of the fastest growing segments of philanthropy. Many played a vital leadership role in the community to help mitigate crime, drug abuse, HIV/AIDS, homelessness, public education problems. In the 1990s, a weak economy and a downsized government further launched the role of community foundations⁶. At the same time, leading private foundations were beginning to promote community foundation endowment building as a means to develop philanthropy around the country⁷. As a result, the number of community foundations has more than doubled since 1990⁶. Between 1992 and 1999, community foundation giving increased by 104 percent, from \$17 million to \$42 million⁸. In Pennsylvania, community foundations are also growing in popularity; however, they account for less than 1 percent of the state's 3,592 foundations and represent about 3.2 percent of the grants awarded⁸. Nonetheless, community foundations are a powerful and growing force. A recent survey of community foundations found most had formed their first fund within the past ten years; thus, this expansion is likely to continue if only in asset growth, not in growth of establishments⁹.

COMMUNITY FOUNDATIONS ARE GRANTMAKING ORGANIZATIONS THAT:

- Seek to improve the quality of life in a defined geographic area;
- Are governed by a representative board of citizens;
- Make grants to other nonprofit groups to address a wide variety of needs;
- Seek to build a permanent resource for the community (i.e. endowed funds from a wide range of donors, including local citizens, corporations, governments, and other foundations and nonprofits);
- provide services to donors to help them achieve their philanthropic goals;
- Serve as catalysts, conveners, collaborators and facilitators to solve problems and develop solutions to important community issues.

SOURCE: Worldwide Initiatives for Grant Maker Support

CULTIVATING PHILANTHROPY

While some contributions to community foundations come from private and family foundations, they are largely supported by individual donors with moderate to wealthy means. However, even regions with limited access to wealth and industry have experienced success by raising small sums of money from a large number of people¹⁰. Clearly, there is tremendous opportunity to expand the donor base throughout the nation. In order to cultivate and find new donors, it is important to understand who gives and why.

Research shows higher levels of charitable giving are positively associated with higher income, higher wealth, greater religious participation, volunteerism, age, marriage, higher educational attainments, U.S. citizenship, higher proportion of earned wealth versus inherited wealth, and a greater level of financial security.¹¹

RELIGION AS A MOTIVATION TO GIVE

- Average contribution of those who belong to a religious organization was more than twice that of households with no religious affiliation¹¹.

VOLUNTEERISM

- Those who volunteer give twice the percentage of income to charity than those who do not, 2.5% versus 1.2%¹¹.

AGE

- Charitable giving is found to increase with age up to approximately 65, at which point there is a drop in the dollar amount of annual charitable giving¹¹.

MARITAL STATUS

- Married couples have higher participation in charitable giving than do single, divorced, and separated households (92.5% to 82.2-87.5%). Married couples also have a higher average household contribution (\$2,299 versus \$887-\$1,246)¹¹.
- Single women – especially single mothers – are far more generous than single men. (10% vs. 2% of discretionary income for those who earn more than \$50,000 annually¹².

EDUCATIONAL ATTAINMENT

- For households with less than a high school education 68% gave to charity; 86% for households with high school education; 95% for households where the respondent was a college graduate¹¹.

RACE

- Caucasians are more likely to give to charity (90.3%) compared to African Americans (80.6%), Hispanics (85.2%), and other racial/ethnic groups (77.6 %) ¹¹.
- However, when African Americans do give to charity, they give 25% more of their discretionary income to charity than do Caucasian people. (\$528 vs. \$462)¹².

WHO ELSE IS GIVING?

- More than \$3 of every \$4 donated to charity is given to houses of worship or religious causes.
- Males report higher average charitable contributions \$1,858 for males, versus \$1,594 for females in contributing household.
- Families with at least one member born in the US contribute twice as much to charity than do families composed entirely of immigrants.

Source: Schervish, P.G.. (Ed.). (1997). *Inclination, obligation, and association*. San Francisco, CA: Josey-Bass.

- Church is an essential part of black giving. Nine out of every \$10 donated by African Americans goes to church/religious institutions vs. \$7.50 out of every \$10 for Caucasians¹².

EMPLOYMENT STATUS

- The percentage of households contributing to charity is higher if the respondent is employed than if not employed (90% versus 86%)¹¹.
- However, as a percentage of household income, unemployed households contribute more than employed households (3.2% versus 2.5%)¹¹.

Beyond simple demographic trends, research has found that people give based on other fundamental motivators. These include: formal and informal networks which breed awareness of need; deeply rooted feelings that induce commitment to a cause; direct requests; the availability of discretionary resources; experiences from youth; urgency of need; and intrinsic/extrinsic rewards¹³.

Other studies corroborate these findings, suggesting giving and generosity can be stimulated by several factors.

- Being asked: In 2001, U.S. households that were asked to give were highly likely to do so. Of the 56 percent of households that reported being asked to give, nearly all (95 percent) made a gift when asked¹⁴.
- Asking for more: On average, an American household with a salary of \$93,975 and an investment asset of \$462,275 gave \$3,156 to charity in 2000—but had the potential to donate up to \$4,500 without any change in standard of living¹⁵.
- Asking for a lot more: On average, an American household with a salary of \$166,068 with an investment asset of \$1,458,420 gave \$7,558 to charity in 2000—but had the potential to donate up to \$21,000 without any change in standard of living¹⁵.
- Asking those with the greatest means: If affluent U.S. tax gave the same proportion of their assets as those less affluent, giving in 2003 would have been \$25 billion (or 17 percent) higher¹⁶.

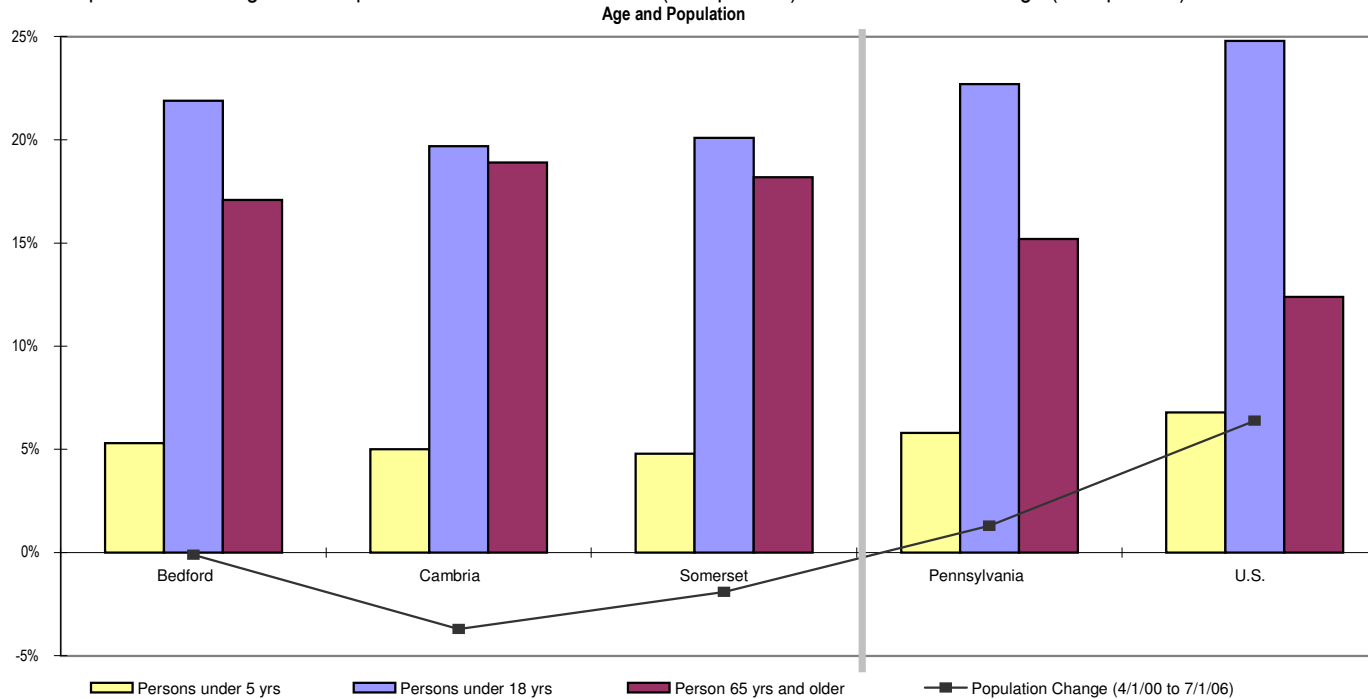
Although research has found general trends and characteristics of donors, there are no hard or steadfast rules which determine who gives to charitable causes. Nevertheless, understanding basic characteristics and motivations can help to identify, solicit, and cultivate a broader donor base.

UNDERSTANDING THE CFA SERVICE REGION

DEMOGRAPHIC INFORMATION

**AGE AND POPULATION:
OLDER, DECLINING POPULATION**

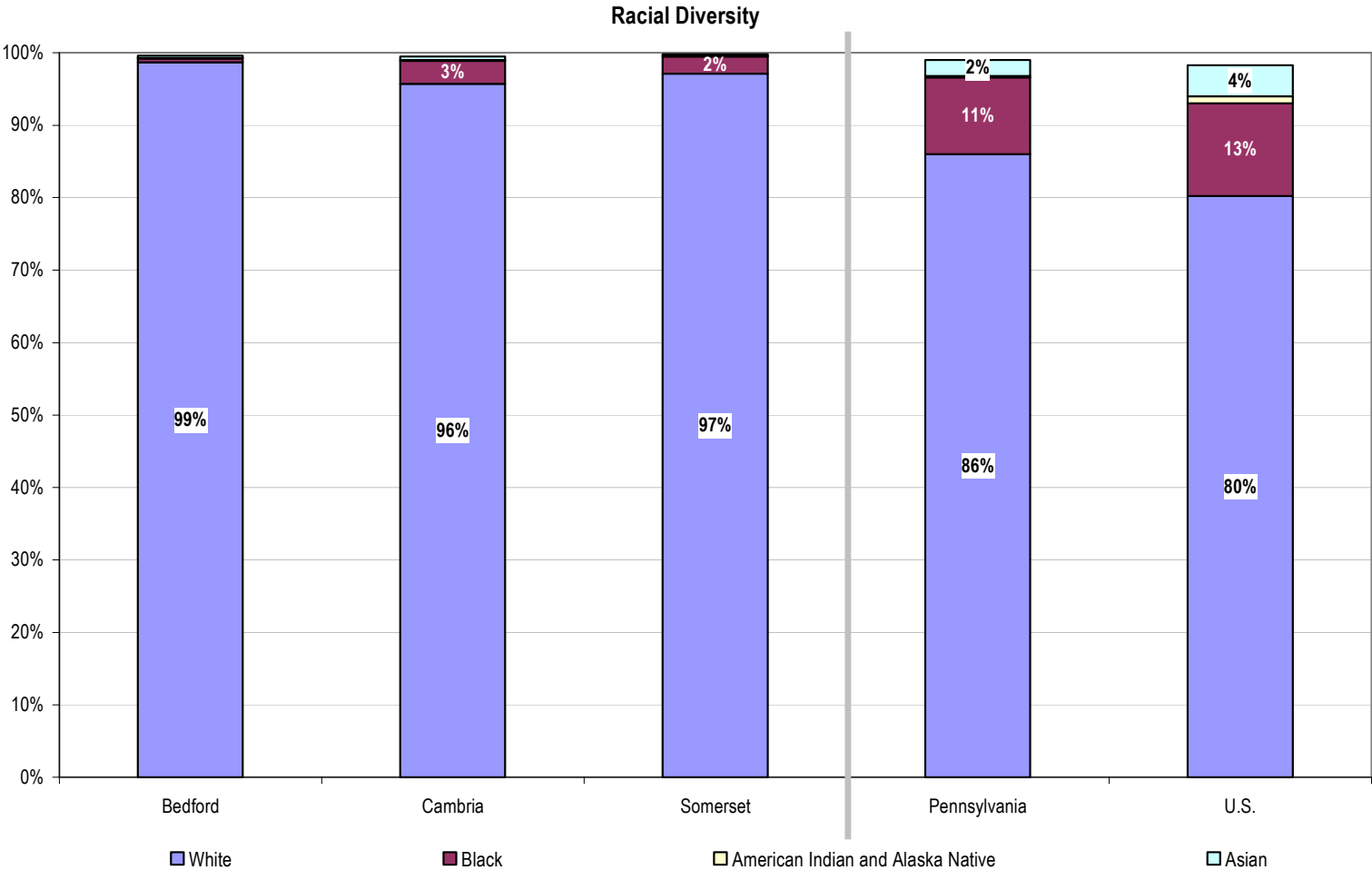
When compared to the rest of the state and the nation, the Community Foundation's three-county service region has an older population. In Bedford, Cambria, and Somerset counties, about 17 to 18 percent of the population is 65 years of age or older. However the same population represents only 15 percent of the state and 12 percent of the nation. Correspondingly, the population 18 years and younger is between 19 and 21 percent in the region. That percent is below the state level (22.7 percent) and the national average (24.8 percent).



While Pennsylvania and the U.S. have seen population growth (1 and 6 percent, respectively); each county has experienced a decline in population particularly Cambria County at 3.7 percent loss.

**DIVERSITY:
LESS DIVERSE**

The three-county service region is far less racially diverse than the rest of the state or nation. By comparison, the region is about 97 percent Caucasian, versus 86 percent statewide and 80 percent nationally.

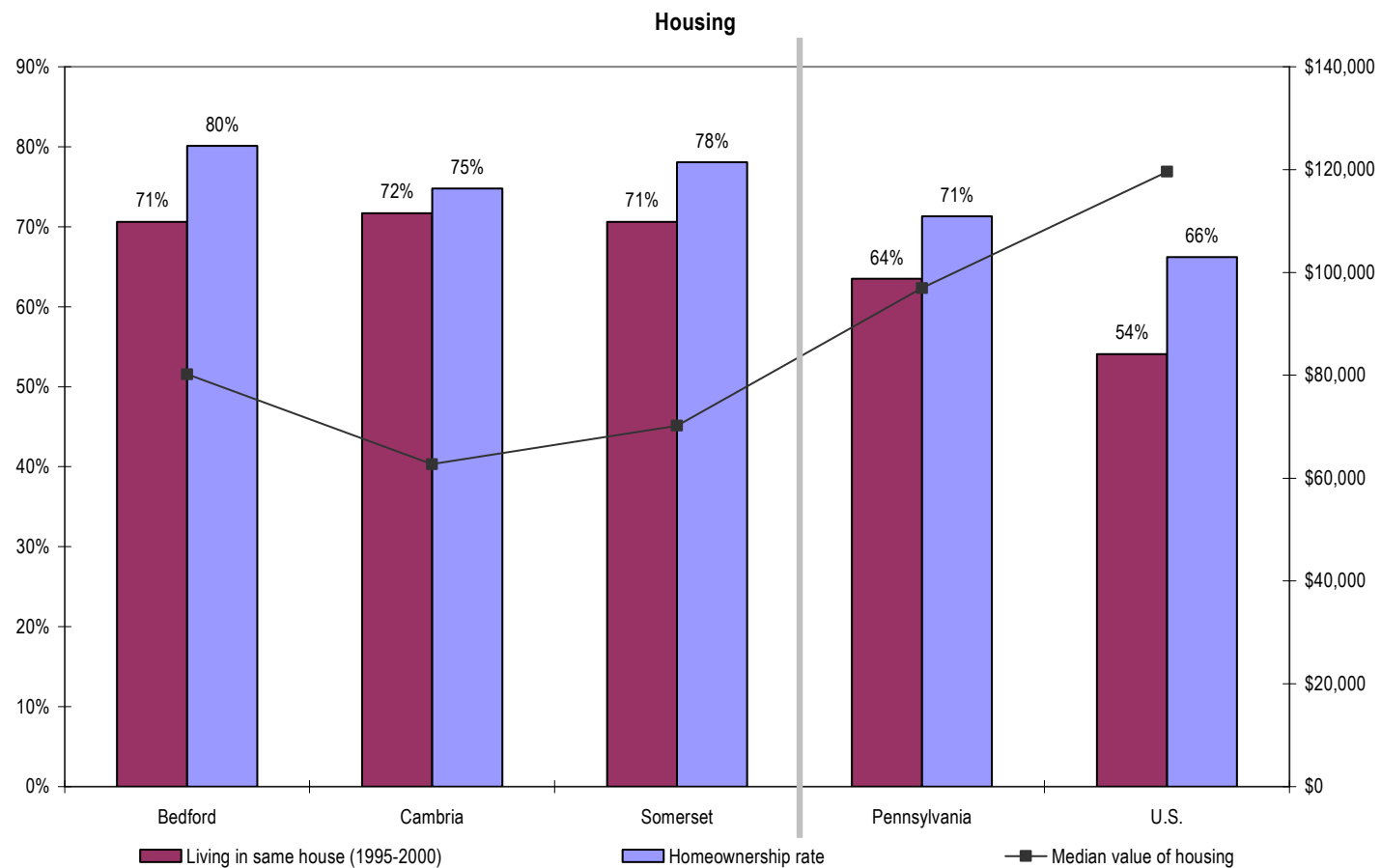


HOUSING:

HIGH RATE HOMEOWNERSHIP AND LESS TRANSIENT POPULATION

The three-county service region has a greater percentage of home ownership (about 77 percent) when compared statewide (71 percent) and nationally (66 percent). This could be attributed partly to a lower median value of housing between \$62,700 and \$80,200 (versus \$97,000 in Pennsylvania and \$119,600 nationally).

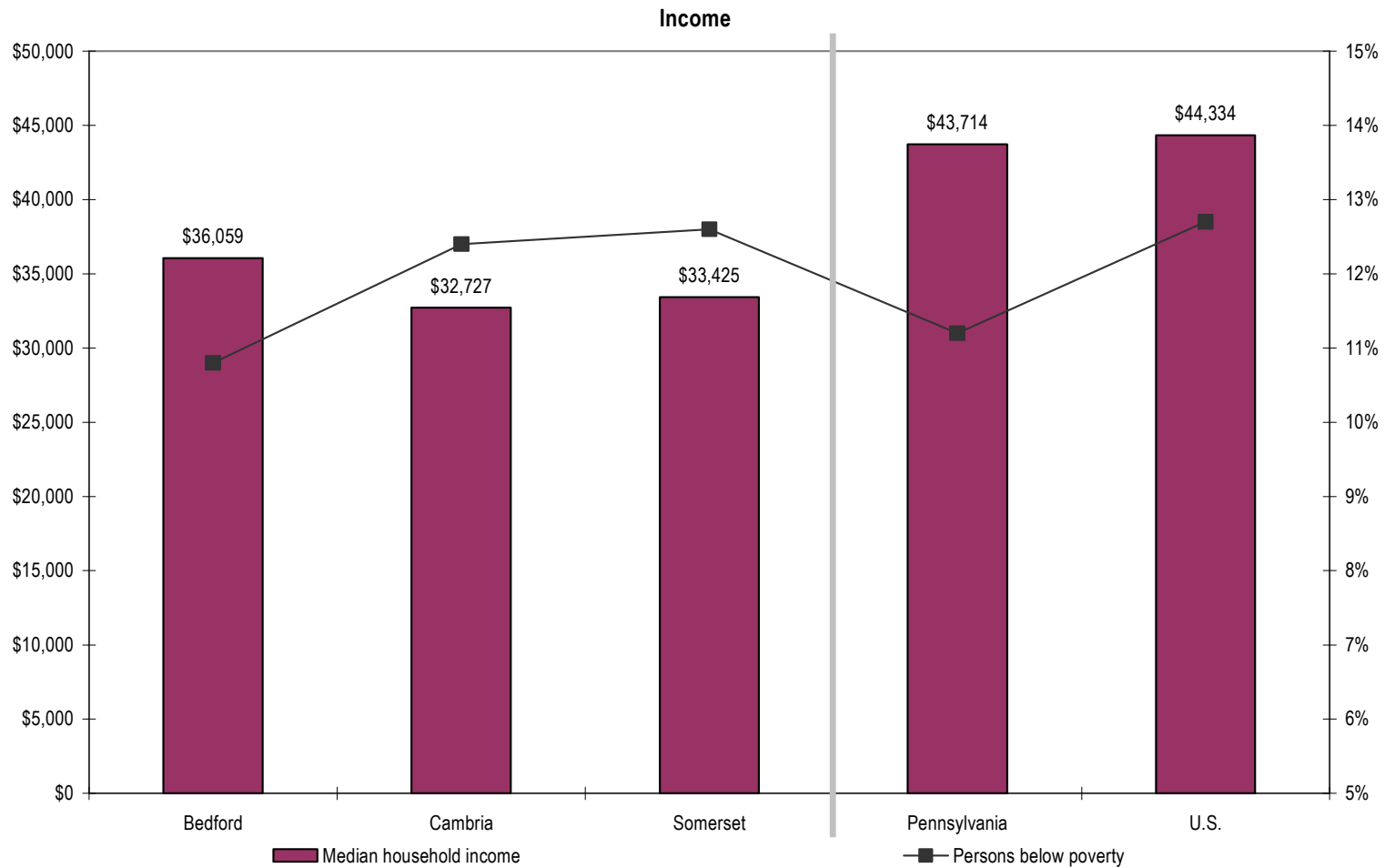
Additionally, residents remain in the same house for longer periods of time (between 71-72 percent remained) compared to the rest of the state (64 percent) and country (54 percent).



INCOME:

LOWER INCOME, BUT SAME AMOUNT OF PEOPLE LIVING IN POVERTY

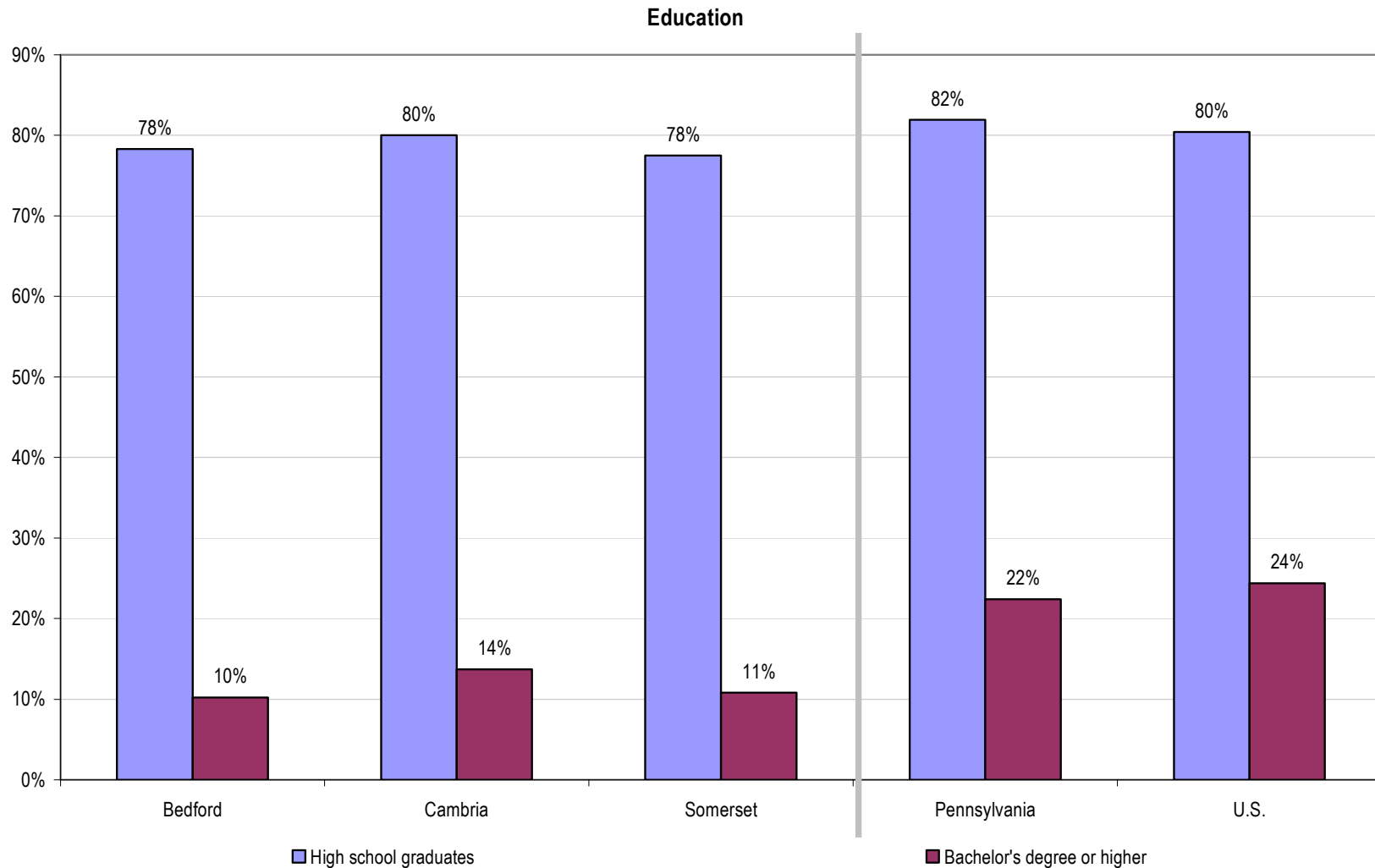
The three-county service region has a lower median household income averaging between \$32,727 and \$36,059 (\$43,714 – statewide and \$44,334 – nationally). However, while Cambria and Somerset Counties have a same percentage (12 percent) of people living below the poverty level; Bedford County has slightly fewer at 10 percent.



EDUCATION:

SIMILAR EDUCATION AT HIGH SCHOOL LEVEL; LOWER AT COLLEGE LEVEL

In the three-county service region high-school education levels are equivalent to national and state levels (78-80 percent to 80 percent and 82 percent respectively.) However, the area has fewer graduate degrees (10-14 percent) compared to national (24 percent) and statewide (22 percent).



UNDERSTANDING ATTITUDES

While most demographic information is easily attainable through published data, understanding attitudes requires significantly more rigorous methods. In order to learn more about regional opinions toward philanthropy the Bayer Center held a launch session with community leaders, conducted a web-based survey of community members, interviewed 13 board members of the Community Foundation for the Alleghenies, and conducted five focus groups in Somerset, Bedford and Cambria Counties. In total, nearly 150 community leaders, nonprofit professionals Community Foundation for the Alleghenies' board members, and donors provided insight about philanthropy in the region. While there were many common underlying themes among the counties, distinctiveness also emerged.

DONORS IN THE REGION FEEL MOST CONNECTED TO...

- The community/region
- The people
- Institutions: churches & universities
- Family

For instance, nonprofit leaders in all communities felt that charitable giving was highly personal. Highly personal networks indicate that people give to people. This concept was particularly true in Johnstown, where participants revealed the strongest sense of place.

People are very connected to the region; as a result, motivations to give extend beyond personal connections. Across all three counties, community leaders felt that people gave based on local need and impact. "What the money will do for the community?" was a commonly echoed sentiment. Individuals were interested in ensuring

funding stays in the area while imparting a long-term impact. While community value and growth were the greatest motivations for charitable giving, people also gave based on an organization's reputation. Donors often considered an agency's history, track record, and accomplishments when making a gift.

Donors in Bedford, Cambria, and Somerset also reported high expectations. Like donors throughout the nation, they want accountability, efficiency, and results. Name recognition is also important, particularly in Bedford and Cambria counties where naming opportunities and memorials were reportedly more common.

DONORS IN THE REGION ARE MOST LIKELY TO RESPOND TO A REQUEST WHEN...

- There is need
- There is a personal connection
- There is a connection to the cause
- There is local impact

Children and youth were attractive causes throughout the region. Bedford donors were particularly interested in recreation and heritage tourism; whereas, Cambria donors expressed greater connection to arts, religious causes, and local organizations.

DONORS IN THE REGION LEARNED ABOUT PHILANTHROPY THROUGH...

- Local businesses, employers, and community leaders
- Family members
- Church/religion

Undeniably, philanthropy is changing everywhere. On a local level, individuals were concerned about aging donors, relocation of youth, and diminishing local business. There was also concern about the growing number of nonprofits competing for limited dollars. Many indicated the desire for greater collaboration among service providers. However, there was also an expressed hope that the channels of giving will continue to improve. For instance, the Community Foundation for the Alleghenies enables all people to be donors, regardless of income levels. Additionally, while e-

philanthropy produces a minimal amount of money locally, there is tremendous opportunity for future growth.

As aforementioned, community connections matter; however, there is no community convener in anywhere in the region. Since most of the counties, particularly Bedford, are geographically dispersed, each community uses different means to pull people together. For instance, in Cambria county fundraising events were reported to be very successful and provide networking opportunities. In Bedford County, the Chamber of Commerce serves as a hub; yet, most interest is generated around specific projects and interests. Service clubs, such as Kiwanis, Soroptimists, and Rotary are also cited strong networking resources in all of the communities.

The Community Foundation for the Alleghenies was deeply appreciated in all three counties. People valued a variety of things from simply its existence, to breath of giving, to the three-county service area. Individuals seemed to greatly value the Foundation's flexibility. The Foundation enables anyone to donate at any level; it allows donors to control their gifts to whichever degree they choose; and it's invested so donations grow over time. However, the high quality staff and leadership were the most commonly cited strengths. A genuine reverence was echoed about board members, executives, and key staff for their commitment to their work.

**THE MOST DIRE NEED IN THE
REGION IS...**

- Economic development
- Community coordination and outreach
- Employment opportunities (especially for younger populations)

While community members were intensely grateful for the existence of the Community Foundation, they also felt there was room for improvement. Unmistakably, many people were wishful that the foundation could "give more money" to the community. However, numerous individuals felt the foundation could fill a local deficiency and act as a community resource or information hub. As a resource they could build greater awareness of groups and funding opportunities, maintain a register of local charitable organizations, or provide educational opportunities to the general public and nonprofit professionals. There was also a concern about how to capture the transfer of wealth, the lack of presence in Somerset County, and the need to create a strategic plan for future growth.

However, commonly cited as the "best kept secret" nearly all participants wish the Community Foundation would increase its visibility. There was great concern that the general public does not know enough about the foundation, about what has been done and what can be done. There is also a missed opportunity to increase giving; the Community Foundation enables anyone – regardless of income – to be a donor; however, that concept is not promoted.

COMMUNITY FOUNDATION TRENDS

As aforementioned, community foundations have experienced tremendous growth in recent years. In 2004, of the 700 identified community foundations 269 made grants totaling more than \$1 million; an increase from 251 in 2003. These 269 grants amounted to more than \$2.8 billion or more 96 percent of community foundation giving⁶. The 14 newly reporting community foundations contributed \$7 million of the \$2.8 billion; thus, newly established community foundations had relatively small impact on giving⁶.

LARGEST FOUNDATIONS BY TOTAL ASSETS:

- New York Community Trust: *\$1.8 billion*
 - The Cleveland Foundation: *\$1.6 billion*
 - Chicago Community Trust: *\$1.3 billion*
 - Tulsa Community Foundation: *\$1.3 billion*
 - Marin Community Foundation: *\$1.1 billion*
- Source: Foundation Center

According to a recent survey of community foundations, most (63 percent) believe a broad grants program is the key to effectiveness¹⁷. As evidence of this finding, community foundations generally provide a larger percentage of giving for human services, arts and culture, and religion relative to other types of foundations. In 2005:

LARGEST TOTAL GIVING

- New York Community Trust: *\$139.6 million(9)*
 - Peninsula Community Foundation: *Over \$100 million*
- Source: Foundation Center

- Education: \$251 million or 23.1 percent of grant dollars and 19.3 percent of grants;
- Human services: \$243 million or 22.3 percent of grant dollars⁷.

Community foundations differ from corporate and private foundation in a variety of ways. Foremost, community foundations are more likely to engage in activities beyond grantmaking to increase impact.

Community foundations are also more likely to give grants for organizational and management development, but less likely to make multi-year grants¹⁷.

Additionally, community foundations are far more likely to engage in various self-evaluation activities (i.e. engage in strategic planning, solicit grantee feedback). Between 2002 and 2004, 41 percent of community foundations conducted a needs assessment compared to 21 percent of corporate foundations and 20 percent of private foundations. Community foundations are more likely to engage in communications; 68 percent of community foundations had engaged in six or more communication activities, compared to corporate foundations (17 percent) and independent foundation (11 percent)¹⁷.

RURAL PHILANTHROPY

Rural populations are also changing the face of philanthropy. Rural areas have been challenged by the decline of agriculture and manufacturing, migration of young people to urban areas, and a high population of retirees living on fixed income.

These changes are making rural areas increasingly diverse, with wealth and income disparities spanning across race and class⁹.

Community foundations are well positioned to change the landscape of rural philanthropy. As innovative change-makers, they are equipped to mobilize resources and encourage community-based partnerships.

Community foundations have the ability to build philanthropy in inclusive ways and recognize all

individuals as prospective donors and beneficiaries. Additionally, community foundations can ensure processes are intentional and inclusive. This ensures community projects belong to everyone, rather than a privileged few¹⁷.

Philanthropy building in rural areas creates special opportunities for rural leaders, community foundations, philanthropic associations, and national/regional foundations. For instance, private foundations have worked to stimulate rural philanthropy-building. The Ford Foundation connected dozens of community foundations to rural community development and endowment building¹⁷. These gifts and partnerships have helped to stimulate growth in many of the 7,500 endowed foundations located in rural America. Though their assets represent 3 percent of all foundation assets nationwide, or just \$15.1 billion, the past six years have shown tremendous growth (132 percent) in geographic funds affiliated with community funds.

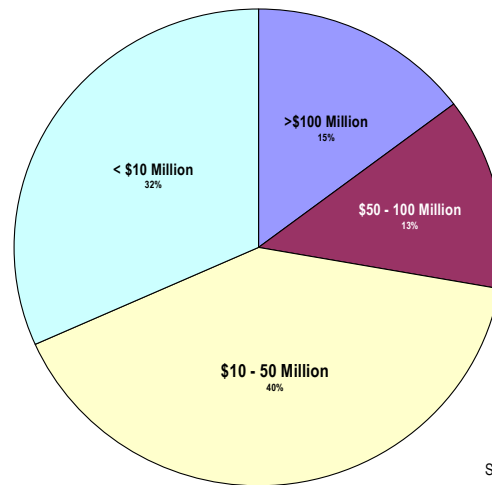
TRANSFER OF WEALTH

The economic boom of the 1990s made many individuals in America wealthy. When this concept is coupled with the aging Baby Boomer generation, there will inevitably be a significant transfer of wealth. Though hotly contended, researchers at Boston College projected the wealth transfer over the 55-year period from 1998-2052, would be at least \$41 trillion, which translates into a transfer of \$389,000 per household. Furthermore, at least \$6 trillion in charitable bequests has been projected.

While there is no data on the transfer of wealth, there are estimates of annual charitable bequests. According to *Giving USA* estimates of bequest giving rose an average of 21 percent between 1998 and 2001, from \$15.04 to \$21.8 billion. If this rate of increase held steady over the next 20 years, charitable bequests would top \$562.6 billion in 2017, for a grand total of \$3.2 trillion in that time period. However, *Giving USA* believes the estimate may actually be lower if the repeal of estate taxes is made permanent.

Nevertheless, there is still tremendous opportunity for charitable causes. Even a small portion of the estimated wealth could advance countless communities, particularly those in rural areas. The Kellogg Foundation is considering a \$30 million grant to aid community foundations in urging people in rural areas to leave a percentage of their wealth to their hometown¹⁸. Other rural community foundations have

Community Foundations, by Size



Source: The Urban Institute

encouraged residents to leave a small portion of their assets for “community endowments.” These endowments are in turn used to pay for local programs, school improvements, and economic development¹⁸.

Other researchers urge caution – as they believe the estimates transfer of wealth are grossly over-estimated. Many believe the disarray of social security, the waning stock market and the lengthening life span will attribute to very little transferable wealth. It is impossible to predict how the transfer of wealth will unfold in the future. However, the strong advice comes for one researcher who suggests that philanthropists and leaders should be less concerned with telling people what to do and more concerned with teaching them what to do. That is material inheritance should be less important than spiritual inheritance¹⁹. Furthermore, teaching peers and heirs this lesson will help to ensure the health and future development of philanthropy.

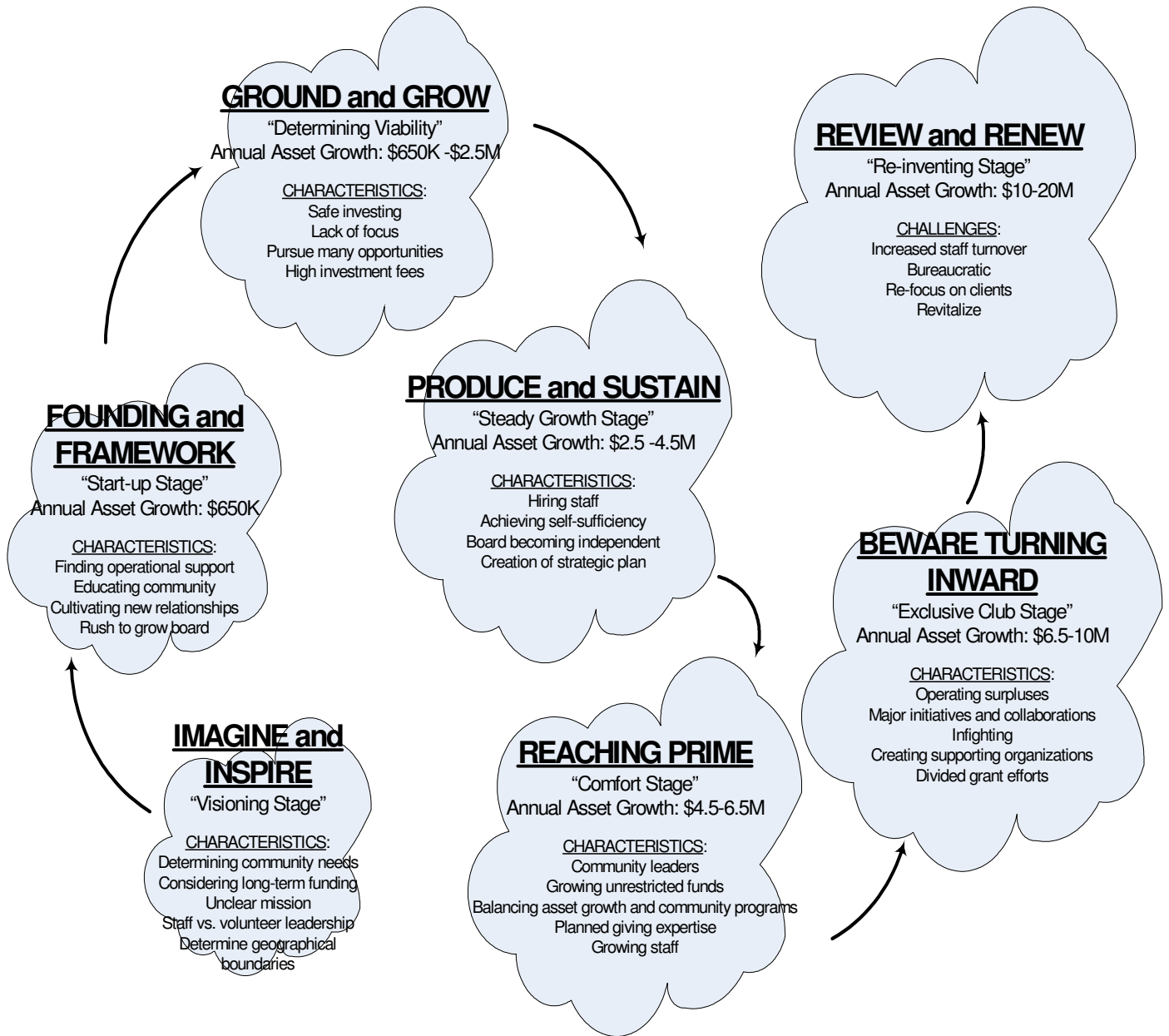
GROWTH CYCLES OF COMMUNITY FOUNDATION

As evidenced above community foundations are growing in size, volume, and popularity. As time continues to pass and community foundations' assets accumulate, directors often struggle with issues of capacity. Such as, "do we have the resources to take on the local heritage project?" "How much time, money, and energy can we devote to the development to the community park?" Furthermore, community foundations – unlike private and corporate foundations - must balance donor interests and community interests. Tremendous variance in size, age, and need suggests there are no correct answers or standard operational procedures.

To complicate matters further, there is little understanding about how community foundations develop and change over time. This makes it taxing to not only manage current issues, but also understanding how to plan for the future. Two recent studies have found that community foundation follow growth patterns similar to for-profit and nonprofit organizations²⁰.

ASSETS 0-\$4.9 million	\$5-9.9 million	\$10-19.9 million	\$20-49.9 million	\$50-99.9 million	\$100-499.9 million	\$500+ million
Infancy and Early Childhood	Middle Childhood	Late Childhood	Early Adolescence	Late Adolescence	Early Maturity	Full Maturity
Creativity <ul style="list-style-type: none"> • Early Volunteer Organization • One organization • Large Board • Technical components under way 	Direction <ul style="list-style-type: none"> • Full-time paid profession staff • Board size reduction • Increasing technical complexity 	Delegation <ul style="list-style-type: none"> • More than 1 full-time paid staff • Board size continues to shrink • Technical complexity increases 	Early Specialization <ul style="list-style-type: none"> • Continued delegation and staff growth • Specialty areas have more organizational components • Technical systems continues to grow 	Refined Specialization <ul style="list-style-type: none"> • Specialized support staff • Board shrinks in size • Additional organizations 	Early Maturity <ul style="list-style-type: none"> • More than 1 paid operations and supports professionals per area. • More complex organization • Complex technical system 	Collaborations <ul style="list-style-type: none"> • Specialized program officers • Small board • Complex technical system
Admin Budget: \$100,000	Admin Budget: \$160,000	Admin Budget: \$250,000	Admin Budget: \$600,000	Admin Budget: \$700,000	Admin Budget: >\$ 1 million	Admin Budget: \$3 million
Serves population < 350,000	Serves population of 1 million	Serves population of 600,000	Serves population of 1 million	Serves population of 1.3 million	Serves population of >2 million	Serves population >6 million
55 grants/yr	120 grants/yr	183 grants/yr	310 grants/yr	400 grants/yr	942 grants/yr	1159 grants/yr
< \$176,000 grants/yr	\$800,000 grants/yr	\$1.3 million grants/yr	\$3.4 million grants/yr	\$5 million grants/yr	\$9.8 million grants/yr	\$31 million grants/yr
33 funds managed	95 funds managed	89 funds managed	130 funds managed	287 funds managed	284 funds managed	539 funds managed
Age: 16 yrs	Age: 20 yrs	Age: 37 yrs	Age: 41 yrs	Age: 49 yrs	Age: 56 yrs	Age: 73 yrs

Source: Council of Michigan Foundations



Source: Mid-Shore Community Foundation

Growth Cycle	Years Required	Staff Size	Annual Budget	Board Size
0 - \$5 million	3-4	1-3	\$50-150K	5-7
\$5 - 10 million	3-5	2-4	\$150-250K	7-9
\$10 - 20 million	3-4	3-5	\$250-400K	12-17
\$20 - 50 million	4-6	4-6	\$400-600K	17-25
\$50 - 100 million	4-6	6-12	\$600-850K	15-19
\$100 - 250 million	5-8	12-20	\$850-2.5M	12-17
TOTAL: 22-33 Years				

Some growth of community foundations is limited by environmental conditions. For instance, some regions have weaker economies, less dense populations, more transient residents, and limited access to private foundations. As a result, not all community foundations will follow the typical growth pattern²¹.

Recent research also suggests ways for community foundation to remain in their “Prime” stage – when the foundation is stable and strong. For instance, diversity and change through rotation of Board members and committees assignments can help motivate and energize directors and staff. On-going education and professional development is imperative for all stakeholders. Annual board retreats, staff training opportunities and outside speakers or guests stimulate thinking and interest. Research also indicates annual collaboration on a community project can build relationships with private foundations, nonprofit organizations, and community residents. All of these will leverage resources while strengthening the community²¹.

CHALLENGES

Success of this magnitude brings a new set of challenges. In recent years, the climate of the broader philanthropic sector has been tainted by allegations of mismanagement of charitable contributions, occasional inappropriate compensation of CEOs, and questionable fundraising tactics. As a result, new governmental regulations have been made to address these issues.

In 2000, due stricter oversight and the need to distinguish community foundations, the National Standards for U.S. Community Foundations were adopted. The 43 standards were establish legal, ethical and operational practices that demonstrate transparency and financial responsibility in six key areas (1) mission, structure, and governance (2) resource development (3) stewardship and accountability (4) grantmaking and community leadership (5) donor relations and (6) communications²². As of April 2005, 483 of approximately 700 community foundations intended to comply with the standards. As of May 2007, only 165 organizations were actually in compliance with the organizational and financial standards²³.

Additionally the success of the community foundation model has caused increased competition from financial institutions, higher education institutions, and other nonprofits. All have discovered that donor-advised funds increase charitable giving and benefit their organizations¹⁰. At the same time, donors are becoming savvier about estate planning and tax incentives. Ideally, financial planners should complement donors and encourage them to consider their values, goals and portfolios to encourage more strategic giving¹.

The challenge for community foundations is to market their distinctiveness to donors and the community. Community foundations have deep understanding of community needs, extensive knowledge of the economic environment, proficiency in grantmaking, and the ability to encourage collaboration. Yet, the general public is largely unaware of how or why they exist. As evidenced in survey research, most are unaware of that community foundations are inclusive, tailored, and inter-connected.

Unlike private foundations, community foundations have a unique opportunity to meet the needs of both donors and the community. Once community foundations can successfully balance these interests, they have a rare opportunity to draw people and organizations together to accomplish a common goal. While community foundations face inevitable and complex challenges, they also have the extraordinary ability and purpose to strengthen local community through benevolence and goodwill.

GOAL ONE: SERVE AS A LEADER IN IDENTIFYING COMMUNITY NEEDS AND AS A CONVENER IN SOLUTIONS.

COMMUNITY CONVENER

Like private and corporate foundations, community foundations work to improve the quality of life in a defined geographic area. However, as aforementioned, they are distinctively more likely to engage in activities beyond grantmaking to boost impact.²⁴ For instance, they often serve as conveners, collaborators and facilitators to address and develop solutions for important community issues.

As evidenced in the customer research, the region's leaders felt the Community Foundation for the Alleghenies could fill a local deficiency and act as a community resource or information hub. In an area where connection is paramount and community assembly is lacking, the community foundation has an opportunity to build greater awareness of need and to bring people together around a common goal.

The Community Foundation for the Alleghenies has served a role in identifying needs in the service area. For instance, several years ago the foundation conducted a formal needs assessment in Cambria County. Additionally, the foundation's extensive work with nonprofits, donors and community members enables them to further delineate community need throughout the region. Currently, community development and workforce development are of principal concern. Yet, while the foundation can unmistakably feel the pulse of the region, they need to determine how best to assert their knowledge and convene solutions.

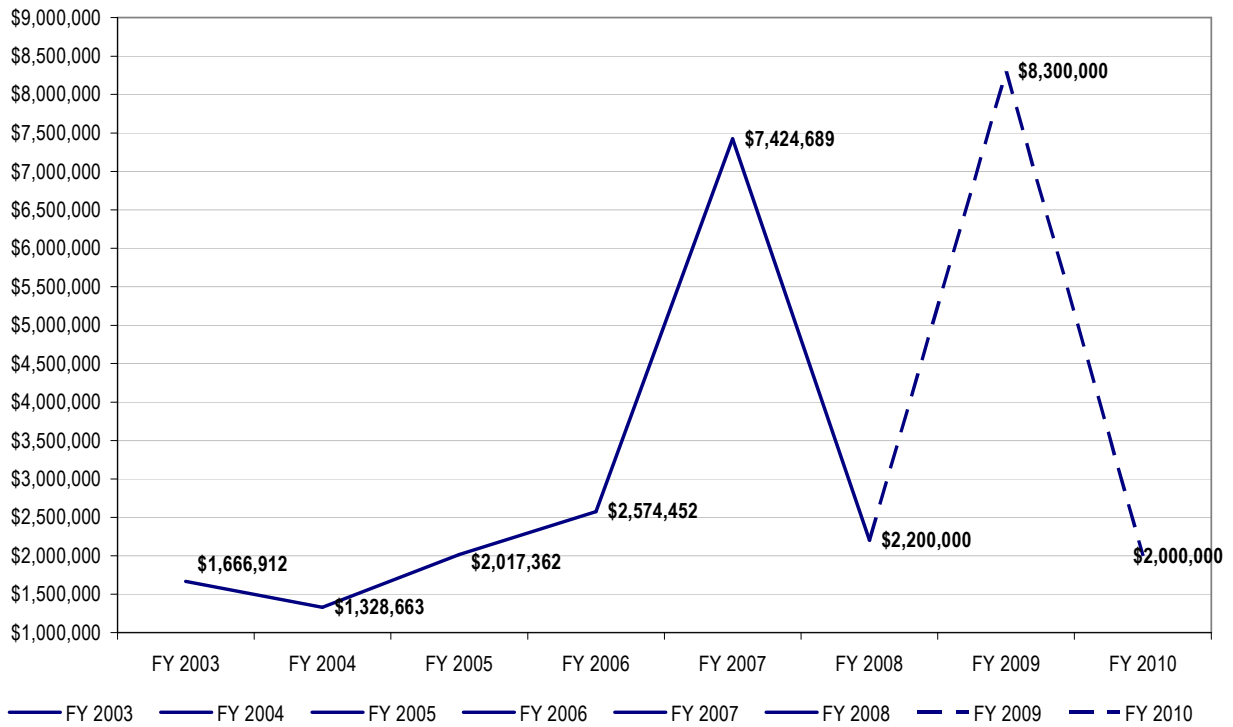
Strategic grantmaking might be one strategy to alleviate need. According to a recent report by the TCC Group, grantmakers do not spend sufficient considering impact and allocation of resources. They suggest that funders need to think more holistically by asking questions to address issue's complexities. This should be part of a structured process that reflects constituent needs, internal values, and organizational capacities.²⁵ Many successful foundations, such as the Carter Center and the Wilder Foundation, have practiced strategic grantmaking in concentrated areas.

The Community Foundation should also consider capitalizing on their strong partnerships with local nonprofits and institutions. For instance, recent organizational changes at the United Way might provide a partnership opportunity to create a nonprofit resource center. This center could offer back-office support at a discounted rate and training opportunities for nonprofit professions. The long-term project would require both organizations to fully understand how to apply this concept to the region; therefore, it is important to begin developing a plan for the resource.

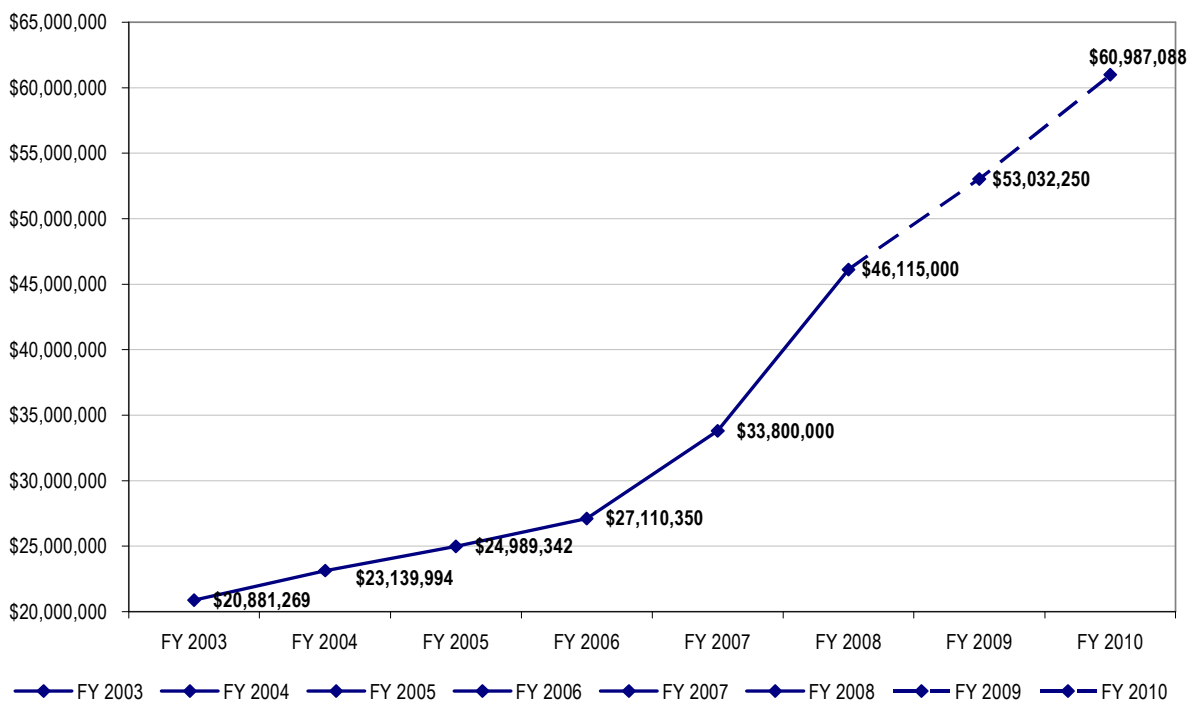
GOAL TWO: GROW ASSETS, CONTRIBUTIONS, AND GRANTMAKING

The Community Foundation for the Alleghenies successfully cultivated many donors and followed on the community foundation success trajectory. Since its founding in 1990, the Foundation has experienced substantial growth. For instance, between FY2003 and FY2007, assets grew by more than 60 percent, from \$20.8 to an estimated \$33.8 million. According to community foundation growth cycles, it is unlikely that the CFA will continue to grow at this rate over an extended period of time. However, having not yet reached "full maturity" substantial growth can still be expected. Over the next three years, it is predicted CFA's contributions and assets will grow by about 15 percent each year in addition to a significant gift recognized in FY2008:

Total Contributions

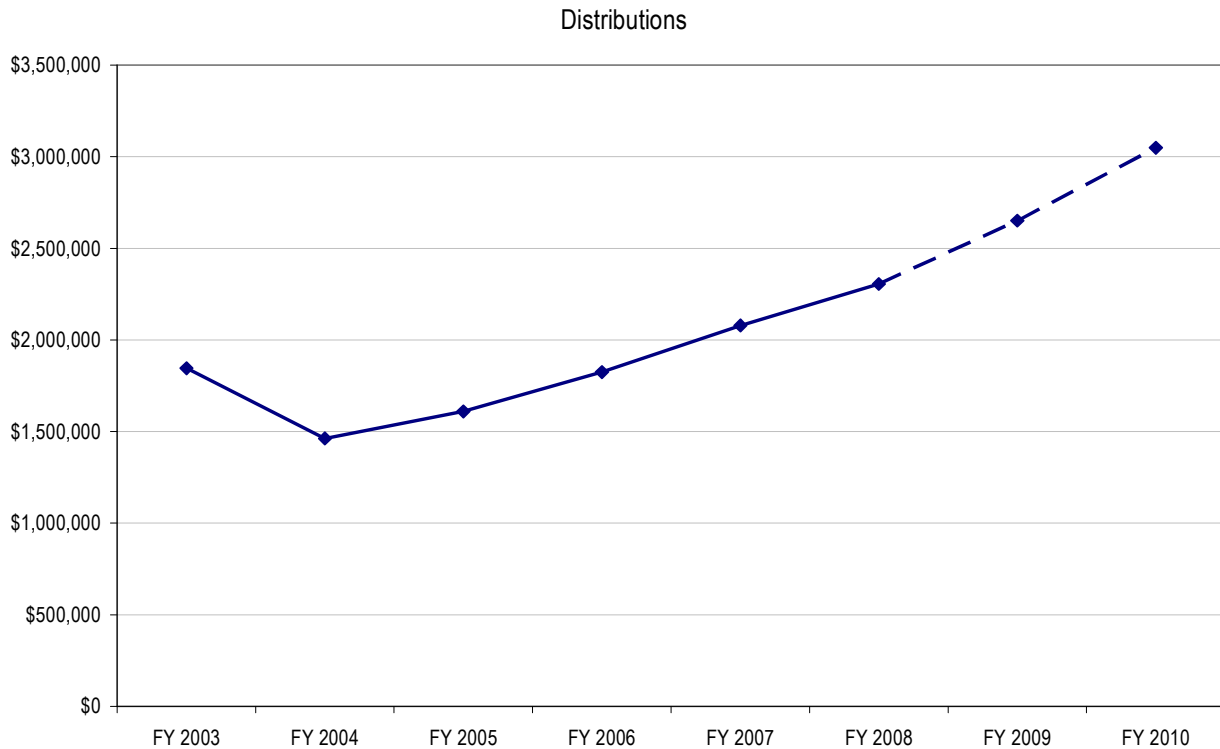


Total Assets



The real goal isto exceed \$50 million in assets by 2010 and to provide meaningful, effective civic leadership.

A simple predictive model would assume five percent of the total assets would be distributed annually. Excluding flow-through and additional revenue, it is assumed distributions will grow as follows:



RESPONSIVE GRANTMAKING

The lack of unrestricted funding challenges the foundation's collaborative opportunities, limits their flexibility, and impairs their ability to deal with unforeseen community issues. While there is consensus that this revenue source needs to increase, leaders have different ideas about how best to grow unrestricted funding. Some feel that a certain percentage of each fund should be used for unrestricted purposes; whereas, others believe that unrestricted funds will grow more autonomously as the originators of donor advised funds pass away.

GIVING CIRCLES

It has also been suggested the CFA consider removing the minimum needed to establish a fund. Although this concept would likely increase assets, it would also add considerably more work to an already strained staff. Instead, the community foundation should explore giving circles to enable giving at lower levels. Giving circles consist of groups of individuals who pool their monetary, time, and talent in order to address a common cause. Giving circles allow for a great deal of flexibility and inclusion, as they involve anyone who wishes to be philanthropic, regardless of age, race, gender and socioeconomic status. While giving circles have existed since the dawn of philanthropy, they are increasing in popularity. Of all current giving circles, about 75 percent are related to or hosted by an established nonprofit organization. Of those, 70 percent are hosted by a community foundation.²⁶ While the source of unrestricted funding remains in question, it is critical that the foundation ensure money is being distributed strategically. A program officer would be instrumental; yet, until there is sufficient funding to pay for this position, the distribution committee will need to prioritize grantmaking so that it is strategic.

GOAL THREE: ENSURE INFRASTRUCTURE TO SUPPORT GROWTH

It is important to use the assets efficiently so CFA can continue to support future growth. Self-sufficiency is very rare for community foundations. However, CFA can boast sustainable operations as a result of fees from flow-through and generous in-kind support from Somerset Trust. This sustainability is further attributable to CFA’s fiscal responsibility and efficient staff.

Since inception there has been considerable resistance to the notion of the CFA raising their own funds to support operations. Instead, all costs have been covered by fee generations. This ideal limits opportunity for growth, especially in terms of staff and technology. However, a recent shift of in this policy enabled the foundation to add a finance position using the remaining funds from the REIT fund. The board’s willingness to use certain outside funds for capacity building is necessary in order to fully support CFA’s potential.

Like many community foundations in the “Early Adolescent” stage of growth, CFA has been struggling with the question, “how do we support administrative needs while seeking to grow the asset base?” The solution has focused on adding part-time staff; however, the high turnover rate of part-time staff has only added new challenges.

ASSETS						
0-\$4.9 million	\$5-9.9 million	\$10-19.9 million	\$20-49.9 million	\$50-99.9 million	\$100-499.9 million	\$500+ million
Infancy and Early Childhood	Middle Childhood	Late Childhood	Early Adolescence	Late Adolescence	Early Maturity	Full Maturity
Creativity <ul style="list-style-type: none"> • Early Volunteer Organization • One organization • Large Board • Technical components under way 	Direction <ul style="list-style-type: none"> • Full-time paid profession staff • Board size reduction • Increasing technical complexity 	Delegation <ul style="list-style-type: none"> • More than 1 full-time paid staff • Board size continues to shrink • Technical complexity increases 	Early Specialization <ul style="list-style-type: none"> • Continued delegation and staff growth • Specialty areas have more organizational components • Technical systems continues to grow 	Refined Specialization <ul style="list-style-type: none"> • Specialized support staff • Board shrinks in size • Additional organizations 	Early Maturity <ul style="list-style-type: none"> • More than 1 paid operations and supports professionals per area. • More complex organization • Complex technical system 	Collaborations <ul style="list-style-type: none"> • Specialized program officers • Small board • Complex technical system
Admin Budget: \$100,000	Admin Budget: \$160,000	Admin Budget: \$250,000	Admin Budget: \$600,000	Admin Budget: \$700,000	Admin Budget: >\$ 1 million	Admin Budget: \$3 million
Serves population < 350,000	Serves population of 1 million	Serves population of 600,000	Serves population of 1 million	Serves population of 1.3 million	Serves population of >2 million	Serves population >6 million
55 grants/yr < \$176,000 grants/yr	120 grants/yr \$800,000 grants/yr	183 grants/yr \$1.3 million grants/yr	310 grants/yr \$3.4 million grants/yr	400 grants/yr \$5 million grants/yr	942 grants/yr \$9.8 million grants/yr	1159 grants/yr \$31 million grants/yr
33 funds managed	95 funds managed	89 funds managed	130 funds managed	287 funds managed	284 funds managed	539 funds managed
Age: 16 yrs	Age: 20 yrs	Age: 37 yrs	Age: 41 yrs	Age: 49 yrs	Age: 56 yrs	Age: 73 yrs

Source: Council of Michigan Foundations

MAXIMIZE RETURN

The Community Foundation for the Alleghenies has carefully protected and managed their assets. Like most careful investors, CFA works to balance maximization of return with safety. Though this practice has produced healthy returns, there is some concern that current asset management hinders growth opportunities.

Most community foundations, distribute assets among a number of stocks, bonds and cash managers to produce the highest return and lowest risk. Yet institutions, like Yale whose endowment grew by 28 percent in FY2007, have had success using other asset management techniques. Yale has a portfolio with stakes in venture capital funds, real-estate partnerships, emerging market stocks and many small, specialized investment outfits. This cannot be done without extensive expertise and support; therefore it should be a long term goal to better understand and practice state-of-the-art monitoring and growth techniques.

ADEQUATE STAFF

Unquestionably, additional full-time staff is profoundly needed at CFA. If the organization continues to operate with bare bones staff, they will lose significant opportunity to grow the asset and donor base. Furthermore, a robust staff is necessary to support and sustain past and potential development. The Community Foundation for the Alleghenies has recently taken action on this ideal through the addition of a full-time Finance Associate and a full-time Director of Donor Services. The latter only cultivates and maintains donor relations, but also establishes a presence in Somerset County, an area where many felt CFA lack visibility. However, additional internal resources are still considered necessary.

It is also suggested CFA consider adding two new positions within the next two-three years:

- Program Officer: This position would assure strategic grantmaking, thus alleviating the Executive Director of some tactical duties and allowing him to focus more time on strategic duties. In consultation with his Board and in recognition of the community needs and opportunities, the specific duties for the Program Officer will be developed nearer to the time of the hire.
- Receptionist: This position could develop into a full-time position, if needed. A receptionist would relieve the staff of many administrative duties.
- Until those positions can be hired, the staff will continue to effectively balance the needs of existing donors with emerging opportunities.

With the addition of this position the organizational chart would look as follows:

Executive Director
Develops and implements plans to obtain, invest, and use charitable gifts; develops and implements annual goals; manages structure, staffing, policies and procedures, communications, and special projects.

Administrative Specialist
Supervises core office functions; oversees technology program; helps establish and implement department goals; determines work procedures, schedules and flow.

Fiscal Officer
Provides fiscal services; follows investment strategy; ensures flow of info to other depts; maintains contracts and accounts.

Senior Program/Communications Officer
Supervises program staff; implements grantmaking and in-house programs.
**To be added in July 2010 **

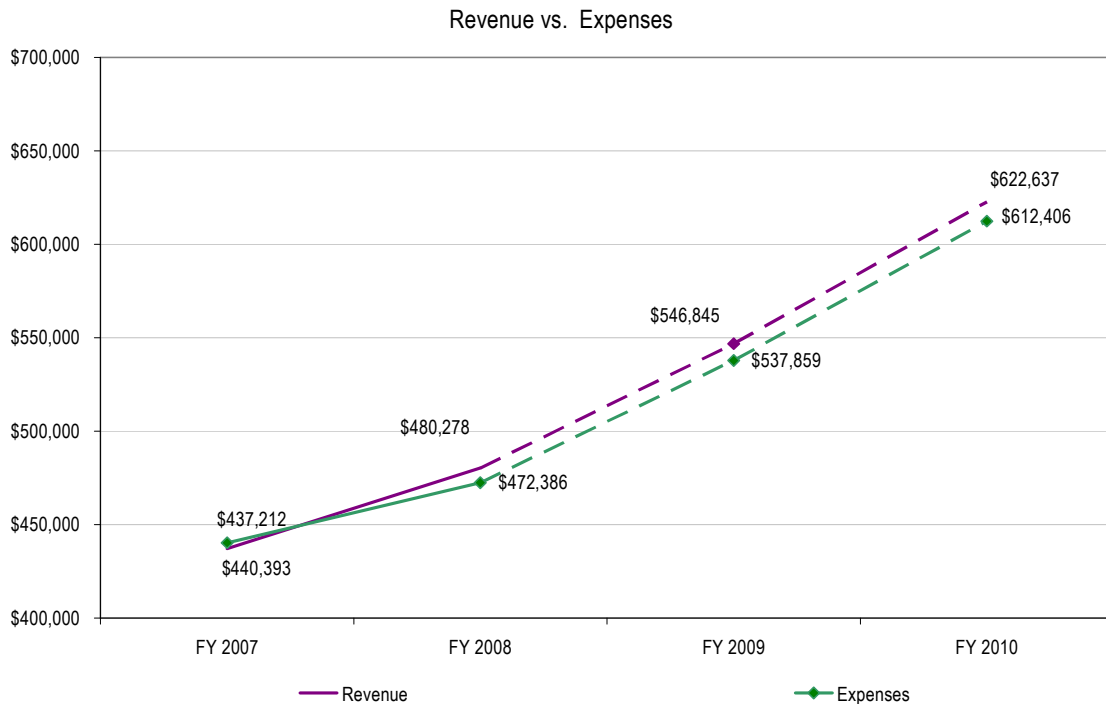
Director of Donor Services
Cultivates and maintains donor relations; implements annual goals and marketing strategy; develops relationships with advisors; event planning; represents foundation at events and meetings.

Receptionist
As needed

Operations and Finance Associate
Reconciles bank accounts; manages accounts payable and receivable; prepares 1099; processes payroll, manages employee benefits.
Accounting degree required.

Director, Bedford County Endowments(PT)
Duties as described for Director of Donor Services, specific to Bedford County

As they have in the past, CFA will continue the intelligent and responsive use of resources. As added staff should generate additional revenue, expenses will inevitably increase as well. Projected expenses are as follows:



Lack of appropriate technology has also hindered the Community Foundation for the Alleghenies. Since the beginning of the planning process, technology needs were identified as a key concern for future sustainability. This issue is being addressed by a technology consultant who will provide the foundation with specific recommendations.

GOAL 4: BUILD THE BRAND AND PRACTICE MORE INTENTIONAL OUTREACH

The Community Foundation for the Alleghenies was commonly cited as the “best kept secret.” This was particularly true in Bedford County where CFA’s visibility is very low. This represents a concern that many people do not understand the work and accomplishments of the CFA. There is a tremendous opportunity to increase visibility, create an overall marketing strategy, and build a brand.

OPPORTUNITIES TO INCREASE VISIBILITY

This effort is already underway. The Community Foundation for the Alleghenies has been working to advance philanthropy as an opportunity for individuals to find personal value in improving their own community. In order to educate and foster a philanthropic environment – one in which individuals, families, and corporations support the community’s people and institutions – CFA will be joining forces with Conemaugh Health System, Pennsylvania Highlands Community College, and University of Pittsburgh at Johnstown. The collaborative hopes to launch an Inspiring Philanthropy Campaign in order to create a stronger, better, more philanthropic community.

The foundation's 20 year anniversary in 2010 will present additional opportunities for increased visibility. A year-long effort with one signature event may be the best way to capitalize on this milestone. The board and staff should determine what would make the greatest impact. A leadership gift? A program? A special event spearheaded by a board member?

The Community Foundation for the Alleghenies has also begun a Professional Adviser Campaign to provide guidance and educate the community on planning giving opportunities. A generous nationally-renowned financial advisor has been volunteering his time and expertise to make informational presentations throughout the region. Not only does this campaign educate people about the importance of charitable and planned giving, but it also raises CFA's visibility.

COMPREHENSIVE, COHESIVE MARKETING PLAN

Visibility and branding efforts will need to go beyond the Inspiring Philanthropy Campaign. Although the community foundation has attractive marketing materials, they have a disparate look. In order to for the CFA to develop a consistent appearance and message, they need a comprehensive, integrative marketing strategy. The plan should not only generate more cohesive material, but should also define and articulate the mission of the community foundation and tell the story of "why we do what we do."

As aforesaid limited resources inhibit CFA's ability to focus time and money on marketing efforts. As a result, CFA should consider partnering with an advertising agency to accomplish this goal. Although many local marketing firms are struggling there might be an opportunity for the foundation to pay direct costs, if firms would be willing to underwrite their professional expertise. Beyond marketing and visibility, it would allow a local firm to please consumers, inspire employees, and fulfill their duties as a corporate citizen. If this cannot work, CFA should contract with a marketing professional on an as needed basis.

As previously mentioned, the foundation has no dedicated source of funding to build internal or external capacity. Therefore, it is imperative for the Board of Directors to identify funds to support this effort. It is recommended that the board explore the possibility of establishing a capacity-building fund. They may also consider using their extensive contacts to secure a media sponsor for marketing materials. Regardless of method, the board should be active in building the foundation's brand and influence through effective marketing.

GOAL FIVE: CONTINUE TO BE CHARACTERIZED BY STRONG AND EFFECTIVE GOVERNANCE

Since inception, the Community Foundation for the Alleghenies has been gifted with a Board of Directors who have deep fiscal knowledge and unassailable integrity. The board has been generous with their success, their time, and their wisdom. In light of the board's achievements and camaraderie, governance practices have never been a priority; instead rules have been made to fit the board. Yet, the current situation does not allow for growth and change. As an organization on the cusp of continuing great success, the directors must ask themselves, "do we have the right people on board?" "Over the next 20 years, how will the board be reflective of the foundation's success?" With several open board seats, there is tremendous opportunity to build a board for the future of the foundation.

BOARD ROTATION

Foremost, the Community Foundation for the Alleghenies should be guided by best practice; therefore, they should institute term limits for all new members. In order to minimize disruption and preserve institutional memory, term limits will not apply to current board members. However, as new board members join they may serve a five-year term before rotating off of the board for a minimum of one year. This initiative is the work of the board and should be led by the board chair.

ADVISORY COUNCIL

In order to honor the commitment of board members, the foundation should also consider instituting a non-voting advisory council. This council will serve several purposes:

- It allows for board members who wish to be considered to additional governing service to stay connected to the foundation.
- It services as a grooming function for potential board members.
- It provides a participatory opportunity for those who do not have adequate time to serve as a board member.

Furthermore, advisory council members should be invited to serve on committees and task forces. An advisory board has proven to be successful in Bedford, it is recommended that the board expand this practice.

GOVERNANCE COMMITTEE

The community foundation should also establish a governance committee. This committee will be charged with identifying the needed skills and experience to carry out the work of the board, to recruit the most qualified candidates, to lead the board educational programs, to conduct honest evaluation of the board and board members, to remain current in their knowledge of governance requirements and attentive to issues of board leadership and succession planning.

The selection of new board members will require careful consideration. The Community Foundation for the Alleghenies is a prestigious, successful, and highly regarded organization. Therefore, creating a position description for all new board members will clearly communicate this importance of their role and distill the necessary requirement of a board member. (See appendix for a sample position description).

It is recommended that a board design a matrix that carefully matches individual candidate's demonstrated skills, relevant experience, willingness to use influence on behalf of CFA. This tool

should be used to guide board selection. As an organization with tremendous prestige CFA may consider a checklist of qualifications for each committee chair. For example, using the qualifications below to help identify the board chair will ensure competent and capable leadership.

Ideal Qualifications for Board Chair (Chair of Executive Committee)

- ☑ At least ten years of experience serving as a director of a nonprofit or for profit board,
 - ☑ At least ten years of experience in a position of industry and/or community leadership,
 - ☑ Previous experience as a board chair of a large organization,
 - ☑ Demonstrated ability building relationships with media, funders, donors, and other organizations,
 - ☑ Knowledge of the social, political, and economic environment in the three-county area,
 - ☑ Familiarity with strategic planning,
 - ☑ Ability to inspire and motivate members of the board,
 - ☑ Previous experience as chair of a CFA board committee,
 - ☑ Excellent meeting and facilitation skills,
 - ☑ Ability and willingness to act in the best interests of the organization and recuse oneself where there is a conflict of interest,
 - ☑ Experience in business or nonprofit work with significant annual operating budgets.
- (See appendix for additional committee chair qualifications).

CONCLUSION

The Community Foundation for the Alleghenies is deeply committed to improving the quality of life in the region. Through the dedication of the board and staff, the community foundation has been able to serve and leverage their aspirations with tremendous success. Their tireless efforts and varied grantmaking have created a better, more vibrant community.

The purpose of the planning effort was two-fold: to define the power of philanthropy and to set the direction for the continued success of the Community Foundation for the Alleghenies. The outcome of this effort should improve long-term viability and to strengthen the impact on the individuals and communities they serve. No plan, however, can ensure success without dedicated implementation. Success requires:

- Organizational commitment to the strategic directions,
- Focus on the mission as the foundation’s guiding force,
- Keeping the strategic directions as the foundation’s road map,
- Alignment of structures and resources around achievement of goals,
- Accountability for achieving success,
- Continuous monitoring of progress towards critical goals and objectives,
- Evaluation of results,
- Identifying why and how course changes are to be made,
- Ensuring that the voice of the customer continues to inform decision-making.

CFA’s strategic directions reflect the foundation’s role in an environment which is defined by extensive need and limited resources. By convening the community, building program strength, continuing its commitment to the staff, and bolstering governance practices, the foundation will be able to build on the last two decades of building the community for the present and the future.

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