Session 3
Philanthropic Strategy Options

Link to Recorded Webinar:
http://energizingentrepreneurs.adobeconnect.com/pshvqbqz15ym/
Session 3
Philanthropic Strategy Options
Advancing Philanthropy in Rural Maryland

February 16, 2018
Charlotte

Welcome – Introductions -- Thoughts

Rural Maryland Council and Foundation
The desired outcome of this project is to capitalize on the Council’s investment in Transfer of Wealth Opportunity analysis into a philanthropy initiative to growth rural Maryland legacy philanthropy in support of community economic development.

Session 1 - October 2017 – Orientation Session
Session 2 - January 19th – Goal Clarification and Setting
Session 3 - February 16th – Strategy Options
Session 4 - March 16th – Strategy Development
Session 5 - April 20th – Moving to Action

The Center will be providing model resources and materials.
Proposed Working Process

Organized Around Working Webinars

**Pre-Session Homework**
Readings – Exercises - Sharing

**Working Session**
Content – Discussion – Decisions – Commitments

**Post-Session Homework**
Follow Up Work – Sharing

*Repeat the Process through Each Initiative Element*
Goals – Strategy – Actions
Session 3 Proposed Flow

1. Session 2 Review – Goals
2. Three Stories
3. Strategy Options
4. Questions, Discussion & Guidance
5. Homework for Session 4
6. Next Sessions

Please refer to the agenda for greater detail.
Online resource

https://goo.gl/v5fw5r

Dana Williams – dana@e2mail.org or 402.323.7336
Session 2 Review
Strategy Vision
Overall Strategy Vision

Keep wealth in rural Maryland.

October 2017 Goal Brainstorming...

Engage foundations in the initiative.
Engage community foundations, private foundation and non-profits.
Support enhanced estate planning.
Provide best practices.
Help rural Maryland minority farmers.
Provide gap financing.
Possible Outcome or Impact Goals

1. Establish community centered philanthropic development as a top priority for rural Maryland.

2. Commit to realizing a 5% legacy giving goal based on the 10-year TOW opportunity creating by 2030 $3.2 billion in community endowments across rural Maryland.

3. Focus philanthropic resources on strategic grantmaking and impact investing strengthening rural communities across Maryland.
Possible Strategy Goals

1. Map potential community philanthropy stakeholders (e.g., foundations, non-profits & community economic development stakeholders).
2. Engage willing stakeholders in the development of a robust and sustainable community philanthropy initiative.
3. Make sure very rural community in Maryland has foundation services.
4. Evolve development visions that will catalyze donor interest and giving.
5. Enhance donor development strategies and services.
Three Stories
South Dakota Community Foundation
Nebraska Community Foundation
Kansas Health Foundation & NetWork Kansas
South Dakota CF Asset Growth
South Dakota Community Foundation

- Founded 1987 – 31 Years Old
- Serves Rural South Dakota
- Excludes Major Cities
- Not a Wealthy State
- 850 Endowed Funds
- $300 million in Assets
- Used TOW Extensively – 2 Studies
- Agriculture & Business Wealth
- All Donors Strategy
- Relatively Passive Strategy
Nebraska CF Asset Growth

Building Assets for Today and Tomorrow
($ in millions)

- Estimated Planned Gifts
- Non-Permanent Assets
- Endowed Assets

NCF in Numbers
- 219 affiliated funds serving 250 communities in 80 counties
- 1,487 volunteer Fund Advisory Committee members
- 8,506 contributions in FY 2017
- 39,142 contributions in the last five years
- $80.3 million in endowed assets
- $130.6 million in total assets
- 307 planned gifts totaling $60.2 million
- $291.6 million reinvested in Nebraska and its hometowns since 1994 ($128.6 million in the last five years)
- $603 billion estimated intergenerational transfer of wealth in Nebraska by 2060
Nebraska Community Foundation

- Founded 1995 – 23 Years Old
- Serves Rural Nebraska
- Used TOW to Set Goals
- 2019 Affiliates, 250 Communities
- 80 of 93 Counties Served
- 8,507 Contributions in 2017
- $131 million in Total Assets
- Nearly $200m with Planned Gifts
- Nearly $300 million in Grants
NCF – Grassroots Approach

Benefiting 250 Communities in 80 Counties

June 30, 2017

This map depicts counties and communities that benefit from planned gifts and affiliated funds of Nebraska Community Foundation.
Kansas Health Foundation

- Health Care Conversion Foundation
- Statewide Mission
- Strategic Areas of Focus:
  - Kansas Leadership Center
  - Philanthropic Initiative
- 20 Year Commitment to Philanthropy
- Funded Two TOW Studies
- Supports Statewide Association
- Next Generation Strategy:
  - Passive to Aggressive
  - Partnering with NetWork Kansas
  - Culture Change Strategy
  - Impact Investing
NetWork Kansas

- 20 Year Initiative
- Public Private Partnership
- Entrepreneur Focused Development
- E-Communities Program
- Partnering with the KHF
- Kansas Future Funds (Gap Funding):
  - Area & Statewide
  - Entrepreneurship
  - Community Facilities
  - Affordable Housing
  - Etc...
Emerging Initiative
Philanthropy / Development Strategic Partnerships
Kansas Future Funds
Augment Eroding Government Gap Financing
Culture Change
Strategy Options
Getting Started

1. Set a Visionary Goal
2. Declare an Initiative
3. Soft & Hard Rollouts
4. Empower a Consortium
5. Secure Underwriters
6. Donor Development
7. Endowment Building
8. Future Funds
Initiative & Consortium

• Both Foundations & Development Interests
• Consider a Regional Pilots
• Start Where there is Energy
• Educate & Motivate
• Then Leverage to Scale
• Remember Culture Change
Consider the Basics

- Every community has access to community foundation affiliation services.
- Partner with existing area non-profits and particularly development groups.
- Provide basic foundation development technical assistance.
Funding Underwriters

- Rural Donors
- Existing Private Foundations
- Rural Focused Philanthropy
- State Support?

Do Your Mapping!

- 5-7 Year Commitments

*To do this right will require material support and a longer-term commitment. 3-5 years to demonstrate – transformative in 20 years.*
Future Funds - Legacies

- Future Funds
- Endowment Challenge Grants
- State Giving Incentives
  - *Montana – Iowa - Kentucky*
- Hybrid Approach:
  - ✓ Immediate Support
  - ✓ Restricted Endowments
  - ✓ Unrestricted Endowments
  - ✓ Development Funding
## Culture Change Considerations

<table>
<thead>
<tr>
<th>Historic or Traditional Foundation Role &amp; Mission</th>
<th>Donor Advisory Funds</th>
<th>Affinity Funds</th>
<th>Donor Centric</th>
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</thead>
<tbody>
<tr>
<td>Private Donor Services are Driving Public Foundations To Reposition</td>
<td>Support Favorite Charities</td>
<td>Do Good Work Focus Strategic?</td>
<td>Targeted Grant Making like Scholarships</td>
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<td>Private Donor Services are Driving Public Foundations To Reposition</td>
<td>Community Focus</td>
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<td>Convening Role</td>
<td>Supporting Research</td>
<td>Aligning Donor Advised Funds and Targeted Grant Making With Community Priorities</td>
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<td>Non-Profit Engagement</td>
<td>Strategic Initiatives</td>
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<td>Next Generation Role &amp; Mission</td>
<td>Strategic Grant Making</td>
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<td>Strategic Grant Making</td>
<td>Challenge Grants</td>
<td>Strategic Endowments</td>
<td>Non-Profit Endowments</td>
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<td>Impact Oriented Donor Development</td>
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<td>Strategic Directions</td>
<td>Strategic Grant Making</td>
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<td>Philanthropic Impact Investing</td>
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<td>Community Impact Centric</td>
<td>Future Funds</td>
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<td>Next Generation Role &amp; Mission</td>
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Using TOW to Motivate
2017 TOW Opportunity Findings

10-Year TOW Opportunity

U.S. = $7.68 trillion ($63k)
Maryland = $219 billion ($98k)
Rural Maryland = $64 billion ($99k)

5% Legacy Giving Goal
$3.2 billion

5% Sustaining Grantmaking
$160 million annually
$1.6 billion every decade
## Endowment Illustration

<table>
<thead>
<tr>
<th>Year</th>
<th>Beginning Endowment Principal</th>
<th>Annual Earnings</th>
<th>Annual Grants</th>
<th>Ending Endowment Principal</th>
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<tbody>
<tr>
<td>2017</td>
<td>$3,200,000,000</td>
<td>$240,000,000</td>
<td>$144,000,000</td>
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<tr>
<td>2018</td>
<td>$3,296,000,000</td>
<td>$247,200,000</td>
<td>$148,320,000</td>
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<td>2019</td>
<td>$3,394,880,000</td>
<td>$254,616,000</td>
<td>$152,769,600</td>
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<tr>
<td>2020</td>
<td>$3,496,726,400</td>
<td>$262,254,480</td>
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<td>2021</td>
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<td>$162,073,269</td>
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<td>2022</td>
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<td>$278,225,778</td>
<td>$166,935,467</td>
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<td>2023</td>
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<td>2028</td>
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<td>2030</td>
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</table>

Total Grants: $4,129,413,944
Next Steps

Session 3 – Strategy Options – February 16th

Review the Session 3 notes and webinar. Reach out to others in your area with philanthropic and development connections. Share and seek their input. Give thought to your preferences for shaping a rural Maryland philanthropic strategy. Be prepared to share back during our March 16th working session.

Session 4 – Strategy Decisions – March 16th

On March 16th we will begin to narrow down our strategy approach so that we can focus our April working session on actual action planning. Following this session we develop a “strategy prospectus” than can be used to energize partners to pursue implementation of this initiative.
For More Information

Community Development Philanthropy

Transfer of Wealth

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