

The Philanthropy Index Guidebook outlines a seven-stage process for measuring your community's potential to build a charitable fund. To provide additional support for communities working with the Index, we offer a series of supplemental papers. Each paper:

- *Relates to a stage of the Index process.*
- *Addresses challenges that sometimes arise at that stage.*
- *Offers concrete, practical suggestions for meeting those challenges.*

These papers are available to Index subscribers both in hard copy and on the Index website: www.philanthropyindex.org

This paper addresses issues relevant to Stage 7:

“Establish an Organization.”

Establish an Organization

The *Philanthropy Index* process itself, as the *Guidebook* makes clear, comes to an end when you share with the community the results of your research. Typically, you'll be reporting either that your community should move forward to build permanent charitable assets, or that your community is not yet in a position to do this work on its own. You may recommend that your community join together with another community or county close by to continue your efforts. One of the most powerful things about the *Index* as a project is that in the process of generating the new vision of wholeness and health for your community, you have also been gathering the very resources needed to make that vision into reality.

Choosing Among the Options

Suppose now that as a result of your investigations the leadership team has decided to translate the *Index* into assets by establishing an organization to gather and distribute philanthropic resources in your community. The *Guidebook* describes three major options your group should consider:

- 1) work with a community foundation that serves or is willing to serve your area to establish an affiliate or area fund, or to start a new community foundation.
- 2) contract with a local bank or other financial institution that can manage the assets raised.
- 3) create an independent public foundation by incorporating and applying for tax exemption as a public charity.

But there are other options that may be especially relevant in communities that don't yet feel ready to create a public foundation:

- annual fund drives
- field of interest funds (with, for example, focus on youth, education, scholarships, community development or arts partnerships)
- giving circles or giving clubs
- social club funds (e.g., Green County Club, Kiwanis, places of worship)
- new nonprofit (e.g., food bank)
- local United Way
- private foundations

Establishing each of these types of organizations involves a series of steps specific to that type of organization. Some are relatively simple to set up; others are quite complex. The more complex ones, like setting up a public foundation of your own, will require you to get expert help on these technical matters:

- tax-free status
- incorporation

- by-laws
- financial agreements
- budgeting and financial reports
- policies governing investment of assets and internal controls

A variety of resources are available to you as you decide which option to implement and as you begin to put the organization together. The *Philanthropy Index* staff is available by phone and e-mail. And the *Index* website (www.philanthropyindex.org) has a full array of resource materials. There is plenty of support available to help your group create the organization that's best for your community (see the list at the end of this paper).

No matter which option you choose, however, your group will have three basic steps to take to provide guidance and governance for this organization that will be collecting assets and making grants:

- First, you will need to identify who is going to gather the charitable assets, and who will have the authority to distribute them.
- Second, you will need to draft guidelines for seeking the resources in your community. You'll need to set both a goal for dollars to be raised to establish your fund, and a goal for dollars you'd like to have available for distribution in your community.
- Third, you will need to draft guidelines for distributing what's gathered.

The Mission Statement your team has already prepared should guide all of this work (see paper #3: "*Deepen and Define the Mission*"). Let's look at each of these basic tasks to see what kind of challenges they are likely to present, and what might be done to meet them.

Selecting the New Organization's Leadership Group

Communities now implementing the *Index* have found that selecting the people who will actually gather and distribute funds is a challenging task. The selection process itself puts your group in new territory. And why is that?

The stakes have now changed, and everyone will know it — even if no one says anything about it.

We all know what money can do to us: Money tends to make us tight. Money lures us into power struggles, into fights for what we may be inclined to claim as our own. When the time comes to raise money, people often get very wary about sharing what they actually have. This is the time when those who have money to give may want to bargain for what they're going to get after they have given. And it's the time when some people may begin to think about why it is that some parts of the community have money and other parts don't.

In the South, this is also the time you're likely to bump squarely up against old ideas about race and money. Historically, there has often been an assumption among white people and people of color that money is white, and that white people have more access to it. There's also been the assumption that white people are always involved in its distribution. For middle- and upper-class white people, these assumptions can take the form of what has been called "white privilege" — a set expectations that things will happen in a certain way because of their race and class. For people of color — African Americans, Latinos, Hispanics, Native Americans, Asian Americans — there has often been internalized oppression related to money.

One way to dispel some of these ideas is to examine actual patterns of giving by the ethnic groups in your area. Nationwide, according to the *Chronicle of Philanthropy*, African Americans give 25 percent more of their discretionary income to charity than any other group.

The same may be true in your community as well. The maps in your *Index* data packet may be helpful here. These maps show charitable giving figures drawn from tax returns for each zip code area in your county. There is a different map for each of these categories:

- total charitable contributions
- number of contributors
- average charitable contribution
- percent of households that contribute

This information may give you some insight into ethnic giving patterns in your community. You will find additional information on giving in communities of color on the *Index* website (www.philanthropyindex.org).

It may also be helpful to discuss in your group reasons why other groups have struggled with this step in the process. Why do you think it might be more difficult to pick this leadership than the first one? What new factors and considerations can you identify that may come into play now? You might go on from there to give examples of how other diverse leadership groups you know of have dealt with similar difficulties.

The best way, however, to deflate assumptions and prejudices about race and money remains the difficult process of bringing them out into the open. Groups with a high degree of confidence in their ability to work well together may want to try the following optional exercise. It provides one method for moving into this often confusing territory.

EXERCISE

Caution: *This optional exercise is an advanced and complex one. It should only be undertaken with expert facilitation by a group ready to be challenged and ready to learn. Your group should allow two hours for this exercise.*

Begin by dividing your group into two caucuses, one made up of white people and the other of people of color. Before the two caucuses split into separate meetings, the facilitator should review the entire exercise. The goals of the caucus meetings, and the follow-up meeting of the whole group, should be made very clear. It may be appropriate to entertain two or three questions at this point. The two caucuses should then meet for about 30 minutes in separate rooms and discuss among themselves attitudes about money.

Go around the room in each caucus, and have each person speak briefly about an early formative experience with money. These may be experiences that indicate that money is always scarce, that money should be given away, that money should be held onto. After everyone relates one formative experience, go back around the circle and have

each person speak about her or his first awareness of race and money. This may include experiences about who controls money and who has access to it. After going around the circle twice, each caucus should ask itself two questions:

- 1) What attitudes about money do we as white people — or as people of color — have that are distinctive to us?
- 2) What can we do to move past our assumptions about money in those places where they limit our work in developing philanthropic resources in the community?

You will want to have someone in your group make notes on the answers given to these two questions.

Many white caucuses have trouble grasping that they participate in a white culture that has distinctive ideas about money not shared by those in other racial groups. Many caucuses of people of color have trouble identifying internalized oppressions related to money. Nearly everyone finds this self-examination and cultural scrutiny difficult.

After you have completed your caucus meetings, bring everyone back together around the table. This is the time to share what happened in your caucuses. The recorder for each can report briefly on the answers to the two questions. It is useful to alternate, having each caucus respond to question one, and then each caucus to respond to question two. Ample opportunity for discussion should be provided after the caucus reports are completed. What you are reaching for is an understanding of how backgrounds shape attitudes about money. You are looking for common ground on which your group as a whole can stand. You are looking for strategies that will move you past the old barriers.

If there seems to be difficulty in your group opening up, or if significant tension arises, it's a good idea to seek assistance from outside your community. The people who have put together the *Philanthropy Index* will be able to put you in touch with skilled facilitators and consultants who can be helpful to you.

Money, race and power are deeply intertwined in the South. There are long histories of unjust treatment — and deep senses of not being seen clearly or fairly by the other. But your group should not underestimate the power of moving directly, consciously and intentionally to uproot old assumptions. Communities now implementing the *Index* report that the emphasis on optimism, cooperation and sharing in the *Index* process itself has allowed questions and issues of race and history to be approached in novel and very positive ways. Concentrating on assets and opportunities can provide the momentum that brings about significant healing and new learning.

As you select the leadership group for your new organization, keep in mind the basic principles that were used to select your *Index* research group. You want this new group to reflect the complexity of your community. Economic, ethnic and gender diversity and inclusiveness remain critical. Leaders from all sectors are important. People that grasp the importance of change and transformation are essential.

Guidelines for Gathering and Distributing Resources

Your next step will be to prepare guidelines for gathering and distributing resources. Your Mission Statement should provide the framework for these guidelines. You may be tempted to skip immediately to drafting the guidelines for making grants. But doing that overlooks an important dynamic. The way assets are gathered tends to shape the way they will be distributed. So take care with your guidelines for gathering resources. This is the time to stipulate that you will seek large numbers of donors. This is the time to accent the importance of what might be thought of as “small gifts.” This is the time to talk about keeping the community fund truly public, about keeping the fundraising constantly before the whole community. You may want to specify an annual number of special events that everyone in the community can attend and contribute to. You want everyone to invest in the fund — to invest their dollars, and also their energy, their hopes and their dreams.

Guidelines for distribution typically have two components, the procedural and the programmatic. The first is utterly

essential. You will need to specify the process by which people will apply for your funds, and by which those applications will be evaluated. The application process should be straightforward. Your group should be prepared to provide assistance to anyone in the community who would like to apply. There needs to be a uniform evaluation for each proposal that comes in. It is useful to have a set of criteria to use for rating proposals. You may want to include categories like these:

- role and importance of the project as described in meeting the goals of your Mission Statement
- capability of the group applying to execute the project successfully
- use of other resources in the community on this project
- collaboration with other groups in the community
- potential for long-term results

The critical thing is that there be a uniform procedure for every group and every person in the community that applies for the funds.

Your guidelines may also include a program section. These can be very useful for the group that is distributing the funds, as well as for those in the community applying for them. You may want to specify, for example, that your funds are going to be used primarily to improve the health of the community or to stimulate economic development. It can be helpful when drafting program guidelines to go back to the materials collected when generating the Mission Statement. Recall that your group divided that material into broad, principle-oriented items and more specific, project-oriented items. Now is the time to pick up those specific project-oriented pieces and see if major trends emerge. This can lead your group to a set of shared program goals. Touching back into the visionary space, into that sense of shared mission, often enables groups to overcome any difficulties they've encountered in creating these guidelines.

Whatever guidelines you come up with, it is important that they be clearly stated and easily understood. It is important that there be widespread and deep agreement

about them. They will be the bedrock on which the distribution process rests.

In setting up your guidelines and expectations for grantees, it is good to remember that grantmaking is not a writing contest. Many people in rural communities have little experience as grantwriters. Make the process as accessible and friendly as possible. Be clear about what is required in a proposal and keep it simple. One advantage of making grants in a small community is that you can get to know the people behind the proposals.

The Spirit of Transformation

Those who have designed the *Philanthropy Index* recognize that the spirit of giving that runs through philanthropic efforts provides a unique, special opportunity for community-building. Types of change in individuals and communities, hard to come by when we're thinking scarcity and need, will come far more easily in spaces of philanthropy where we are moved by a sense of abundance and a willingness to share. It is a matter of a change in perspective. It is matter of a change in vision. It is a matter of a change in the heart. It is a matter of individual and community transformation. We congratulate you for undertaking this work. We call upon you to be clear-eyed as you approach its difficulties. We call on you to be courageous as you tackle the challenges. And we invite you to celebrate your successes as you move toward a community in which all people recognize themselves as beneficiaries of philanthropy, and all people recognize themselves as donors.

Establishing an Organization: Key Resources

The *Philanthropy Index* website: www.philanthropyindex.org

How Effective Nonprofits Work: A Guide for Donors, Board Members, and Foundation Officers. Marcia Festen and Marianne Philbin. Forum of Regional Associations of Grantmakers. www.givingforum.org.

How to Form a Nonprofit Corporation (National Edition). 5th edition. Anthony Mancuso. NOLO Press (2002). Step-by-step instructions for forming a nonprofit corporation in any state.

Managing a Nonprofit Organization in the 21st Century. 3rd edition. Thomas Wolf and Barbara Carter. Fireside (1999).

Starting a Foundation: www.cof.org/starting/index.htm. From the Council on Foundations website.

The Philanthropy Index Workbook (pages 25-6) contains a list of resources, as well as contact information for State Nonprofit Centers and State Philanthropy Development Organizations in the South.