



national committee for  
responsive philanthropy

# Community-Based Public Foundations

Small Beacons for Big Ideas

By Rick Cohen

January 2004

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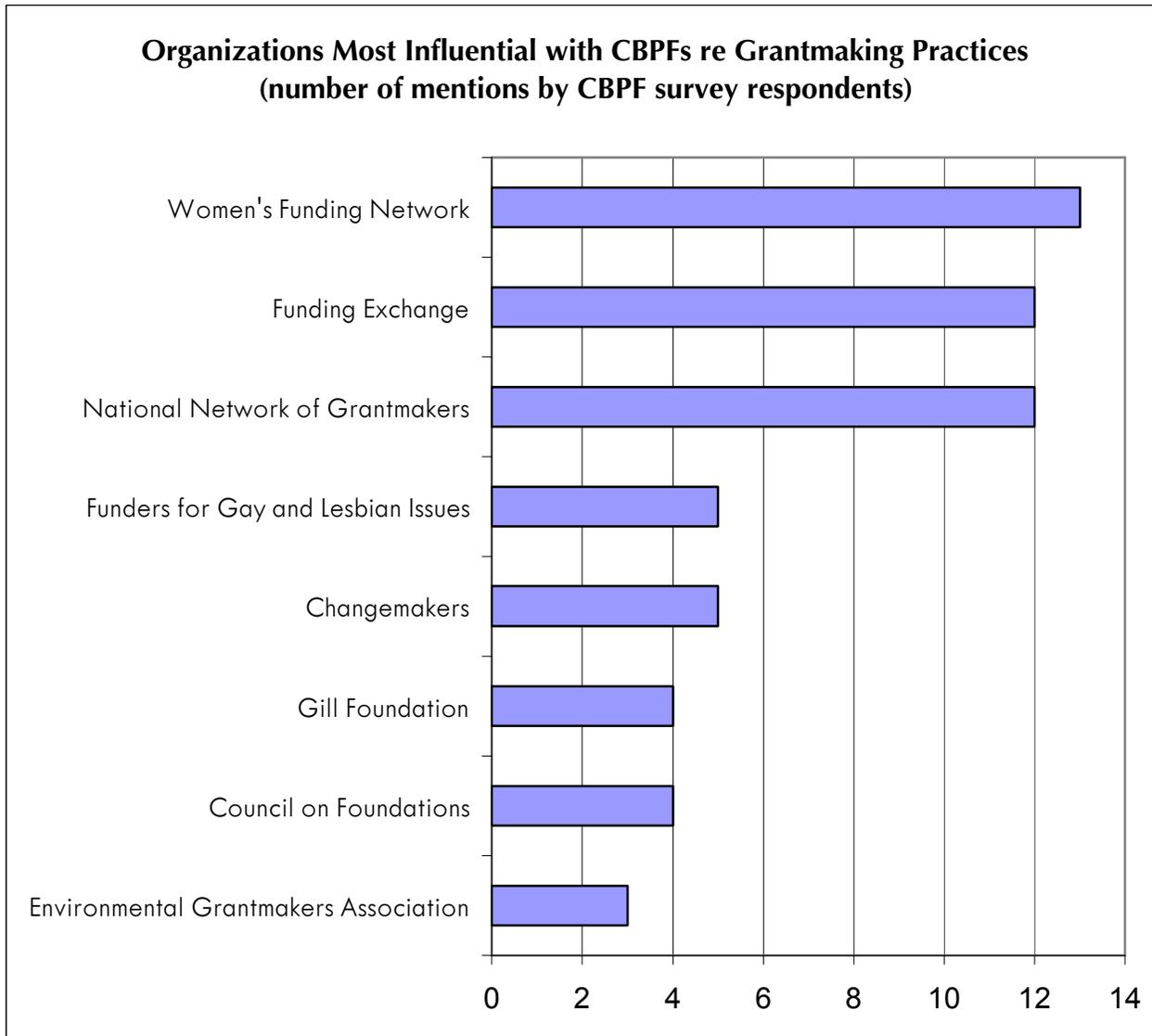
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# Community-Based Public Foundations

## Small Beacons for Big Ideas

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**About NCRP:** Founded in 1976, the National Committee for Responsive Philanthropy is dedicated to helping the philanthropic community advance the traditional values of social and economic justice for all Americans. Committed to helping funders more effectively serve the most disadvantaged American families, NCRP is a national watchdog, research and advocacy organization that promotes public accountability and accessibility among foundations, corporate grant makers, individual donors and workplace-giving programs. To obtain more information about NCRP or to join, please visit [www.ncrp.org](http://www.ncrp.org) or call (202) 387-9177.

**About Changemakers:** Changemakers is a national public foundation that models and supports community-based social change philanthropy. In addition to making grants, the foundation's programs work within the philanthropic sector to shift *where* money is directed—to address root causes of social and environmental problems—and *how* it is given, urging individual donors and philanthropic organizations to become more accountable, strategic, inclusive, collaborative, democratic and creative. For more information about Changemakers, please visit [www.changemakers.org](http://www.changemakers.org) or call (415) 551-2363.

## Executive Summary

Though news coverage of the nation's 650 community foundations has brought much attention to these institutions, few know much about "community-based public foundations" (CBPFs). Rarely do CBPFs get or even seek much attention, but their grant recipients, community organizers and community activists promote social justice in their localities, nationally, and internationally—and frequently achieve tremendous results against all odds.

This report seeks to raise the profile of CBPFs based on the results of a survey conducted in late 2002 and early 2003 of CBPFs across the nation. An advisory committee comprising representatives of CBPFs and nonprofit grantees generated a list of 192 CBPFs to be surveyed by a research team from the National Committee for Responsive Philanthropy (NCRP). The team was headed by Almudena Ocejo Rojo, NCRP's director of research at the time, and Meaghan House, NCRP's senior research assistant. Sixty-four of the CBPFs responded to the survey for a 33 percent response rate. NCRP Executive Director Rick Cohen conducted in-depth interviews with eight of the CBPF respondents and wrote this report.

The survey responses and interviews combined to create a picture of CBPFs as a vibrant swath of institutional philanthropy, certainly small in terms of assets and grantmaking, but critically important and influential in sustaining and promoting social justice in America's communities. The key findings include the following:

- 1. CBPFs defined:** CBPFs are democratic philanthropic grantmaking institutions, functioning as partnerships between donors and community activists, committed to supporting the work of community-based nonprofit organizations engaged in progressive social change organizing addressing the root causes of inequality, lack of opportunity, discrimination, and political and economic powerlessness experienced by disadvantaged and disenfranchised populations in our society.
- 2. Typology:** The survey uncovered four types of CBPFs, whose differences in emphasis are bridged by their common commitment to social justice:
  - broad-based social action funds;
  - funds focused on constituencies and issues

addressing gender and sexual orientation;

- other issue- or constituency-specific funds (for example, environmental funds or youth funds);
- and general purpose funds functioning much like community foundations, but focusing on geographic areas of socio-economic deprivation such as parts of Appalachia or the Mid-South Delta.

- 3. Collaboration:** Some CBPFs are actually "housed" in community foundations or exist as funds within community foundations (CFs), and on occasion, there is some collaboration between CBPFs and CFs. However, many times collaborative opportunities between CBPFs and CFs are not acted upon, due in part to aspects of their differing organizational cultures. The distinctive facets of CBPF culture that make collaboration with CFs sometimes difficult include the following:

- CBPFs are frequently not only funders of nonprofit advocacy, but also direct participants in progressive advocacy and social change organizing themselves.
- Unlike other foundations, CBPFs tend not to shy away from controversial issues and political stances.
- CBPFs involve community activists as partners in their governance and decision-making, unlike most community and private foundations.
- Donors to CBPFs sometimes select CBPFs as their charitable partners explicitly because they are *not* like their less politicized community foundation counterparts.

When collaboration between CBPFs and CFs does occur, it is frequently due to the personal leadership of the heads of the CBPFs and CFs themselves tran-

scending the cultural and political dissimilarities of their organizations. The National Lesbian and Gay Funding Partnership has been an exceptional example of CBPF/CF collaboration that might be emulated by other types of CBPFs.

- 4. Community:** CBPFs' definitions of their communities vary widely, ranging from geographic localities, metropolitan areas, states and multistate regions to non-geographic communities identified by constituency, identity or interest, such as lesbian and gay persons throughout the nation or people and organizations committed to environmental justice, etc.
- 5. CBPF age:** The median year of establishment of the CBPFs responding to this survey was 1986, the average year of establishment 1985. A little over one-third of CBPF survey respondents were created since 1990, compared with nearly half of all foundations and over half of community foundations. In other words, the prototypical CBPF is nearly two decades old. As products of the anti-war movement of the 1960s and 1970s, reactions to the right-wing politics and devolution of federal responsibilities of the Reagan and Bush administrations in the 1980s, and critics of the turbulent economic and political swings of the latest Bush administration, the motivation for the creation of many CBPFs has been movement, not charity.
- 6. Staffing levels:** In terms of staffing, the median CBPF respondent to this survey employed five full-time-equivalent staff. Although approximately half of CBPF staff are classified as working on "core program" or "donor relations" (fund development), the small size of most CBPFs means that most staff share work responsibilities and multitask.
- 7. CBPF staff diversity:** CBPF staff exhibit significantly higher racial/ethnic diversity than other types of foundations. While slightly more than half of CBPF staff are non-Hispanic white, the staff of most other foundations, including community foundations, are more in the range of three-fourths non-Hispanic white. Women accounted for 88 percent of reported CBPF staffing, which did not distinguish between professional and support positions, compared with approximately two-thirds of other foundations' professional staffing.
- 8. Trustees:** Less than one out of five CBPF board members are donors, while leaders and staff of nonprofit organizations fill more than one in three board positions.

- 9. Issue emphases:** Two-thirds of the survey respondents identified civil/human rights as their primary issue focus. Other enumerated top emphases for more than half of the CBPFs were community organizing, poverty and inequality, gender issues, children and family issues, racial and ethnic issues, and the overall issue of philanthropy.

- 10. CBPF revenue sources:** While individual donors accounted for almost half of CBPF income, foundations accounted for over 20 percent. Some CBPFs reported that grants from other foundations amounted to more than 40 percent of their annual revenues. Two-thirds of the surveyed CBPFs reported receiving some funding from other foundations and over 40 percent reported receiving some funding from corporate grantmakers. Consequently, CBPFs function as both philanthropic vehicles for social change-minded progressive donors and as regranteeing institutions for private foundations interested in promoting community organizing and social justice.

- 11. Endowments:** Endowments accounted for approximately 10 percent of reported CBPF revenues, though more than half of surveyed CBPFs reported receiving at least some endowment income and more than 40 percent received donations designated for CBPF endowments.

- 12. Fundraising prospects and strategies:** Notwithstanding the economic climate, more than four out of five CBPFs report stable donor bases and more than half describe their short-term fundraising prospects as strong or stable. While some CBPFs acknowledged having to do some "belt-tightening," others expressed confidence that there were donors yet to be tapped and political activists energized by the challenges of the economy and the national political environment. The most successful strategies for retaining and recruiting donors included high-touch methods of donor and board referrals, referrals from grant recipients themselves and mechanisms of "field of interest" funds to attract donors with particular charitable interests and priorities. Approximately half of CBPFs reported having attracted donors through donor-advised funds (DAFs), though at levels that barely compare with the dependence of community foundations on these vehicles. Nonetheless, DAFs are becoming increasingly important to CBPFs and accounted for 21 percent of the income of those CBPFs with donor-advised funds.

**13. CBPF investment portfolios:** Surveyed CBPFs tend not to be large institutions, and had a median asset size of \$2.2 million as of 2002. However, those are assets to be invested, which CBPFs put into equities (approximately 50 percent) and fixed-income instruments such as bonds (approximately 30 percent). This is a somewhat less risk-oriented investment profile than the typical community foundation or private foundation, which tends to be more heavily invested in stocks. As smaller organizations needing to be flexible in their grantmaking responsiveness to their nonprofit constituencies, CBPFs tend to maintain more liquidity in their investment portfolios than their mainstream philanthropic competitors.

**14. Investment screens:** Of the survey respondents describing investment policies, 79 percent adopted social investment screens for at least part of their investment portfolios, and more than half reported that 100 percent of their investments are devoted to socially responsible corporate investments. Typical screens include no tobacco, liquor, defense/military, nuclear energy and “sin stocks.” Other more affirmative guidelines aim to seek out corporations with diversity on their boards of directors, nondiscriminatory employment practices and good practices regarding organized labor, environmental policies and human rights.

**15. Payout policies:** Despite their many differences with private and community foundations in mission and function, three-fourths of the CBPFs in this survey tended to favor a mainstream philanthropic spending policy of 5 percent to 5.5 percent of assets annually.

**16. CBPF grantmaking practices:** Nearly all of the surveyed CBPFs reported a strong grantmaking focus on grassroots nonprofit organizations, making dogged efforts to reach out to grassroots groups to solicit their proposals and designing their proposal submission and review processes to be navigable by sophisticated as well as inexperienced grant applicants. CBPF interviewees described in detail the structures they have designed and implemented to bring community activists into the foundations’ decision-making and grant allocation processes as partners and collaborators.

This study did not attempt to measure or assess the impact of community-based public foundations, though anecdotal information indicates that CBPFs are succeed-

ing in providing important resources to the under-resourced social change nonprofit sector in many localities and states around the U.S. Although some CBPFs are networked through affinity and collaborative organizations such as the Funding Exchange, the Women’s Funding Network and the National Network of Grantmakers, providing different levels of informal and formal information sharing and mutual support, CBPFs have yet to develop the kind of strong sectoral identity that characterizes the traditional community foundations and other elements of mainstream philanthropy.

CBPFs constitute a force in philanthropy that adds up to more than the sum of its parts. They are relatively small in size, but represent a competitive yardstick for mainstream philanthropy, addressing the funding needs of community-based, grassroots social change nonprofits. Nonprofits can hold up the grantmaking priorities and practices of CBPFs as an example when questioning the priorities and practices of mainstream foundations, or can

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encourage these foundations to put their philanthropic capital into CBPFs for community-based regranting purposes. These small community-based public foundations have the potential, perhaps unrealized, to become a movement to challenge mainstream philanthropy.

## Introduction

The mainstream press prints news about the nation's approximately 650 recognized "community foundations" on a daily basis. As of 2002, community foundations controlled more than \$31 billion in assets. In the list of the nation's 100 largest foundations by asset size, 15 are community foundations. Of the top 100 by total giving, 17 are community foundations. Four community foundations had endowments as of 2002 topping \$1 billion. The name recognition of foundations such as the New York Community Trust, the California Community Foundation, the Chicago Community Trust, the Boston Foundation and a host of smaller CFs is quite high.<sup>1</sup>

Community foundations provide grants, either through discretionary income or through donor-advised or -directed funds, for a wide range of purposes, largely within the geographic service area of the foundation, including grants to local museums and symphonies as well as to community development corporations and civil rights organizations.

However, community foundations are but one form of public grantmaking foundations, charitable entities that raise capital in order to make charitable grants. There are a host of public foundations with community-specific identities that are not community foundations, but they explicitly and conscientiously serve their communities with a particular value or ideological perspective. In fact, in the past couple of decades, these "community-based public foundations" (CBPFs) have grown and flourished, not to the levels of asset accumulation of the big community foundations, but with increasing visibility and impact.<sup>2</sup>

In the context of the current political dynamics of the United States, CBPFs have taken on a new, higher profile engagement in critical issues. As nearly all of mainstream America's 65,000 grantmaking foundations watched from the sidelines, CBPFs took on the issue of the preemptive invasion of Iraq, with significant support of anti-war efforts. The McKenzie River Gathering Foundation (MRG) in Oregon, for example, created a \$100,000 fund "to bankroll groups that oppose war with Iraq ... [and in] keeping with the foundation's philosophy, checks went to groups that, because they are small or unsophisticated or politically radical, aren't likely to get funding from traditional philanthropies."<sup>3</sup> Similar to MRG's Peace Action Fund, the Tides Foundation, based in San Francisco, created the Iraq Peace Fund,<sup>4</sup> the Agape Foundation contin-

ued its longstanding work of funding organizations opposed to war, and grants for anti-war groups further came from the Vanguard Foundation in California and the A.J. Muste Institute in Massachusetts.

The point about these CBPF grantmakers is that they were willing to take a risk in funding anti-war organizations when few if any mainstream funders put money behind direct action against the war, and they were able to put out their money in "real time," when the anti-war organizing was timely and meaningful, not after long, drawn out application processes. It isn't that CBPFs are or were predominantly opposed to the war in Iraq—there is no survey information one way or the other. However, these CBPFs were willing to take risks to support causes that in the press and the public's consciousness might have been seen as unpopular or "radical."

The grantmaking activities of these and other CBPFs in funding anti-war organizing as this nation geared up to invade and occupy Iraq are but one example of the kinds of issues and topics addressed by the small but growing CBPF sector. Other kinds of grants include support for environmental justice organizations, as well as for civil rights activists, including lesbian, gay, bisexual and transgender (LGBT) equal rights advocates. Many of the grants are for small, grassroots groups that simply don't make it onto the radar screens of larger, mainstream funders. And they frequently co-exist side-by-side with community foundations and other foundations, but are rarely discernable to observers and the public.

What distinguishes the San Diego Fund for Change from the San Diego Community Foundation? What distinguishes the North Star Foundation from the New York Community Trust? What about the difference between

the Chinook Fund and the Denver Community Foundation? Or the Crossroads Fund versus the Chicago Community Trust? Certainly size, but there is more, something about why these CBPFs were established distinct from the local community foundations, whom the CBPFs try to serve, what functions they play—philanthropically and politically—in their local environments.

What distinguishes the variety of women’s foundations from the grantmaking that many community foundations do for women’s organizations and women’s issues? What distinguishes CBPFs committed to LGBT issues from the community foundations that make grants to support civil rights for people regardless of sexual orientation?

The purpose of this paper is to research and examine the community-based public foundations serving identifiable communities through philanthropic giving committed to community change and social justice. NCRP defines social justice as philanthropic giving that is directed at:

- researching the root causes of social problems;
- communicating and disseminating the information to the public, with a particular emphasis on reaching those who are directly disadvantaged by social problems;
- strengthening new or existing social movements that work for social, political and economic equity; and
- promoting the inclusion of constituents in grantmaking decision-making processes and governance structures.

While these institutions might not be as large as mainstream funders, they are responding to a need from donors and communities to shine an intense light on specific issues, causes and constituencies that can become diluted and obscured in the grantmaking of broad, multipurpose foundations.

This study reports on the results of a survey of CBPFs conducted in late 2002, under the guidance of an advisory group of experienced social justice funders and observers, convened by the prominent national social justice charity, Changemakers. With the help of Changemakers and the advisory board, the National Committee for Responsive Philanthropy (NCRP) identified 192 community-based public foundations to survey, drawn from lists compiled by Changemakers, the National Network of Grantmakers, the Funding Exchange and other organizations.<sup>5</sup>

As of late January 2003, 64 organizations had responded, representing a survey response rate of 33 percent. The survey, posted on the Internet, examined a

wide range of issues regarding their structures, governance, finances and community emphases. Based on the survey results, we then conducted interviews with a sample of respondents to explore critical issues in greater detail. Respondents to both the Internet survey and the telephone interviews were guaranteed the confidentiality of their responses.<sup>6</sup>

## Who Are CBPFs?

The Southern Rural Development Initiative (SRDI) describes its philanthropic members or partners as part of the “community-based philanthropy sector,” and distinguishes them from mainstream community foundations in this way:<sup>7</sup>

*[They] ... are democratic forms of philanthropy. They are challenging old models. Instead of top-down largesse, they offer partnerships between donors and community builders, where all contributions are valued and leaders from grantee communities help set policy and guide contributions. Instead of reinforcing traditional divisions, they are bringing people together across the faultlines of race and class. Grantmaking is the end result. The building of new relationships is the method.*

SRDI is a regional network of community-based philanthropies. At the national level, perhaps easily the best known network is the Funding Exchange, which defines community-based philanthropy by two core characteristics: “the work we support and the people involved”.<sup>8</sup>

**The work we support.** *The Funding Exchange network supports progressive community-based organizations that address the root causes of social problems. We reach beyond direct services (valuable as they are) to directly address the underlying conditions that foster inequality, lack of opportunity, discrimination and economic exploitation.*

**The people who are involved.** *In keeping a vision based on democratic values, our decision-making bodies are representative of the communities serviced by our grantmaking programs. Community activists participate in governance and grantmaking decisions, along with donors, many of whom are themselves activists.*

The Funding Exchange further defines its work as supporting progressive social change and social change organizing, which emphasizes:

- building community-based responses;
- changing “attitudes, behaviors, laws, policies and institutions to better reflect the values of inclusion,

fairness, diversity and opportunity”;

- requiring “accountability and responsiveness among institutions ... whose policies and actions profoundly affect the living conditions of individuals and communities”; and
- “expand[ing] the meaning and practice of ‘democracy’ by involving those closest to social problems in determining their solutions.”

For the surveyed CBPFs, the definition of their community-based philanthropic orientations begins with their mission statements. Overall, unlike traditional community foundations, CBPFs articulate a distinct, discernable social change message and political purposes oriented toward a specific issue or constituency. Of the 64 survey respondents addressing the question of mission, the articulated foundation mission emphases reflected core issues and priorities in social justice philanthropy.

**Generic social change missions:** The largest proportion of funders articulated their missions explicitly addressing social change and social justice, with sharply political content:<sup>9</sup>

- “Building the foundation for a new [community] by bridging the divides between privilege and poverty, and [between the] powerful and the voiceless.”
- “To support community organizations that work in the [city] area to change conditions, institutions and policies that create and maintain inequality and oppression.”
- “The ... fund is a partnership of activists and donors who share a vision of a just, equitable and sustainable society. [We] fund groups challenging institutions and attitudes which foster economic, social, racial and gender inequalities.”
- “The ... fund is committed to building models for social programs that will ... narrow inequities within our community, create hope and opportunity for dis-

advantaged youth, enhance cultural and intellectual diversity ... and stimulate public and private investment to improve the quality of community life.”

- “The fund helps private and public foundations, as well as individual donors, increase the impact of their philanthropy by investing in strategies that revitalize the democratic process, fostering new leadership and ideas; by cultivating alternatives to the current political system, we hope to promote a healthy society built on progressive values. ...”
- “To address the root causes of poverty in America through promotion and support of community-controlled, self-help organizations and through transformative education.”
- “Providing donors direct means to create lasting change through strategic grantmaking, funding community-based organizations whose programs reach beyond the surface symptoms of problems to address their root causes.”
- “The ... fund is a unique partnership of activists and donors dedicated to creating a just and equitable society by building a permanent institutional and financial base for progressive social change.”
- “The fund is a catalyst for social change which supports grassroots organizations working to create social, economic, environmental and racial justice.”

Distinctive in these definitions is that the political intent is not simply directed at the organization or constituency receiving the CBPF's grant, but also toward the donor, aimed at connecting, engaging and explicitly politicizing and mobilizing the charitable donor on behalf of progressive social change. A second distinctive characteristic is the emphasis on funding grassroots organizations. One added to its mission that it “works with community groups that are too new, too risky or too radical to receive funding from more mainstream sources.” Frequently, the key descriptor is “grassroots,” perhaps indicating that in some communities, even the presence of community foundations does not mean that many nascent grassroots organizations can fit through the CFs' grantmaking windows.

**Gender and sexual orientation:** A great many CBPFs are mission-committed to addressing the still-pervasive issues of discrimination and deprivation based on gender or sexual orientation. The bulk are women's funds, with missions described as “to serve as the voice and advocate for the needs of women and girls,” to “add ... power to women and girls organizing for economic, social and political equality,” to “help women and girls realize their full potential,” “to be a catalyst in the lives of women

and girls,” and to “promote ... economic self-sufficiency and personal well-being for women and girls to maximize their contributions to society.” While many of these funds support highly politically charged organizing around issues such as reproductive rights, their mission statements appear geared to create a large tent for a relatively diverse ideological spectrum of women donors.

The several funds that have been created to funnel resources to organizations serving lesbian, gay, bisexual and transgender (LGBT) populations similarly convey their political beliefs at a slightly lower decibel level than the social change funds above, in part, too, because although their potential constituencies identify themselves by their sexual orientation, the continuum of their politics might range from progressive political organizing to the conservative stances of Log Cabin Republicans. The frequent mission terms include “to increase charitable giving in the community today while building a strong endowment for tomorrow,” “to distribute funds to projects and programs that enhance the quality of life for the lesbian, gay, bisexual and transgender community,” to “[enhance] the strength, visibility and vitality of the lesbian community,” and “to empower gay, lesbian, bisexual and transgender communities by providing money for projects which nurture our communities' strengths, pride, diversity and positive character for all to see.”

Some LGBT-focused CBPFs added a more politicized turn of phrase to these generic mission statements, as in “[to] advance the economic, political, educational and cultural well-being of lesbians, their families and allies working on behalf of social justice,” or describing themselves as “a model social justice organization, whose goal is a more just society that values diversity, where homophobia does not exist.”<sup>10</sup>

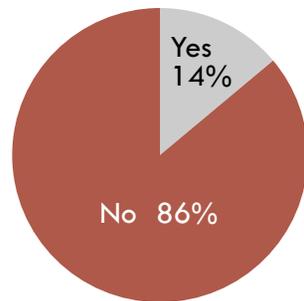
**Other issue- or constituency-specific funds:** Environmental funds are significant in this category, although others include funds geared to promoting the progressive philanthropic involvement of young people, dedicated to promoting peace and nonviolence, concerned about children and youth issues, and promoting the interests and causes of indigenous peoples.<sup>11</sup>

**General purpose funds:** Despite their inclusion in this survey, some funds look much like community foundations in their charitable focuses, with mission descriptions such as to “bring ... people and resources together to maintain and enhance the viability of [the region],” “to be a catalyst, facilitating opportunities for economic, social and cultural growth by promoting philanthropy, leadership, innovation and collaboration,” and “to build a permanent resource to serve the broad charitable needs of our community.” In fact, a small number of the surveyed

foundations actually are also formally recognized community foundations, but because of their geographic focus (for example, concentrating on issues in philanthropically and economically undercapitalized regions such as Appalachia or the Mid-South Delta or rural areas of some states), their grantmaking targets and processes fit the criteria used for this survey.

The inclusion of some community foundations in this study points to a symbiotic relationship between some CBPFs and mainstream community foundations or other institutions. One in seven CBPF respondents reported that their institutions were actually housed in or existed as parts of some other foundation or institution, sometimes a community foundation.

**CBPFs Housed  
Within a Larger  
Foundation or  
Other  
Organization**



A number of other CBPFs identified for this survey are actually programs or donor-advised funds of or in community foundations. About 14 percent of survey respondents were connected in one way or another explicitly in terms of financial management to community foundations. By and large, these are not fully functioning CBPFs, but simply unstaffed social justice funds operated by community foundations, indicating a smaller population of actual CBPFs than assumed.

Some community foundations have been engaged in cooperative relationships and partnerships with CBPFs—notably the National Lesbian and Gay Community Funding Partnership, which has attracted the participation of 32 community foundations since its inception.<sup>12</sup> Collaboration between community foundations and CBPFs exists and may be expanding; however it is not yet the norm. Several factors work against collaboration, beyond the difficulty of simply forming collaborative relationships between organizations that compete for charitable donors and increasingly for charitable donor-advised funds.

- **Advocacy:** Many CBPFs are not simply funders of social change advocacy, but they are active, engaged participants. Relatively few community foundations engage in the direct action that many CBPFs typify. However, many community founda-

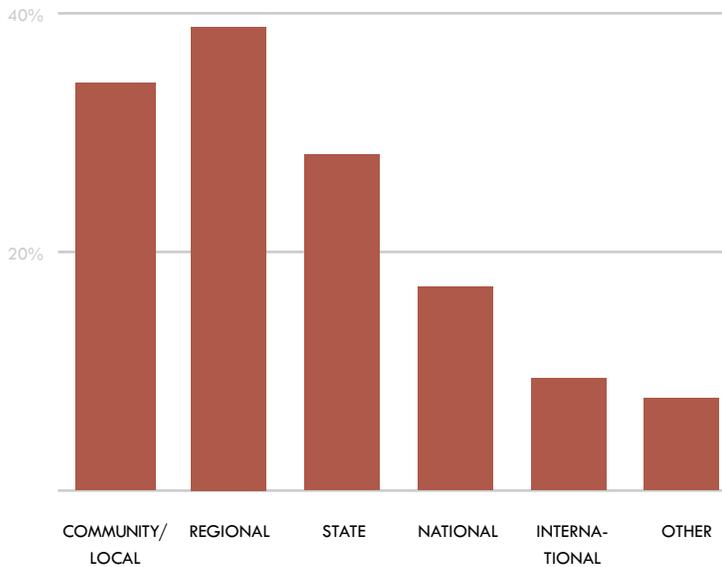
tion leaders have crossed the bridge from limited funding of nonprofit advocacy to becoming directly involved themselves.

- **Controversy:** Few in the mainstream foundation world would argue that foundations—and particularly foundation trustees—are anything but reluctant to find themselves involved in controversies. CBPFs frequently support controversial organizations and sometimes unpopular constituencies that might rub mainstream philanthropies and philanthropists the wrong way.
- **Governance:** The participation of grantees and more broadly of constituent communities is a defining characteristic of CBPFs, though practiced with varying degrees of commitment. While community foundations historically conducted community needs assessments and many try to take the pulse of the community for their discretionary grantmaking, few exhibit the kinds of democratic governance practices that CBPFs strive to follow.
- **Differentiation:** For both CBPFs and CFs, some of their supporters and contributors work with them precisely because they are not the other. Donors to CBPFs seek them out because of their politics and their social justice conception of community-based philanthropy. Similarly, donors to CFs with the option of supporting CBPFs choose the multi-purpose, less political community foundation option.
- **Competition:** Comments about cooperation with community foundations seemed to be most positive in relatively rich philanthropic environments, with a lot of potential donors, thus minimizing apprehension of potential competition.
- **Leadership:** Examples of partnerships between CBPFs and CFs seem to be strongly related to the quality of the institutional leadership on both sides of the equation. Changes in the social justice commitment of a community foundation leader can undo much of the progress around partnership.

Among CBPFs, the community in “community-based” might cover a very large swath of geography. More than one-third cited geographic scopes focusing on regions (for example, the six New England states; the area of the Northwest covering Washington, Montana, Idaho, Oregon and Alaska; the Southeastern U.S.; etc.). An almost identical number served a city-specific or local geography, but “local” ranged from relatively small to a large metropolitan area such as Chicago or Los Angeles. Just over one-fourth of the respondents

served single-state geographies. Several CBPFs, as the following chart demonstrates, claim multiple geographic service areas.

### CBPFs' Geographic Scope or Area



For others, community is not a geographic concept, so that the service area is national, particularly for funds addressing specific issue areas such as the environment or particular population groups, such as LGBT populations. Consequently, a national or even international scope works for CBPFs that serve communities without geographic definitions—LGBT populations, environmentalists, etc.

The community foundation movement traces its origins to the Cleveland Foundation formed at the beginning of World War I, though clearly much of the growth has been in the past few years. Observers might imagine that CBPFs are completely nascent organizations, philanthropic inventions emerging from the tech boom or the beginnings of the millennial intergenerational transfer of wealth. To the contrary, many have several years, if not decades, of accomplishment, in part because they were created not from philanthropic impulses, but from social and political organizing. The Crossroads Fund in Chicago, for example, describes its origins not as a philanthropy, but as the effort of young activists in the 1970s “who wanted to move beyond the symptoms and get at the underlying root causes of such social ills as racism, sexism, inequality and political repression.” It generated an initial fund of \$100,000.<sup>13</sup> Similarly, the Agape Foundation in San Francisco was created by pacifists and anti-war activists in the late 1960s. Many women’s funds were created to tap and funnel resources to organizations addressing core concerns, created by activists rec-

ognizing that many of our society’s most critical social trends, in the words of the Women’s Fund of Central Indiana, “fall hardest on women” and girls, including family poverty and domestic violence.<sup>14</sup> The motivations for many were about advancing a movement, not about charity.

Year Established	Percent of CBPF Respondents
Since 2000	6.3
1995-1999	14.1
1990-1994	15.6
1985-1989	25.0
1980-1984	15.6
1975-1979	9.4
1970-1974	7.8
Before 1970	6.3

The median year of CBPF establishment concerning these respondents is 1986 and the average is 1985. In other words, the prototypical CBPF in this study is nearly two decades old, surviving the presidential administrations of Ronald Reagan, George H.W. Bush, Bill Clinton and George W. Bush, the economic vicissitudes of recessions and booms, and a number of U.S. military actions leading up to the war in Iraq.

In some ways, CBPFs differ from other foundations by being older than others. Of CBPFs respondents in this survey, 36 percent have been established since 1990, meaning that almost two-thirds were established before the “tech boom.” Nationally, in comparison, 48.2 percent of all foundations and 53.5 percent of community foundations were established between 1990 and 2001.<sup>15</sup> CBPFs are not typically the sui generis creations of new wealthy philanthropists, but institutions created by social change activists to move a social and political agenda.

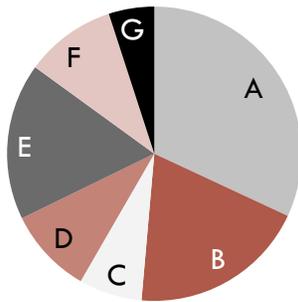
# CBPF Staff, Boards and Their Philanthropic Priorities

As nonprofit organizations, CBPFs do not stand out in terms of overall staffing, functioning with a median full-time equivalent employment level of five employees.<sup>16</sup> As the following table demonstrates, the bulk of CBPF employees are in the funds' core program, largely running the programmatic operations of the organizations. Overall, these organizations are not heavily staffed, given the labor intensity of raising money and servicing grantees.<sup>17</sup>

## CBPF FTE Employees by Function

(percentage of all reported staffing)

- A. Core program 31.9%
- B. Donor Relations 19.6%
- C. Communications 6.9%
- D. Finance 9.5%
- E. Administrative 17.3%
- F. Clerical 9.9%
- G. Other 5%

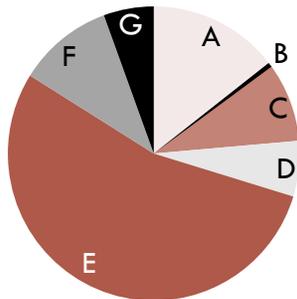


Although some staff clearly function in support positions, because of the small size of these organizations, the distinction between professional and support frequently does not apply. Staff share daily responsibilities and multitask. Therefore, it is difficult to evaluate and make judgments about CBPF staffing compared with the racial and ethnic breakdowns of other foundations. Nonetheless, as the chart below demonstrates,<sup>18</sup> while there is significant racial diversity in CBPFs, the bulk of CBPF staffing is non-Hispanic white.

## CBPF Employment by Race/Ethnicity

(percentage of staff)

- A. African-American 14.4%
- B. Native American 0.3%
- C. Latino 9%
- D. Asian/Pacific Islander 6.1%
- E. Non-Hispanic White 54%
- F. Other 10.6%
- G. Not Available 5.6%



If the Council on Foundations statistics are reliable<sup>19</sup> and if the CBPF racial/ethnic breakdown is recalibrated to exclude nonrespondents, the comparison between

reported foundation employment and CBPF employment resembles the following:

## Percent Employment By Racial/Ethnic Classification

	Foundation	CBPF
African-Americans	12.5	15.3
Asian/Pacific Islanders	3.6	6.5
Latino	5.4	9.5
Native American	0.3	0.3
Non-Hispanic White	77.5	57.2
Other	NA	11.2

If the comparison is simply between paid staff at CBPFs and staff at specific types of foundations, drawing on COF's 1998 Salary Survey, the differences are as follows:<sup>20</sup>

## Percent Employment by Racial/Ethnic Classification

	Community Foundation	Public Foundation	CBPF
African-American	11.9	9.9	15.3
Asian/Pacific Islander	3.8	5.1	6.5
Latino	5.6	6.3	9.5
Native American	0.3	1.8	0.3
Non-Hispanic White	78.0	75.7	57.2
Other	NA	NA	11.2

The diversity statistics cited for foundations are four years older than the statistics for CBPFs. Nonetheless, even assuming that there has been improvement in employment diversity of other foundations, CBPFs stack up well for their diversity. If the "other" category were

proportionally redistributed among the other racial/ethnic classifications, the diversity record of the surveyed CBPFs would be even more distinctive.

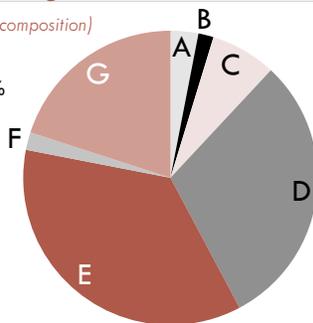
By gender, CBPFs are predominantly staffed by women. The median percentage of women staff members of the surveyed CBPFs was 88 percent and of men 12 percent. Since this survey did not distinguish employees by professional or support, it is difficult to find a fully comparable database. Among professional staff, foundation employment was 66.4 percent women and 33.6 percent men in the Council on Foundations studies reported by the Joint Affinity Group studies.<sup>21</sup>

In terms of governance structures, CBPFs responding to this study demonstrate a diversity of experience that reflects some of their “community-based” self-definition. Averaging slightly fewer than 16 board members, with roughly three-year terms, CBPF boards are not particularly dominated by donors and include many activist nonprofit leaders.<sup>22</sup> Representatives of the nonprofit sector itself constitute the largest proportion of board members.

### CBPF Board Members’ Backgrounds

(average percentage of total board composition)

- A. Private Foundations 2.94%
- B. Community Foundations 1.64%
- C. Other Grantmaking Organizations 7.19%
- D. Business Sector 29.85%
- E. Nonprofit Sector 35.31%
- F. Media 1.81%
- G. Individual Donors 19.76%



Characterized by social justice missions, relatively diverse staffing, and somewhat democratically composed boards of directors, toward which issue areas do these community-based public foundations direct their grantmaking? The issues of most concern reported by the CBPF respondents are as shown (see right).

With these priorities, it is no surprise to see several foundations with programmatic areas or identifiable funds explicitly structured to address social change or social justice concerns, uniquely geared to their local communities. Outstanding examples include Maine Initiatives’ “Harvest Fund,” a grant pool established in 2001 “to promote sustainable agriculture and combat hunger in Maine”; the Fund of the Sacred Circle, led by and serving the Native American community, and funded cooperatively between the Headwaters Fund in Minnesota and the Wisconsin Community Fund and “directed toward grassroots groups or projects in ... Minnesota or Wisconsin engaged in social change organizing”; and the Liberty Hill Foundation’s Fund for a

New Los Angeles, whose building-blocks approach to neighborhood groups promoting racial and economic justice has become the model for philanthropic support for social change in Los Angeles and nationally.

Issue Area of Most Concern	Proportion of CBPFs (percentage)
Civil/Human Rights	63
Community Organizing	59
Poverty and Inequality	58
Gender Issues	56
Children, Youth and Families	53
Race and Ethnicity	52
Philanthropy	52
LGBT Rights	48
Housing	45
Health	44
Community Development	44
Education	42
Immigration and Refugees	41
Homelessness	39
Social Welfare	36
Nonprofit Organizations	34
Environment	33
Criminal Justice	22
Arts and Culture	19
Globalization	19
Voting Rights/Voter Education	14
Technology	13
Death Penalty	13
Other	6
Government Operations	6
National Security	5
Fiscal Policy (taxes, budget)	3
Animal Rights	3
Ethics, Morality, Religion	2

## CBPF Assets, Fundraising and Operations

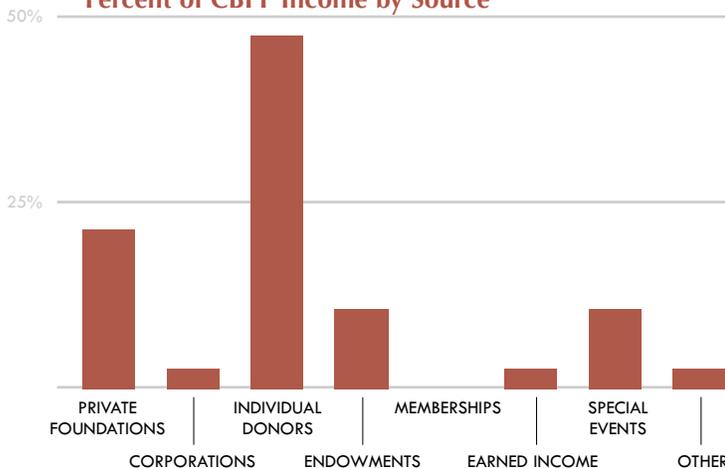
Is there a relationship between the kinds of issues CBPFs address and the way they are structured or governed? A progressive leader of a community foundation might actively take on critical issues of race and diversity, for example, as both the Minneapolis Foundation and the St. Paul Community Foundation have done in the Twin Cities, based on the commitments and political leanings of their executive directors, their boards of trustees and the influence of the civic climate of the region. But CBPFs appear to be structured in ways that support the kinds of risk-oriented, social change grantmaking that prioritizes the range of crucial issue emphases they report.

One interesting characteristic is that CBPFs, unlike most community foundations, have diverse sources of income, without as high a dependency on individual donors as might have been thought. As the following chart shows, CBPFs receive high proportions of their annual income from private foundations and from special event income. Among the CBPF interviewees, one noted that approximately 40 percent of her CBPF's income comes from foundation sources. Another described her CBPF as a "funder activist collaborative" and noted the "partnership" of 18 foundations in the CBPF's work. A third interviewee, running a CBPF in a rural area, described her foundation's role as acting as a "signal" to other foundations, with the result that they might give through her CBPF or they might establish their own grantmaking programs supporting the CBPF's social justice objectives, both completely acceptable.

Surprisingly, some of the CBPFs do not even have individual donors among their sources of annual income:

Source of Income	Proportion of CBPF Respondents With Income From This Source (percent)
Individual Donors	87.3
Private Foundations	76.2
Special Events	54.0
Income From Endowments/ Investments	50.7
Corporate Grants	41.3
Other	25.4
Earned Income/Fees	22.2
Membership Fees/Dues	4.8

Percent of CBPF Income by Source

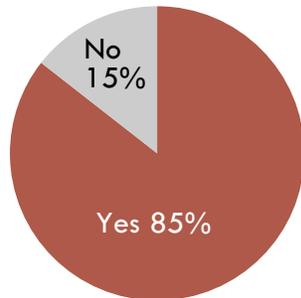


For external observers, the significance of income from other foundations is a testament to the increasing attractiveness of CBPFs as regranteeing intermediaries for private foundations interested in reaching social change grantees. For example, the Appalachian Community Fund in the two-year period between January 2001 and December 2002 cited support from the Mary Reynolds Babcock Foundation, the New York Community Trust and the Ford Foundation. Likewise, the Fund for Southern Communities was able to cite support from Mary Reynolds Babcock, the Gill Foundation, the Jessie Smith Noyes Foundation and the Turner Foundation. Liberty Hill and others have been beneficiaries in recent years of very large grants from mainstream foundations

such as the Ford Foundation. It is in a way a testament to the increasing credibility and reliability of the CBPF sector as a mechanism for reaching the grassroots social change groups that are difficult for large national foundations to spot, much less relate to.

For the most part, notwithstanding the challenging economic climate, including a three-year downturn in the stock market, most of the CBPFs in this survey evidence confidence about the reliability of their donors, overwhelmingly characterizing their donor base as relatively stable.

**85 Percent of  
CBPFs Described  
Donor Base as  
“Relatively Stable”**



In general, the confidence of the CBPFs is a combination of the mission commitments of donors and their length of connection to the foundations:<sup>23</sup>

- “Approximately one-third of [our] major donors have been with [us] ... for 10 years or more.”
- “The women have been giving for the past 12 years.”
- “Our foundation is 30 years old and is supported by people who have a specific political inclination toward progressive liberal-to-left politics.”
- “We are the only foundation in [the state] specifically focused on women and girls. ... Women in [the state] are inspired. ...”
- “Our supporters are extremely long-term and loyal.”
- “We have a lot of repeat donors while continuing to find new donors.”
- “We are a new fund whose donor population grows daily.”
- “We have a core group of about 100-200 donors who have given every year for several years at the same amount or more.”
- “Considering the economic status of the country, our donors have remained.”
- “Donor renewal rate is 85-90 percent annually.”
- “[Our donors are] fiercely loyal to and inspired by mission.”

The challenge in fundraising appears to be less one of retaining core donors than to find new donors and to

increase the size of donations. That is not to say that all CBPFs responding to this survey are sanguine about their futures. Some have lost donors over time, some find that they face challenges competing for donations (women’s funds were cited in that regard as competing among themselves for the same donor base), and others have nagging apprehensions that the stability they are seeing now might wane if the economic downturn is prolonged. But these were decidedly minority perspectives.

The larger challenge is where to find new donors, as the demands on CBPF resources are increasing. There seem to be several common practices among the respondents:

- **Donor referrals:** strong reliance on networks of existing donors to recruit others.
- **Board referrals:** recruiting the right people for CBPF boards leads to contacts for additional donors.
- **Grant recipient referrals:** many grantees are strongly committed to the health and survival of the CBPFs and are willing to use their resources to find potential CBPF donors.
- **Field of interest funds:** creating special programs to attract donors seems to be an approach that CBPFs use much like their community foundation counterparts.
- **Special events:** the income generated from special events for many CBPFs is less important than the contacts identified for future fundraising solicitations (many respondents gave high marks to the success of house parties as donor identification and solicitation venues, attesting to the one-on-one, high-touch nature of successful fundraising).
- **Workplace solicitations:** CBPFs are learning from their social action fund partners<sup>24</sup> that fundraising in the workplace can lead to regular and sometimes significant contributors.
- **Program visibility:** as more than funding entities, CBPFs attract donors by making their programs, their issues and their staff visible and productive (newsletters and other CBPF publications are regarded as important by the survey respondents).

Distinctive fundraising tactics included soliciting donors from lists of contributors to progressive electoral campaigns, tapping fundraising within law firms (and their trust departments), and introducing CBPFs to family foundations (both to tap their resources for CBPFs to regrant and to introduce newer family foundations to social justice issues).

Fundamentally, the CBPF respondents cited the depth and breadth of personal relationships as the key to both identifying and retaining donors. While some identified potential donors through more traditional prospect research techniques, conducting Internet searches, and even purchasing donor lists, the success of personal contacts and personal referrals seems to be continuing, even though those techniques are labor-intensive and time-consuming.

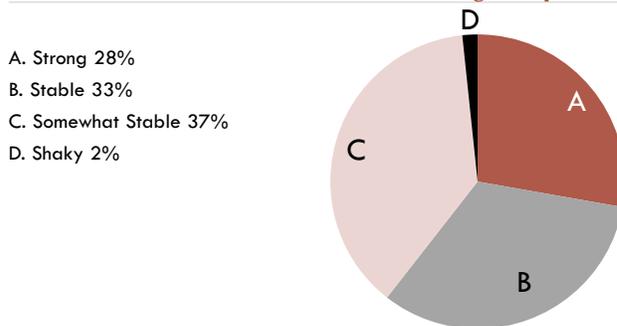
Nonetheless, one might imagine that the economy would hurt CBPF fundraising like any other organization engaged in charitable solicitations. Yet the confidence of CBPF interviewees seems remarkable and quite sincere. One CBPF leader noted that despite the economic downturn, “people have lots and lots of money, more people have more money than ever before ... [however] there are lots of people sitting on lots of money everywhere.” The commentator noted that the lead-in time or “sales cycle,” as one put it, for attracting the donor might be longer due to the economic climate, but the money is there. For others, there is the credible idea that CBPFs have not yet even begun to reach their full potentials and tap prospective donors, because “we’re still reaching people who haven’t heard about us,” as one women’s fund leader noted.

Others suggested that the political and economic climate actually leads donors to CBPFs. Without being maudlin, one CBPF leader saw a potential silver lining in the current cloudy fundraising environment, noting donors’ overall concerns about the Bush administration, including its handling of the war in Iraq. But, she noted, that her CBPF “[doesn’t] do scare tactics, [but] we focus on the best in people [and] use language that’s inclusive rather than us against them.” The theme of progressive inclusiveness, contrasted with the “us versus them” mentality, was quite common throughout the survey respondents. One CBPF leader offered that “the DNA of the [foundation] is nonsectarian, respectful, not politically correct; we’ve avoided the worst excesses of identity politics and avoided the worst excesses of left fundamentalism ... [to] make everyone feel welcome without compromising.” Overall, the CBPF respondents to this survey expressed a strong commitment to progressive political activism, confidence that they have yet to reach their full potential in terms of accessing potential donors, but “political correctness” and “us versus them” language would be counterproductive to CBPF growth and influence.

The confidence of CBPFs in future fundraising is not simply the perspective of progressive activists taking the long view that over time, social justice concerns will become majoritarian concerns. Even for the short term, with the experience of difficult economic circumstances,

CBPFs are strikingly confident about their short-term fundraising prospects.

### CBPFs’ Perceived Short-Term Fundraising Prospects



Some cited constraints, including decreased corporate giving, donors “continuing on at the same or slightly lower levels,” cutbacks from donors who make their donations in the form of year-end gifts of stock. Two or three CBPFs mentioned some belt-tightening, but not extreme and not long term. Overall, the CBPFs see themselves as filling a philanthropic niche that results in strong commitments from progressive donors despite economic constraints in the marketplace.

Also surprising in this economic climate is the minimal evidence of a sense of competition for potential donors either among CBPFs or between CBPFs and other philanthropic entities such as community foundations. As one respondent noted, “we tell our donors we are good friends and partners with the community foundation, we began as a donor-advised fund at the community foundation, [and] donors to us are donors to the community foundation.” Pointing out the philanthropic undercapitalization of her region, another respondent noted “we have a mutually supportive relationship [with the community foundation], and we’re happy when there’s a new foundation that comes into being.”<sup>25</sup>

Although not nearly as dependent on donor-advised funds as community foundations, 50.8 percent of the CBPFs identifying their sources of annual contributions said that they generated revenue annually in the form of donor-advised funds (DAFs). For community foundations, 95.9 percent of CFs responding to a survey conducted by the Columbus Community Foundation reported holding assets in DAFs, with a median of 35 DAFs and more than \$4 million in assets per reporting community foundation.<sup>26</sup> Of the reporting CBPFs in this survey, DAFs accounted for 21 percent of the income of those reporting holding DAF assets, roughly comparable to the community foundations managing DAFs.<sup>27</sup>

Competing with the charitable gift funds for donor-advised funds, many community foundations offer a variety of services to potential donors interested in

DAFs, and for many CFs, the DAF is now the major instrument of financial expansion. Without the staff resources to offer in competition with either the charitable gift funds or the CFs, CBPFs appear willing to solicit DAFs, but not to become dependent on them. Comparing her CBPF to the local community foundation, another respondent noted “they have 796 donor advised funds and we have 15.” Many respondents pointed out that CBPFs raise money to be pooled and therefore do not look to generate many DAFs and do not intend to sacrifice the social justice missions of CBPFs to the need to land DAFs. The potential impact of DAFs on foundation priorities was underscored by one interviewee who noted that 15 percent of her local community foundation’s grantmaking went to issues concerning animals “because that’s what their donors want,” but the CBPF’s social change mission would be distorted and damaged if they became dependent on DAFs for revenues and growth.

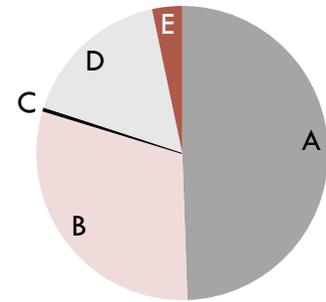
CBPFs are not simply raising money to stay at their current financial levels—many are actually initiating campaigns to build endowments. In their self-descriptions, CBPF respondents indicate that they are not endowed like private foundations or community foundations, but more than half reported having endowments and over 41 percent noted that they received donations or revenues designated for endowments. Several interviewees actually noted that despite the economy, they were examining initiating endowment campaigns or were actually already in the middle of campaigns. Others have shied away from announcing endowment-building campaigns, but are progressing along those lines nonetheless. Overall, fundraising confidence extended from annual contributions to longer-term endowments, with one respondent noting, “no one wants to do [an endowment campaign], but the proof is that it’s a good thing to do, because board members have to find people at a bigger level for an endowment and [therefore] they talk to different people and ask for resources differently.” Almost half of the CBPFs use their endowments for grantmaking, 12 percent for program-related investments, 8 percent for other social investments and 2 percent for low-interest loans to nonprofits.

CBPFs are not huge philanthropic organizations, but they are not without resources and during the past three years, they have been growing. Their median asset values rose from \$1,800,000 in FY2000 to \$2,200,000 in FY2002, according to CBPF survey respondents. Respondents reported a median combined grantmaking and operations budget of \$681,000 in their most recent fiscal year. The money is invested mostly in stocks/equities.<sup>28</sup>

## Composition of CBPF Investment Portfolios

(percent of assets)

- A. Stocks/Equities 50%
- B. Fixed Income/Bonds 30.8%
- C. Real Estate 0.2%
- D. Short Term/Cash 16.8%
- E. Other 3.4%



Despite the dominant position of equities in CBPF investment portfolios, CBPFs are less aggressive in this regard than community foundations, which place 63.8 percent of their assets in equities, 29.4 percent in fixed-income instruments, and 3.4 percent each in cash and “alternative strategies.”<sup>29</sup> The significantly higher liquidity of CBPF investments probably reflects the still relatively small sums of money many CBPFs have to invest and the fact that many CBPFs largely raise their grant funds each year with the intent of granting most of the dollars out rather than having the funds earn income in the market.

It is correct to assume that CBPFs invest their assets with a social screen in mind emphasizing corporate social responsibility. Of 38 respondents describing investment policies, 79 percent adopted social investment screens for at least part of their investment portfolios. Twenty-two of the 38 said that 100 percent of their investments are devoted to socially responsible corporate investments. Many others, unable to provide a proportional allocation of their investments between socially responsible and other equity investments, noted that they, too, use social screens or simply select stocks from funds such as the Domini, Calvert or Vanguard socially responsible investment holdings or rely on socially responsible financial advisers such as Trillium Asset Management. Typical screens include no tobacco, liquor, defense/military, nuclear energy or “sin stocks.” Other more affirmative guidelines seek out corporations with diversity on their boards of directors, nondiscriminatory hiring and promotion practices, and good practices regarding organized labor, environmental policies and human rights.<sup>30</sup>

Where CBPFs had little or no comment, for the most part they relied on their local community foundation to invest their funds, with minimal input into or sometimes knowledge of exactly how they invested. Overall, however, CBPFs invest their assets consistent with the values they profess, investing in stocks by and large that are carefully screened for a number of “inclusionary” and “exclusionary” characteristics. This compares quite favorably to the less than 15 percent of the membership

of the Council on Foundations that employs any kind of corporate social screen on investments.<sup>31</sup>

Despite their existence as progressive alternatives to mainstream philanthropy, the spending behavior of CBPFs with endowments appears to be gravitating to the level of most foundations, roughly 5 percent of CBPF fund balances. For some, the presence of a large enough corpus warranting a formal investment policy is of such recent vintage that the spending debate has yet to be broached. Of those CBPF respondents identifying spending or payout percentages, most were at the private foundation norm.<sup>32</sup>

<b>CBPF Spending Policy</b> <i>(percent of assets)</i>	Proportion of CBPFs With Formal Spending Policies
Above 5.5%	18.2%
5-5.5% (including fees)	77.3%
Below 5%	4.5%

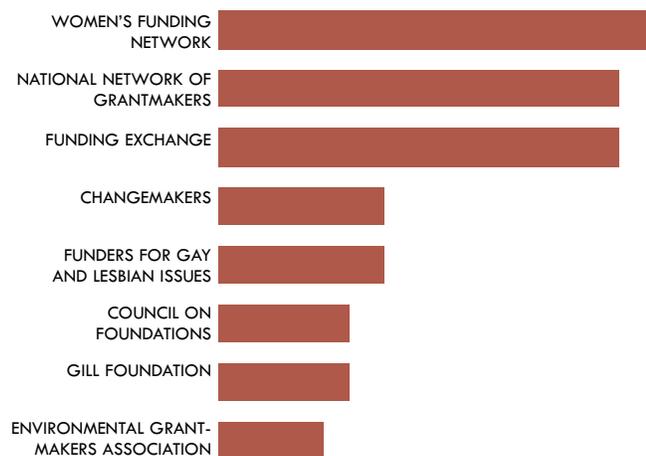
Because relatively few CBPFs have significant endowments, and as public foundations all raise the bulk of their funds for grantmaking from continuing contributions, endowment-based spending rates might not be as meaningful for CBPFs as they are for family or independent foundations whose grantmaking relies substantially on investment returns.

# CBPF Grantmaking Practices

Who do the CBPFs turn to for ideas, models, guidance and inspiration in their grantmaking? The following chart identifies the major resources cited by CBPFs, all but the Council on Foundations known for their strong commitments to expanding the philanthropic capital base for social justice and for funneling resources to the grassroots social change nonprofits that do rather than simply talk about social justice.

## Organizations Most Influential With CBPFs on Grantmaking Practices

(number of mentions by 64 CBPF survey respondents)



While it is difficult to ascribe a particular grantmaking practice to any of these influences, the following characteristics of reported CBPF grantmaking policies are notable.

**Grassroots orientation:** Across the board, CBPFs take pride in prioritizing grantmaking toward small, grassroots organizations. Several CBPFs either refer to their grants as seed grants or have even established actual seed grant funds for social change organizations. One respondent described the function of his CBPF as “carrying the banner of a lot of smaller organizations that don’t have the megaphone to reach [the donor] community.” For another, the grassroots emphasis is tied to a concept of social justice: “[We] made a decision to focus [our] small resources on rebuilding community power at the grassroots level.”

**Grant application instructions:** If a foundation is trying to reach grassroots organizations, it makes no sense to shroud the grant process in murkiness. The CBPFs by

and large are committed to making the application process navigable for nascent as well as sophisticated organizations:

- 83 percent of the CBPFs have written guidelines that they provide grantseekers.
- 77 percent have the application guidelines posted on their Web sites.
- 42 percent use a common grant application form that they make available in hard copy to grantseekers.
- 32 percent use a common grant application form that is downloadable from their Web sites.

Others supplement these techniques with outreach in the form of extensive mailings (one to 1,600 community organizations, another to a database of 400 potential grant recipients) plus community workshops. As community-based entities, CBPFs appear to be engaged in reaching out to potential grantees rather than being inaccessible to groups that need access to their philanthropic largesse.

**Community consultation:** The respondents to this survey suggested a strong commitment to constant outreach in the communities they serve. Part of their method includes dropping the anonymity and invisibility characteristic of many mainstream foundations. CBPF leaders and staff are active participants in community events and initiatives, partly because the CBPF staff are themselves activists in the movements that they are funding. Increasingly, however, CBPFs are supplementing their own personal engagement techniques with surveys, focus groups and in-depth needs assessments. Women’s funds cite several research initiatives designed to assess the status of women and girls in their communities, the results serving to guide grantmaking decisions.

**Activist involvement in grantmaking and governance:**

A substantial number of the CBPFs do more than consult with activists around community needs and priorities. They actually involve the activists in the CBPFs’ decision-making processes, and frequently not simply as advisers, but as equal partners in the actual allocations. This goes beyond even the community advisory boards that a tiny proportion of private foundations are using. CBPFs are experimenting in partnerships with activists, sometimes giving a significant degree of control to nonprofit leaders, but for the most part fashioning shared decision-making between funders and activists in the composition of the CBPFs’ grantmaking committees. This should not be seen as papering over the power dynamic between those who control the wealth and those seeking access to it. But the shared decision-making and governance models that characterize many CBPFs represent an evolving recognition that social justice philanthropy is not simply a matter of getting money to progressive groups, but also of democratizing the way grantmaking occurs.

**Capacity-building:** Because CBPFs are aware of the limited organizational capacity of some of their grantees, many try to provide one-on-one technical assistance and small group training largely in the areas that CBPFs know best—grant writing and fundraising. Some also give small grants for technical assistance and increasingly leave it up to the groups to determine and purchase the technical assistance they need.

**Outcomes measurement:** The struggle, some might say the preoccupation, around grantmaking outcomes, impacts and measures of success has reached the CBPF community. Most of the CBPFs require at least one annual report from their grantees, sometimes both a six-month and annual report, and increasingly the purpose identified by the CBPFs is to report on “outcomes.” But what exactly are the outcomes of small social justice grants to grassroots micro-organizations addressing macro issues? Many of the CBPFs say that they want their grant recipients to focus on root causes, not symptoms, but what can be expected, much less measured, in terms of progress against the root causes of complex social issues in five or 10 years, let alone in the typical year of a grant cycle?

How do CBPFs measure their success and the success of their grant recipients? For many, they are just beginning to explore the question of outcomes, planning reviews, hiring outside evaluators, sending out questionnaires to grant recipients, asking recipients to self-assess and develop “logic models.”<sup>33</sup> “We’re working on it” was a common answer of the CBPF respondents. For most, because of high levels of interaction and engagement between the CBPFs and their grant recipients, the measurements come from getting to know the grantees’

definitions of success and recording the anecdotal stories of the grantees’ accomplishments.

- **Donor market reactions:** For some, it is a market measure, based on fundraising. As one CBPF leader noted, “Charitable dollars are more discretionary than anything else; if the community doesn’t think [we’re] accountable [and effective], they’ll not contribute.”
- **National benchmarking studies:** At the time of this survey, some of the women’s funds were awaiting the results of a commissioned study by the Women’s Funding Network to examine the indicators of social change. At a local level as well, some funds were conducting research on best practices in their realms of activity for benchmarking their own behavior as grantmakers.
- **Impact of grants on the recipients’ organizations:** Thinking that there are measures of social change resulting from \$10,000 grants is not well supported by some CBPF survey respondents. Since some believe that they are fundamentally about “building the infrastructure for the next grand progressive movement,” or at least the infrastructure for a progressive movement in their communities, the measure may simply be one of the survival and growth of the grantees. This is especially true since the CBPFs appear to focus on grants to very small organizations, frequently “first-in” seed grants to grassroots social change groups that cannot get a reading on mainstream foundations’ radar. One respondent suggested that “you can’t measure social impact, but our grantees have done mind-boggling legislation in the state ... [and] 80 percent of the groups we’ve funded are still viable groups today,” pointing out that most were seed groups. One of the CBPF leaders supplied a very simple table on the growth of that progressive infrastructure, based on an examination of the grant recipients in one of the CBPF’s programs funded over a nine-year period.<sup>34</sup>

Grant Recipient Characteristics	Status of Grant Recipients In 1992	Status of Grant Recipients In 2001
	Average Staff Size	2.44
Median Staff Size	2	12
Average Budget Size	\$66,254	\$844,154
Median Budget Size	\$60,000	\$693,000
Total Staff Size	22	279
Average Membership	857.75	1,112.63
Total Organizational Membership	6,862	21,140

This table makes for a compelling statement of how to measure the impact of CBPFs—are they building sustainable, growing social justice advocates capable of meeting the ever-expanding challenges to progressive activists?<sup>35</sup>

- **Evaluate the funder:** The real question of impact might not be how these grassroots organizations are solving massive social justice inequities. It might be how well the CBPF is doing its job of supporting social justice movements. As one respondent said, the most important measure is the CBPF's "ability to move money to groups that do a lot with the money," the ultimate standard for a progressive grantmaker.<sup>36</sup>

Nonetheless, many of the CBPFs are moving toward formalized, periodic evaluations of their grant recipients and requiring mechanisms for the grantees' own tracking and reporting on outcomes in their grant proposals. CBPFs have to be careful not to replicate the outcomes methodology experience of some funders and of the United Way, where many grant recipients found the processes tedious and unproductive. Further complicating the dynamic is the tendency of mainstream foundations, guided by their evaluation consultants, to promulgate top-down measures of success that may or may not be consonant with the measures that are most meaningful to the groups they fund. There is enough experience in the funding world to help CBPFs avoid replicating the missteps that have already been made in abundance by other foundations.

## Conclusions: The Potential Roles for CBPFs In the Philanthropic Sector

The cumulative resources controlled by community-based public foundations barely register in the \$30 billion of annual spending reported by foundations nationally, much less the nearly \$500 billion sitting in mainstream foundation endowments. The mainstream foundation world might simply dismiss CBPFs as niche players, boutique operations addressing the idiosyncratic interests of marginal and sometimes self-marginalizing social and political constituencies. From the survey and interviews conducted for this report, however, CBPFs are much more important than their numbers and size would indicate.

In the world of philanthropy they have the potential to be the “yardstick competition” for private and public foundations. Although small, the very existence and impacts of CBPFs raise the question of why other foundations do not do what CBPFs do.

Why can't the large institutional foundations improve upon their support for civil rights and social action (down to 1.1 percent of foundation grant dollars, a 20 percent drop between 2000 and 2001)?<sup>37</sup> Why can't they better their grantmaking in community improvement and development, currently at a five-year low of 3.7 percent of foundation grant dollars? Why is foundation grantmaking for housing and shelter down to 1.1 percent of grant dollars?

Must U.S. philanthropy stand by grantmaking levels for the poor and indigent that fell to 12.1 percent of grant dollars in 2001 compared with 16.4 percent in 2000? For African-Americans/blacks down to 1.4 percent of grant dollars in 2001 compared with 3.8 percent in 1998? For Hispanics/Latinos at 1 percent, for Native Americans dropping from 0.8 percent in 1997 to 0.5 percent in 2001? Foundation grant dollars targeted to gays and lesbians remain at 0.1 percent, and for women and girls foundation grant dollars have dropped from 7.3 percent in 2000 to 6.2 percent in 2001.

CBPFs represent a yardstick for measurement, an instrument for activists, nonprofits and the general public to ask why institutional philanthropy, whether private endowed foundations or public community foundations, cannot devote more resources to the pressing socio-economic issues of our day. As Liberty Hill's Torie Osborn has written,<sup>38</sup> “At its best, philanthropy blows on the sparks of social change. It serves as an incubator for new approaches to social problems.” America needs to fan

the embers of social change around the nation, but philanthropy for the most part is absent without leave. CBPFs are a vanguard for demonstrating how social change can be furthered by philanthropic grantmaking combined with social and political organizing and activism. Their salient characteristics include the following:

**Focus on social change:** The social justice mission concentration of CBPFs is very compelling strategically. For the most part, all of their grants build upon each other and add up to more than the sum of their parts. Anecdotal evidence suggests CBPF grantmaking has a focus that translates into significant effect despite relatively small resources. Fundamentally, the focus is social change. As Liberty Hill's Osborn has described the difference between mainstream foundations and CBPFs like Liberty Hill,<sup>39</sup> “They're really about upholding the status quo. ... We're about changing it.”

**Alignment as the measure:** While everyone is struggling with the questions of measuring impact and effectiveness, in the end, CBPFs are picking organizations because they stand for an infrastructure of social justice at the local and regional levels. Unlike mainstream liberal foundations, CBPFs appear to have learned what right-wing foundations have done successfully for several years.<sup>40</sup> Simply look for the organizations that share your values and politics and invest in them to build a nonprofit organizational infrastructure for carrying the message. While CBPFs as small public foundations hardly have the resources of private foundations, and while some seem prone to swallow some of the current mainstream philanthropic trends of outcomes measurement and lower payout ratios, for the most part, the truly salutary dimension of CBPFs is their willingness to put grants

with few or no strings into grassroots organizations that broadly share the CBPFs' social justice agendas.

**Grassroots lens:** Delving into the grants lists of CBPFs is like an exciting tour of the vigorous grassroots community organizing and public policy advocacy that is occurring in communities around the U.S. Because CBPFs do so much at the grassroots level, they are able to find and nurture grassroots innovations coming from grassroots organizations. How else to describe the Equity Foundation's Safe Schools Initiative to combat homophobia in school settings to create a fair and safe learning environment for school-age children? Or the Agape Foundation's early support for the Mid-Peninsula Conversion Project, aimed at looking at peacetime uses for military complexes, which has now evolved into the nationally recognized Center for Economic Conversion?

**Political-time grantmaking:** The anti-war grants of the CBPFs reflect another dimension of CBPF utility, the ability to get grants through their decision-making pipelines when they are needed, without a great deal of rigmarole when the groups really need the funds. For example, the Headwaters Fund makes available small special opportunity grants "to help groups meet needs that arise outside the normal Headwaters grant cycle." That practice is very typical of CBPF grantmaking behavior.

**Creative capital mobilization:** Most private endowed foundations meet their federally mandated 5 percent spending requirements, and then simply invest their capital in investments offering the greatest possible economic returns to build their assets. CBPFs appear to be willing and able to make capital available to groups for purposes beyond mere grantmaking. Numerous CBPFs make funds available for a variety of kinds of loans. The North Star Fund's Revolving Loan Program provides the desperately needed cash-flow assistance that groups need to bridge times between fundraising events and actual donations, between grant commitments from other foundations and when the checks actually come in, between expenses incurred in the delivery of programs and the ultimate reimbursement of expenditures incurred. Other foundations do this as well, but it is a core characteristic of CBPFs due to their awareness and closeness to their grantees.

**Money directed to communities and regions of need:** Maine Initiatives is a good example of how many CBPFs are responses not only to social change needs, but also to regions of philanthropic undercapitalization. There have historically been few alternatives for social change nonprofits in Maine, Iowa, Arizona, Appalachian Ohio, Appalachia in general, the Mid-South Delta or the Southeastern United States. This makes Maine Initiatives a significant player in Maine, the Foundation for the Mid

South a crucial philanthropic intermediary serving parts of Louisiana, Mississippi, Arkansas and other states, and the Southern Partners Fund a highly visible and influential institution in the Southeast.<sup>41</sup> These are all regions and states where the presence of a CBPF addresses significant philanthropic funding gaps, leverages additional resources and confers a sense of external legitimacy on the grant recipients.

**Donor education and engagement:** CBPFs are activist organizations. They engage their donors, not simply to be better donors through tangible interactions with grantees, but through activism on behalf of the political and social issues that motivate the foundations. It is a different kind of donor engagement than the venture capitalist model, which puts donors in the position of believing they possess technical skills that they can impart to their grant recipients on top of the cash grants. CBPFs educate and mobilize donors to become activists like the groups they fund. In the words of one respondent, "[We teach] donors ... about how to be philanthropic so that their first inclination isn't to give to their alma maters."

**Community partnership:** There is significant evidence of community input—the involvement of grant recipients and community activists—into the grantmaking processes of CBPFs. There seem to be few examples in the mainstream foundation world of foundations giving nonprofits comparable power to make grant decisions. In most cases where grant recipients are involved, they are included in advisory boards with limited input into grantmaking or influence over the foundations. In the CBPF world, actively involving community activists and nonprofit leaders in actual grantmaking is increasingly a benchmark grantmaking practice. CBPF grants are not merely the results of the whims of individual or corporate donors, but actions that increasingly reflect the substantive input from the foundations' community constituencies. In their own way, CBPFs represent a force for some limited democratization of organized philanthropy. This is what has made CBPFs an increasingly preferred partner for progressive private foundations as regranteeing intermediaries, as evidenced by the grants of large foundations to numbers of CBPFs.

Oddly enough, because CBPFs are so community-based, one actually focusing its grantmaking in one neighborhood, they seem to have a relatively limited sense of identity as CBPFs and focus more on identifying with funders sharing their values or working with them as partners in their local or state communities or, if networked nationally, working with CBPFs sharing their specific value or mission focus. For those respondents identifying their network or affinity group memberships, the most frequently mentioned memberships were as follows:

Network/Affinity Group Membership	Percent of CBPF Respondents
Local/Regional/State Regional Association of Grantmakers (or donors forum)	34.4
Other National Foundation Affinity Groups (such as Environmental Grantmakers Association or Grantmakers for Effective Organizations, etc.)	20.3
Women's Funding Network	17.2
The Funding Exchange	14.1
Women in Philanthropy	12.5
Funders for Lesbian and Gay Issues	10.9
National Network of Grantmakers (NNG)	10.9
Neighborhood Funders Group (NFG)	9.4
Council on Foundations	4.7

As a community of funders, CBPFs are not overly networked as CBPFs per se. They do function, however, within their own geographic (for example, regional association of grantmakers or RAGs) and issue (neighborhood, environmental, ethnic/racial) networks. Participating in a RAG gives a CBPF technical foundation-related knowledge that is available from the national (and expensive) Council on Foundations, participating in conferences with affinity groups, and the National Network of Grantmakers gives a CBPF ideas on how to improve their social justice grantmaking. But there is little sense among the CBPF survey respondents and interviewees of CBPFs as a social or philanthropic movement. Rather, they are simply key funders of grassroots organizations in their social, political and geographic communities.

There is sufficient distinctiveness among the CBPFs profiled here, regarding their social justice commitment, their structures, and their governance, to warrant attention, expansion and replication. There are arenas such as the Funding Exchange, the Women's Funding Network, Funders for Lesbian and Gay Issues, the National Network of Grantmakers and the Neighborhood Funders Group where CBPF staff bond with peers and pick up new ideas. They do not, at least as of yet, function as a network aiming at mainstream philanthropy, except by dint of individual CBPF practice and accomplishment, to move the philanthropic sector writ large to do more social justice funding and to democratize philanthropic decision-making. CBPFs increasingly leverage many foundations in their environments to partner with them for social change. The outstanding question is whether

CBPFs feel the need—and feel prepared—to try to leverage institutional philanthropy overall.

The major constraint on the CBPF movement may simply be the persistent gap between the resources at hand and the issues CBPFs are trying to address in their geographic or issue communities. Regardless of their fundraising bravado, identifying and landing donors are time-consuming activities for the CBPF executive director, development director and other staff. Leaving aside the task of raising money itself, CBPFs cite several other persistent challenges:

- **The constraint of small grants:** Even though many CBPF grantees are quite small, receiving CBPF grants of \$5,000, \$10,000 and upwards to perhaps even \$30,000 or \$40,000 is hugely significant in budgets that rarely top \$1 million. However, the grantmaking of CBPFs does not make up for the shortfalls that grassroots social justice advocates face in their funding from other foundations and from charitable giving. While CBPFs might be doing well in this otherwise distressing economic and political environment, most nonprofits, especially social justice nonprofits, are taking it on the chin. With limited resources, how can CBPFs help their grant recipients survive and function given the inability to provide much more than small grants? How can CBPFs provide truly adequate grant support to their grantees?
- **The constraint of leverage:** Recognizing that CBPFs have limited capital, most have to work toward linking their grant recipients to other sources of funding. Given mainstream philanthropy's paltry support of social justice causes, exactly where will that leverage occur? That question is underscored for those CBPFs operating in philanthropically undercapitalized states. What local foundations does a CBPF in Maine or Alaska turn to as potential partners, much less as partners in social justice philanthropy? As one CBPF noted, "Nearly all of our grantees are small and marginalized; that's why we exist, but they're not necessarily knowledgeable about where to look for funding and/or help." As another noted, "Many foundations in our area will not fund agencies that are in their first one to five years of business, period." As another noted, "For many [CBPF] grantees, their organizing work is undervalued by mainstream and liberal funders, sometimes leaving us in the position of being a sole institutional funder." Most mainstream foundations, regardless of their politics, give scant support to small grassroots

organizations, and give much less to those committed to social justice, community organizing and political advocacy, making the CBPF grantmaking challenge more than daunting.

- **The constraint of time, energy and expertise:** As noted earlier in this report, CBPFs are not merely grantmakers. They are organizations of activists who happen to also be grantmakers. They find themselves challenged to promote social justice activities and implement programs. CBPFs sometimes engage in direct program activities, speaking out on social justice issues, joining their grant recipients in programs, conducting research on critical issues, advocating for policy changes, and delivering training and technical assistance. More than half (56.3 percent) of the respondents to this survey reported operating formal programs including awards programs, research studies, training and technical assistance efforts, social justice workshops and public education. The CBPF executive must make decisions about when to invest in CBPF staff, operations and programs, and when to sacrifice CBPF operational resources in order to maximize grant moneys into the budgets of the nonprofits. As one respondent noted, "We have to raise money to do the grants, the grants are what bring in the donors, so operating costs have to look low." The more the CBPF offers program, technical assistance and training, it means more staff, more effort to raise money to support CBPF staff and potentially proportionally less money devoted to the grant recipients.

CBPFs are relatively invisible to much of organized philanthropy and to the general public. Few people are truly aware of this burgeoning movement that, despite resource constraints, is having a major impact on promoting the interests and building the capacities of grassroots social change organizations. The evidence suggests that CBPFs may not be high profile, but they serve a vital role in showing the way for foundations to promote social justice in the United States. In the words of one survey respondent, "Some aspects of community foundations [make them our] peers, some aspects of family foundations are, but many times I feel we are without peer; other funders don't want to deal with or include the groups [we work with]. ... The reason for doing this is having [donors] be more engaged in the community to help the community connect to resources it really doesn't have."

In their localities, CBPFs are beacons for other foundations and for individual donors to find ways to support the grassroots social change organizations that get little

or no support elsewhere. A simple look at a snapshot of the accomplishments of the Liberty Hill Foundation is powerful: the Living Wage campaign in Los Angeles that would not have happened without the seed grant support from Liberty Hill, the creation of the \$100 million housing trust fund in Los Angeles with support from Liberty Hill to the core housing activists, the successes in labor organizing in Los Angeles with groups funded by Liberty Hill, the success of the Los Angeles Alliance for a New Economy, the impact of Liberty Hill's Fund for a New Los Angeles on the grantmaking practices of other foundations in Los Angeles in the wake of the South Central riots, and many more.

Nationally, CBPFs have the potential to shine a light on the practices of mainstream philanthropy and demonstrate exactly how philanthropic capital can be mobilized for social change and social justice in the United States. This may well be the pivot point for CBPFs in American philanthropy, whether or not to take on the challenge of organizing within and among their philanthropic peers to mobilize a significantly larger proportion of the \$500 billion in philanthropic assets toward financing a vibrant movement for social change and social justice.

## Notes

1. The number of community foundations is a 160 percent increase from the CF total in 1985. Most states have between four and 20 community foundations, with three states (Indiana, Ohio and Michigan) counting over 50 each. Approximately half of all community foundations are located in the Midwest, due to the effort of some private foundations such as the Charles Stewart Mott Foundation and the Lilly Endowment to establish and capitalize community foundations. The top 20 percent of community foundations account for more than 85 percent of total CF assets, while the bottom 60 percent of community foundations hold slightly less than 4 percent.
2. Three CBPF leaders currently serve on the 34-member board of directors of the Council on Foundations, the mainstream lobby primarily serving the nation's largest foundations.
3. Shelby Oppel, "Small Gifts for Big Cause," *The Oregonian* (April 5, 2003).
4. John Ritter, "Anti-War Groups Do a Lot With Little," *USA Today* (March 30, 2003).
5. For the purposes of selection of organizations for the survey, the advisory committee identified the following criteria: participation of grantees in the foundation's grantmaking processes; participation of grantees in the programing priorities and community needs assessment of the foundation; access of community members to the governance structure of the foundation; development of programs and activities that engage donors from diverse populations; and empowerment of organizations through the foundation's grantmaking that represent constituencies in solving the issues that they are most affected by. The criterion concerning a diversity of donors meant that this list excluded public foundations that raise their funding almost exclusively through charitable solicitations in workplaces using payroll deduction. Consequently, the array of "alternative funds"—social action funds, environmental funds, and "Black United Funds"—that raise their capital through payroll deduction were not included in this survey. For current information on alternative funds engaged in workplace fundraising, see *Giving at Work 2003*, issued by the National Committee for Responsive Philanthropy. The list of surveyed CBPFs does include some formally recognized community foundations, which were included by the advisory committee because of their geographic focus—for example, philanthropically and economically undercapitalized regions such as Appalachia or the Mid-South Delta.
6. Where specific foundations are identified in this report, the sources of the information were not either the survey or the interviews, but rather published documents or materials from CBPF Web sites. All information gleaned from the written survey responses of CBPFs and from interviews of CBPF leaders has been kept confidential throughout the report.
7. Cf. "Introducing the Community-Based Philanthropy Sector," [http://www.srdi.org/info-url1708/info-url\\_show.htm?doc\\_id=17131](http://www.srdi.org/info-url1708/info-url_show.htm?doc_id=17131)
8. Cf. "Our Vision for Social Change Philanthropy," [http://www.fex.org/1.0\\_ourvisionindex.html](http://www.fex.org/1.0_ourvisionindex.html)
9. Two respondents that fit this category were Jewish funds, stimulating and aggregating Jewish philanthropic giving directed at issues of poverty, injustice and social change.
10. The foundation affinity group, Funders for Lesbian and Gay Issues, lists 16 "LGBT Community Foundations," with the following definition: "Lesbian, gay, bisexual and transgender (LGBT) community foundations are established for many of the same reasons other public charities are established—to meet unmet needs and improve the quality of life for members of the community. LGBT community foundations provide resources to populations historically ignored or underserved by traditional philanthropy and utilize philanthropy as a tool for social activism and social change." (<http://www.workinggroup.org/lgbtfunders/LGBT CFb.htm>)
11. Although there are several public foundations that have been created explicitly for racial and ethnic constituencies, they were largely nonrespondents to this survey.
12. <http://www.lgbtfunders.org/lgbtfunders/partner.htm>; See Funders for Lesbian and Gay Issues, *Building Community Across a Nation: The National Lesbian and Gay Community Funding Partnership* (2001), which highlights the work of five community foundation partnerships.
13. <http://www.crossroadsfund.org/about.html>
14. <http://www.womenfund.org/about/History.cfm>
15. Calculations based on data from The Foundation Center's *Foundation Yearbook: Facts and Figures on Private and Community Foundations* (New York: The Foundation Center, 2003), Table 47, p. 76.
16. The mean or average FTE staffing was 7.75, but that is skewed by the presence of some organizations with substantial staff complements.
17. Because CBPFs appear to be activist organizations as well as grantmakers, they tend to be more highly staffed than the typical membership of the Association for Small Foundations, which exists as the foundation affinity group "for foundations with few or no staff." Among the largest ASF members, with assets over \$50 million, average staffing is only 3.2 employees. However, ASF members frequently compensate trustees for their service as board members, functioning as quasi-staff. Overall, 25 percent of

Association of Small Foundation members compensate their board members for their board service distinct from any professional services the board members provide. In addition, 48 percent of surveyed ASF members receive professional services from board members, and more than half of those foundations compensate board members for their professional services as distinct from their board service. Cf. the Association for Small Foundations' *Membership Survey Report 2002* (Bethesda, Md.: Association of Small Foundations, January 2003).

18. "N.A." refers to respondents that did not supply a response to this question or perhaps had no employees.
19. The COF statistics on foundation employment are drawn from Lynn C. Burbridge, "Diversity in Foundations: The Numbers and Their Meaning," in Lynn C. Burbridge, William A. Diaz, Teresa Odendahl and Aileen Shaw, *The Meaning and Impact of Board and Staff Diversity in the Philanthropic Field: Findings From a National Study* (Joint Affinity Groups, 2002).
20. The JAG study is again the source for the comparative statistics.
21. Burbridge et al., *Diversity Practices in Foundations: Findings From a National Study* (Joint Affinity Groups, 2001), p. 15.
22. Totals do not add up to 100 percent because of the self-reporting of the CBPF respondents, with "other" probably accounting for the gap. It is possible, however, that board members might be identified as belonging to more than one "category," so that some people representing the business sector and others might also potentially be classifiable as "individual donors" as well.
23. Some CBPFs indicate that the right-wing policies being implemented by the Bush administration combined with the persistent national economic recession (or uniquely jobless recovery) help maintain the attention and fervor of their donors. With the national political climate as it is at this writing, CBPFs have no lack of issues or targets to hone in on through their social justice grantmaking.
24. There were 49 "social action funds," 16 Black United Funds, 19 local environmental funds, and six women's funds successfully raising money through payroll deduction strategies in corporate and public sector workplaces as of 2001. These local social justice funds and federations raised \$19,667,969 in 2001, and other local workplace fundraising federations (health charities, arts funds and others) raised an additional \$63,845,146. Cf. *Giving at Work 2003* (Washington: NCRP, 2003), pp. 10-11.
25. Competition does arise in some cases between CBPFs and their grant recipients. As the nonprofits become more sophisticated in their fundraising skills and begin to explore planned giving and major individual donors, they begin looking to the same donors who fund them through the CBPFs. The CBPF as fundraising and grantmaking intermediary is for many grassroots organizations a window to important philanthropic resources, but in other cases can be a barrier between the groups and the donors that the groups think they ought to be able to solicit and land on their own.
26. Cf. James L. Luck and Suzanne L. Feurt, *A Flexible and Growing Service to Donors: Donor-Advised Funds in Community Foundations* (Columbus, Ohio: Columbus Foundation, September 2002); surveyed CFs held an average of 91 DAFs with mean total DAF assets of over \$26 million. Of the nearly 200 CF respondents, one community foundation topped the list with 745 donor-advised funds.
27. DAFs represented 24.8 percent of the assets of community foundations in the Columbus Foundation survey.
28. Percentages total more than 100 percent because of the self-reporting of the CBPF respondents, some of whom made slight errors in their calculations of the proportional breakdowns of their investments.
29. Council on Foundations, *2001 Investment Performance of Community Foundations: Executive Summary* (Washington: Council on Foundations, 2002)
30. One respondent included the affirmative criterion of selecting corporations that permit meaningful shareholder actions.
31. Reed Abelson, "Charities' Investment: Left Hand, Meet Right," *New York Times* (June 11, 2000); note that among COF members, small foundations with assets less than \$10 million were twice as likely to employ social screens as large foundations with assets over \$100 million.
32. Public foundations such as CBPFs are not subject to a mandated spending or payout rate. Private foundations must meet a spending rate of 5 percent of net assets. Most private foundations believe that the de facto spending rate is actually 5.5 percent—5 percent in qualifying distributions and 0.5 percent in investment fees. Like private foundations, some CBPFs are applying their spending ratios not simply to year-end fund balances, although some do, but to averages of the market value of assets over a 12- to 16-quarter (3-4 year) rolling or trailing average of the market value of their assets. Many CBPFs have been active in the National Network of Grantmakers (NNG), which has long led a campaign to increase the minimum private foundation payout rate from 5 percent to 6 percent, under the campaign slogan, "1% More for Democracy." NNG issued two powerful reports arguing for increased payout, beginning with Perry Mehrling, *Spending Policies for Foundations: The Case for Increased Grants Payout* (San Diego: NNG, 1999) and Jeff Gillenkirk et al., *Payout for Change* (San Diego: NNG, 2001), both available at <http://www.nng.org/ourprograms/campaign/poutpublications.htm>. Among the institutional endorsers of the NNG payout campaign were CBPFs such as the Agape Foundation, the Appalachian Community Fund, the Bread & Roses Community Fund, the Horizons Foundation, the Liberty Hill Foundation, the Shefa Fund, the Third Wave Foundation, the Headwaters Fund, the Haymarket People's Fund and A Territory Resource, among others, as well as CBPF networks and intermediaries including the Changemakers Fund, the Funding Exchange, the Tides Foundation and the Working Group on Funding Gay & Lesbian Issues. The National Committee for Responsive

- Philanthropy has since updated some of the payout research with three recent reports: *Helping Charities, Sustaining Foundations* (June 2, 2003), *A Billion Here, A Billion There: The Empirical Data Add Up* (July 8, 2003), and *Closing the Loophole: Removing Foundation Overhead Costs from Payout* (Sept. 3, 2003), all available at [www.ncrp.org](http://www.ncrp.org).
33. "A logic model's purpose is to communicate the underlying 'theory' or set of assumptions or hypotheses that program proponents have about why the program will work, or about why it is a good solution to an identified problem. Logic models are typically diagrams, flow sheets or some other type of visual schematic that conveys relationships between contextual factors and programmatic inputs, processes, and outcomes." Connie C. Schmitz and Beverly A. Parsons, *Everything You Wanted to Know About Logic Models But Were Afraid to Ask* (<http://www.insites.org/documents/logmod.htm>).
  34. This table only counts the grantees of the Fund for a New Los Angeles, growing from 14 grantees in 1992 to 19 in 2001. The Liberty Hill Foundation has assisted scores of other organizations through its other grantmaking programs beyond the organizations described in this report.
  35. A survey of the community organizing and advocacy organizations receiving grants from the New York Foundation found that the grant recipients themselves felt that the most appropriate measures of funding for social justice activists would be those that address characteristics of the increasing health and durability of the organizations themselves—that is, their staying power in the face of political forces aligned against social justice causes and issues. Cf. Rick Cohen, *Review of New York Foundation Grantmaking for Organizing and Advocacy: Impacts and Implications* (Washington: National Committee for Responsive Philanthropy, January 2002).
  36. An impressive example of an effort to seek out the honest feedback of grant recipients to evaluate a social justice grantmaker is Susan Hudson Glick, *Reflection on Eight Years of Grantmaking: A Report Based on Information From Our Grantees* (Augusta, Maine: Maine Initiatives, February 2003).
  37. These and other statistics on overall foundation grantmaking priorities are drawn from The Foundation Center's *Foundation Giving Trends: Update on Funding Priorities* (New York: The Foundation Center, 2003). These statistics are not very robust, based largely on the Foundation Center's survey of roughly 1,007 larger foundations, including in general the 900 largest. As a result, for many indicators, the actual grantmaking of the 65,000 active grantmakers, as opposed to the grantmaking priorities of the 1,007 in the 2003 report, might not even approach these minuscule levels of philanthropic commitment to social justice concerns. In addition, there is a two-year lag time in the Foundation Center's reporting, so that the 2003 *Foundation Giving Trends* report describes foundation grantmaking as of 2001.
  38. Torie Osborn, "Do Better and Do Good Business: What Better Place Than L.A. for Ethical Capitalism," *Los Angeles Times* (June 24, 2001).
  39. Oscar Johnson, "Good Turns: Group's Goal: Social Change, not Charity; Liberty Hill Offers Its Contributors More Involvement in Liberal Causes They Support," *Los Angeles Times* (June 17, 2001).
  40. The National Committee for Responsive Philanthropy documented right-wing philanthropy's strategic grantmaking in Sally Covington, *Moving a Public Policy Agenda: The Strategic Philanthropy of Conservative Foundations* (Washington: NCRP, July 1997). See also *Buying a Movement: Right-Wing Foundations and American Politics* (Washington: People for the American Way, 1996) and more recently, Shawn Zeller, "Conservative Crusaders," *National Journal* (April 26, 2003). Given the success of right-wing funders and donors in promoting conservative causes, there are undoubtedly conservative public foundations in existence. The CBPFs in this study were broadly committed to social change and social justice concerns as outlined above and did not include public foundations whose interests run counter to the causes supported by CBPFs such as progressive taxation, expanded government funding and programs, equal rights for racial and ethnic minorities and for LGBT populations, etc.
  41. In terms of foundation giving per capita, the bottom states are, in rank order, North Dakota, Alaska, West Virginia, Montana, Mississippi, Arizona, South Carolina, Kentucky, Alabama, New Mexico, Louisiana and Maine, according to the Foundation Center's *Foundation Yearbook 2003*, Table 17. What is not referenced in the FC data is what proportion of the grantmaking actually stays in the state. Therefore, these undercapitalized states might have significant philanthropic outflows with little counterbalancing inflows, and in addition, other states with higher per capita philanthropic grantmaking statistics might mask expenditures that have far less local staying power or recirculation, such as the state of Washington's No. 3 per capita ranking, due to the presence of the Gates Foundation with an international focus for its billions, or even California, ranking 17th, but benefiting from the presence of large foundations such as Hewlett and Packard, which are national grantmakers.

# Appendices

## APPENDIX A Survey Respondents

Foundation or Fund	City	State	Web Site
An Uncommon Legacy Foundation	Washington	DC	<a href="http://www.UncommonLegacy.org">www.UncommonLegacy.org</a>
Appalachian Community Fund	Knoxville	TN	<a href="http://www.appalachiancommunityfund.org">www.appalachiancommunityfund.org</a>
Astraea Lesbian Action Foundation	New York	NY	<a href="http://www.astraea.org">www.astraea.org</a>
Atlanta Women's Foundation	Atlanta	GA	<a href="http://www.atlantawomen.org">www.atlantawomen.org</a>
Berkeley Community Fund	Berkeley	CA	<a href="http://www.berkfund.org">www.berkfund.org</a>
Catholic Campaign for Human Development	Washington	DC	<a href="http://www.usccb.org/cchd">www.usccb.org/cchd</a>
Chicago Foundation for Women	Chicago	IL	<a href="http://www.cfw.org">www.cfw.org</a>
Children Families and Community Initiative	St. Paul	MN	
Chinook Fund	Denver	CO	<a href="http://www.chinookfund.org">www.chinookfund.org</a>
Community Foundation for the Fox Valley Region Inc.	Appleton	WI	<a href="http://www.cffoxvalley.org">www.cffoxvalley.org</a>
Cream City Foundation Inc.	Milwaukee	WI	<a href="http://www.eventkeeper.com/lgbt">www.eventkeeper.com/lgbt</a>
Crossroads Fund	Chicago	IL	<a href="http://www.crossroadsfund.org">www.crossroadsfund.org</a>
Dallas Women's Foundation	Dallas	TX	<a href="http://www.dallaswomensfoundation.org">www.dallaswomensfoundation.org</a>
Eleanor Women's Foundation	Chicago	IL	<a href="http://www.eleanorfoundation.org">www.eleanorfoundation.org</a>
Environmental Support Center	Washington	DC	<a href="http://www.envsc.org">www.envsc.org</a>
Equity Foundation	Portland	OR	<a href="http://www.equityfoundation.org">www.equityfoundation.org</a>
First Alaskans Institute	Anchorage	AK	<a href="http://www.firstalaskans.org">www.firstalaskans.org</a>
Fund for Southern Communities	Decatur	GA	<a href="http://www.fund4south.org">www.fund4south.org</a>
Funding Exchange	New York	NY	<a href="http://www.fex.org">www.fex.org</a>
Hawaii People's Fund	Honolulu	HI	<a href="http://www.fex.org/hawaii/pf_home.html">http://www.fex.org/hawaii/pf_home.html</a>
Haymarket People's Fund	Boston	MA	<a href="http://www.haymarket.org">www.haymarket.org</a>
Headwaters Foundation for Justice	Minneapolis	MN	<a href="http://www.headwatersfoundation.org">www.headwatersfoundation.org</a>
Heifer International Foundation	Little Rock	AR	<a href="http://www.heiferfoundation.org">www.heiferfoundation.org</a>
Horizons Foundation	San Francisco	CA	<a href="http://www.horizonsfoundation.org">www.horizonsfoundation.org</a>
Iowa Women's Foundation	Iowa City	IA	<a href="http://www.iawf.org">www.iawf.org</a>
Jewish Fund for Justice	New York	NY	<a href="http://www.jfjustice.org">www.jfjustice.org</a>
Liberty Hill Foundation	Santa Monica	CA	<a href="http://www.libertyhill.org">www.libertyhill.org</a>
Maine Initiatives, A Fund for Change	Augusta	ME	<a href="http://www.maineinitiatives.org">www.maineinitiatives.org</a>
McKenzie River Gathering Foundation	Portland	OR	<a href="http://www.mrgfoundation.org">www.mrgfoundation.org</a>
Michigan Women's Foundation	Livonia	MI	<a href="http://www.miwf.org">www.miwf.org</a>
Ms. Foundation for Women	New York	NY	<a href="http://www.ms.foundation.org">www.ms.foundation.org</a>
New England Grassroots Environment Fund	Montpelier	VT	<a href="http://www.grassrootsfund.org">www.grassrootsfund.org</a>
New Harvest Foundation	Madison	WI	
Parkersburg Area Community Foundation	Parkersburg	WV	<a href="http://www.pacfwv.com">www.pacfwv.com</a>
Peace Development Fund	Amherst	MA	<a href="http://www.peacedevelopmentfund.org">www.peacedevelopmentfund.org</a>
Philanthrofund Foundation	Minneapolis	MN	<a href="http://www.philanthrofund.org">www.philanthrofund.org</a>
Pleasant Hill Community Foundation	Pleasant Hill	CA	<a href="http://www.hometown.aol.com/phcfound">www.hometown.aol.com/phcfound</a>
Pride Foundation	Seattle	WA	<a href="http://www.pridefoundation.org">www.pridefoundation.org</a>



## APPENDIX B Survey Nonrespondents

A Territory Resource  
A.J. Muste Memorial Institute  
Abya Yala Fund  
Access Strategies Fund  
Active Element Foundation  
African American Women's Fund  
Agape Foundation  
Albany Community Foundation  
American Indian College Fund  
American Indian Heritage Foundation  
American Jewish World Service Women's Empowerment Fund  
Arizona Foundation for Women  
Arizona Social Change Fund  
Asian Pacific American Community Fund  
Asian Pacific Community Fund  
Asian Pacific Community Fund of Southern California  
Asian Pacific Endowment for Community Development (APECD)  
Aspen Gay and Lesbian Community Fund  
Bread and Roses Community Fund  
Bread for the Journey  
Bucks County Women's Fund  
Burgess Urban Fund  
Chester County Fund for Women and Girls  
Chicago Women's Fund  
Chickasaw Foundation  
Chrysalis Foundation  
Common Counsel Foundation  
Community Toolbox for Children's Environmental Health  
CPPAX (Citizens for Participation in Political Action) Education Fund  
Crockett Community Foundation  
Dade Human Rights Foundation  
Delaware Valley Legacy Fund  
Domestic Violence Prevention Fund  
First Nations Development Institute  
Flying Eagle Woman Fund  
Fondo de Nuestra Comunidad  
Foundation for Appalachian Ohio  
Foundation for the Mid South  
Four Times Foundation  
Fremont Community Foundation  
Fund For Community Progress  
Fund for Folk Culture  
Fund for New Jersey  
Fund for Santa Barbara  
Fund for Women Artists

## APPENDIX B Survey Nonrespondents

Greater Houston Women's Foundation  
Greater Morgantown Charitable Trust  
Green Mountain Fund for Popular Struggle  
Greensboro Justice Fund  
Hadassah Foundation  
Hispanic Community Foundation of the Bay Area  
Holding Our Own - A Fund for Women  
Honor the Earth  
Hopi Foundation  
Impact Fund  
Indiana Social Action Fund  
Initiative Foundation  
Interfaith Funders  
Jeannette Rankin Foundation  
Jewish Women's Foundation of Metro Chicago  
Lafayette Community Foundation  
Lambda Legal Defense and Education Fund  
Long Island Fund for Women and Girls  
Los Angeles Women's Foundation  
Maine Women's Fund  
Martinez Community Fund  
Michigan Women's Foundation (West)  
Minnesota Women's Foundation  
Montana Women's Foundation  
Nevada Women's Fund  
New England Women's Fund (NEW)  
New Mexico Women's Foundation  
New World Foundation  
New York Women's Foundation  
North Star Fund  
Northland Foundation  
Northwest Minnesota Foundation  
Oshkosh Area Community Foundation Women's Fund  
OUT Fund for Lesbian and Gay Liberation  
Pan African Community Endowment (PACE Fund)  
Paul Robeson Fund for Independent Media  
Peoria Area Community Foundation Women's Fund  
Phoenix Fund for Workers and Communities  
Pittsburg Community Foundation  
RESIST Inc.  
Rinconada Ventures Foundation  
Rodeo Community Organization  
Rodeo Good Neighbor Fund  
Saguaro Fund  
Samara Foundation of Vermont

**APPENDIX B Survey Nonrespondents**

- San Diego Foundation for Change
- San Diego Human Dignity Foundation
- San Pablo Community Fund
- Self-Education Foundation
- Seventh Generation Fund
- Shefa Fund
- Sojourner Foundation
- Southern Minnesota Initiative Foundation
- Spirit of the Salmon Fund
- STEP UP Women's Network
- Three Guineas Fund
- Three Rivers Community Fund
- Triangle Foundation
- Tuba City Regional Community Foundation (TCRCF)
- Two Feathers Fund
- Union City Friends
- United Latino Fund
- Urgent Action Fund for Women's Human Rights
- US/Israel Women to Women
- Vanguard Public Foundation
- Vermont Women's Fund
- West Berkeley Foundation
- Wisconsin Community Fund
- Women's Community Foundation
- Women's Century Fund
- Women's Foundation for a Greater Memphis
- Women's Foundation of Arkansas
- Women's Foundation of Colorado
- Women's Foundation of Greater Kansas City
- Women's Foundation of Southern Arizona
- Women's Fund of Central New York
- Women's Fund of Greater Birmingham
- Women's Fund of Herkimer and Oneida Counties
- Women's Fund of Miami - Dade County
- Women's Fund of Western Massachusetts
- Women's Peacepower Foundation Inc.
- Women's Sports Foundation
- Wyoming Women's Foundation
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**APPENDIX C: Survey Interviewees**

<b>Name</b>	<b>Title</b>	<b>Organization</b>
Cheryl King Fischer	Executive Director	New England Grassroots Environment Fund
William L. Mattle	Executive Director	Stonewall Community Foundation
Deborah Felder	Executive Director	Maine Initiatives
Torie Osborn	Executive Director	Liberty Hill Foundation
Carrie Irwin Brown	Senior Vice President	First Alaskans Institute
Sarah C. Nelson	Director of Grants and Research	Dallas Women’s Foundation
Cathe Wood	Director of Development and Communications	Zonta International
Vincent Robinson	Executive Director	Social Venture Partners Fund

**APPENDIX D: CBPF Study Advisory Committee**

<b>Name</b>	<b>Title*</b>	<b>Organization</b>
Joan Garner	Executive Director	Southern Partners Fund
Christie Balka	Executive Director	Bread and Roses Fund
Alan McGregor	Director of Philanthropic Studies	Southern Rural Development Initiative
Erica Hunt	Executive Director	Twenty-First Century Foundation
Patricia Chang	President and CEO	The Women’s Foundation
Ron Hanft	Associate Director	Funding Exchange
Audrey Haberman	Executive Director	Pride Foundation
Nicole Trombley	Director of Membership and Programs	National Network of Grantmakers
Angel Fernandez	Program Officer	The Community Foundation of Greater New Haven
Emily Katz Kishawi	Communications and Membership Director	The Women’s Funding Network

\*Title at time of survey.

In this first exploratory study of the dynamics of community-based public foundations, the research relied on up-to-date but self-reported information in response to a standard survey format. The researchers realized that within the survey universe of 192 CBPFs were likely a number of foundations that were actually funds housed in or managed by other foundations, typically community foundations. As a result, survey responses were likely to garner more comparable data across the board than official documents such as information from the CBPFs' IRS Form 990, which many of the CBPFs, if actually located in and largely managed by other foundations, were not likely to have filed.

This addendum contains information drawn from the CBPFs' Form 990s on a subset of the 192 CBPFs that received the survey questions. The 990s cover fiscal year 2001. Of the 192 CBPFs, Form 990 information was available on 123 of them. 990s were either not filed or unavailable for 69 CBPFs in the survey sample,<sup>1</sup> and in four instances, the CBPFs actually filed Form 990-PFs, signifying that the funds had shifted their status to private foundations, possibly because they had failed to meet the public support standards to qualify as a public charity.

**Information**

From Form 990	# of CBPFs		Mean	Median
	Total			
Direct Public Support	115	\$193,947,353	\$1,671,960	\$512,460
Total Public Support	123	\$202,520,393	\$1,646,507	\$512,460
Total Revenue	123	\$227,630,998	\$1,850,659	\$650,741
Total Expenses	123	\$208,328,367	\$1,693,727	\$613,651
Net Assets	123	\$569,029,025	\$4,626,252	\$970,703
Grants and Allocations	66	\$94,111,147	\$950,618	\$332,619

The difference between the totals for direct public support and total public support are accounted for, in part, by the fact that some CBPFs received "indirect public support," which includes support from federated fundraising campaigns and moneys received from affiliated organizations, and in some cases government support (through government grants). Twenty CBPFs reported a total of \$2,550,704 in indirect public support, rang-

ing from \$218 to over \$1 million, and 19 CBPFs reported \$5,646,860 in government support, with some reporting nearly \$1 million in government funds. Total revenue amounts varied a bit more due to the ability of some CBPFs to earn additional income from endowments and investments as well as from other sources.

Only 99 of the reporting CBPFs filled in grant and allocation amounts on line 22a of the Form 990, and three of those reported zero in grants. Because of the unreliability of information reported on 990s, it would not be accurate to take this to mean that the 24 CBPFs that left this item of the 990 blank also made no grants during this reporting year. Nonetheless, of the 99 CBPFs reporting some grant and allocation information, one-third reported less than \$120,000 and one-fifth less than \$55,000.

Because of the significant ranges in the fundraising, expenses, assets and grants reported by the CBPFs on their Form 990s, means are three to four times higher than the medians, as demonstrated in the table below. This is particularly true for the net assets of CBPFs, where 10 CBPFs reported net assets of greater than \$20 million and five greater than \$30 million.

**Information**

From Form 990	# of CBPFs	Range (low to high)
Total Public Support	123	\$2,445 to \$38,502,817
Total Revenue	123	(\$2,231,293) to \$39,957,596
Total Expenses	123	\$10,430 to \$36,394,640
Net Assets	123	(\$272,657) to \$52,411,744
Grants and Allocations	66	\$0 to \$16,309,591

Despite the variability of the information reported on the Form 990s, these 123 CBPFs raised more than \$202 million in public support, made more than \$94 million in grants and ended the year with cumulative assets of \$569 million—that is, over a half billion dollars. If the revenues, grants and assets of the CBPFs that do not exist as fully independent foundations are added to the mix, it is clear that CBPFs constitute a significant sub-sector of philanthropy dedicated to social change and social justice.

1. Organizations with less than \$25,000 in annual gross receipts are not required to file a 990, and most religious organizations are also not required to file.



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# COMMUNITY-BASED PUBLIC FOUNDATIONS

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