

NATIONAL COMMITTEE FOR
RESPONSIVE PHILANTHROPY

2005

annual report

**30 years of research
and advocacy for
philanthropic reform**

Our mission:

Since 1976, NCRP has advocated for the philanthropic community to provide nonprofit organizations with essential resources and opportunities to work toward social and economic justice for disadvantaged and disenfranchised populations and communities.

2005 Publications:

*The Waltons and Wal-Mart:
Self-Interested Philanthropy*

*Not All Grants are Created Equal:
Why Nonprofits Need General Operating Support
from Foundations*

*A Call for Mission-Based Investing
by America's Private Foundations*

*Social Justice Philanthropy:
The Latest Trend or a Lasting Lens for Grantmaking?*

*Funding the Culture Wars:
Philanthropy, Church and State*

2004 Publications:

State of Philanthropy 2004

Serving Time... on Foundation Boards

*Beyond City Limits:
The Philanthropic Needs of Rural America*

*Axis of Ideology:
Conservative Foundations and Public Policy*

*Community-Based Public Foundations:
Small Beacons for Big Ideas*



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From the Director :::

Without question, NCRP's influence on philanthropic issues in 2005 was significant. Our role as **constructive critics of philanthropy** is unique. With a close watchdog eye on various philanthropic angles and sectors, we represent the needs, interests, and priorities of nonprofits working to promote social change and philanthropic accountability. We take real pride in saying what has to be said, what others in the sector are afraid to say, and backing our work up with rigorous research and analysis.

This past year, we released two in-depth reports on conservative grantmaking: *The Waltons and Wal-Mart* and *Funding the Culture Wars: Philanthropy, Church and State*. We also continued to play a major role in shaping the nonprofit and foundation accountability debate on Capitol Hill and received significant visibility for our role in helping expose the political misuse and abuse of philanthropy by the likes of DeLay, Abramoff, Frist, and others.

In 2005, NCRP increased efforts to reach a wider swath of progressive audiences, and we will continue making nonprofit and member outreach a priority in the coming year. We make a conscious effort to balance hard-hitting, empirical research with an ability to get such information to advocates who can use it for effective and influential policy education and advocacy on state, regional, and national levels.

In 2006, NCRP's program agenda includes efforts on increasing core operating support grantmaking for nonprofits, monitoring new misuses of charities by members of Congress and K Street lobbyists following the DeLay and Abramoff examples, protecting nonprofit free speech and advocacy rights, and fighting for renewed support for bolstered oversight and enforcement of philanthropic accountability. New studies in the pipeline include an analysis of the impact of bank mergers on bank philanthropy, advocacy work of conservative foundations, and the 2006 edition of NCRP's biennial *State of Philanthropy*. We think it is crucial to the health and

vitality of the nonprofit sector that NCRP look into the critical issues facing philanthropy, raise informed questions and offer constructive solutions, even when our opinions may not be aligned with wealthy and powerful people either within philanthropy, on Capitol Hill, or in the White House.

As the sector's only progressive watchdog, NCRP's work is sometimes lonely. Many nonprofits that want to join NCRP on particular issues tell us that they cannot do so for fear of losing their funding. NCRP itself has experienced some defunding from foundations who disapprove of our willingness to take on philanthropic sacred cows. Nonetheless, NCRP's credibility as a watchdog requires that we hold true to our mission and values and speak with candor, even if that means that we don't exactly curry favor with some funders and politicians. Our members and allies should expect no less of us and hold us to that standard of integrity.

Without NCRP's voice, the sector suffers the risk of diminished public confidence in the accountability and trustworthiness of the nonprofit sector, with unavoidable setbacks in social and economic justice.

You have told us why NCRP's work must continue, expand, and be strengthened, and we want to live up to our mission and your expectations. In the following pages, we report on how we have kept a close eye on philanthropy in the past year.

We invite you to review our work and join us in strengthening NCRP to raise the crucial questions integral to today's philanthropic dialogue.

Sincerely,



Rick Cohen
Executive Director

1976

NCRP is founded by the Donee Group, a coalition of nonprofit leaders, to urge philanthropy to serve vital public needs.

keeping a close eye on...

Despite funding challenges and political resistance, NCRP is still the go-to organization among nonprofit and philanthropic infrastructure groups for addressing issues of philanthropic accountability and social justice. This brief report addresses the activities NCRP accomplished in 2005 in fulfillment of its mission as a philanthropic watchdog, promoting philanthropic giving and access for people of the least wealth and least opportunity in our society.

Philanthropic Accountability :::

NCRP has long been the key—and sometimes the only—organization in the nonprofit and philanthropic infrastructure calling for enhanced accountability as opposed to trying to ignore or rationalize abuses and excesses. NCRP's 2005 work in this area achieved significant visibility and impact:

Following the Senate Finance Committee hearings in 2004, NCRP issued several high profile statements on foundation accountability, including trenchant critiques of the limited and defensive recommendations of the so-called Nonprofit Panel. NCRP's foci included the shortcomings in the Panel's recommendations on issues such as foundation officer/director self-dealing, trustee fees, resources for oversight and enforcement, enhanced disclosure requirements for corporate grantmakers, and increased foundation payout. NCRP also designed and helped edit a special issue of *The Nonprofit Quarterly* devoted to nonprofit accountability issues, which was used by the Senate Finance Committee in its hearings.

NCRP continued its work investigating what foundations can do to live up to the best practices in substantive philanthropic accountability, including publishing an extensive analysis in *Responsive*

NCRP challenges United Way's giving strategies, advocating for funding of grassroots social change.

1977

Philanthropy on what does and doesn't work for self-regulation. In 2006, NCRP will release a report on substantive philanthropic accountability.

::: Philanthropic Practice

Through three decades of existence, NCRP has conducted research and encouraged nonprofits to actively promote philanthropic responsiveness to underserved populations and constituencies. That work continued in 2005 in these ways:

NCRP deepened its work on promoting new and better practices in foundation grantmaking, continuing its lead role in promoting core operating support grantmaking. NCRP released a new report on core operating support grantmaking, *Not All Grants Are Created Equal: Why Nonprofits Need General Operating Support from Foundations*, and conducted focus groups and additional research with nonprofits around the nation on how the shortage of flexible grantmaking hurts nonprofits across issues, particularly those promoting progressive social change and social justice.

NCRP released *Social Justice Philanthropy: The Latest Trend or a Lasting Lens for Grantmaking?*, the latest of its studies on the issue, which explores how grantmakers define and apply concepts of social justice to their work.

NCRP also completed work on a retrospective examination of the responses of foundations to the South Central disturbances in Los Angeles in 1992, questioning what foundations could have, should have, and in some cases, did learn about the role of philanthropy—in contrast to charity—in response to man-made and natural disasters.

Following up on NCRP's 2004 *Beyond City Limits* study of challenges in rural development grantmaking, NCRP worked with Montana's Big Sky Institute in

1980 NCRP's publication, *Foundations and Public Information: Sunshine or Shadow?*, encourages foundations to be more financially transparent and accountable.

analyzing states that were on the short side of the “philanthropic divide” in terms of foundation assets and grantmaking. That work continues in 2006.

NCRP also released a brief paper on some of the nonprofit investment options for foundations interested in devoting a portion of their endowments to mission-based investing.

Conservative Philanthropy :::

NCRP continued its series of investigations into the grantmaking activities of conservative foundations, following up its 2004 publication of *Axis of Ideology* with the 2005 release of *Funding the Culture Wars: Philanthropy, Church, and State*, again a widely circulated report extensively covered in the philanthropic and mainstream press. Not surprisingly, NCRP is already planning additional studies looking at specific themes in conservative philanthropy, focusing on conservative foundations’ strategies on issues of race and diversity, women’s issues, and education policy.

Corporate Philanthropy :::

In 2005, NCRP gave substantial attention to the issue of corporate philanthropy, particularly how corporate philanthropy may sometimes be more self-interested than philanthropic:

In a *Responsive Philanthropy* issue and later in a special report, *The Waltons and Wal-Mart: Self-Interested Philanthropy*, NCRP conducted an in-depth analysis of the ideological and corporate priorities in the philanthropy of the Walton Family Foundation and the Wal-Mart corporate foundation. Wal-Mart officials attempted to impugn NCRP’s credibility by suggesting that NCRP was funded by Target, Wal-Mart’s top competitor, but we forced the newspapers that published that falsehood to issue corrections.

NCRP helps establish local committees for responsive philanthropy to increase awareness of community foundation giving practices.

1981

NCRP also began its work on analyzing the impact of bank mergers (among banks and between banks and non-bank financial institutions) on the amount and composition of bank philanthropy. The final results will be published in 2006.

::: Public Policy

NCRP has a long history of encouraging effective philanthropic giving for public policy advocacy, defending the free speech and lobbying rights of nonprofits and foundations, and educating the philanthropic community on key issues affecting foundations and charities. In 2005, NCRP's major areas of activity in this area were as follows:

NCRP joined other organizations in protesting the imposition of inappropriate anti-terrorism list-checking requirements on nonprofit participants in the Combined Federal Campaign (CFC) and helped bring together a nonprofit coalition prepared to file an amicus brief in support of litigation filed by the ACLU. In November 2005, the CFC relented on the list-checking requirement, constituting a major victory for the coalition on this issue. NCRP also conducted an analysis of the advocacy/lobbying restrictions in state employee charitable campaigns and published that analysis in *The Nonprofit Quarterly*.

NCRP issued a statement concerning foundation misinterpretation of the requirements of the Patriot Act and Executive Order 13224. Some foundations were requiring grant recipients, including nonprofits engaged in no regranting or international activities, to sign affirmations that they had investigated staff, board members, volunteers, and vendors for a variety of potential ill-defined terrorist connections. Although not necessarily in response to NCRP's statement or those of allied organizations, foundations appeared to retreat from those grant agreement requirements.

1985

NCRP assists in hosting the first National Conference of Women's Funds, from which the Women's Funding Network was created.

NCRP took the lead in speaking out on federal policies adversely affecting both philanthropy and social justice. NCRP wrote in *The Nonprofit Quarterly* and our own *Responsive Philanthropy* about the plans embedded in the Bush Administration's FY2006 federal budget to shift government functions to charity and philanthropy, publicly critiqued the Administration's reliance on charitable donations to make up for government shortcomings in tsunami relief, issued statements on the need to preserve the estate tax, and criticized the discriminatory provisions in the Administration's faith-based program. NCRP also publicly called out those national nonprofit leaders who tried to induce President Bush to support a \$400 billion corporate tax cut bill in the hope that he would attach the paltry nonitemizer charitable tax deduction to the legislation.

At the end of the year, NCRP took up the issue of both government and nonprofit responses to Hurricane Katrina (and Rita). NCRP issued statements and calls to action that played important roles in galvanizing nonprofits to demand effective responses to short-term needs and long-term reconstruction issues. Notably, NCRP was quite forward in criticizing national nonprofit leaders who provided political and PR cover to the government's mishandling of the Katrina catastrophe.

NCRP worked closely with its partners in the Nonprofit Advocacy Coalition (OMB Watch, the Alliance for Justice, and the Center for Lobbying in the Public Interest) on a variety of issues regarding nonprofit lobbying and free speech rights, including opposing potential infringements on nonprofit rights by FEC rulings and in various legislation. NCRP was a leading advocate against the restrictive anti-advocacy, anti-voter registration language attached to the Affordable Housing Trust Fund provisions of the GSE oversight legislation in the House and is taking a major role in advocating that the Senate not follow the House's inappropriate, unconstitutional actions.

NCRP initiates a study of community foundations in America's largest cities, including Denver, Philadelphia, Seattle, Atlanta, and Chicago.

1991

::: Political Uses and Abuses of Philanthropy

NCRP maintained its attention to the abuses of charity and philanthropy by members of Congress (and their friends) and published critiques of Tom DeLay, Jack Abramoff, and Duke Cunningham, among others. We believe NCRP's persistent attention to their ethical lapses contributed to an increased public and Congressional willingness to investigate DeLay's circumventions of campaign finance and lobbying restrictions and to the continuing Senate investigations of Abramoff's misuse of foundations, including the recent subpoena to Congressman Bob Ney, whom NCRP identified early on as a beneficiary of one of Abramoff's foundation-funded junkets.

::: Educating the Media & Public

NCRP continued to be extremely visible in the sector due to a top-notch communications operation, with the following achievements in 2005:

NCRP redesigned and relaunched its website, www.ncrp.org, with major improvements.

NCRP's *Responsive Philanthropy* quarterly has expanded with articles that get covered in the mainstream press, including NCRP's articles about Abramoff, DeLay, Newt Gingrich, and most notably, the Bradley Foundation's \$20 million investment in Milwaukee's baseball stadium.

In San Francisco, NCRP convened a meeting and dinner for foundations and nonprofits to talk about social justice philanthropy, with speakers including Georgetown University Fellow and NCRP co-founder Pablo Eisenberg, Terry Odendahl (then also at Georgetown as a Neilson Fellow), and syndicated columnist and economist Julianne Malveaux.

1997 *Moving a Public Policy Agenda: The Strategic Philanthropy of Conservative Foundations* is published. This groundbreaking research ignites debate and discussion among progressive and mainstream foundations.

Besides publishing in its own outlets, NCRP published extensively, through the *Nonprofit Quarterly*, the *Philanthropy Journal*, and *TomPaine.com*, articles on the Bush budget, tsunami relief, Grover Norquist's nonprofit behavior, nonprofit accountability, the Administration's faith-based agenda, and more.

We shifted from publishing NCRP's online NCRP Bulletin to a new NCRP in the News and started a new NCRP blog, allowing staff a more rapid-response mechanism for news commentary.

NCRP's coverage in the mainstream press has been in most major metropolitan newspapers, including the *San Francisco Chronicle*, *The New York Times*, *The Washington Post*, *The Boston Globe*, the *Atlanta Journal Constitution*, the *Chicago Tribune*, the *Financial Times*, and many more; plus magazines such as *The Nation*, *National Journal*, and *Salon*; and radio and broadcast appearances on Pacifica radio affiliates, NPR's "Marketplace," and the CBS Evening News.

NCRP staff presented widely at nonprofit and philanthropic conferences around the nation, reaching local as well as national nonprofits with our information on philanthropic reform and social justice.

Alternative Funds Assistance :::

NCRP has long been the lead in helping establish and strengthen progressive funds and federations that raise money in corporate and private sector workplaces. This year, NCRP's program took some new turns, emphasizing more action-research in support of progressive funds and federations in the field.

For years, NCRP has been trying to strengthen the national trade associations working with progressive workplace funds and federations, notably the National Alliance for Choice in Giving.

Executive Director Rick Cohen steps in for Robert Bothwell, continuing NCRP's 23-year legacy as the nation's only progressive philanthropic watchdog.

1999

In 2004, we helped start a new effort, Community Shares-USA, to help funds access multi-state corporate charitable programs, and in 2005, we provided substantial shadow staffing to CSUSA's work.

Following up on our 2004 work in Miami Dade County, Florida, NCRP provided technical assistance to progressive nonprofits interested in forming a new local workplace fundraising federation in South Florida due to the very limited support for social justice nonprofits coming from the relatively conservative United Way there. Although interest remains high, the local groups were unable to get a new fund underway for this year's workplace campaigns, but may do so in 2006.

NCRP made substantial progress in a major study of the organizations that benefit from the workplace fundraising conducted by progressive funds and federations, including social action ("community shares") funds, women's funds, environmental funds, and the members of the Black United Fund. The results of that study will be released in 2006.

Although NCRP continued to provide help to the Union Community Fund, the political dissension and financial troubles of the AFL-CIO eventually led to the AFL-CIO's termination of staffing and support for the UCF. NCRP believes that the UCF never received the level of support and investment it needed from its parent organization to really have a chance of substantial success, and view the termination of UCF as a lost opportunity for social change philanthropy.

2004

NCRP testifies in front of the Senate Finance Committee on the need for increased public accountability for philanthropy.

NCRP ::: Research & Advocacy for Reform

Research with Results

NCRP's staff monitors philanthropic practices and carefully and systematically researches potential areas for reform that can make a positive, progressive difference for the nonprofit community.

Comprehensive Outreach and Advocacy

Change can only happen when everyone who is affected has a seat at the table and has an opportunity to speak. Recognizing that we would not be as effective if we worked with only foundations, we make a concerted effort to collaborate with our colleagues in the nonprofit world and the media, as well as with local, regional, and national policy makers.

The Bottom Line: Reform of the Sector

Our research feeds into our policy advocacy for reform of the philanthropic sector. We have long advocated for significantly improving philanthropic accountability and responsiveness, as well as the means for improving standards of accountability. With our recommendations for reform, we hope to bring a sense of democratic and fair governance and oversight to the billions of dollars held in the trust of the sector.

After 30 years of rigorous research and keen insight into nonprofit needs and trends, NCRP is the go-to organization for thought-provoking perspectives on philanthropy.

2006

::: Financial Statement

Support and Revenue

Grants

Foundation

Church

Membership dues

Contributions

Contracts and service agreements

Publications

Interest and dividends

Miscellaneous

Net assets released from restrictions:

Satisfaction of program restrictions

Satisfaction of time restrictions

Total Support and Revenue

Expenses

Program Services

Communications

Accountability

Social Justice

Workplace Philanthropy

Constituent Services

Total

Supporting Services

Administrative

Fundraising

Total

Total Expenses

Change in Net Assets

Net Assets

Beginning of Year

End of Year

Statement of Activities
Year Ended September 30, 2005
(With Comparative Totals for Year ended September 30, 2004)

Unrestricted	Temporarily Restricted	Total 2005	Total 2004
\$513,596	\$125,000	\$638,596	\$939,800
-	-	-	25,000
114,135	-	114,135	90,625
56,568	-	56,568	2,665
35,224	-	35,224	30,039
20,927	-	20,927	8,561
20,767	-	20,767	4,169
15,964	-	15,964	17,246
85,000	(85,000)	-	-
162,056	(162,056)	-	-
1,024,237	(122,056)	902,181	1,118,105
235,683	-	235,683	208,827
234,074	-	234,074	93,922
108,202	-	108,202	156,293
101,208	-	101,208	139,459
30,742	-	30,742	117,655
709,909	-	709,909	716,156
202,452	-	202,452	156,391
90,979	-	90,979	61,949
293,431	-	293,431	218,340
1,003,340	-	1,003,340	934,496
20,897	(122,056)	(101,159)	183,609
999,891	425,069	1,424,960	1,241,351
\$1,020,788	\$303,013	\$1,323,801	\$1,424,960

These Statements of Activities are excerpted from the NCRP Financial Statements Report made by RAFFA, P.C.: 1899 L St., NW, Ste 600. Washington, DC 20036. 202-822-5000.

A full copy of the report is available by contacting NCRP.

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