

# Funders ALLIANCE

of Upstate New York

STRENGTHENING AND PROMOTING GRANTMAKING IN OUR REGION

VOL. III, No. 2 FALL/WINTER 2002

## “A Major Success for the Funders Alliance”

On October 10-11, the Funders Alliance of Upstate New York hosted over 125 grantmakers from around the state at its annual conference in Cooperstown. Funders heard from regional and national speakers about the opportunities and challenges of effective grantmaking in Upstate New York in today's economy from the grantmaker and the grantseeker's point of view. They learned about the benefits of a venture philanthropy approach to grantmaking, how to access and use current NYS census data, the rewards of involving youth in grantmaking and the effects of sprawl on upstate communities. All conference attendees had time to network with their colleagues both informally at the Fenimore Art Museum and National Base-

ball Hall of Fame, and more formally at roundtable discussions about standards, site visits, media relations, understanding non-profit financials and grassroots funding.

The results of feedback forms from plenary and concurrent sessions indicate that attendees were engaged and informed by the program, valued the opportunity to network with their colleagues, and enjoyed the ambience of the Otesaga Hotel and Cooperstown. Twelve out of fourteen sessions were rated higher than 4.0 on a scale of 1 to 5. The most popular sessions were Teaching Youth About Philanthropy and Changing Communities of Upstate New York: 2000 New York Census which tied at 4.8. The overall con-

ference rated a solid 4.0 with attendees.

The conference gave Upstate New York grantmakers the opportunity to learn and to discuss the issues of the day and how they affect our region without traveling outside the state. Comments included: “I feel like I am leaving this room armed with many useful tools.” “This was well-organized, informative, no nonsense with ‘concrete’ information.” “...excellent models of evaluation and collaboration.” “Imperative information and data for our work in our foundation.” “I'm filled with ideas to start our own program.” “Highly professional, both in terms of quality of speakers and organization. A major success for the Funders Alliance.”

## Grantmakers Prepare For Change by Todd Cohen

Faced with big changes in the forces shaping the way they do business, grantmakers and nonprofits are confronting the future.

“There is a critical mass of people in and around philanthropy now that are taking up this challenge,” says Barbara Kibbe, director of organizational effectiveness and philanthropy at the David and Lucile Packard Foundation in Los Altos, Calif.

To survive and thrive, philanthropy experts agree, charities must equip themselves to be more effective, track the impact of that re-tooling and share what they learn about what works and what doesn't.

Charities also must overcome growing mistrust and learn to work together, they say.

Those were among issues examined by more than 550 people at a Washington, D.C., conference in March sponsored by Grantmakers for Effective Organizations, or GEO, that opened with a plea to think hard about what's ahead.

### Future Thinking

Just as the industrial economy gave birth in the early 1900s to the first U.S. private foundation, community foundation and United Way, the global knowledge-economy of the early 2000s is transforming philanthropy and the nonprofit world, says Katherine Fulton, a partner in the Global Business Network, a think-tank and consulting firm in Emeryville, Calif.

In a project funded by Packard and the W.K. Kellogg Foundation in Battle Creek, Mich., GBN has worked for a year to adapt for foundations and nonprofits its “scenario-planning” tools that corporate clients use to assess possible future challenges and develop strategies to meet them.

The key, says Fulton, is thinking about forces at work in philanthropy beyond one's own organization.

Philanthropy, she says, is being transformed by technology and the Internet, a new breed

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# News & Information

## The Tight Economy Continues

The Gleason Center for State Policy has published *New York's Economy Still Fragile*, a study of employment in New York State which states that the economic decline in the state predates the September 11 attacks on New York City and is a continuation of earlier trends. Those cities most affected in Upstate New York during the third quarter of 2002 are Elmira, Binghamton, Utica-Rome and Rochester, which have seen employment decreases from 1.3% (Rochester) to 4.9% (Elmira). The southern tier has experienced double digit losses in manufacturing jobs and Elmira, Rochester and Syracuse suffered similar job losses in transportation, communication and public utilities.

On the plus side, new construction jobs rose in the southern tier cities, Syracuse and

Jamestown. Jamestown has fared well with increases in employment in most sectors with an overall increase of 2.7% in the third quarter, Albany was up 1.7%, Buffalo 0.2%, and Syracuse 1.3%. All upstate metropolitan areas have shown losses in jobs compared to third quarter 2001, (the "reference week" for employment in Sept. 2001 was the week of Sept. 10, the third quarter captures the pre-9/11 economy) except Albany which has a small gain.

A copy of this report will be sent to all Funders Alliance of Upstate New York members. For additional information, or reports, contact the Center for Governmental Research at 585.325.6360 or visit [www.cgr.org](http://www.cgr.org).

## Changing 990

Prompted by financial disclosure scandals and concerns about charitable funds being transferred to organizations or individuals suspected of supporting terrorist activities, the Internal Revenue Service is considering changes to Form 990. Reporting requirements may shift in the areas of fundraising, IRC 527 political organizations, grants to organizations outside the U.S. and public information. The comment period regarding the possible changes ends on January 28, 2003. For a detailed description of what's being considered, read the IRS announcement (PDF): <http://www.irs.gov/pub/irs-drop/a-02-87.pdf>. A copy of this announcement is also available from our office.

## Sponsors Fail to Win Approval to Consider Charity Tax Bill

Sponsors of a charitable giving tax package, H.R. 7, on November 14 failed to win the unanimous support needed to debate the bill before the Senate completes its business for the year.

Sens. Rick Santorum, R-Pa., and Joseph I. Lieberman, D-Conn., asked colleagues to agree to debate the CARE Act under a limited time frame to provide for one hour of debate for each of the five amendments offered to the bill.

Santorum said the agreement, which he said Republicans unanimously agreed to, would provide for the consideration of four amendments: one to prohibit proselytizing using public funds, an amendment prohibiting direct funding of religion, an amendment preserving state and local government options, and an amendment to expand the benefits of land conservation to all charities.

"I'm hopeful that given the importance of this legislation, given the fact that this is going to help those in need at a time of economic distress and uncertainty, that we can liberate literally billions of dollars of money to be targeted to organizations who want to help those in need in our society," Santorum said.

At least two senators objected to the lawmakers' request because they want to offer amendments.

Sen. Carl Levin, D-Mich., said he wants to offer riders to extend unemployment benefits, to direct FASB to study the expensing of stock options, and to make an administrative change to the Securities and Exchange Commission. He said the amendments are "all under the jurisdiction of the Finance Committee."

Santorum said he would work with Levin on an unemployment benefits extension but said the other two issues "are beyond the scope" of the bill and are "hotly contested." "Those two amendments that really aren't germane to helping those in need in our society are outside the scope and would in fact be amendments that would sink the entire bill if they were adopted," Santorum said.

Levin said both amendments would have tax revenue implications. "The use of stock options has been, in my judgment, excessively used in an inconsistent way where a tax deduction is given to a stock option which is not shown as an expense on the books but is taken as an expense on the tax return," Levin

said. "So there are very significant tax issues on the stock option issue."

Sen. Richard J. Durbin, D-Ill., objected that the underlying CARE bill does not address the larger issue: the separation of church and state. Also, he said the amendments he and Sen. Jack Reed, D-R.I., offered to the bill deserve a "full debate" considering "their gravity and importance."

### The Senate Finance Mark

The charity bill includes measures that would increase penalties on corporate tax shelters (S. 2498) and subject reincorporating corporations to a stockholder threshold test (S. 2119). Those items would raise \$3.6 billion over 10 years to partially pay for the \$10 billion 10-year charitable giving tax package.

The larger charity items include a tax deduction for nonitemizers for charitable donations effective for taxable years 2002 through 2003 (\$2.6 B); an IRA rollover for owners age 59 or older (\$2.9 B); food donation tax deduction (\$665 M); a modification to the charitable deduction by C corporations for book contributions (\$379 M); an adjustment to the

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## List of Best Practices

There is increasing interest evident in learning more about the management and “best practices” of foundations and other grantmaking organizations. Those engaged in philanthropy need to learn what is working, or not working, from others in their field, and they are looking for ways to share this information. To help serve this need, the Foundation Center has created a new resource list, focusing on the high-priority topic of best practices and grantmaking strategies.

The specialized bibliography, listing both books and periodical articles, is posted at the Center’s website at <http://fdncenter.org/learn/topical/practices.html> or call our office for a copy. The document is organized in six sections: general works, governance, management, grants management, grantmaking, and evaluation and performance measures.

For further information, contact Sarah Collins at the Foundation Center at 212.807.3616.

## Groups Sue New York Officials Over Blue Cross Conversion

A consumers’ group and several health-care organizations have filed a lawsuit to block New York State from taking most of the approximately \$1-billion that will become available as a result of the conversion of the nonprofit health insurer Empire Blue Cross and Blue Shield into a for-profit corporation.

Under New York’s plan, Empire would provide 95 percent of Blue Cross assets to the state, which wants to use much of the money for raises for hospital and nursing-home employees and the rest for other health-care expenses. The remaining 5 percent of the assets — about \$50-million — would go to create a foundation dedicated to improving health care for poor New Yorkers.

The lawsuit, filed in the Supreme Court of the State of New York, challenges the legislation that authorized Blue Cross’s conversion to a for-profit company. At issue, Con-

## GEO, GEN Merge

Grantmakers for Effective Organizations (GEO) and Grantmakers Evaluation Network (GEN) merged as of October 17, 2002. The merged organization will discover and document examples of how grantmakers are achieving results, both in their own work and in their support of nonprofit partners.

The name of the merged organization will be Grantmakers for Effective Organizations and lead by Kathleen P. Enright in Washington DC. The new organization’s membership will consist of approximately 1,000 individuals from 700 grantmaking organizations. The process of integrating the two organizations will continue for the next six to 12 months.

“Blending these two organizations will enrich the dialogue on effectiveness and enhance the resources available to help grantmakers achieve measurable results,” said James E. Canales, GEO board chair and vice president and corporate secretary of The James Irvine Foundation. “It will also make better use of limited philanthropic resources in this tough economic climate.”

sumers Union said, is “whether the estimated \$1-billion can be taken by New York State and used for purposes that are far removed from the nonprofit insurer’s original charitable mission — expanding and maintaining access to affordable health coverage.”

The suit charged that the conversion legislation deprives New Yorkers of their stake in the assets held in trust to promote and maintain health coverage for Empire subscribers and others who need access to care. It said the state’s decision violates the New York and U.S. Constitutions.

In a statement, Empire Blue Cross and Blue Shield said that the legislation allows the state to spend the conversion money on a variety of programs to expand access to affordable health care. “We believe using the public asset to support and expand these programs — particularly at a time when similar programs

## NGSE, SeaChange Merge

National Gathering for Social Entrepreneurs (NGSE), a convener of nonprofit organizations engaged in generating their own income, and SeaChange, a San Francisco-based nonprofit that has worked since its creation in 2000 to create a “nonprofit market-place for social change,” have announced their merger. The Social Enterprise Alliance ([www.se-alliance.org](http://www.se-alliance.org)), as the new organization will be known, will use its combined human and financial resources to serve the rapidly growing number of nonprofits that use entrepreneurial strategies to generate revenue in support of their missions.

The October 2002 edition of **Passages** (a National Center for Family Philanthropy publication) titled *Difficult Discussions in Difficult Times* examines the effect crises of different magnitude have on philanthropic families. You can order a copy at [www.ncfp.org/publications-passages.html](http://www.ncfp.org/publications-passages.html) or borrow a copy from the Funders Alliance library.

around the country are being cut back — is consistent with Empire’s original mission,” the organization said.

Some nonprofit leaders nationwide have been concerned that state governments will siphon off for other purposes the large sums of money generated from conversions that the leaders maintain should go to tax-exempt groups.

More than 165 foundations have been identified as either new groups created through conversion agreements or existing ones that have received assets from conversions, according to Grantmakers in Health, a Washington group.

Among those filing suit in the New York case: Consumers Union, the New York chapter of the National Multiple Sclerosis Society, and five Empire policyholders.

Source: The Chronicle of Philanthropy

# Alliance News

## Nat'l Funding, Local Initiative

In the Spring 2002 edition of our newsletter, we featured a call for proposals for the Local Initiative Funding Partners Program of the Robert Wood Johnson Foundation (RWJF). This program is a matching grants program designed to establish partnerships between The Robert Wood Johnson Foundation and local grantmakers in support of innovative, community-based projects that improve health and health care for underserved and at-risk populations. Under this program, local grantmakers (including community foundations, family foundations, corporate grantmakers, local charitable organizations, religious groups, and individual benefactors) propose a funding partnership to RWJF on behalf of a local applicant for grant funds. We are pleased to announce that this innovative program is at work here in Upstate New York.

The Lifeline to Independence for the Elderly (LIFE) Project of the American Red Cross, Greater Buffalo Chapter, received a 4-year grant from the RWJF which matched a generous grant from the **John R. Oishei Foundation, Peter C. Cornell Trust, Western New York Foundation**, and a partnership with the Buffalo Bills. Initial funding was provided by the **Community Foundation for Greater Buffalo, Fleet Boston Financial**, and the American Red Cross Senior Services program.

The LIFE Project is a three year pilot program designed to help seniors age 60 and above live healthier and happier lives in their homes. Volunteers provide assistance with: chores, handyman work, shopping, errand services, pharmacy pick up, in-home safety training, pet care, and transportation on weekends for non-medical trips.

Members of the community serving as volunteers work with program participants. Young people will also be given the opportunity to assist seniors under the supervision of adult mentors. By having young people participate, the Greater Buffalo Chapter hopes to give new generations the chance to learn from and form relationships with the elderly to help foster a healthier community.

## Fellowship in Philanthropy

While choosing a career path can be confusing and intimidating, two local college students are steering a steadier course for their future through a summer internship program at **The Community Foundation of Herkimer & Oneida Counties**.

New Hartford native Julie Batson, a SUNY Albany master's program enrollee, and Julia Ustach, a Colgate University sophomore from Lewiston, Maine, have been named the 2002 recipients of the Muriel Hine Line Fellowship in Philanthropy. The Fellowship honors the late Muriel Hine Line who, for 27 years, served as a director of the Foundation, with many of those years as co-chair of its Grants Committee. It is the Foundation's annual summer internship program that gives recipients the opportunity to learn more about the field of philanthropy by studying the Foundation's grantmaking and helping to evaluate its effectiveness.

During the summer of 2002, Batson and Ustach familiarized themselves with a group of Foundation grants awarded to organizations throughout Herkimer and Oneida counties, conduct on-site visits to evaluate the effectiveness of those awards, document their observations and present a detailed report of their findings at the conclusion of the internships.

Peggy O'Shea, the Foundation's senior program officer, explained that the internships benefit the Foundation as well. "The evaluations are enabling the Foundation to better understand the impact of grants, helping us further shape and improve grantmaking policies, and ultimately be more accountable to donors and the community," she said, noting that in 2002 alone the Foundation has awarded 165 grants totaling approximately \$900,000 to nonprofit organizations serving the two counties.

"The intern experience is outstanding. The Community Foundation receives quality work and the interns receive extensive experience and an introduction to the foundation arena," stated a recent issue of *Building Community Foundations* of the program.

## Woman's Foundation CEO Visits Upstate NY

The Third Annual J. Christine Wilson Lecture on "Women & Philanthropy" took place Monday, November 18 at the Eisenhart Auditorium at Rochester Museum and Science Center. The featured speaker this year was **Patricia Chang, President of The Women's Foundation of San Francisco**.

As President and CEO of The Women's Foundation, Patti is responsible for the Foundation's vision and for setting the tenor and momentum of fundraising which has had a profound impact in increasing the operating budget and funding opportunities for women and girls in California.

Patti's interests and passion lie in her search for solutions to the many complex and difficult political, social and economic barriers faced by women and girls – in particular women and girls of color and immigrants. As such, her employment and volunteer history reflect her tireless efforts toward achieving justice and equality for all women and girls, especially those who are the most disenfranchised and alienated from the U.S. democratic process.

Patti is Chair of the Board of the Women's Funding Network, and sits on the Board of Asian Pacific American Women's Leadership Institute (APAWLI), The Women's Leadership Alliance, the National Advisory Board for GenderPAC and the National Committee for Responsible Philanthropy (NCRP). She is a past Commissioner with the San Francisco Commission on the Environment; past President of the San Francisco Commission on the Status of Women; and an Advisory Board member of Women's Institute For Leadership Development (WILD) for Human Rights.

For more information call the Women's Foundation of Genesee Valley at 585.242.0940 or email [womfound@eznet.net](mailto:womfound@eznet.net).

## Welcome New Members!

The Funders Alliance welcomes two new members:

**Alvin F. Thiem and Ruth K. Thiem Charitable Foundation** is a new member of Rochester Grantmakers Forum. The primary contact is Richard F. O'Connor, President (311 Alexander Street, Suite 219, Rochester 14604). Richard can be reached at 518.232-6697.

**Neighborhood Reinvestment Corporation** ([www.nw.org](http://www.nw.org)) has recently joined the Funders Alliance. The primary contact is Deborah Dover, President (108 N. Cayuga St. 3rd. Floor, Ithaca 14850). Deborah can be reached at 607.273.8374 x25 or [ddover@nw.org](mailto:ddover@nw.org).

## Closing the Digital Gap

The **Park Foundation** has supported during the past several years two organizations in the Ithaca area that are addressing the computer needs of low-income and senior residents.

Since 1998, the City of Ithaca's Ithaca Youth Bureau has been operating the Computer All Stars program. Youth volunteers learn to repair and upgrade donated computers. The restored computers are given to youth who are unable to afford them. The Park Foundation has supported Computer All Stars with five grants totaling \$70,000 since 1998. The most recent grant was awarded for \$15,000 in 2002.

The Tompkins County Senior Citizens' Council has received two grants from the Park Foundation for the start-up and continuation of its Senior Circuit program which includes computer instruction. An initial grant of \$30,000 in 1997 helped to launch the program and purchase computers. In 2002, a grant of \$10,000 is helping to support its ongoing needs.

## Member Announcements

### The Community Foundation of Herkimer & Oneida Counties

**Al Sassone** has been named executive director of **The Community Foundation of Herkimer & Oneida Counties, Inc.** His appointment was announced by Milton J. Bloch, president of the Foundation's board of directors, who said Sassone assumed the post on Monday, August 5.

Sassone's experience in the field of philanthropy includes over 25 years of with United Way organizations. Beginning with the United Way of Greater Rochester, from 1973 to 1988, where he rose to interim president/executive vice president, Sassone moved to the United Way of Southern Pennsylvania, serving as executive vice president/chief operating officer. In 1994 he joined the Heart of America United Way in Kansas City, Missouri, distinguishing himself as its president and chief executive officer.

Sassone is a graduate of St. John Fisher College, where he earned a bachelor's degree in business administration, and of Harvard University's Human Services Executive Management Program, where he studied strategic perspectives in nonprofit management.

Sassone becomes the second executive director in the Foundation's history. Gordon M. Hayes, Jr., held the position from July 1989 until July 2001.

### The Chautauqua Region Community Foundation

**The Chautauqua Region Community Foundation** is pleased to announce the hiring of **June C. Diethrick** for the position of **Grants Coordinator**. She replaces **Jo Ann Carlson**, who will be assuming the newly created position of **Scholarship Coordinator**.

The Grants Coordinator is responsible for the administration, disbursement and evaluation of all Community Foundation grants, which include the Community Service, Field of Interest and Karl Peterson Grant Programs. Last year, the foundation distributed approximately \$1.6 million in grants (not including scholarship awards).

Mrs. Diethrick brings to the Community Foundation a history of community involvement with organizations like the United Way, Business & Professional Women, Zonta and the Inter-Club Council. She currently serves on the board of the Marvin House.

Diethrick has previous experience with the Community Foundation as well, having served as the Public Relations Committee chair for several years. She also helped organize the foundation's first "EXPO: Funding An Education" and Axel W. Carlson Award presentation.

### The Community Foundation of South Central New York

**The Community Foundation of South Central New York** is pleased to announce that **Gina Allabaugh** has joined our staff as **Finance Officer**. A graduate of Binghamton University with a degree in accounting, Gina has worked at the firms of Johnson, Lauder & Savidge, LLP; Davidson, Fox & Company; and UMA (Valley HealthCare Medical Group P. C.) in Binghamton. Prior to joining the Community Foundation, she was business manager for the Girl Scouts - Indian Hills Council.

### George & Robin Raymond Family Business Institute

**The George & Robin Raymond Family Business Institute**, a foundation dedicated to promoting and serving family businesses, has named **John L. Ward** a Lifetime Fellow. Ward is clinical professor at the Kellogg School of Management at Northwestern University and Wild Group Professor of Family Business at the International Institute of Management Development (IMD) in Lausanne, Switzerland.

John Ward teaches and studies strategic management, business leadership, and family enterprise continuity at Kellogg Graduate School of Management at Northwestern University. He is an active researcher, speaker and consultant on succession, ownership, governance, and philanthropy.

## Charity Tax

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capital gains treatment of real property made for conservation purposes (\$285 M); a 25% capital gain exclusion from gross income on sales of land or interest in land or water for conservation purposes (\$698 M); and adjustments to the basis of S corporation stock for some charitable contributions (\$388 M).

The bill would make several modifications to disclosure and tax laws governing exempt organizations, including those that would modify the tax on unrelated business taxable income of charitable remainder trusts (\$51 M), modify section 512(b)(13) for exempt organizations and their subsidiaries regarding certain specified payments (\$139 M), and simplify the lobbying expenditure limitation (\$15 M).

Source: The Planned Giving Design Center

## Creating Your Family Foundation

The first comprehensive guide designed especially for donors, families, and their advisors who are starting family foundations has been released by the National Center for Family Philanthropy.

***Splendid Legacy: The Guide to Creating Your Family Foundation*** offers a detailed and practical action plan for setting up a foundation. The guidebook combines practical, “how-to” advice with personal anecdotes from families that have already established foundations.

***Splendid Legacy*** costs \$75. Copies can be ordered by calling the National Center for Family Philanthropy at 202.293.3424, or visiting the National Center’s web site at [www.ncfp.org](http://www.ncfp.org) or a copy can be borrowed from the Funders Alliance Library.

**MARK YOUR CALENDARS!**  
**September 28-30, 2003**  
**2003 Annual Conference,**  
**Funders Alliance of Upstate New**  
**York, Cooperstown.**

## Funders Resources

*Copies of all publications below are available from the Funders Alliance library (585.232.2380).*

A recent article from *Trusts and Estates*, “**Philanthropy in Uncertain Times**,” looks at some of the advantageous options available to donors and philanthropic families in challenging economic times. Download a copy at [http://trustsandestates.com/article/estate\\_philanthropy\\_uncertain\\_times/index.htm](http://trustsandestates.com/article/estate_philanthropy_uncertain_times/index.htm).

The newly revised Council on Foundations’ **Recommended Principles and Practices for Effective Grantmaking** contains a new section on “Legal Knowledge,” which calls on foundations to provide adequate training and to seek ongoing legal advice. The other eleven items in the document were updated over a two-year period. Read the revised statement at: [www.cof.org/newsroom/newsletters/councilcolumns/aug02/caug02insert.pdf](http://www.cof.org/newsroom/newsletters/councilcolumns/aug02/caug02insert.pdf).

**GrantCraft** ([www.grantcraft.org](http://www.grantcraft.org)) is a new web site from the Ford Foundation which offers resources from grant makers for grant makers on the tools and techniques on effective grant making.

**Nonprofit Sector and Government: Clarifying the Relationship** explores the areas of regulation, service partnerships, promotion of giving and volunteering, and proposes guiding principles to help steer future interactions between nonprofits and government. ([www.aspeninstitute.org/nssg/pdfs/government.pdf](http://www.aspeninstitute.org/nssg/pdfs/government.pdf))

### The Philanthropy 400

Congratulations to our members who were listed in *The Chronicle of Philanthropy’s* “The Philanthropy 400,” **United Way of Greater Rochester** (#292) and **Rochester Area Community Foundation** (#330). Other Upstate New York organizations listed include: Cornell University (Ithaca, #25), Aycow Charitable Foundation (Albany, #158), University of Rochester (#197), Rensselaer Polytechnic Institute (Troy, #217), Bard College (Annadale-on-Hudson, #293), SUNY Cornell Statutory College (Ithaca, #308), and Syracuse University (#342).

## Change

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And while more philanthropic dollars are flowing – GBN predicts, for example, that foundations will give away as much money in the next 10 years as they gave away in the last quarter-century – the system of “public problem-solving is much more complex,” requiring strategies rooted in collaboration and the sharing of knowledge, she says.

GBN also is working with foundations and nonprofits to develop a “theory of change for philanthropy itself” to speed the development of support networks in a sector slow to change because charitable organizations traditionally have not been driven market forces, Fulton says.

The challenge, she says, is figuring out how to spur individuals and organizations to team up to help philanthropy adapt itself to the future more quickly.

### Measuring Impact

A huge challenge – and GEO’s focus – is the job of gearing foundations and nonprofits to be more effective by boosting the “capacity,” or internal workings, of individual organizations and the sector as a whole, grantmakers and philanthropy experts say.

“We either improve the sector in terms of its performance and capacity, or we face a very dire future,” says Paul Light, director of the governmental studies program at the Brookings Institution in Washington, D.C., and author of *Pathways to Nonprofit Excellence*, a new study on the performance and effectiveness of nonprofits.

The nonprofit sector is “under siege” and faces increasing pressure to account for itself, Light says, “much of it driven by the sense that the sector is somehow not capable of being a wise steward of the resources it gets.”

The sector’s response to the Sept. 11 attacks represented an unprecedented opportunity to tell its story, he says, but was overshadowed by troubling questions about how the Red Cross and other agencies handled the outpouring of donations the tragedy generated. “The nonprofit sector may have squandered one of the greatest opportunities to surge in trust in the last 25 years,” he says.

## REGIONAL EVENTS

### December 4

**Western New York Grantmakers Association Annual Meeting**, 4:30pm, Garret Club, 91 Cleveland Ave Buffalo 14222. Election of the slate of Directors and officers for 2003. Call WNYGA at 716.845.0734 for info.

### December 5

**“Renaissance 2010 and the State of the City,” Rochester Grantmakers Forum** Annual Holiday Luncheon, Hyatt Regency, Rochester. Guest Speaker, Mayor William Johnson, City of Rochester. Registration fee: \$25 (lunch included). Call RGF 585.232.2380 or visit [www.grantmakers.org](http://www.grantmakers.org) for more info.

Light’s new study, based on surveys of 250 experts in nonprofit effectiveness and another 250 leaders of well-run nonprofits, found “no lack” of ideas for strengthening nonprofits.

“The problem is that no one knows which reforms worked, when, and why,” the study says. “The sector has been so busy adopting the reform of the day that it has underinvested in basic research to measure the impact of the reforms themselves.”

Most of those surveyed believe nonprofits are better managed today than five years ago, the study says.

But nonprofits are not investing enough in “human capital,” Light says. “It’s a workforce worth treasuring, but we’re not treasuring it, we’re not investing in it.”

High-performance in the nonprofit sector, he says, is possible, can result from a variety of strategies and “does not involve perfection.”

In working to boost nonprofit performance, he says, grantmakers should “prepare to persevere” and should understand that “sustaining excellence is just as important as achieving it.”

They also should know that dealing with “rescues” is much more expensive than “interventions” to strengthen organizations, he says, and that making a difference requires measuring the impact of grants designed to improve organizational effectiveness.

#### Teaming Up

Other experts at the conference called for greater collaboration among funders and nonprofits, greater sharing of information about efforts to improve the effectiveness of grantmakers and nonprofits, and better education of donors and funders.

Philanthropy’s future is “very dark,” says Mario Morino, chairman of Venture Philanthropy Partners, a \$35 million-asset venture philanthropy group in Reston, Va.

Donors, angry about the way the Red Cross and other charities handled contributions to assist victims of the Sept. 11 attacks, remain skeptical about giving, he says.

He also chides venture philanthropists for having “acted prematurely” and been “too strident” in acting as if they knew more than traditional foundations and donors about how to practice philanthropy.

“New and old are much closer than we ever imagined,” he says.

Bridging the gap between traditional foundations and newer venture philanthropies, and between grantmakers and nonprofits, will be critical if the nonprofit sector is to thrive, other experts say.

“The barriers, the silos, that foundations and nonprofits live in, limit the potential of capacity-building,” says Sandra Mikush, assistant director of the Mary Reynolds Babcock Foundation, a grantmaker in Winston-Salem, N.C., that focuses much of its funding on building the internal operations of nonprofits.

And Allison Fine, founder and executive director of Innovation Network, a nonprofit in Washington, D.C., that provides technical assistance to nonprofits, says educating prospective philanthropists about the nonprofit sector is a big challenge.

Lacking ties to particular organizations, she says, new donors ask tough questions that should prompt nonprofits to assess the impact of their work and share the results.

To help nonprofits think about the future, Packard also is funding GBN to adapt for nonprofits its scenario-planning workshop to help businesses anticipate the future.

The workshop and related tools might be available to nonprofits, to consultants and, with possible subsidy from Packard, to its own grantees.

“It’s not enough for us to help our grantees manage their organizations for the present,” says Kibbe, who adds she hopes scenario planning, like strategic planning, will become a basic tool used by nonprofits. “We need to help them prepare for the future.”

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#### THREE REASONS TO CONNECT WITH YOUR REGIONAL ASSOCIATION OF GRANTMAKERS

##### NETWORKING

with other grantmakers committed to improving quality of life in your region.

##### PROFESSIONAL DEVELOPMENT

programs delivered locally to help you make the most of your giving.

##### KNOWLEDGE

and information on grantmaking in your region.

Become part of an informed, innovative, in-touch network by joining and actively participating in your regional association today.

#### FUNDERS ALLIANCE OF UPSTATE NEW YORK



GRANTMAKERS ALLIANCE OF  
NORTHEASTERN NEW YORK



ROCHESTER GRANTMAKERS FORUM



WESTERN NEW YORK  
GRANTMAKERS ASSOCIATION

Call 585.232.2380 for more info.

# Alliance

## C A L E N D A R

### NATIONAL EVENTS

#### December 4

**Supporting Sustainable Nonprofits**, Minneapolis, MN. A funders-only forum at the National Gathering for Social Entrepreneurs hosted by Grantmakers for Effective Organizations. Call 866.685.4284 for info.

#### December 10

**Institute for New Board Members**, Washington Marriott Hotel, Washington, DC. Visit [www.cof.org](http://www.cof.org) or call Ellen Bryson at 202.467.0438 for information.

#### December 11-13

**Institute for New Grantmakers**, Washington Marriott Hotel, Washington, DC. Visit [www.cof.org](http://www.cof.org) or call Sophie Dunbar at 202.467.0423 for information.

#### January 27-28, 2003

Save the Date! **The Advanced Philanthropy Seminar**, Boston, MA. Visit [www.tpi.org](http://www.tpi.org) for more information.

#### January 30 - February 1, 2003

**Building Safe, Healthy, and Livable Communities, 2nd Annual New Partners of Smart Growth Conference, New Orleans, LA.** Contact Mark Bernhard at Conference and Institutes (814.863.5100) or visit [www.outreach.psu.edu/C&I/SmartGrowth](http://www.outreach.psu.edu/C&I/SmartGrowth)

#### February 10-11, 2003

**The 2003 Leadership Conference on Global Corporate Citizenship, Transparency: The New Rules**, New York City. Contact The Conference Board at 212.759.0900 or visit [www.conference-board.org](http://www.conference-board.org).

#### March 30 - April 1, 2003

**Corporate Citizenship: The Business Imperative**, 2003 International Corporate Citizenship Conference, San Antonio, Texas. For more information visit [www.bc.edu/ccc/conference](http://www.bc.edu/ccc/conference).

The Funders Alliance of Upstate New York is committed to strengthening and promoting grantmaking in our region.

*It is a regional association of grantmakers serving corporations, foundations, government representatives, philanthropic organizations and individuals from Western New York to the Hudson Valley, and the North Country to the Southern Tier.*

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GOVERNANCE TEAM, 2002 - 2003

Anne Tobey, Chair, Northwest Representative  
The John R. O'ishi Foundation  
Karen Carpenter Martin, Vice Chair, at-large member  
Corning Incorporated Foundation  
Howard Hartnett, Treasurer, at-large member  
M&T Investment Group  
Annette Weld, Secretary, Greater Rochester Representative  
Halcyon Hill Foundation  
William Dessingue, at-large member  
Charitable Venture Foundation  
Tom Faber, at-large member  
Gebbie Foundation  
Joanne Florino, at-large member  
Park Foundation  
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Fairport Savings Bank  
Kathy Goldfarb, Central Representative  
The Rosamond Gifford Charitable Foundation  
Diane Hannum, Southwest Representative  
Northern Chautauqua Community Foundation  
Suzanne Lee, Southern Tier Representative  
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Katherine Pelham, Albany/Hudson Representative  
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